

Greatview Aseptic Packaging Company Limited

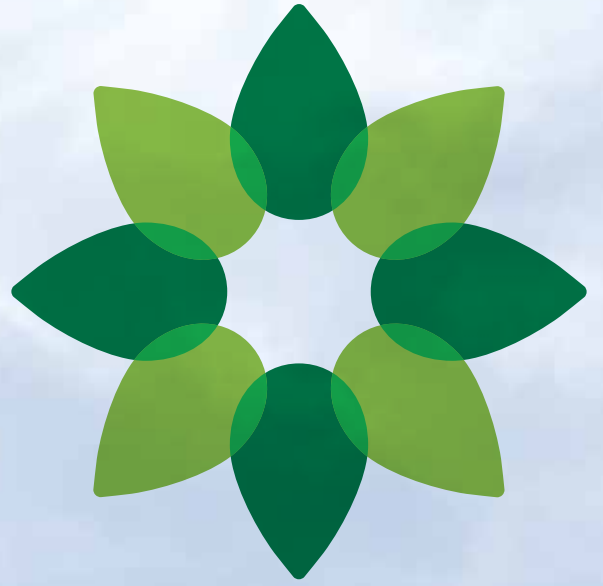
Annual Report 2010





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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. BI Hua, Jeff (*CEO*)
Mr. HONG Gang (*Chairman*)

Non-Executive Directors

Mr. HILDEBRANDT James Henry
Mr. ZHU Jia
Mr. LEE Lap, Danny
Mr. LEW Kiang Hua
Ms. SHANG Xiaojun

Independent Non-Executive Directors

Mr. LUETH Allen Warren
Mr. BEHRENS Ernst Hermann
Mr. CHEN Weishu

JOINT COMPANY SECRETARIES

Mr. CHANG Fuquan
Ms. MA Sau Kuen Gloria

AUTHORISED REPRESENTATIVES

Mr. ZHU Jia
Ms. MA Sau Kuen Gloria

AUDIT COMMITTEE

Mr. LUETH Allen Warren (*Chairman*)
Mr. BEHRENS Ernst Hermann
Mr. CHEN Weishu

REMUNERATION COMMITTEE

Mr. ZHU Jia (*Chairman*)
Mr. BI Hua, Jeff
Mr. LUETH Allen Warren
Mr. BEHRENS Ernst Hermann
Mr. CHEN Weishu

NOMINATION COMMITTEE

Mr. BI Hua, Jeff (*Chairman*)
Mr. BEHRENS Ernst Hermann
Mr. CHEN Weishu

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

8th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

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

14 Jiuxianqiao Road
Chaoyang District
Beijing 100016
The PRC

AUDITORS

PricewaterhouseCoopers, *Certified Public Accountants*

COMPLIANCE ADVISER

TC Capital Asia Limited

LEGAL ADVISERS

Norton Rose Hong Kong
Tian Yuan Law Firm

PRINCIPAL BANKERS

China Construction Bank
China Merchants Bank
Industrial and Commercial Bank of China
DBS Bank (Hong Kong) Limited

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 IN HONG KONG

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

COMPANY WEBSITE

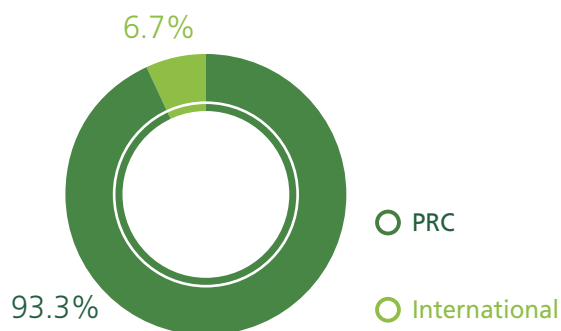
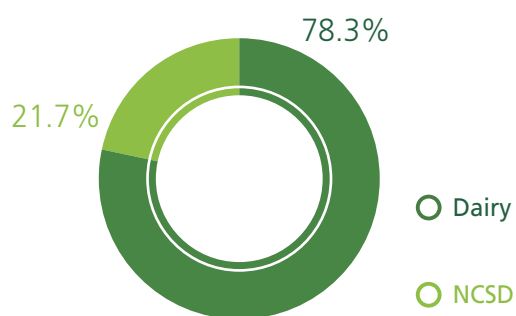
www.ga-pack.com



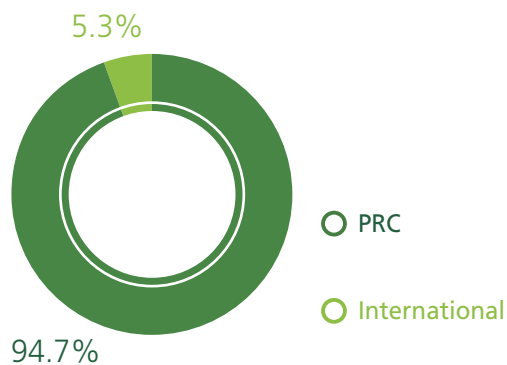
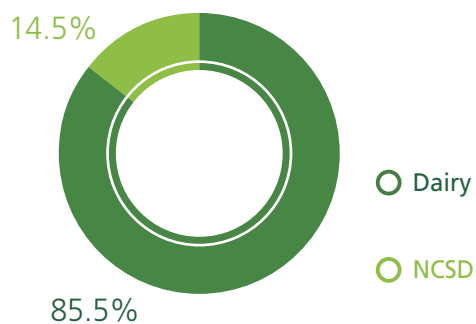
FINANCIAL SUMMARY

	Year ended 31 December		Percentage %
	2010 RMB million	2009 RMB million	
Revenue	1,160.3	771.9	+50.3
Gross profit	369.1	268.7	+37.4
Net profit	201.2	164.9	+22.0
Profit attributable to shareholders	201.2	164.9	+22.0
Earnings per share — basic and diluted (RMB)	0.18	N/A	N/A

REVENUE ANALYSIS



PROFIT ANALYSIS

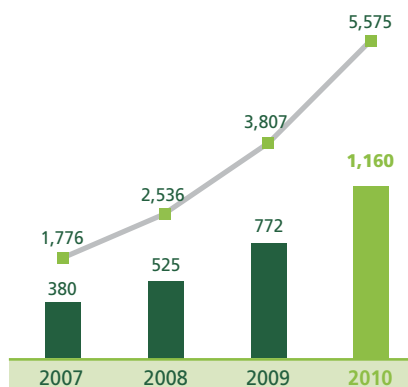


50.3%

Our revenue growth for the year ended 31 December 2010.

FOUR YEARS FINANCIAL SUMMARY

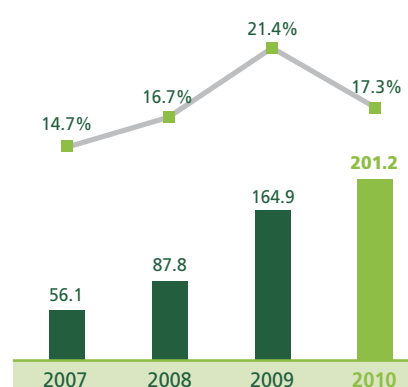
REVENUE TREND



■ Volume (in million packs)

■ Revenue
(in RMB million)

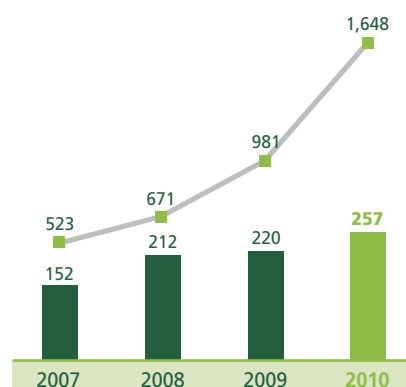
PROFIT TREND



■ % of Revenue

■ Net Profit
(in RMB million)

ASSET AND LIABILITY TRENDS



■ Total Assets
(in RMB million)

■ Total Liabilities
(in RMB million)

	2010 RMB'000	2009 RMB'000	2008 RMB'000	2007 RMB'000
Assets				
Non-current assets	569,655	503,522	306,431	310,736
Current assets	1,078,504	477,738	364,173	212,541
Total assets	1,648,159	981,260	670,604	523,277
Liabilities				
Non-current liabilities	68,374	94,957	10,798	798
Current liabilities	188,344	125,198	200,989	151,421
Total liabilities	256,718	220,155	211,787	152,219
Total equity	1,391,441	761,105	458,817	371,058



GA Pack will fulfill our promises and realize our growth plans with the goal of becoming a listed company that is trusted and respected.

