



Greatview Aseptic Packaging Company Limited

Interim Report 2018



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. BI Hua, Jeff (*Chief Executive Officer*)

Mr. LIU Jun (*Chief Operating Officer*)

Non-Executive Directors

Mr. HONG Gang (*Chairman*)

Mr. HSU David

Independent Non-Executive Directors

Mr. LUETH Allen Warren

Mr. BEHRENS Ernst Hermann

Mr. ZHU Jia (re-designated on 15 March 2018)

JOINT COMPANY SECRETARIES

Mr. CHANG Fuquan

Ms. MOK Ming Wai (resigned on 29 August 2018)

Ms. SO Lai Shan (appointed on 29 August 2018)

AUTHORISED REPRESENTATIVES

Mr. BI Hua, Jeff (appointed on 15 March 2018)

Ms. MOK Ming Wai (resigned on 29 August 2018)

Ms. SO Lai Shan (appointed on 29 August 2018)

AUDIT COMMITTEE

Mr. LUETH Allen Warren (*Chairman*)

Mr. BEHRENS Ernst Hermann

Mr. HSU David

Mr. ZHU Jia (appointed on 15 March 2018)

REMUNERATION COMMITTEE

Mr. ZHU Jia (*Chairman*) (appointed on 15 March 2018)

Mr. BI Hua, Jeff

Mr. LUETH Allen Warren

Mr. BEHRENS Ernst Hermann

NOMINATION COMMITTEE

Mr. HONG Gang (*Chairman*)

Mr. BEHRENS Ernst Hermann

Mr. ZHU Jia (appointed on 15 March 2018)

REGISTERED OFFICE

Cricket Square, Hutchins Drive

P. O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two

Times Square

1 Matheson Street

Causeway Bay

Hong Kong

OTHER PLACE OF BUSINESS IN HONG KONG

Unit 15, 36/F, China Merchants Tower

Shun Tak Centre

No. 168-200 Connaught Road

Central

Hong Kong

HEADQUARTER IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC")

14 Jiuxianqiao Road

Chaoyang District

Beijing 100015

The PRC

AUDITOR

PricewaterhouseCoopers

Certified Public Accountants

LEGAL ADVISERS

Norton Rose Fulbright Hong Kong

Tian Yuan Law Firm

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited

Commerzbank AG

The Hongkong and Shanghai Banking Corporation Limited

Citi Bank

China Construction Bank

Industrial and Commercial Bank of China

China Merchants Bank

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

P. O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited

Level 22

Hopewell Centre

183 Queen's Road East

Hong Kong

COMPANY WEBSITE

www.greatviewpack.com

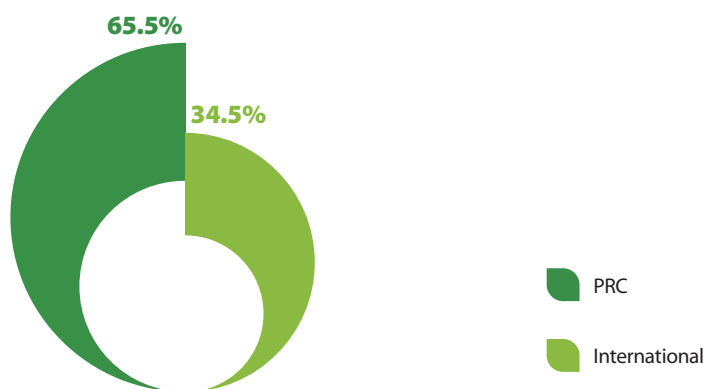
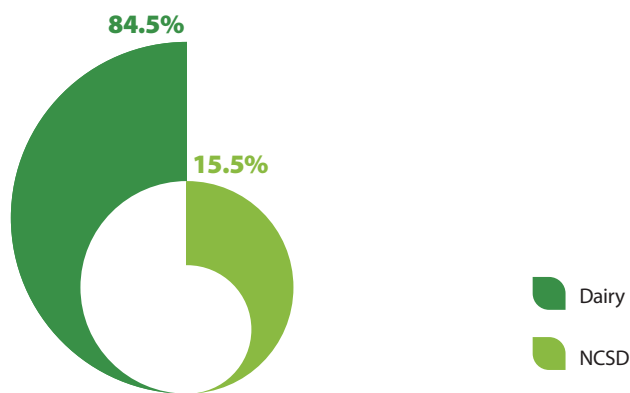


FINANCIAL SUMMARY

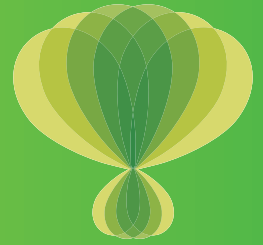
For the six months ended 30 June

	2018 RMB million (Unaudited)	2017 RMB million (Unaudited)	Percentage %
Revenue	1,219.2	1,061.4	+14.9%
Gross Profit	320.0	302.5	+5.8%
Net Profit	175.1	163.3	+7.2%
Profit attributable to shareholders	175.1	163.3	+7.2%
Earnings per share — basic and diluted (RMB)	0.131	0.122	+7.4%
Proposed dividend per share (HK\$)	0.13	0.12	+8.3%

REVENUE ANALYSIS



MANAGEMENT DISCUSSION AND ANALYSIS



BUSINESS REVIEW

Overview

Our Group (Greatview Aseptic Packaging Company Limited, our “Company” or “Greatview” and its subsidiaries) provides integrated packaging solutions of aseptic carton packaging material, filling machines, spare parts and technical service to the liquid food industry. We are the second largest roll-fed supplier globally and the leading alternative supplier in the PRC. Our aseptic packaging materials are sold under the trademark of “GREATVIEW”, which includes “Greatview Aseptic Brick”, “Greatview Aseptic Pillow”, “Greatview Crown”, “Greatview Aseptic Octagon” and “Greatview Aseptic Blank-Fed”. Our aseptic packaging materials are fully compatible with industry-standard roll-fed and blank-fed aseptic carton filling machines, which has enabled us to secure most of the dairy and non-carbonated soft drink (“NCSD”) producers in the PRC as well as numerous of international clients.

In face of the opportunities and challenges presented by the market conditions during the first half of 2018, Greatview achieved stable growth in its overall operating results by proactively promoting customer relationship management and development, continuous product advancement, enhancement of production quality and efficiency as well as technology and service improvement.



Greatview's innovative Variable Printing & variable QR code Technology

MANAGEMENT DISCUSSION AND ANALYSIS

In respect of the PRC business, in the first half year of 2018, the competition of the liquid dairy market in the PRC has remained fierce, while retail prices of ultra-high temperature treated milk have risen slowly. The production of liquid dairy products and the sales revenue of large-scale dairy companies in the PRC have maintained a healthy year-on-year growth, against which Greatview's performance has outperformed the market.