CEO'S STATEMENT

Dear shareholders,

I am very pleased to report to you the annual results of Greatview Aseptic Packaging Company Limited ("GA Pack" or the "Company") for the period ended 31 December 2010, the first year we operated as a publicly listed company. 2010 has been an eventful year, where we have achieved a number of significant milestones in GA Pack's development. The first phase of our factory in Helingeer, Inner Mongolia, successfully completed its trial production as planned. The construction of our German factory is progressing smoothly, and we have continued to promote our effort in carbon reduction and energy saving initiatives.

Looking back to the last quarter of 2010, GA Pack was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") amid a global slump in confidence of the market. While many companies called off their initial public offerings ("IPO") or suffered post-IPO losses, GA Pack banked on its solid track record and optimistic outlook to impress its investors, resulting in over-subscription of its IPO shares. Upon listing on the Stock Exchange on 9 December 2010, our share price had a solid performance, a testament to yours' and other investors' confidence in our Company.

In the short timeframe of just a few years, GA Pack has rapidly developed into the world's second largest roll-fed aseptic packaging supplier, made possible through the timely assistance from our various supporters. For this, our thanks go to our customers who gave GA Pack a vote of confidence with their orders; to our suppliers who stood up to pressure and continued delivering the goods we needed; to our colleagues who remained loyal to the Company even in the hardest times; to CDH Investments and Bain Capital for their timely injection of capital; and to our institutional and individual investors who placed their trust in our future when the stock market was experiencing a low.

Lastly, I would also attribute our success to this great era. The rise of China, and the effect of globalization, have generated infinite opportunities for those who has an entrepreneurial spirit.

In the environment we operate, the drive for excellence is relentless; as a result we strive to be proactive and seize every opportunity that arises. With diligence and perseverance, GA Pack managed to maintain a compounded annual revenue growth rate of 45% from 2007 to 2010. With the IPO proceeds from the successful listing of the Company, GA Pack is now equipped to pursue its strategic goal, of building a strong China base from where to target international markets.

The dairy and non-carbonated soft drinks industry is expected to maintain a steady growth in 2011. GA Pack plans to continue to strengthen our position in the PRC market and explore opportunities in some fast growing economies. By leveraging our competitive price, we intend to selectively penetrate stable and mature markets. Although we see pressure in rising raw material costs, the situation is expected to be within manageable range. For the year 2011, GA Pack will continue to expand the production capacity in our factories; accelerate capacity deployment to meet

the ever-increasing orders from our customers; expand our international team; improve cost control, as well as implement proactive risk management. GA Pack will fulfill our promises and realize our growth plans with the goal of becoming a listed company that is trusted and respected.

We are aware that the IPO of GA Pack is akin to a once in a lifetime change for our employees. As such, we will need to learn and evolve diligently to adapt to these changes. We will continue with our industrious attitude, be modest, prudent, practical, and self-disciplined.

I would like to take the opportunity here to thank our employees, the management team and the Board of GA Pack for their outstanding contributions during 2010. We would also like to thank our shareholders, and look forward to create long term value for our shareholders.



Mr. Jeff Bi CEO

Beijing, 28 March 2011

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

We are one of a select few integrated providers of aseptic packaging and related services globally and the leading alternative supplier in the PRC. Our aseptic packs are sold under the trade name of "GA Pack", which includes "GA Brick", our carton form packaging and "GA Pilo", our soft pouch form packaging. Our commitment to provide customised, high-quality and competitively priced aseptic packs that are fully compatible with standard roll-fed filling machines enabled us to meet our client's expectations and demands, and hence secure some of the leading dairy and non-carbonated soft drink ("NCSD") producers in the PRC as our clients, as well as a number of international clientele.

Aside from the successful initial public offering ("IPO") and our new branding process in 2010, we have managed to complete trial production at our Hellingeer factory in Inner Mongolia. We believe with the proceeds from our IPO, we will be able to further expand our business and realise the full potential of our Company, which in turn will optimise the benefits and returns to our Company and shareholders as a whole.



Products

We sold a total of 5.58 billion packs in 2010 while GA Brick 250ml Base remained as our top selling product. Growth in the consumer market of both dairy and NCSD products in the PRC contributed most of the growth of this product line. We expect this growth to be fairly constant as the PRC moves ahead with urbanisation and modernisation, which will result in a greater demand for dairy and NCSD products.

Driven by increasing consumer concern with health, fitness and well-being, together with rising income, it is expected that the market demand for our aseptic packaging will grow in tandem with economic and population growth of China. The new expansion plans at our Hellingeer and Gaotang factories, together with the implementation of our European expansion plan, will help us meet growing demands, strengthen our position in key markets, and capture additional market opportunities around the world.

Suppliers and Raw Materials

With the depreciation of the US dollar and subsequent inflationary pressure on the raw materials pricing, our cost of raw materials increased slightly in 2010 compared to 2009. Contributing most to the increase of our cost is the price of polyethylene, which is a derivative product of crude oil. As crude oil prices increased substantially in 2010, so did the prices of polyethylene that continue to rebound from their lows during 2009. The increase of crude oil prices also impacted transportation and production costs relating to the raw materials. As

a result, prices of liquid packaging board ("LPB") also increased slightly during the same period. Leveraging our good relationships with all our raw materials suppliers, we managed to maintain the increase in raw materials prices within a reasonable range.

Production Capacity and Utilisation

At the end of 2010, the annual production capacity of our Group reached 9.4 billion packs. Going forward, with modest additional investments at our Hellingeer and Gaotang factories, as well as implementation of the initial phase of our European expansion plans, we expect our total annual production capacity to reach approximately 15.2 billion packs by the end of 2012.

During 2010, our Group was operating at a high utilisation rate, whereby we produced approximately 5.67 billion packs. As mentioned in our prospectus dated 26 November 2010 (the "Prospectus"), our industry requires us to present sufficient production capabilities to our clients before any of them are willing to commit to purchasing our products. Driven by the growing market demand, we are quite confident that our Hellingeer factory will operate at a high utilisation rate in 2011.

Sales and Marketing

We sell our aseptic packs and services to leading dairy and NCSD producers across the world, with a focus on the PRC market. At the end of 2010, we have expanded our customer base in PRC to more than 100 customers in 24 provinces, three municipalities and three autonomous regions. We have

Management Discussion and Analysis

also penetrated into selected international markets such as European Union, Russia, Egypt, Brazil and Mexico. As such, we are building a dedicated team of international sales and marketing professionals to provide greater emphasis and better services on these international markets.

For the year of 2010, our Group has actively conducted marketing activities that were tailor-made for our customers and geared towards supporting the activities of our sales team by keeping abreast of industry trends, interacting with existing customers, cultivating new relationships and building brand awareness.

Our Group also aims to conduct our operations in a manner that complies with international environmental standards, and we place a strong emphasis on responsible environmental practices in our operations. In 2010, our Group continued its efforts in reducing carbon emissions and energy consumption. While constructing the Helingeer factory, we voluntarily planted 2800 trees to reduce our carbon footprint and expect to finally neutralise the emission by 2011. In the meantime, our Group obtained the Chain of Custody Certificate of the Forest Stewardship Council.

FINANCIAL REVIEW

Overview

2010 has been a momentous year for our Company. Following our Company's successful IPO, we also achieved a record revenue of RMB1,160.3 million and net profit of RMB201.2 million. Our management is pleased with the financial results and will strive towards an even higher target for 2011.

Revenue

We derive revenue mainly from domestic and international sales of aseptic packaging and related services to dairy and NCS D producers. Revenue of our Group increased by RMB388.4 million, or 50.3%, from RMB771.9 million for the year ended 31 December 2009 to RMB1,160.3 million for the year under review. The increase was primarily driven by volume growth of aseptic packaging sold as a result of production capacity expansion and additional orders from existing customers.