In respect of international business, our high quality products and services enabled us to win new customers, including the new geographies of New Zealand and Sub-Saharan Africa. Thanks to our strategical partnerships with several large dairy groups, we have also increased the number of customers in existing sales regions. While low sale prices, especially in Germany and Australia, and the currency exchange issues in the United Kingdom have challenged our business results, the stable North American market has allowed us to maintain an overall healthy balance.

"Commitment to innovation" is one of the Company's core values. Independently developed by Greatview, Greatview Luster is a new packaging material produced by using metal ink instead of metal film during the flexographic printing process by directly printing metal ink on the paper base, followed by laminating and slitting. With a unique metallic shade, this packaging material enables to lower packaging weight and enhance environmental footprint. It can be quickly applied to the full line of aseptic packaging reels and blank-fed packages without modifying the filling equipment.



Greatview's Original Packaging Design

Management Discussion and Analysis

The newly introduced technical service helped us retain existing customers and also convinced new customers to become part of the Greatview customer family. Aligning with the latest international food trends, technology and markets, Greatview has never stopped innovating and kept on growing in 2018. We will continue to explore new markets and launch new products to live by our motto "Customer first!"

Greatview has started a pilot phase of operation of the world class Customer Relationship Management (CRM) system from Oracle Corporation during the first half year of 2018. With the system in place, Greatview will be able to better serve existing customers, identify sales opportunities and manage business processes to achieve a high level of customer satisfaction and better financial results of its global business operations.

Products

We sold a total of 6.6 billion packs during the first half of 2018 which represents an increase of 19.6% as compared with the same period in 2017. Such increase was due to the growth in sales volume of both the PRC and international market compared with the previous year. Greatview Brick 250ml Base remained as our top selling product, followed by Greatview Brick 200ml Slim.

With a view of the urbanization trend in the PRC and the relative low annual per capita consumption of dairy products in the PRC, we remain positive on the prospects of the sector in the long term.

Outside of the PRC, there remains a very large market of producers around the world who have yet to reap the benefit of unlocking their supply of aseptic carton packaging materials. Greatview therefore remains very optimistic for the size and value of this opportunity in the second half of 2018 and beyond.

Production Capacity and Utilization

The Group has a total annual production capacity of 25.4 billion packs as at 30 June 2018. Our Group produced approximately 6.5 billion packs for the six months ended 30 June 2018. The utilisation rate for the six months ended 30 June 2018 was 51.2%.

Suppliers and Raw Materials

During the six months ended 30 June 2018, we maintained the cost of raw materials at a stable level due to our good supply chain management.

We are continuously expanding our supplier base to manage and control the price of raw materials as well as to improve the production efficiency of our production plants.

Sales and Marketing

Greatview sells aseptic packs and services to leading dairy and NCS D producers across the world, with a primary focus on the PRC and European markets.

On 13 March 2018, the ceremony for strategic suppliers of New Hope Dairy in 2018 was held in Chengdu, the PRC. As the only paper-based ambient aseptic packaging supplier, Greatview officially became the strategic supplier of New Hope Dairy in 2018. New Hope Dairy has 12 dairy companies in Southwest China, East China and North China, including 4 key national leading enterprises and 8 provincial leading enterprises in agricultural industrialization. According to the statistic of BOABC (Beijing Orient Agribusiness Consultants Ltd.), New Hope Dairy ranked 10th in terms of revenue in 2017 in the dairy industry in PRC.

Management Discussion and Analysis

FINANCIAL REVIEW

Overview

In the first half of 2018, the Company maintained to its steady growth with the increased penetration into the market against an environment of severe competition, we achieved an increase in revenue and profit for the six months ended 30 June 2018, and also attained free cash flow to propose for dividend. Our management is pleased with the financial results and will continue to capture growth in the aseptic packaging industry as well as pursue potential business development opportunities to further enhance return to shareholders.

Revenue

We primarily derived revenue from the PRC and international sales of aseptic packaging and related services to dairy and NCSD producers. Revenue of our Group increased by 14.9% from RMB1,061.4 million for the six months ended 30 June 2017 to RMB1,219.2 million for the six months ended 30 June 2018.

With respect to the PRC segment, our revenue increased by RMB79.2 million, or 11.0%, to RMB798.3 million for the six months ended 30 June 2018 from RMB719.1 million for the six months ended 30 June 2017. It was mainly contributed by the increase of sales volume in most of existing customers in the PRC market.

With respect to the international segment, our revenue increased by RMB78.7 million, or 23.0%, to RMB420.9 million for the six months ended 30 June 2018 from RMB342.2 million for the six months ended 30 June 2017. It was mainly contributed by the increase of sales volume in both existing and new customers, including the new geographies of New Zealand and Sub-Saharan Africa.

Our revenue from dairy customers increased by RMB122.5 million, or 13.5%, to RMB1,030.0 million for the six months ended 30 June 2018 from RMB907.5 million for the six months ended 30 June 2017, and our revenue from NCSD customers increased by RMB35.3 million, or 22.9%, to RMB189.2 million for the six months ended 30 June 2018 from RMB153.9 million for the six months ended 30 June 2017. It was mainly contributed by the increase of sales volume in the PRC and international market.

Cost of Sales

Our cost of sales increased by RMB140.3 million, or 18.5%, to RMB899.2 million for the six months ended 30 June 2018 from RMB758.9 million for the six months ended 30 June 2017. The growth in cost of sales was mainly due to the increase of total sales volume.

Gross Profit and Gross Margin

As a result of the foregoing factors, our gross profit increased by RMB17.5 million, or 5.8% from RMB302.5 million for the six months ended 30 June 2017 to RMB320.0 million for the six months ended 30 June 2018. Our gross margin decreased by 2.3 percentage points to 26.2% for the six months ended 30 June 2018 from 28.5% for the six months ended 30 June 2017. It was primarily due to the decrease of average sales price and the cost increase in European factory from the new production line.

Other Income

Our other income increased by RMB2.4 million, or 8.4%, to RMB30.9 million for the six months ended 30 June 2018 from RMB28.5 million for the six months ended 30 June 2017. It was primarily due to the increase of income from available-for-sales financial assets.

Management Discussion and Analysis

Distribution Expenses

Our distribution expenses increased by RMB7.8 million, or 13.9%, to RMB64.0 million for the six months ended 30 June 2018 from RMB56.2 million for the six months ended 30 June 2017. The increase was primarily due to the increase in international transport expenses resulting from the growth in sales volume of international business outside Europe and the rise of transportation cost in parts of Europe.

Administrative Expenses

Our administrative expenses decreased by RMB3.2 million, or 4.9%, to RMB61.9 million for the six months ended 30 June 2018 from RMB65.1 million for the six months ended 30 June 2017. The decrease was primarily due to the reclassification of local tax and fee for RMB3.3 million to cost of sales.

Taxation

Our tax expenses increased by RMB13.3 million to RMB60.7 million for the six months ended 30 June 2018 from RMB47.4 million for the six months ended 30 June 2017. The increase was mainly due to tax accrued by Greatview Aseptic Packaging Europe GmbH and tax paid upon liquidation of Greatview Beijing Packaging Equipment Co., Ltd. Effective tax rate increased by 3.2 percentage points to 25.7% for the six months ended 30 June 2018 from 22.5% for the corresponding period in 2017.

Profit for the Period and Net Profit Margin

Driven by the factors described above, our net profit increased by RMB11.8 million, or 7.2%, to RMB175.1 million for the six months ended 30 June 2018 from RMB163.3 million for the six months ended 30 June 2017. Our net profit margin decreased by 1.0 percentage point to 14.4% for the six months ended 30 June 2018 from 15.4% for the six months ended 30 June 2017, primarily due to the decrease of average sales price and the cost increase of international business.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2018, we had RMB513.7 million (31 December 2017: RMB355.8 million) in cash and cash equivalents. Our cash and cash equivalents consist primarily of cash on hand and bank balances which are primarily held in RMB denominated accounts with banks in the PRC.

As at 30 June 2018, we had RMB160.0 million (31 December 2017: RMB120.4 million) in available-for-sale financial assets, which represented wealth management products purchased from certain commercial banks in the PRC for treasury management purposes.

Analysis of Turnover of Inventories, Trade Receivables and Payables

Our Group's inventories primarily consist of raw materials. Turnover days for inventory (inventories/cost of sales) decreased from 114.5 days as at 31 December 2017 to 111.8 days as at 30 June 2018. Turnover days for trade receivables (trade receivables/revenue) increased from 51.5 days as at 31 December 2017 to 55.7 days as at 30 June 2018. Turnover days for trade payables (trade payables/cost of sales) decreased from 44.5 days as at 31 December 2017 to 43.3 days as at 30 June 2018.

Borrowings and Finance Cost

Total borrowings of our Group as at 30 June 2018 were RMB129.4 million (31 December 2017: RMB112.9 million) and denominated in Euro. For the period under review, net finance income of our Group was approximately RMB3.2 million (30 June 2017: net finance expense RMB2.9 million).

Management Discussion and Analysis

Gearing Ratio

As at 30 June 2018, the gearing ratio (calculated by dividing total loans and bank borrowings by total equity) of our Group was 0.05 (31 December 2017: 0.05), which was in line with the outstanding loans.

Working Capital

Our working capital (calculated as the difference between the current assets and current liabilities) as at 30 June 2018 was RMB1,203.5 million (31 December 2017: RMB1,041.4 million).

Foreign Exchange Exposure

Our Group's sales were primarily denominated in RMB, Euro and USD. During the period under review, our Group recorded exchange gain of RMB4.5 million (30 June 2017: exchange loss of RMB1.6 million).

Capital Expenditure

As at 30 June 2018, our Group's total capital expenditure amounted to approximately RMB78.7 million (31 December 2017: RMB144.7 million), which was used for constructing new buildings and purchasing production machines and equipment for the Group.

Charge on Assets

As at 30 June 2018, our Group neither pledged any property, plant and equipment (31 December 2017: nil) nor land use right (31 December 2017: nil).

Contingent Liabilities

As disclosed in the prospectus of the Company dated 26 November 2010, a claim was brought by Tetra Laval Holdings & Finance S.A., Pully Switzerland ("Tetra Pak") in July 2010 in the Dusseldorf district court in Germany (the "Court"), alleging patent infringement of a claim of a European patent related to aseptic packaging material ("Tetra Pak's Claim") against two group companies.

The Court has denied Tetra Pak's Claim in December 2011 and found Tetra Pak liable for the costs of the proceedings (the "Judgment"). On 16 January 2012, Tetra Pak filed a notice of appeal to Dusseldorf Higher Regional Court against the Judgment.

On 20 October 2010, we commenced opposition proceedings before the European Patent Office (the "EPO") to invalidate the subject patent in question in Tetra Pak's infringement claim, with effect throughout all EPO member states. On 27 November 2012, the opposition division of EPO revoked the subject patent in its entirety; however, Tetra Pak filed an appeal on 17 April 2013 against the first instance decision. On 26 April 2018, an oral hearing has been held and the EPO Boards of Appeal has dismissed Tetra Pak's appeal and thereby confirmed the invalidity of EP 085. Based on the communication with our legal advisor on German law, the decision of the EPO Boards of Appeal is final, and even though the possibility for an extraordinary petition for review to the Enlarged Board of Appeal exists, the chance of a reversal of the decision is very low, and consequently, Tetra Pak's Claim against the two companies of the Group based on EP 085 would be terminated shortly. For more information, please refer to the announcement of the Company dated 10 May 2018.

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2018, our Group employed approximately 1,293 employees (31 December 2017: 1,246 employees). Our Group offered competitive salary package, as well as discretionary bonuses, cash subsidies and contribution to social insurance to its employees. In general, we determine employee salaries based on each employee's qualifications, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis of our decisions with respect to salary raises, bonuses and promotions. Share option schemes have also been adopted for employees of our Group. In order to ensure that our Group's employees remain competitive in the industry, the Company has adopted training schemes for our employees managed by our human resources department.

PROSPECTS

Greatview focuses on the PRC and international markets. We intend to support our future growth through:

- Expanding our market share in the PRC through higher penetration of existing customers and growing our customer base;
- Further developing our international business;
- Broadening our product offering of packaging material and filling equipment, and improving after sales service; and
- Driving operational excellence.



OTHER INFORMATION

INTEREST AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2018, interests and short positions in the shares of the Company (the "Shares"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) held by the directors of the Company (the "Directors") and chief executive of the Company which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") are as follows:

Interests and short position in the Shares and underlying Shares

Name of Director/chief executive	No. of Shares	Notes	Capacity	Nature of interest	Percentage of total number of Shares in issue (%) (Note 4)
HONG Gang	78,141,966	1	Interest of controlled corporation	Long position	5.84%
	2,673,000	2	Interest of controlled corporation	Long position	0.20%
	<u>80,814,966</u>				<u>6.04%</u>
BI Hua, Jeff	129,000,000	3	Founder of a discretionary trust	Long position	9.65%

Notes:

- (1) Phanron Holdings Limited ("Phanron") is wholly-owned by HONG Gang and he is therefore deemed to be interested in the 78,141,966 Shares held by Phanron.
- (2) Liwei Holdings (PTC) Limited ("Liwei") is 50% owned by each of HONG Gang and GAO Wei. Therefore, HONG Gang and GAO Wei are deemed to be interested in all of the underlying Shares to be issued pursuant to the options granted to Liwei under the pre-IPO share option scheme of the Company adopted by the Company on 15 November 2010 (the "Pre-IPO Share Option Scheme").