With respect to the domestic segment, our revenue increased by RMB350.9 million, or 48.0%, to RMB1,082.6 million for the year ended 31 December 2010 from RMB731.7 million for the year ended 31 December 2009.

With respect to the international segment, our revenue increased by RMB37.5 million, or 93.3%, to RMB77.7 million for the year ended 31 December 2010 from RMB40.2 million for the year ended 31 December 2009.

Our revenue from dairy customers increased by RMB392.7 million, or 76.2%, to RMB908.1 million for the year ended 31 December 2010 from RMB515.4 million for the year ended 31 December 2009, while our revenue from NCS D customers decreased slightly by RMB4.3 million, or 1.7%, to RMB252.2 million for the year ended 31 December 2010 from RMB256.5 million for the year ended 31 December 2009.

Cost of Sales

Our cost of sales increased by RMB288.0 million, or 57.2%, to RMB791.2 million for the year ended 31 December 2010 from RMB503.2 million for the year ended 31 December



Management Discussion and Analysis

2009. The growth in cost of sales was slightly larger than the growth in total revenue as a result of a rebound in prices with respect to key raw materials.

Raw material costs, which make up the largest portion of our cost of production, increased by RMB236.8 million, or 53.1%, to RMB682.9 million for the year ended 31 December 2010 from RMB446.1 million for the year ended 31 December 2009. The growth in raw material costs was related primarily to an increase in LPB costs and a rebound in polyethylene prices from their lows during 2009. Our Hellingeer factory that was under trial production in 2010 also contributed to some of the increase in cost of sales as the factory and its employees were still fine tuning the production process to improve efficiency.

Gross Profit and Gross Margin

As a result of the foregoing factors, our gross profit increased by RMB100.4 million, or 37.4% from RMB268.7 million for the year ended 31 December 2009 to RMB369.1 million for the year under review. Our gross margin decreased by 3.0 percentage points to 31.8% for the year ended 31 December 2010 from 34.8% for the year ended 31 December 2009, primarily due to the increase in raw materials prices from their lows in 2009.

Distribution Costs

Our distribution costs increased by RMB25.6 million, or 64.3%, to RMB65.4 million for the year ended 31 December 2010 from RMB39.8 million for the year ended 31 December 2009. The increase was primarily due to the sales volume growth of our aseptic

packaging, which results in subsequent increase in shipping and transportation costs.

Administrative Expenses

Our administrative expenses increased by RMB32.4 million, or 74.7%, to RMB75.8 million for the year ended 31 December 2010 from RMB43.4 million for the year ended 31 December 2009, primarily due to increased in headcount, salary and related expenses increments. Also contributing a significant portion of our administrative expenses was our IPO related expense, in particular costs involved in restructuring and staffing our Company to meet the listing requirements.

Taxation

Our tax expenses increased by RMB10.3 million to RMB35.4 million for the year ended 31 December 2010 from RMB25.1 million for the year ended 31 December 2009. Effective tax rate increased by 1.8 percentage points to 15.0% for the year ended 31 December 2010 from 13.2% for the previous financial year.

Profit for the Year and Net Profit Margin

Driven by the factors described above, our net profit increased by RMB36.3 million, or 22.0%, to RMB201.2 million for the year ended 31 December 2010 from RMB164.9 million for the year ended 31 December 2009. Our net profit margin decreased by 4.1 percentage points to 17.3% for the year ended 31 December 2010 from 21.4% for the year ended 31 December 2009 primarily due to the increase in raw material cost and IPO related expenses.



LIQUIDITY AND FINANCIAL RESOURCES

As of 31 December 2010, we had RMB548.3 million (31 December 2009: RMB144.3 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 a portion of IPO proceeds held in Hong Kong Dollar ("HK\$") denominated accounts. Going forward, we expect that cash generated from operations and bank credit facilities, together with the net proceeds raised from our IPO, will be our primary sources of liquidity as well as funding for capital expenditures. Our approach to managing liquidity is to ensure, as far as possible, that we will always have sufficient liquidity to meet our liabilities when due, without incurring material losses or risking damage to our reputation.

Management Discussion and Analysis

Analysis of Turnover of Inventories, Trade Receivables and Payables

Our Group's inventories primarily consist of finished packaging products. Inventory turnover days (inventories/cost of sales) was 83.3 days as at 31 December 2010 as compared to 95.8 days as at 31 December 2009. Turnover days for trade receivables (trade receivables/revenue) increased from 33.3 days as at 31 December 2009 to 49.4 days as at 31 December 2010. Turnover days for trade payables (trade payables/cost of sales) increased from 19.9 days as at 31 December 2009 to 21.4 days as at 31 December 2010.

Borrowings and Finance Cost

Total borrowings of our Group as at 31 December 2010 was RMB105.3 million (31 December 2009: RMB105.0 million) and denominated in RMB. For the year under review, net finance costs of our Group were approximately RMB2,874,000 (net finance income for the year ended 31 December 2009: RMB827,000).

Gearing ratio

As at 31 December 2010, the gearing ratio (calculated by dividing total loans and bank borrowings by total equity) of our Group remained at a low level of 0.076 (31 December 2009: 0.14).

Working capital

Our working capital (calculated by the difference between the current assets and current liabilities) as of 31 December 2010 was RMB890.2 million (31 December 2009: RMB352.5 million).

Foreign exchange exposure

Our Group's exposure to foreign exchange risk mainly relates to bank balances denominated in HK\$, United States Dollars ("US\$") and EURO ("EUR"). During the period under review, our Group recorded exchange loss of RMB2.6 million (31 December 2009: exchange loss of RMB1.5 million). Our Group does not employ any financial instruments for hedging purposes.

Capital expenditure

As at 31 December 2010, our Group's total capital expenditure amounted to approximately RMB67.8 million, which was used mainly for the equipment, fittings and construction of the Helingeer factory, as well as a portion for Gaotang factory.

Charge on assets

As at 31 December 2010, our Group had pledged certain property, plant and equipment of a subsidiary with an aggregate net book value of RMB103 million (2009: 119 million) and an aggregate net book value of approximately RMB1.37 million (2009: RMB1.4 million) of land use right for the purpose of securing a loan with carrying value of RMB85.3 million.



Management Discussion and Analysis

Contingent liabilities

On 17 September 2010, our Group received a notice informing us that a competitor has filed a complaint in Germany against subsidiary companies of our Group alleging patent infringement related to aseptic packaging material. The named defendants in the notice are Tralin Pak Europe GmbH (“Tralin Europe”) and Tralin Packaging Company Limited (“Tralin Packaging”). The complaint seeks injunctive relief, accounting information and damages. The directors of the Company (the “Directors”) intent to defend the claim vigorously and on 21 September 2010, Tralin Europe submitted its notice of defence. Furthermore, on 20 October 2010, Tralin Europe initiated opposition proceedings before the European Patent Office to nullify the same patent in question with effect for all member states of the European Patent Convention. A few other international packaging companies have also on-going nullification procedures against the same patent with the European Patent Convention. The action was served to Tralin Packaging on 19 January 2011 and Tralin Packaging has formally notified the court of its intention to defend the action by communication dated 27 January 2011.

The Directors are of the views that our Group has a strong case in defending the proceeding in Germany and the claim is not valid. Consequently, our Group considered there is no need to make any provision relating to this claim.

HUMAN RESOURCES

As at 31 December 2010, our Group employed approximately 838 employees (31 December 2009: 670 employees). Our Group offered competitive salary package, as well as discretionary bonuses, cash subsidies, insurance and contribution to social insurance in conformity with the respective jurisdiction in which our subsidiary operates to its employees. In general, we determine employee salaries based on each employee’s qualifications, position and seniority. We have in place 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. A share option scheme has also been adopted for employees of our Group. In order to ensure that our Group’s employees remain competitive in the industry, training schemes for its employees managed by its human resource department have been implemented.

PROSPECTS

With the listing of the shares of the Company on the Stock Exchange on 9 December 2010, the receipt of proceeds, net of listing expenses, of approximately HK\$902.9 million from the IPO and profit generated during the review year, the Company has sufficient resources to improve our products, enhance our productivity and to bring value to our shareholders.