On 22 November 2010, 22,000,000 options were granted to Liwei under the Pre-IPO Share Option Scheme. On 17 March 2011, 284 employees were granted (by way of transfer) by Liwei the rights to take up the 20,010,000 options granted to Liwei under the Pre-IPO Share Option Scheme upon vesting of their options. On 12 April 2013, 3,236,000 options which were previously granted by Liwei to the aforesaid employees but which lapsed prior to transfer to such employees were reallocated to 193 employees of the Group. On 1 September 2011, 1 June 2012, 1 June 2013 and 1 June 2014, 3,546,000 options, 4,616,000 options, 5,800,000 options and 5,365,000 options were vested respectively. Liwei is therefore deemed to be interested in 2,673,000 Shares in a long position.

- (3) Foxing Development Limited ("Foxing") is directly interested in 129,000,000 Shares. Foxing is wholly-owned by Hill Garden Limited ("Hill Garden") and is therefore deemed to be interested in the same 129,000,000 Shares. BI Hua, Jeff is the founder of the trust that wholly-owns Hill Garden. BI Hua, Jeff, therefore, is deemed to be interested in the same 129,000,000 Shares.
- (4) There were 1,337,019,000 Shares in issue as at 30 June 2018.

Other Information

Save as disclosed above, as at 30 June 2018, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2018, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Interests and short position in the Shares and underlying Shares

Name of Substantial Shareholder	No. of Shares	Notes	Capacity	Nature of interest	Percentage of total number of Shares in issue (%) (Note 7)
Phanron	78,141,966		Beneficial owner	Long position	5.84%
Madam XU Zhen	78,141,966	1	Interest of spouse	Long position	5.84%
	2,673,000	1	Interest of spouse	Long position	0.20%
	80,814,966				6.04%
Hill Garden	129,000,000	2	Interest of controlled corporation	Long position	9.65%
Foxing	129,000,000	2	Beneficial owner	Long position	9.65%
Madam BI Wei Li	129,000,000	3	Interest of spouse	Long position	9.65%
JSH Venture Holdings Limited	377,132,584	4	Beneficial owner	Long position	28.21%
Jardine Strategic Holdings Limited	377,132,584	4	Interest of controlled corporation	Long position	28.21%
Jardine Matheson Holdings Limited	377,132,584	4	Interest of controlled corporation	Long position	28.21%
Prudential plc	119,947,900	5	Interest of controlled corporation	Long position	8.97%
Janus Henderson Group PLC	67,048,000	6	Investment manager	Long position	5.01%

Notes:

- (1) Madam XU Zhen is interested in a long position of 80,814,966 Shares by virtue of her being the spouse of HONG Gang.
- (2) Foxing has a direct interest in 129,000,000 Shares. Hill Garden is interested in 100% of Foxing. Therefore, Hill Garden is deemed to be interested in 129,000,000 Shares. BI Hua, Jeff is the founder of the Trust that wholly-owns Hill Garden.
- (3) Madam BI Wei Li is interested in a long position of 129,000,000 Shares by virtue of her being the spouse of BI Hua, Jeff.
- (4) JSH Venture Holdings Limited has a direct interest in 377,132,584 Shares. Jardine Strategic Holdings Limited is interested in 100% of JSH Venture Holdings Limited. JMH Investments Limited, which is interested in 83.63% of Jardine Strategic Holdings Limited, is wholly-owned by Jardine Matheson Holdings Limited. Therefore, Jardine Strategic Holdings Limited and Jardine Matheson Holdings Limited are deemed to be interested in 377,132,584 Shares.
- (5) The interest of Prudential plc was attributable on account through a number of its subsidiaries.
- (6) Janus Henderson Group PLC is a listed company on the New York Stock Exchange.
- (7) There were 1,337,019,000 Shares in issue as at 30 June 2018.

Save as disclosed above, and as at 30 June 2018, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES, FUTURE PLANS FOR MATERIAL INVESTMENT OR ACQUISITION OF CAPITAL ASSETS

During the six months ended 30 June 2018, there was no material acquisition and disposal of subsidiaries and associated companies by the Company. As at the date of this report, the Group has no plan to make any significant investment or acquisition of capital assets.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in Appendix 10 — Model Code for Securities Transactions by Directors of Listed Issuers under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Specific enquiries have been made of all the Directors and the Directors have confirmed that they had complied with such code of conduct during the six months ended 30 June 2018.

Other Information

SHARE OPTION SCHEMES

Pre-IPO Share Option Scheme

On 15 November 2010, the Pre-IPO Share Option Scheme was adopted by resolution of sole shareholder of the Company. The main purpose of the scheme is, among others, to provide incentives to the employees of the Group with regard to their services and employment. Pursuant to the Pre-IPO Share Option Scheme, on 22 November 2010, for a consideration of HK\$1.00, Liwei was granted options (the "Pre-IPO Options") to subscribe for up to 22,000,000 Shares, and Liwei will grant (by way of transfer) the Pre-IPO Options to eligible participants. Prior approval from the board of Directors (the "Board") of the Company is required for Liwei to grant the Pre-IPO Options. Such approval covers key terms of the Pre-IPO Options including eligibility, performance target and share subscription price.

The exercise price per Share under the Pre-IPO Share Option Scheme is HK\$4.30, being the global offering price. No further options were granted under the Pre-IPO Share Option Scheme on or after the day of the listing of the Shares on the Stock Exchange on 9 December 2010 (the "Listing Date"). All options granted under the Pre-IPO Share Option Scheme may be exercised during the option period after the Listing Date to the date falling 10 years from the Listing Date subject to conditions imposed by the Board to the respective employees. The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Pre-IPO Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

Set out below are the details of the outstanding options granted under the Pre-IPO Share Option Scheme:

Name of Grantees	Notes	Date of grant/ vesting	Exercise period	Exercise price (HK\$)	Pre-IPO Options			Pre-IPO Options	
					outstanding as at 1 January 2018	Pre-IPO Options vested during the period	Pre-IPO Options exercised during the period	Pre-IPO Options lapsed/expired during the period	outstanding as at 30 June 2018
Liwei	1	22/01/2010	09/12/2010-22/11/2020	4.30	2,673,000	-	-	-	2,673,000
Total					2,673,000	-	-	-	2,673,000

Notes:

- (1) The Board approved Liwei to grant (by way of transfer) the Pre-IPO Options on 17 March 2011. Pursuant to the Pre-IPO Option Scheme, 284 employees were granted the Pre-IPO Options to subscribe for up to 20,010,000 Shares upon vesting of their options. On 12 April 2013, 3,236,000 options which were previously granted by Liwei to the aforesaid employees but which lapsed prior to transfer to such employees were reallocated to 193 employees of the Group. The Pre-IPO Options vested in four installments on 1 September 2011, 1 June 2012, 1 June 2013 and 1 June 2014.
- (2) During the six months ended 30 June 2018, no Pre-IPO Options were granted, lapsed, exercised or cancelled.

Share Option Scheme

Pursuant to the disclosure requirement under Listing Rules 17.09, particulars in relation to the share option scheme of the Company are shown below.

The Company adopted a share option scheme (the "Share Option Scheme") with the purpose of providing an incentive for Qualified Participants (as defined below) to work with commitment towards enhancing the value of the Company and the Shares for the benefit of our shareholders, to compensate such employees for their contribution based on their individual performance and that of the Group and to retain and attract high calibre working partners whose contribution are or may be beneficial to the growth and development of the Group.

There is no minimum period for which an option must be held before it can be exercised under the Share Option Scheme, provided that in granting options under the Share Option Scheme, the Board can determine whether there is any minimum holding period, and whether there is any performance target which must be achieved, before an option granted under the Share Option Scheme can be exercised. The Board will also determine the price per Share upon the exercise of an option according to the terms of the Share Option Scheme, provided that it shall be at the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the options; and (iii) the nominal value of the Shares on the date of grant of the options.

The Board may from time to time grant options to (i) any executive Director, or employee (whether full time or part time) of our Company, any member of our Group or any entity in which any member of our Group holds an equity interest (the "Invested Entity"); (ii) any non-executive Director (including independent non-executive Directors), any non-executive director of any member of our Group or any Invested Entity; and (iii) any such other person as the Board may consider appropriate (collectively "Qualified Participants").

The Share Option Scheme shall be valid and effective for a period of ten years commencing on 15 November 2010. The amount payable by each grantee of options to the Company on acceptance of the offer for the grant of options is HK\$1.00. An option may be exercised at any time during a period which shall not exceed ten years from the date of grant subject to the provisions of early termination under the Share Option Scheme.

The Company shall be entitled to issue options, provided that the total number of Shares which may be issued upon exercise of all outstanding options to be granted under the Share Option Scheme and any other share option scheme of the Company does not exceed 10% of the Shares in issue at the Listing Date, and therefore is currently capped at 133,360,000 Shares. The Company may at any time refresh such limit, subject to compliance with the Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Company does not exceed 30% of the Shares in issue from time to time. The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

No option has been granted pursuant to the Share Option Scheme prior to the date ended 30 June 2018. No option has been cancelled or lapsed during the six months ended 30 June 2018.

Other Information

CORPORATE GOVERNANCE

The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2018 except for non-compliance with Rules 3.10(1), 3.10A and 3.25 of the Listing Rules and code provision A.5.1 of the CG Code, the Company has subsequently taken actions to comply with the above mentioned rules and provisions.

Since the late Mr. DANG Xinhua, an independent non-executive Director, the chairman of the remuneration committee of the Board (the “Remuneration Committee”) and a member of each of the audit committee of the Board (the “Audit Committee”) and nomination committee of the Board (the “Nomination Committee”), passed away on 16 November 2017, the Company failed to comply with the Listing Rules requirements of (i) the board is required to have at least three independent non-executive directors; (ii) the board is required to have independent non-executive directors representing at least one-third of the board; (iii) the audit committee must comprise a minimum of three members, all of whom are non-executive directors only; and (iv) each of the members of the remuneration and nomination committees should comprise a majority of independent non-executive directors under Rules 3.10(1), 3.10A and 3.25 of the Listing Rules and the code provision A.5.1 of the CG Code. Mr. ZHU Jia was re-designated as an independent non-executive Director on 15 March 2018 to meet the requirements set out in Rules 3.10(1), 3.10A and 3.25 of the Listing Rules and the code provision A.5.1 of the CG Code. Please refer to the announcement of the Company published on 15 March 2018 for further details.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.13 per Share (30 June 2017: HK\$0.12 per Share), amounting to a total of approximately HK\$173,812,000 (30 June 2017: approximately HK\$160,442,280) for the six months ended 30 June 2018 which shall be payable on or about 12 October 2018 to shareholders whose names appear on the register of members of the Company (the “Register of Members”) on 21 September 2018.

CLOSURE OF THE REGISTER OF MEMBERS

The Register of Members will be closed from 19 September 2018 to 21 September 2018, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant Share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:30 p.m. on 18 September 2018.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee comprises all the three independent non-executive Directors namely, Mr. LUETH Allen Warren (chairman of the Audit Committee), Mr. BEHRENS Ernst Hermann and Mr. ZHU Jia, and one non-executive Director, Mr. HSU David.

The Audit Committee has adopted the terms of reference which are in line with the CG Code. The principal duties of the Audit Committee include the review and supervision of the Group’s financial reporting system and internal control procedures, review of the Group’s financial information and review of the relationship with the external auditor of the Company. The Group’s unaudited consolidated interim financial statements for the six months ended 30 June 2018 have been reviewed by the Audit Committee.

CHANGE OF INFORMATION IN RESPECT OF DIRECTORS

Mr. ZHU Jia, a former non-executive Director, has been re-designated as an independent non-executive Director, and he has been appointed as the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee with effect from 15 March 2018. Please refer to the Company's announcement dated 15 March 2018 for further details.

On behalf of the Board

Mr. HONG Gang

Chairman

Beijing, the PRC, 29 August 2018

Condensed Consolidated Income statement

For the six months ended 30 June 2018

	Note	Six months ended 30 June	
		2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Revenue	4	1,219,213	1,061,355
Cost of sales	5	(899,207)	(758,882)
Gross profit		320,006	302,473
Other income		30,934	28,453
Other gains — net		7,484	3,946
Distribution cost		(63,950)	(56,221)
Administrative expenses		(61,939)	(65,072)
Operating profit		232,535	213,579
Finance income — net	6	3,234	(2,931)
Profit before income tax		235,769	210,648
Taxation	7	(60,689)	(47,387)
Profit for the period		175,080	163,261
Profit attributable to: Equity holders of the Company		175,080	163,261
Earnings per share for profit attributable to equity holders of the Company — Basic and diluted	8	RMB0.131	RMB0.122

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period	175,080	163,261
Other comprehensive income:		
Currency translation differences	(10,121)	26,585
Total comprehensive income for the period	164,959	189,846
Attributable to:		
— Equity holders of the Company	164,959	189,846
Total comprehensive income for the period	164,959	189,846