In this regard, the Company has formulated a set of long-term, progressive and prudent strategies as follows:

- To continue to grow market share with our key customers while broadening customer mix in the PRC market.
- To further expand and penetrate selected international markets.
- To expand our own roll-fed filling machine support services.
- To continue to optimise products and production processes.
- To strategically explore value-enhancing acquisitions and/or joint ventures to further grow our market share.



BOARD OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Bi Hua, Jeff (畢樺), aged 47, is our co-founder, Chief Executive Officer and executive Director. Mr. Bi joined the Group in March 2003 and was appointed as an executive Director on 29 July 2010. He is primarily responsible for our overall business strategy formulation, execution and organisational development. Mr. Bi is also a director of our subsidiaries, namely Greatview Holdings Limited ("Greatview"), Greatview Aseptic Packaging (Shandong) Co., Ltd. (formerly known as, "Shandong Tralin Packaging Co., Ltd.") ("Shandong Greatview Aseptic"), Greatview Aseptic Packaging (Inner Mongolia) Co., Ltd. ("Inner Mongolia Greatview Aseptic") and Greatview Beijing Trading Co., Ltd. (formerly known as, "Beijing Greatview Tralin Trading Co., Ltd.") ("Beijing Greatview"). Mr. Bi has more than 15 years of experience in marketing development in the aseptic packaging industry as well as company management. From 1997 to 2003, he was a sales and marketing manager at a leading aseptic packaging producer. From 1992 to 1997, Mr. Bi was the greater China manager of Echostar Corporation, a software and service provider for television companies worldwide. Mr. Bi graduated from the University of Denver with a Master of Arts degree in 1992. He did not hold any directorship in any listed public companies in the last three years.

Mr. HONG Gang (洪鋼), aged 52, is our co-founder, Chairman and executive Director. Mr. Hong joined

the Group in March 2003 and was appointed as an executive Director on 29 July 2010. He is primarily responsible for the strategic development, as well as supervision of daily marketing and communications of our Group. Mr. Hong is also a director of all the subsidiaries of our Group. Mr. Hong has more than 22 years of experience in the packaging industry. From 1993 to 2002, he held various executive positions with a leading aseptic packaging producer. Mr. Hong graduated from Zhejiang University in China with a Bachelor of Science degree in 1982 and obtained a Master of Philosophy (Development Studies) degree from Sussex University in the United Kingdom in 1987. He did not hold any directorship in any listed public companies in the last three years.

Non-executive Directors

Mr. HILDEBRANDT James Henry, aged 51, is a non-executive Director. Mr. Hildebrandt joined the Group on 13 September 2006 and was appointed as a non-executive Director on 29 July 2010. Mr. Hildebrandt is also a director of our subsidiaries, namely Greatview, Shandong Greatview Aseptic, Inner Mongolia Greatview Aseptic and Beijing Greatview. Mr. Hildebrandt is primarily responsible for the development and monitoring of the overall business strategy of our Group. Mr. Hildebrandt is a managing director of Bain Capital, a substantial shareholder of the Company. Prior to joining Bain Capital in 2005, Mr. Hildebrandt was a partner and director

at Bain & Company, where he worked for 18 years, helping to establish the Asian offices in China, Southeast Asia, Korea and Australia. Mr. Hildebrandt had regional responsibility for the Asian Private Equity Practice, as well as the China and Southeast Asia Financial Services Practice. From 1983 to 1984, Mr. Hildebrandt worked at the law firm of Bennett Jones in Calgary, Alberta, Canada. Mr. Hildebrandt obtained an MBA from the Leland Stanford Junior University in 1986 and received a Juris Doctor from the University of Toronto in 1983. He did not hold any directorship in any listed public companies in the last three years.

Mr. ZHU Jia (竺稼), aged 48, is a non-executive Director. Mr. Zhu joined the Group in 2006 and was appointed as a non-executive Director on 29 July 2010. Mr. Zhu is also a director of our subsidiaries, namely Greatview, Shandong Greatview Aseptic, Inner Mongolia Greatview Aseptic and Beijing Greatview. Mr. Zhu is primarily responsible for the development and monitoring of the overall business strategy of our Group. He is currently a managing director of Bain Capital Asia, LLC. From 1996 to 2006, Mr. Zhu was a managing director of Morgan Stanley Asia Limited and the chief executive officer of its China business. Mr. Zhu is also currently a non-executive director of Sino Media Holding Limited (stock code: 623), GOME Electrical Appliances Holding Limited (stock code: 493) and Sunac China Holdings Limited (stock code:

Board of Directors and Senior Management

1918), all are listed on the Main Board of the Stock Exchange. Mr. Zhu graduated from Zhengzhou University with a Bachelor of Arts degree in 1982 and obtained a Master of Arts degree from Nanjing University in 1984. He obtained a Juris Doctor from Cornell Law School in 1992. Save as disclosed above, he did not hold any directorship in any listed public companies in the last three years.

Mr. LEE Lap, Danny (李立明), aged 38, is a non-executive Director. Mr. Lee joined the Group in 2010 and was appointed as a non-executive Director on 12 October 2010. Mr. Lee is also a director of our subsidiaries, namely Greatview, Shandong Greatview Aseptic, Inner Mongolia Greatview Aseptic and Beijing Greatview. Mr. Lee is primarily responsible for the development and monitoring of the overall business strategy of our Group. Mr. Lee is currently a principal in the private equity team of Bain Capital Asia, responsible for sourcing and leading the execution of transactions, covering healthcare, chemicals, consumer and technology sectors in the Asia Pacific region. He led the investment into the Group by Bain Capital Asia in 2006. Prior to joining Bain Capital Asia in 2006, Mr. Lee was with the Asian private equity arm and worked with the subsidiaries or affiliates of Sweden's Investor AB since 1998, one of the largest industrial holding companies in the Nordic region. Mr. Lee was a senior associate of Investor Asia Limited, which is now

known as Investor Growth Capital, a wholly-owned venture capital arm of Investor AB, the largest listed industrial holding company in Northern Europe, from September 1998 to June 2000; vice president of imGO Limited, an investment holding company which was formed by among others, Investor AB in 2000 focusing on the emerging wireless communications area in Asia, from 2000 to 2002 and vice president of Investor Asia Limited from 2003 to 2006. From 1995 to mid-1998, Mr. Lee was with Lehman Brothers Investment Banking in New York and Hong Kong. Mr. Lee graduated from Columbia College of Columbia University with a Bachelor of Arts degree in economics in 1995. Mr. Lee is a Chartered Financial Analyst. He did not hold any directorship in any listed public companies in the last three years.

Mr. LEW Kiang Hua, aged 57, is a non-executive Director. Mr. Lew joined the Group in 2005 and was appointed as a non-executive Director on 29 July 2010. Mr. Lew is also a director of our subsidiaries, namely Greatview, Shandong Greatview Aseptic, Inner Mongolia Greatview Aseptic and Beijing Greatview. Mr. Lew is primarily responsible for the development and monitoring of the overall business strategy of our Group. Mr. Lew is a managing director of CDH Investment Advisory Private Limited, a private equity fund management company based in Singapore. Prior to joining CDH Investment Advisory Private Limited in 2009, he was the chief

financial officer of CDH China Management Company Limited from 2002 to 2008 and managing director of CDH Investments Management (Hong Kong) Limited from 2008 to 2009. From 1980 to 2002, he worked in a number of European and US multinational corporations in the field of finance, operations and business management including setting up the first joint venture of each of Philips Electronics and General Electric Company in China. He graduated from Nanyang University in Singapore with a Bachelor of Commerce degree in 1978. He is a fellow of both the Institute of Certified Public Accountants of Singapore and the Association of Chartered Certified Accountants, United Kingdom. Mr. Lew did not hold any directorship in any listed public companies in the last three years.