Condensed Consolidated Statement of Financial Position

As at 30 June 2018

	Note	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	9	1,317,090	1,307,915
Land use rights	10	14,942	15,112
Intangible assets		69,558	71,563
Deferred income tax assets		20,548	19,530
Trade and other receivables		12,436	12,436
Long-term prepayment		8,521	8,317
		1,443,095	1,434,873
Current assets			
Inventories	11	465,864	604,069
Trade and other receivables and prepayments	12	448,904	393,881
Available-for-sale financial assets		160,000	120,383
Cash and bank equivalents		513,747	355,788
Restricted cash		195,403	189,754
		1,783,918	1,663,875
Total assets		3,227,013	3,098,748
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital, share premium and capital reserve	13	798,282	798,282
Statutory reserve		263,550	263,550
Exchange reserve		(58,295)	(48,174)
Retained earnings		1,543,918	1,368,838
Other reserve		–	2,537
Total equity		2,547,455	2,385,033

Condensed Consolidated Statement of Financial Position

As at 30 June 2018

	Note	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings	15	–	–
Deferred government grants		87,402	82,928
Deferred income tax liabilities		11,700	8,295
Long term payables		–	–
		99,102	91,223
Current liabilities			
Trade and other payables and accruals	16	428,814	493,628
Deferred government grants		7,592	7,905
Income tax liabilities		14,659	8,040
Borrowings	15	129,391	112,919
		580,456	622,492
Total liabilities		679,558	713,715
Total equity and liabilities		3,227,013	3,098,748
Net current assets		1,203,462	1,041,383
Total assets less current liabilities		2,646,557	2,476,256

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018

Attributable to equity owners (unaudited)						
	Share capital, share premium and capital reserve RMB'000 (Note 13)	Statutory reserve RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Total RMB'000
As at 31 December 2016 (Audited)	835,021	234,749	(77,268)	–	1,294,800	2,287,302
Comprehensive income						
Profit for the year	–	–	–	–	163,261	163,261
Other comprehensive income						
Currency translation differences	–	–	26,585	–	–	26,585
Transactions with owners						
Shares repurchased	(1,738)	–	–	–	–	(1,738)
Adjust of prior year's profit & loss	–	–	–	–	(52)	(52)
Transfer to statutory reserve	–	–	–	–	–	–
Dividend	–	–	–	–	–	–
As at 30 June 2017 (Unaudited)	833,283	234,749	(50,683)	–	1,458,009	2,475,358
Attributable to equity owners (unaudited)						
	Share capital, share premium and capital reserve RMB'000 (Note 13)	Statutory reserve RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Total RMB'000
As at 31 December 2017 (Audited)	798,282	263,550	(48,174)	2,537	1,368,838	2,385,033
Comprehensive income						
Profit for the year	–	–	–	–	175,080	175,080
Other comprehensive income						
Currency translation differences	–	–	(10,121)	–	–	(10,121)
Changes in fair value of financial assets	–	–	–	(2,537)	–	(2,537)
Transactions with owners						
Shares repurchased	–	–	–	–	–	–
Adjust of prior year's profit & loss	–	–	–	–	–	–
Transfer to statutory reserve	–	–	–	–	–	–
Dividend	–	–	–	–	–	–
As at 30 June 2018 (Unaudited)	798,282	263,550	(58,295)	–	1,543,918	2,547,455

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash generated from operations	293,042	226,763
Interest paid	(223)	(819)
Income tax paid	(51,683)	(42,845)
Net cash generated from operating activities	241,136	183,099
Cash flows from investing activities		
Property, plant and equipment ("PPE")	(78,361)	(88,582)
Receipt of assets-related government grant	8,675	343
Proceeds from disposal of PPE	690	206
Acquisition of land use rights	-	-
Purchase of intangible assets	(289)	(1,612)
Purchase of available-for-sale financial assets	(249,617)	(145,358)
Disposals of available-for-sale financial assets	215,796	283,961
Interest received	3,640	1,659
Net cash (used in)/generated from investing activities	(99,466)	50,617
Cash flows from financing activities		
Proceeds from issuance of shares		
Proceeds from borrowings	21,153	6,783
Repayments of borrowings	(4,681)	(15,408)
Payment for share repurchased	-	(1,738)
Dividends paid to equity holders	-	-
Net cash generated from/(used in) financing activities	16,472	(10,363)
Net increase in cash and cash equivalents	158,142	223,353
Cash and cash equivalents at beginning of the period	355,788	206,082
Exchange losses on cash and cash equivalents	(183)	(3,771)
Cash and cash equivalents at end of the period	513,747	425,664

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

1 GENERAL INFORMATION

Greatview Aseptic Packaging Company Limited (the “Company”) was incorporated in the Cayman Islands on 29 July 2010 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and together with its subsidiaries (the “Group”) are principally engaged in the business of manufacturing, distribution and selling of paper packaging and filling machines to dairy and non-carbonated soft drink producers.

The consolidated financial statements are presented in Renminbi (“RMB”) unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the period presented, unless otherwise stated.

2.1 Basis of preparation

The unaudited condensed consolidated financial statements for the six months ended 30 June 2018 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by International Accounting Standards Board (“IASB”) 34 Interim Financial Reporting. The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2017.

2.2 Principal accounting policies

The accounting policies used in the preparation of the condensed consolidated financial statements are consistent with those used in the financial statements contained in the 2017 annual report except for the adoption of the new standards, amendments or interpretations issued by the International Accounting Standard Board which are mandatory for the annual period beginning on or after 1 January 2018. The adoption of these standards, amendments or interpretations has no material effect on the Group’s financial position or results of operations. The Group has not early adopted the new standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company (the “Directors”) anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2018 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Recurring fair value measurements				
At 30 June 2018	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets				
— Wealth management products	–	–	160,000	160,000
Total assets	–	–	160,000	160,000

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

3 SEGMENT REPORT

Management has determined the operating segments based on the reports reviewed by the Board which are used for making strategic decisions.

The operating segments are based on sales generated by geographical areas. The segment information provided to the Board is as follows:

	PRC RMB'000 (Unaudited)	International RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
For the six month ended 30 June 2018			
Sales — Revenue from external customers	798,295	420,918	1,219,213
Cost	(544,755)	(354,452)	(899,207)
Segment result	253,540	66,466	320,006
Other segment items			
Depreciation and amortisation			59,472
Interest income			3,640
Interest expense			(223)
For the six month ended 30 June 2017			
Sales — Revenue from external customers	719,114	342,241	1,061,355
Cost	(494,388)	(264,494)	(758,882)
Segment result	224,726	77,747	302,473
Other segment items			
Depreciation and amortisation			53,129
Interest income			1,659
Interest expense			(819)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

3 SEGMENT REPORT *(continued)*

A reconciliation of total segment results to total profits for the periods is provided as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Segment result for reportable segments	320,006	302,473
Other income-net	38,418	32,399
Distribution costs	(63,950)	(56,221)
Administrative expenses	(61,939)	(65,072)
Operating profit	232,535	213,579
Finance income/(expense)-net	3,234	(2,931)
Profit before income tax	235,769	210,648
Income tax expenses	(60,689)	(47,387)
Profit for the period	175,080	163,261

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Dairy	1,030,043	907,463
Non-carbonated soft drink ("NCSD")	189,170	153,892
	1,219,213	1,061,355

4 REVENUE AND OTHER INCOME — NET

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of products	1,219,213	1,061,355
Other income — net:		
— Income from sales of scrap materials	7,714	6,111
— Subsidy income from government	16,643	19,290
— Filling Machines	782	—
— Income on available-for-sale financial assets	5,795	3,052
	30,934	28,453
— (Loss)/gain on disposal of assets	(56)	66
— Foreign exchange loss	4,472	(1,646)
— Others	3,068	5,526
	7,484	3,946

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

5 EXPENSES BY NATURE

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Raw materials and consumables used	687,892	597,813
Changes in inventories of finished goods and work in progress	36,188	15,597
Taxes and Surcharges	8,210	–
Provision for obsolescence on inventories	–	–
Depreciation and amortisation charges	59,472	53,129
— Depreciation of property, plant and equipment	57,275	51,780
— Amortisation of intangible assets	2,028	1,180
— Amortisation of land use right	169	169
Provision for impairment of receivables and prepayment	1,691	–
Employee benefit expenses	106,490	95,124
Auditor's remuneration	1,292	1,302
Auditor's remuneration for non-audit services	–	–
Transportation expenses	38,199	26,785
Repair and maintenance expenses	13,019	12,036
Electricity and utilities	20,537	18,567
Rental expenses	3,015	3,544
Plating expenses	7,969	4,988
Professional fees	7,520	5,235
Travelling expenses	6,815	6,165
Advertising and promotional expenses	7,949	9,760
Other expenses	18,838	30,131
Total cost of sales, distribution costs and administrative expenses	1,025,096	880,176

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

6 FINANCE (EXPENSE)/INCOME — NET

	Six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Interest expense-bank borrowings	(223)	(819)
Exchange loss on cash and cash equivalents	(183)	(3,771)
Finance expense	(406)	(4,590)
Interest income — cash and cash equivalents	3,640	1,659
Exchange gain on cash and cash equivalents	—	—
Finance income	3,640	1,659
Finance (expense)/income — net	3,234	(2,931)

7 INCOME TAX EXPENSE

	Six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Current income tax:		
Enterprise income tax ("EIT")	58,302	45,295
Deferred tax:		
Origination and reversal of temporary differences	2,387	2,092
Taxation	60,689	47,387

The Group's subsidiaries established in the PRC except for Greatview Aseptic Packaging (Inner Mongolia) Co., Ltd. are subject to the PRC statutory income tax rate of 25% (2017: 25%) on the taxable income for the year. Hong Kong profits tax has been provided at rate of 16.5% for the current year (2017: 16.5%). The profits tax of Greatview Aseptic Packaging Manufacturing GmbH and Greatview Aseptic Packaging Service GmbH has been provided at rate of 30.8%. Greatview Aseptic Packaging Europe GmbH is subject to the Swiss statutory income tax rate of 11.35%.

Greatview Aseptic Packaging (Inner Mongolia) Co., Ltd. is located in a special economic zone with a preferential statutory income tax rate of 15%, which is subject to annual approval from the local tax bureau. The local tax bureau has approved this preferential tax rate of 15% for this subsidiary in year 2018.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

7 INCOME TAX EXPENSE (continued)

	Six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Profit before tax	235,769	210,648
Tax calculated at domestic tax rates applicable to profits in the respective countries	52,543	44,941
Withholding tax on dividends	7,000	6,550
Preferential tax treatment for subsidiaries	(7,946)	(5,548)
Income not subject to tax		
Expenses not deductible for taxation purposes	72	85
Tax losses for which no deferred tax asset was recognised	6,225	4,736
Utilisation of previously unrecognised tax losses for which no deferred income tax was recognised	–	(3,655)
Re-measurement of deferred tax — change in the PRC tax rate		
Others	2,795	278
Tax charge	60,689	47,387

8 EARNINGS PER SHARE

	Six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Profit attributable to equity holders of the Company (RMB'000)	175,080	163,261
Weighted average number of ordinary shares in issue (thousands)	1,337,019	1,337,019
Basic earnings per share (RMB per share)	0.131	0.122

Basic and diluted earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

9 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery	Vehicles and office equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost						
As at 31 December 2016 (Audited)	490,345	1,271,708	50,205	124,211	1,626	1,938,095
Additions	148	229	965	126,258	–	127,600
Transfer upon completion	2,151	115,475	6,489	(124,115)	–	–
Disposals	–	(3,318)	(2,134)	–	–	(5,452)
Exchange adjustment	12,616	17,082	1,478	6,621	113	37,910
As at 31 December 2017 (Audited)	505,260	1,401,176	57,003	132,975	1,739	2,098,153
Additions	8,302	0	2,192	65,695	–	76,189
Transfer upon completion	11,005	19,878	945	(31,828)	–	–
Disposals	–	(986)	(2,946)	–	–	(3,932)
Exchange adjustment	(3,843)	(7,151)	(474)	(395)	(34)	(11,897)
As at 30 June 2018	520,724	1,412,917	56,720	166,447	1,705	2,158,513
Accumulated depreciation						
As at 31 December 2016 (Audited)	(68,135)	(578,747)	(32,240)	–	(685)	(679,807)
Current year depreciation	(17,987)	(79,768)	(8,969)	–	(264)	(106,988)
Current year disposals	–	2,952	1,788	–	–	4,740
Exchange adjustment	(1,945)	(5,368)	(823)	–	(47)	(8,183)
As at 31 December 2017 (Audited)	(88,067)	(660,931)	(40,244)	–	(996)	(790,238)
Current year depreciation	(8,944)	(44,070)	(4,181)	–	(79)	(57,274)
Current year disposals	–	647	2,538	–	–	3,185
Exchange adjustment	737	1,843	305	–	19	2,904
As at 30 June 2018	(96,274)	(702,511)	(41,582)	–	(1,056)	(841,423)
Net book value						
As at 31 December 2017 (Audited)	417,193	740,245	16,759	132,975	743	1,307,915
As at 30 June 2018 (unaudited)	424,450	710,406	15,138	166,447	649	1,317,090

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

10 LAND USE RIGHT

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Cost		
At the beginning of the period/year	16,725	16,725
Additions	-	-
Disposals	-	-
At the end of the period/year	16,725	16,725
Accumulated amortisation		
At the beginning of the period/year	(1,613)	(1,275)
Current period/year amortisation	(170)	(338)
Disposals	-	-
At the end of the period/year	(1,783)	(1,613)
Net book amount	14,942	15,112

All of the Group's land use rights are located in the PRC with the leasehold period between 10 to 50 years.