Ms. SHANG Xiaojun, aged 37, is a non-executive Director. Ms. Shang joined the Group on 5 May, 2005 and was appointed as a non-executive Director on 29 July 2010. Ms. Shang is also a director of our subsidiaries, namely Greatview, Shandong Greatview Aseptic, Inner Mongolia Greatview Aseptic and Beijing Greatview. Ms. Shang is primarily responsible for the development and monitoring of the overall business strategy of our Group. Ms. Shang is currently an executive director of CDH Investments Management (Hong Kong) Limited, an asset management company based in Hong Kong. Prior to becoming an executive director of CDH Investments

Board of Directors and Senior Management

Management (Hong Kong) Limited on 1 October 2010, Ms. Shang was an executive director of CDH Investment Advisory Private Limited, a private equity fund management company based in Singapore during 2009 to 2010, vice president of CDH Investments Management (Hong Kong) Limited from 2007 to 2009. From 2003 to 2007, Ms. Shang was a vice president of CDH China Management Company Limited. Prior to joining CDH China Management Company Limited in 2003, Ms. Shang was an assistant vice president of GIC Special Investments' Asia Pacific private equity group, focusing on direct investment opportunities in China. From 1997 to 2001, she worked for DBS Land Limited and CapitaLand Residential Limited in the field of business development, strategic planning, asset management and corporate planning. Ms. Shang graduated from the National University of Singapore, with a Bachelor of Business Administration degree in 1996 with a first class honour. She currently sits on the board of directors of Guangdong Haid Group Co. Ltd. (002311.SZ), a company which is principally engaged in the business of research and development, production and sale of pre-mixed aquatic feeds, mixed aquatic feeds, as well as mixed livestock feeds. Ms. Shang was a director of Air Media Group Inc. (NASDAQ: AMCN) since October 2005 as a representative appointed by CDH China Growth Management Company Limited, a financial investor, and resigned from its board in November 2008 after listing of Air Media Group Inc. in November 2007. Save as disclosed above, Ms. Shang did not hold any directorship in any listed public companies in the last three years.

Independent Non-executive Directors

Mr. LUETH Allen Warren, aged 42, was appointed as an independent non-executive Director on 15 November 2010. Mr. Lueth is primarily responsible for scrutinising and monitoring the performance of our Group. Mr. Lueth is currently an independent director of CNinsure Inc. (NASDAQ: CISG), one of the largest independent insurance agencies in the PRC. Mr. Lueth is also vice president of finance and strategy of Zuellig Pharma China, a private company focused on pharmaceutical distribution, and was its chief financial officer from June 2005 to February 2009. Prior to joining Zuellig Pharma China, Mr. Lueth worked for GE Capital from 1998 to 2004 in a variety of roles, including chief financial officer and chief executive officer for the Taiwan operations, and representative for China. Earlier, he served with Coopers & Lybrand as an auditor. Mr. Lueth received his bachelor of science in business degree from the University of Minnesota and an MBA degree from the J.L. Kellogg Graduate School of Management (Northwestern University). Mr. Lueth obtained his certificate as a certified public accountant in 1991 and certified management accountant in 1994. Save as disclosed above, Mr. Lueth did not hold any directorship in any listed public companies in the last three years.

Mr. BEHRENS Ernst Hermann, aged 63, was appointed as an independent non-executive Director on 15 November 2010. Mr. Behrens is primarily responsible for scrutinising and monitoring the performance of our Group. Mr. Behrens is currently a senior adviser on China business of Vermilion Partners Limited which is a private equity and investment advisory firm based in China offering a range of merchant banking and corporate advisory services to leading multinationals, Chinese companies and investors. Mr. Behrens was the non-executive chairman of EADS China from 2007 to 2009 and president and chief executive officer of EADS China from 2005 to 2006. From 1997 to 2004, Mr. Behrens served as president and chief executive officer of Siemens Ltd., China and from 1992 to 1997, he served as president and chief executive officer of Siemens Inc. Philippines. Prior to joining Siemens Inc. Philippines, Mr. Behrens was an executive vice president of Electronic Telephone Systems, Industries Inc., Philippines from 1984 to 1992; a country representative for Siemens in Jebsen and Co. PRC, from 1981 to 1984; a technical and administration manager of Nixdorf Computers, Hong Kong from 1976 to 1981; head of field engineering of Nixdorf Computers, Germany from 1972 to 1976 and an electronics engineer of German Naval Air Force, Germany from

Board of Directors and Senior Management

1968 to 1971. Mr. Behrens was the chairman of the Executive Committee of Foreign Investment Companies (ECIFC) in China from 2002 to 2005; president of European Union Chamber of Commerce in China from 2002 to 2004; president of German Chamber of Commerce in China from 1999 to 2001; president of European Chamber of Commerce in Philippines from 1995 to 1997 and its treasurer from 1993 to 1994. Mr. Behrens was honoured by Beijing Municipality with the Great Wall Friendship Award in 2004; awarded by Shanghai Municipality with the Magnolia Award Gold level in 2003 and decorated by the German government with the cross of the Order of Merit in 1993. He did not hold any directorship in any listed public companies in the last three years.

Mr. CHEN Weishu (陳偉恕), aged 64, was appointed as an independent non-executive Director on 15 November 2010. Mr. Chen is primarily responsible for scrutinising and monitoring the performance of our Group. Mr. Chen is the consultant member of Shanghai Pudong Development Bank, independent director of Shanghai International Port (Group) Co., Ltd. (SSE: 600018), The Royal Bank of Scotland (China) Co., Ltd., Suzhou Trust Co., Ltd. and Deluxe Family Co., Ltd., and also chairman of Academy for World Watch. He served various positions including secretary general of the Research Centre for Economics of Fudan University, deputy head of world economics department and professor and head of international finance department, and also vice president of Shanghai Pudong Development Bank, CEO and deputy chairman of Shanghai Industrial Holdings Ltd., chairman of Shanghai Industrial Development Co., Ltd. and vice chairman of Shanghai Industrial Investment (Holdings) Co., Ltd.. He has more than 46 years of experience in the areas of economics, financial research and banking, and corporate management. Mr. Chen graduated from Fudan University with a master degree in economics. Save as disclosed above, Mr. Chen did not hold any directorship in any listed public companies in the last three years.

SENIOR MANAGEMENT

Mr. BERGGREN Peder Gustav, aged 52, is our International Business Director. Mr. Berggren joined the Group in June 2008 and is primarily responsible for developing the Group's international business and building an international organisation. Mr. Berggren is also the managing director of Tralin Pak Europe, serving as the Group's international office and leading the Group's expansion into Europe, North America and South America. Mr. Berggren has over 25 years of experience in the aseptic packaging industry. Prior to joining us, from 1984 to 2006 Mr. Berggren was with a leading aseptic packaging producer, where he held

general manager, managing director and vice president positions in South America, South East Asia, China, the Middle East, and most recently, Japan. Throughout his career Mr. Berggren has been responsible for managing customer relationships, developing new markets, restructuring and leading sales, and formulating sales and marketing strategies in the aseptic packaging industry. Mr. Berggren graduated from the University of Gothenburg in Sweden with a Bachelor of Science degree in International Business Administration and Economics in 1982, and has followed a number of management and marketing programs at IMD in Lausanne, Switzerland, in 2000 and 2003 respectively.

Mr. CHANG Fuquan (常福泉), aged 53, is our Chief Financial Officer. Mr. Chang joined our Group in June 2005. He is primarily responsible for the overall accounting, financial management and treasury of our Group. Mr. Chang has over 22 years of experience in financial management. Prior to joining us, Mr. Chang was the chief finance officer of Fujian Nanping Nanfu Battery Co., Ltd. From 2002 to 2005, the Finance Controller of John Deere Jialian Harvester Co. Ltd., from 1999 to 2001, the Deputy Finance Controller

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of China Automotive Components Corporation from 1997 to 1999, the Chief Financial Officer of San Miguel Bada (Baoding) Brewery Co., Ltd. from 1995 to 1996 and the Financial Director of China Enterprise Culture Group from 1992 to 1994. Mr. Chang has also worked as the financial supervisor at 北京麥當勞食品有限公司 (Beijing McDonald's Food Co Ltd.), from 1994 to 1995 and as an accountant in each of Bohai Oil Corporation and Oil Drilling Service Co, both being subsidiaries of China National Offshore Oil Corporation from 1985 to 1992. Mr. Chang graduated from Xiamen University in the PRC in 1985, major in International Accounting. He completed a Master of Accounting Class in Xiamen University in the PRC in 1998.

Mr. CHEN Guining (陳桂寧), aged 55, is our Chief Technical Officer. Mr. Chen joined our Group in May 2003. He is primarily responsible for aseptic packaging filling line production and maintenance. Mr. Chen has over 20 years of experience in the aseptic packaging industry. Prior to joining us, Mr. Chen was a technical service engineer of a leading aseptic packaging materials producer from 1988 to 2001 and its field service manager from 2001 to 2003, respectively. Mr. Chen graduated from the Beijing Open University with a Bachelor of Science in Machinery Science in 1983.

Mr. GROSSENBACHER Pierre Michel Edmond, aged 68, is our Senior Converting Advisor and the Senior Converting Advisor of Shandong Tralin Packaging. Mr. Grossenbacher joined our Group in May 2003. He is primarily responsible for converting, production, quality, organisational and technical advice. Mr. Grossenbacher has over 30 years of experience in the aseptic liquid food packaging industry. From 1998 to 2002, Mr. Grossenbacher was the general manager of China operations at a leading international provider of packaging systems for dairy and liquid food industry. Prior to that, Mr. Grossenbacher was with a leading aseptic packaging producer from 1975 to 1998. Mr. Grossenbacher obtained a Diploma in Physics Engineering from the Swiss Polytechnic University in Lausanne, Switzerland in 1966.

Mr. LIU Jun (劉鈞), aged 49, is our Special Project Advisor and the Advisor to Managing Director and the General Manager of Shandong Tralin Packaging. Mr. Liu joined our Group in October 2009. He is primarily responsible for management and operation & Beijing Tralin. Mr. Liu has over 16 years of experience in high-tech industries. Mr. Liu was the general manager of the Shanghai branch of a process control product producer for the semiconductor, mask, and related industries from 2006 to 2009. Prior to joining the aforesaid company, Mr. Liu was with an international producer of chemical vapour deposition (CVD), physical vapour deposition (PVD), electrochemical deposition (ECD), and surface preparation

equipment used in the manufacturing of semiconductors. Mr. Liu graduated from Peking University in the PRC with a Bachelor of Science in Physics in 1983. He obtained a Doctor of Philosophy (Ph.D) in Materials Science and Applied Physics from Cornell University in 1992 and an Executive MBA from the China Europe International Business School in the PRC in 2008.

Mr. YANG Jiuxian (楊久賢), aged 47, is our Sales Director. Mr. Yang joined our Group in September 2003. He is primarily responsible for domestic sales. Mr. Yang has over 12 years of experience in dairy industry management and sales. Mr. Yang was the general manager of NIUMAMA Dairy Co., Ltd. in 2003. Prior to joining NIUMAMA Dairy Co., Ltd., Mr. Yang was a key account manager of Northeast China and Inner Mongolia for a leading aseptic packaging materials producer in Beijing from 2000 to 2003 and a key account manager of six provinces in southwest China for the aforesaid company's Shanghai office from 1998 to 2000. Mr. Yang graduated from the Beijing Union University with a Bachelor of Chinese Language and Literature degree in 1986.

REPORT OF THE DIRECTORS

The Board presents their report together with the audited financial statements of the Company and the Group for the year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are set out in note 30 to the consolidated financial statements. There were no significant changes in nature of Group's activities during the period.

RESULTS

The results of the Group for the year ended 31 December 2010 are set out in the consolidated income statement.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2010, the aggregate purchases attributable to the Group's largest supplier and the five largest suppliers in aggregate accounted for 26.6% and 74.3% respectively of the Group's total purchases for the period. Revenue attributable to the Group's largest customer and the five largest customers in aggregate accounted for 32.6% and 72.3% respectively of the Group's total revenue for the period.

None of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the period are set out in note 7 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the period in the share capital of the Company are set out in note 13 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the period are set out in the consolidated statement of changes in equity.

As at 31 December 2010, the Company had reserves available for distribution of RMB772.1 million.

DIRECTORS

The Directors during the period and up to the date of this report were:

Executive Directors

Mr. BI Hua, Jeff
Mr. HONG Gang

Non-Executive Directors

Mr. HILDEBRANDT James Henry
Mr. ZHU Jia
Mr. LEE Lap, Danny
Mr. LEW Kiang Hua
Ms. SHANG Xiaojun

Independent Non-Executive Directors

Mr. LUETH Allen Warren
Mr. BEHRENS Ernst Hermann
Mr. CHEN Weishu

Each of the above Directors will retire from office as Directors at the forthcoming annual general meeting. All of them, being eligible, will offer themselves for re-election pursuant to the Articles of Association of the Company.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 15 to 19 of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") from each of the independent non-executive Directors and the Company considers such Directors to be independent.

Report of the Directors

DIRECTORS' SERVICE CONTRACT

Each of the executive Directors and non-executive Directors has entered into a service contract and letter of appointment with the Company respectively for an initial fixed term of 2 years commencing on the listing date of the Company's shares on the Main Board of the Stock Exchange on 9 December 2010 (the "Listing Date") unless terminated by not less than 3 months' notice in writing served by either party on the other.

Save for Mr. LUETH Allen Warren who has signed a letter of appointment with the Company for a term of 1 year commencing on the Listing Date, each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of 2 years commencing on the Listing Date unless terminated by not less than 3 months' notice in writing served by either party on the other.

None of the Directors, including those to be re-elected at the forthcoming annual general meeting, has a service contract which is not determinable by the Group within one year without the payment of compensation (other than statutory compensation).

EMOLUMENT POLICY

A remuneration committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the directors and senior management of the Group, having regard to the Group's operating results, individual performance of the directors and senior management and comparable market practices.

The Company has adopted a share option scheme as incentive to eligible employees, details of the scheme are set out in the section headed "Share Option Scheme" below.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the directors and five individuals with highest emoluments are set out in notes 24 to the consolidated financial statements.

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

As at 31 December 2010, interests and 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 Securities and Futures Ordinance ("SFO")) held by the Directors and chief executives of the Company which have been notified to the Company and 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:

Report of the Directors

Interests and short position in the shares (the "Shares") of the Company

Name of Director/ Chief Executive	No. of Shares	Notes	Capacity	Nature of interest	Approximate percentage of interest in the Company immediately after the Global Offering (%)
Hong Gang	159,489,234	1	Founder of a discretionary trust	Long position	11.96
	86,961,966	2	Interest of corporation controlled	Long position	6.52
	22,000,000	3	Interest of corporation controlled	Long position	1.65
	11,831,560	4	Founder of a discretionary trust	Long position	0.89
Total	280,282,760			Long position	21.02
	14,820,000	1	Founder of a discretionary trust	Short position	1.11

Notes:

- Wiseland Holdings Ltd. ("Wiseland") has a direct interest in 129,489,234 Shares and an earn out arrangement with Bain Capital TP Holdings, L.P. ("Bain Capital") for an additional 30,000,000 Shares (the "Bain Capital Earn Out Arrangement"). Therefore, Wiseland is interested in an aggregate of 159,489,234 Shares. Wiseland in return agreed to transfer 14,820,000 Shares to Phanron Holdings Limited ("Phanron"), Hillma Global Limited, Goldmap Investment Limited, Parview Development Limited ("Parview"), J. Schwartz Ltd and Wallson Investment Limited if it obtain the Shares from the Bain Capital Earn Out Arrangement (the "Wiseland Earn Out Arrangement"). Therefore Wiseland has a short position in 14,820,000 Shares. Fosing Limited ("Fosing"), is interested in the same 159,489,234 Shares and short position in 14,820,000 Shares by virtue of its 41.90% interest in Wiseland. Fosing is wholly-owned by one of the two discretionary trusts, which are discretionary trust established for the benefit of senior management of our Group and their respective issue (the "SM Trusts"). Hong Gang is a settler of the SM Trusts and therefore is deemed to be interested in the same 159,489,234 Shares and short position in 14,820,000 Shares.
- Phanron is wholly owned by Hong Gang and he is therefore deemed to be interested in the 86,961,966 Shares held by Phanron.
- Liwei Holdings (PTC) Limited ("Liwei") is 50% owned by Hong Gang and he is therefore deemed to be interested in all of the underlying Shares to be issued pursuant to the 22,000,000 options held by Liwei under the share option scheme of the Company
- Parview has a direct interest in 10,631,560 Shares and an additional 1,200,000 Shares from the Wiseland Earn Out Arrangement. Therefore, Parview is interested in an aggregate of 11,831,560 Shares. Parview is wholly-owned by one of the SM Trusts, whereby Hong Gang is a settler of the SM Trusts and therefore is deemed to be interested in the same 11,831,560 Shares.