Amortization of the Group's leasehold land has been charged to administrative expenses in the income statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

11 INVENTORIES

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Raw materials	331,446	464,298
Work in progress	15,792	10,722
Finished goods	134,318	144,743
	481,556	619,763
Less: Provision for obsolescence		
Raw material	(13,231)	(13,231)
Finished goods	(2,461)	(2,463)
	465,864	604,069

The cost of inventories recognized as expense and included in cost of sales amounted to approximately RMB890,997,000 (30 June 2017: RMB754,257,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

12 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Trade receivables	400,224	368,222
Less: Provision for impairment	(17,901)	(16,372)
Trade receivables — net	382,323	351,850
Notes receivable	22,722	3,779
Value added tax deductible	22,671	12,315
Prepayments	28,860	27,781
Less: Provision for impairment	(8,681)	(8,681)
Prepayments — net	20,179	19,100
Other receivables	13,445	19,273
	461,340	406,317
Less non-current portion: Trade receivables	(12,436)	(12,436)
	448,904	393,881

The credit terms granted to customers by the Group were usually 0 to 90 days during the period (31 December 2017: 0 to 90 days).

The ageing analysis of the Group's trade receivables at each balance sheet date are as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
0–30 days	119,724	115,773
31–90 days	177,804	82,618
91–365 days	71,415	136,011
Over 1 year	31,281	33,820
	400,224	368,222

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For the six months ended 30 June 2018

13 SHARE CAPITAL, SHARE PREMIUM AND CAPITAL RESERVE

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Share capital	11,446	11,446
Share premium	663,988	663,988
Capital reserve	122,848	122,848
	798,282	798,282

(a) Share capital and share premium

Share capital

Authorised:

3,000,000,000 ordinary shares of HK\$0.01 each

Issued and fully paid:

1,337,019,000 ordinary shares of HK\$0.01 each

The total authorized number of ordinary shares is 3,000,000,000 shares (31 December 2017: 3,000,000,000 shares) with a par value of HK\$0.01 per share (31 December 2017: HK\$0.01 per share). The number of ordinary shares issued is 1,337,019,000 (31 December 2017: 1,337,019,000) with nominal value of HK\$0.01 per share (31 December 2017: HK\$0.01 per share).

Share premium

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
As at 1 January	663,988	700,723
Share buyback	-	(1,735)
Share premium make up for loss	-	-
Dividends	-	(35,000)
As at the end of the period/year	663,988	663,988

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For the six months ended 30 June 2018

13 SHARE CAPITAL, SHARE PREMIUM AND CAPITAL RESERVE (continued)

(b) Capital reserve

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
As at 1 January	122,848	122,848
Share options — value of employee services	—	—
Issued employee share options	—	—
	122,848	122,848

Company

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Issued shares as part of the reorganisation	—	—
Share issuance costs	—	—
	—	—

14 SHARE BASED PAYMENTS

Movements in the number of the share options are as follows:

	As at 30 June 2018 Options (in thousand)	As at 31 December 2017 Options (in thousand)
As at 1 January	—	—
Lapsed	—	—
Exercised	—	—
Outstanding options granted to employees	—	—

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

15 BORROWINGS

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Current		
Unsecured bank borrowings		
— US\$	—	—
— HK\$	—	—
— EUR	18,375	—
	18,375	—
Secured bank borrowing		
— US\$	—	—
— EUR	111,016	112,919
	111,016	112,919
Total current borrowing	129,391	112,919
Total borrowing	129,391	112,919

The secured bank borrowings of RMB111,016 dominated in EUR are secured by bank deposits of the Group of RMB45,000 (2017: RMB45,000).

Payment schedule

The Group's borrowings as at each of balance sheet date are repayable as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Within 1 year	129,391	112,919
Between 1 and 2 years	—	—
Between 2 and 5 years	—	—
	129,391	112,919

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For the six months ended 30 June 2018

16 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Trade payables	182,593	244,588
Notes payment	142,403	136,754
Advance from customers	18,688	35,205
Accrued expenses	46,385	38,129
Salary and welfare payable	17,620	22,513
Other payables	7,685	10,258
Value added tax payable	13,440	6,181
	428,814	493,628

The ageing analysis of the Group's trade payables at each balance sheet date are as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Within 30 days	147,507	226,444
31-90 days	30,092	14,223
91-365 days	1,426	1,051
Over 365 days	3,568	2,870
	182,593	244,588

17 DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.13 per share (30 June 2017: HK\$0.12 per share), amounting to a total of approximately HK\$173,812,000 (30 June 2017: HK\$160,442,280) for the six months ended 30 June 2018.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

18 COMMITMENTS

(a) The Group's capital commitments at the balance sheet date are as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Contracted but not provided for property, plant and equipment	19,968	78,621

(b) The Group leases offices and warehouses under non-cancellable operating lease agreements. The lease terms are between 3 and 10 years.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Not later than one year	7,151	5,105
Later than one year and not later than five years	14,544	3,366
Later than five years	-	-
Total	21,695	8,471

19 RELATED-PARTY TRANSACTIONS

The following transactions took place between the Group and related parties at terms agreed between and parties:

Key management compensation

Key management includes Directors and other key management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Salaries and other short-term employees benefits	4,144	4,003
Social security cost	490	429
	4,634	4,432

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

20 CONTINGENT LIABILITIES

As disclosed in the prospectus of the Company dated 26 November 2010, a claim was brought by Tetra Laval Holdings & Finance S.A., Pully Switzerland (“Tetra Pak”) in July 2010 in the Dusseldorf district court in Germany (the “Court”), alleging patent infringement of a claim of a European patent related to aseptic packaging material (“Tetra Pak’s Claim”) against two group companies.

The Court has denied Tetra Pak’s Claim in December 2011 and found Tetra Pak liable for the costs of the proceedings (the “Judgment”). On 16 January 2012, Tetra Pak filed a notice of appeal to Dusseldorf Higher Regional Court against the Judgment.

On 20 October 2010, we commenced opposition proceedings before the European Patent Office (the “EPO”) to invalidate the subject patent in question in Tetra Pak’s infringement claim, with effect throughout all EPO member states. On 27 November 2012, the opposition division of EPO revoked the subject patent in its entirety; however, Tetra Pak filed an appeal on 17 April 2013 against the first instance decision. On 26 April 2018, an oral hearing has been held and the EPO Boards of Appeal has dismissed Tetra Pak’s appeal and thereby confirmed the invalidity of EP 085. Based on the communication with our legal advisor on German law, the decision of the EPO Boards of Appeal is final, and even though the possibility for an extraordinary petition for review to the Enlarged Board of Appeal exists, the chance of a reversal of the decision is very low, and consequently, Tetra Pak’s Claim against the two companies of the Group based on EP 085 would be terminated shortly. For more information, please refer to the announcement of the Company dated 10 May 2018.

21 APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements were approved and authorised for issue by the Board on 29 August 2018.