Report of the Directors

Save as disclosed above, as at 31 December 2010, none of the directors or chief executives 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 31 December 2010, 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

Name of Substantial Shareholder	No. of Shares	Notes	Capacity	Nature of interest	Percentage of total number of Shares in issue (%)
Bain Capital Investors, LLC	392,458,300	1	Interest of corporation controlled	Long position	29.43
	30,000,000	1	Interest of corporation controlled	Short position	2.25
CDH China Growth Capital Fund II, L.P.	296,942,700	2	Interest of corporation controlled	Long position	22.27
CDH China Growth Capital Holdings Company Limited	296,942,700	2	Interest of corporation controlled	Long position	22.27
CDH Packaging Limited	296,942,700	2	Interest of corporation controlled	Long position	22.27
China Diamond Holdings Company Limited	296,942,700	2	Interest of corporation controlled	Long position	22.27
China Diamond Holdings II, L.P.	296,942,700	2	Interest of corporation controlled	Long position	22.27
Madam Xu Zhen	280,282,760	3	Interest of spouse	Long position	21.02
	14,820,000			Short position	1.11
Gao Wei	159,489,234	4	Founder of a discretionary trust	Long position	11.96
	22,000,000	5	Interest of corporation controlled	Long position	1.65
	11,831,560	6	Interest of corporation controlled	Long position	0.89
Total	193,320,794			Long position	14.50
	14,820,000	4	Founder of a discretionary trust	Short position	1.11

Report of the Directors

Name of Substantial Shareholder	No. of Shares	Notes	Capacity	Nature of interest	Percentage of total number of Shares in issue (%)
Madam Wang Wei	193,320,794	7	Interest of spouse	Long position	14.50
	14,820,000			Short position	1.11
Fosing Limited (復昇有限公司)	159,489,234	4	Interest of corporation controlled	Long position	11.96
	14,820,000			Short position	1.11
Foxing Development Limited	159,489,234	4	Interest of corporation controlled	Long position	11.96
	14,820,000			Short position	1.11
Wiseland Holdings Ltd ("Wiseland")	129,489,234	4	Beneficial owner	Long position	9.71
	30,000,000			Beneficial owner	2.25
Total	159,489,234			Long position	11.96
	14,820,000	4	Beneficial owner	Short position	1.11
Phanron Holdings Limited	78,141,966	8	Beneficial owner	Long position	5.86
	8,820,000			8	Beneficial owner
Total	86,961,966			Long position	6.52

Notes:

- (1) Bain Capital Investors, LLC is deemed to be interested in 392,458,300 Shares by virtue of its wholly-owned subsidiary's Bain Capital, interest in 392,458,300 Shares. The short position in 30,000,000 Shares are subject to Bain Capital Earn Out Arrangement, whereby such Shares will be transferred to Wiseland if the conditions for the Bain Capital Earn Out Arrangement are fulfilled. Bain Capital is therefore deemed to have a short position in respect of the potential obligation to deliver the 30,000,000 Shares.
- (2) CDH Packaging Limited, is a wholly-owned subsidiary of CDH China Growth Capital Fund II, L.P.. The general partner of CDH China Growth Capital Fund II, L.P. is CDH China Growth Capital Holdings Company Limited. China Diamond Holdings II, L.P. is the holding company of CDH China Growth Capital Holdings Company Limited, and China Diamond Holdings Company Limited is the general partner of China Diamond Holdings II, L.P.. Each of CDH China Growth Capital Fund II, L.P., CDH China Growth Capital Holdings Company Limited, China Diamond Holdings II, L.P. and China Diamond Holdings Company Limited is deemed to be interested in the Shares held by CDH Packaging Limited. The interest in 296,942,700 Shares by these companies relates to the same block of Shares.
- (3) Xu Zhen is interested in a long position of 280,282,760 Shares and a short position of 14,820,000 Shares by virtue of her being the spouse of Hong Gang.
- (4) Wiseland has a direct interest in 129,489,234 Shares and an additional 30,000,000 Shares from the Bain Capital Earn Out Arrangement. Therefore, Wiseland is interested in an aggregate of 159,489,234 Shares. Wiseland has a short position in 14,820,000 Shares under the Wiseland Earn Out Arrangement. Foxing Development Limited ("Foxing") and Fosing is interested in the 58.10% and 41.90% of Wiseland, respectively, and therefore is interested in the same 159,489,234 Shares and short position in 14,820,000 Shares. Gao Wei is the founder of the trust that wholly owns Foxing and also one of the settler of the SM Trust holding Fosing. Gao Wei therefore is deemed to be interested in the same 159,489,234 Shares and short position in 14,820,000 Shares. The interest in 159,489,234 Shares and short position in 14,820,000 Shares relates to the same block of Shares.
- (5) Liwei is 50% owned by Hong Gang and 50% owned by Gao Wei and they are therefore deemed to be interested in all of the underlying Shares to be issued pursuant to the 22,000,000 options held by Liwei under the share option scheme of the Company.

Report of the Directors

- (6) Parview has a direct interest in 10,631,560 Shares and an additional 1,200,000 Shares from the Wiseland Earn Out Arrangement. Therefore, Parview is interested in an aggregate of 11,831,560 Shares. Parview is wholly-owned by one of the SM Trusts, whereby Gao Wei is a settler of the SM Trusts and therefore is interested in the same 11,831,560 Shares.
- (7) Wang Wei is interested in a long position of 193,320,794 Shares and a short position of 14,820,000 Shares by virtue of her being the spouse of Gao Wei.
- (8) Phanron is interested 78,141,966 Shares and 8,820,000 Shares under the Wiseland Earn Out Arrangement if the Bain Capital Earn Out Arrangement are fulfilled.

Save as disclosed above, and as at 31 December 2010, the directors of the Company 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 of the Company 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.

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest in, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

CONTINUING CONNECTED TRANSACTIONS

As disclosed in the Prospectus, Shandong Greatview Aseptic, a subsidiary of the Company has been procuring various utilities, including water, electricity, natural gas and steam (collectively, the "Utilities") from Shangdong Tralin Paper Co., Ltd ("Tralin Paper"), a company incorporated in the PRC and controlled by Mr. Li Hongfa ("Mr. Li"), a former director of certain subsidiaries of the Group who resigned on 18 December 2009 pursuant to an integrated service agreement dated 3 May 2005 (the "Master Agreement"). Subsequent to the Master Agreement, Shandong Greatview Aseptic has entered into three water and electricity charge clearance agreements on 11 September 2007, 18 November 2008 and 20 January 2009, respectively with Tralin Paper to determine and renew the prices of the Utilities. As Tralin Paper is an associate of Mr. Li, under the Listing Rules, any transaction between any member of the Group and any member of Tralin Paper from the Listing Date until 17 December 2010 will constitute a connected transaction of the Company for the purpose of Chapter 14A of the Listing Rules.

For the year ended 31 December 2010, the total procurement of the Utilities amounted to RMB9.3 million.

The Directors (including the independent non-executive Directors) have reviewed this continuing connected transaction of the Company within the reporting period and have confirmed that such transaction was entered into (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms or on terms no less favourable to the Company than terms available from independent third parties; and (iii) in accordance with the Master Agreement on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. The actual transactions amount under the Master Agreement did not exceed the annual cap of RMB10.1 million for the year ended 31 December 2010.

The Directors confirm that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Report of the Directors

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group on page 25 of the Annual Report in accordance with paragraph 14A.38 of the Listing Rules.

Save as above, all the related party transactions set out in note 32 to the consolidated financial statements did not constitute connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules, which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE SHARES

During the period from the Listing Date to 31 December 2010, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the period from the Listing Date to 31 December 2010, there was no material acquisition and disposal of subsidiaries and associated companies by the Company.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

During the period from the Listing Date to 31 December 2010, the Directors were not aware of any business or interest of the Directors or any substantial shareholder (as defined under the Listing Rules) of the Company and their respective associates that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2010 are set out in note 18 to the consolidated financial statements.

RETIREMENT SCHEMES

Information of the retirement schemes of the Group are set out in note 23 to the consolidated financial statements.

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 Issuer under the Listing Rules. Specific enquiry has been made of all the Directors and the Directors have confirmed that they had complied with such code of conduct during the period from the Listing Date to 31 December 2010.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

COMPLIANCE WITH THE NON-COMPETITION UNDERTAKING

Bain Capital (the "Controlling Shareholder") is interested in more than 30% of the issued share capital of the Company and is the controlling shareholder of the Company. Bain Capital is an investment holding company whose only assets are the shares in the Company, who does not conduct any other business activities. The Controlling Shareholder does not engage and is not interested in any business which, directly or indirectly, competes or may compete, with the Group's business. However, the Controlling Shareholder has entered into a deed of non-competition on 19 November 2010 (the "Deed") in favour of the Company, pursuant to which it has, among other things, irrevocably

Report of the Directors

and unconditionally, undertaken to the Company that it shall, and shall use its best endeavours to procure that its associates shall not, whether directly or indirectly, carry on any business which in competition or is likely to be in competition, with the business of the Group. The Deed took effect from 9 December 2010, being the Listing Date and shall continue in force until such time as the shares of the Company cease to be listed and traded on the Stock Exchange (except for temporary suspension of trading of the shares on the Stock Exchange due to any reason) or until the Controlling Shareholder ceases to hold directly or indirectly in aggregate 30% or more of the entire issued share capital of the Company.

The independent non-executive Directors have reviewed, for the period from the Listing Date to 31 December 2010, the compliance by the Controlling Shareholder with its non-competition undertakings and, in particular, the right of first refusal in relation to any business opportunities as set out in the Deed. In this connection, the Controlling Shareholder has provided all necessary information to the independent non-executive Directors for their annual review in respect of compliance of the Deed by it and the enforcement of the Deed.

The Controlling Shareholder has confirmed to the Company of its compliance with the Deed for disclosure in this annual report.

SHARE OPTION SCHEME

On 15 November 2010, a share option scheme was adopted by resolution of shareholders of the Company (the "Pre-IPO Share Option Scheme"). The main purpose of the scheme is, among others, to provide incentives to directors and employees of the Group with regard to their services and employment. Pursuant to the Pre-IPO Share Option Scheme, for a consideration of HK\$1, Liwei was granted (by way of transfer) options to subscribe for up to 22,000,000 shares in the Company, and Liwei will grant the options to eligible participants. Prior approval from the Board of Directors of the Company is required for Liwei to grant the options. Such approval covers key terms of the options including eligibility, performance target and share subscription price. The Board of Directors approved Liwei to grant 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 of the Company. The Pre-IPO Options will vest in four instalments on 1 September 2011, 1 June 2012, 1 June 2013, and 1 June 2014.

There was no share option movement during the year ended 31 December 2010, aside from the option to subscribe for up to 22,000,000 shares in the Company granted to Liwei, as no share options have been granted to any other parties by Liwei.

PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital

are held by the public at all times during the period from the Listing Date to 31 December 2010.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association and the laws of Cayman Islands.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2010.

AUDITORS

PricewaterhouseCoopers has acted as auditors of the Company for the year ended 31 December 2010.

PricewaterhouseCoopers shall retire in the forthcoming annual general meeting and, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Mr. HONG Gang

Chairman

Beijing, 28 March 2011

CORPORATE GOVERNANCE REPORT

The board of directors (the "Board") of the Company is pleased to present this corporate governance report in the annual report of the Company for the year ended 31 December 2010.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company has adopted the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules as its own code of corporate governance.

Save for the deviation disclosed in this report, the Company has complied with the code provisions as set out in the CG Code since the Listing Date and up to the date of this annual report.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established four Board committees including the audit

committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee"), the nomination committee (the "Nomination Committee") and the executive committee (the "Executive Committee") (together, the "Board Committees"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All directors of the Company (the "Directors") shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders at all times.

Board Composition

The Board currently comprises ten members, consisting of two executive Directors, five non-executive Directors and three independent non-executive Directors.

The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

The Board comprises the following Directors:

Executive Directors:

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

Non-executive Directors:

Mr. HILDEBRANDT James Henry
Mr. ZHU Jia
Mr. LEE Lap, Danny
Mr. LEW Kiang Hua
Ms. SHANG Xiaojun

Independent non-executive Directors:

Mr. LUETH Allen Warren
Mr. BEHRENS Ernst Hermann
Mr. CHEN Weishu

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

None of the members of the Board is related to one another.

Since the Listing Date and up to the date of this annual report, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

Corporate Governance Report

Chairman and Chief Executive Officer

The Company fully supports the division of responsibility between the Chairman of the Board and the Chief Executive Officer to ensure a balance of power and authority. The positions of Chairman and Chief Executive Officer are held by Mr. HONG Gang and Mr. BI Hua, Jeff respectively. Their respective responsibilities are clearly defined and set out in writing. The Chairman provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practice. The Chief Executive Officer focuses on implementing objectives, policies and strategies approved and delegated by the Board.

Appointment and Re-Election of Directors

All of the Directors (save for our independent non-executive Director, Mr. LUETH Allen Warren) are appointed for a term of two years commencing from the Listing Date, which are terminable by not less than three months' notice in writing and are subject to retirement in accordance with the articles of association of the Company (the "Articles"). Mr. LUETH Allen Warren is appointed for a term of one year, terminable by not less than three months' written notice and is subject to retirement in accordance with the Articles.

None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

In accordance with the Articles, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting of the Company after appointment and new Directors appointed as an addition to the Board shall submit himself/herself for re-election by shareholders at the next following annual general meeting of the Company after appointment.

The procedures and process of appointment, re-election and removal of directors are set out in the Articles. The Nomination Committee is responsible for reviewing the Board composition, monitoring the appointment, re-election and succession planning of Directors.

Nomination Committee

The Nomination Committee comprises three members, namely Mr. BI Hua, Jeff (chairman of the Nomination Committee), Mr. BEHRENS Ernst Hermann and Mr. CHEN Weishu, the majority of them are independent non-executive Directors.

The principal duties of the Nomination Committee include the following:

- To review the structure, size and composition of the Board and make recommendations regarding any proposed changes
- To identify suitable candidates for appointment as directors
- To make recommendations to the Board on appointment or re-appointment of and succession planning for directors
- To assess the independence of independent non-executive directors

During the period from the Listing Date to 31 December 2010, no meeting of the Nomination Committee was held as the Company was listed on 9 December 2010. From 2011 onwards, the Nomination Committee will conduct meeting at least once a year.

In accordance with the Articles, all Directors shall retire and being eligible, offer themselves for re-election at the next forthcoming annual general meeting of the Company.

The Nomination Committee recommended the re-appointment of the Directors standing for re-election at the forthcoming annual general meeting of the Company.

The Company's circular dated 19 April 2011 contains detailed information of the Directors standing for re-election.

Induction and Continuing Development of Directors

Each newly appointed Director receives formal, comprehensive and tailored induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors will be continuously updated on the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Briefing and professional development for directors will be arranged where necessary.

Corporate Governance Report

Board Meetings

Board Practices and Conduct of Meetings

Provision A.1.3 of the CG Code stipulates that at least 14 days' notice should be given for a regular Board meeting.

Certain regular Board meetings held during the year ended 31 December 2010 were convened with less than 14 days' notice but reasonable notice were still given. The Company adopted a flexible approach in convening Board meetings and ensuring that sufficient time and adequate information were given to directors in advance.

Agenda and board papers together with all necessary information are sent to all Directors at least 3 days before each Board meeting or committee meeting to keep directors apprised of the latest developments and financial position of the Company in order to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management where necessary.

The senior management attend all regular Board meetings and where necessary, other Board and committee meetings, to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company.

The board secretary and the joint company secretaries are responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and final versions are open for directors' inspection.

The Articles contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

Directors' Attendance Records

During the year ended 31 December 2010, only one board meeting was held for discussing the overall strategies, corporate governance policies and financial performance, as the Company was only listed on 9 December 2010.

The attendance records of each director at the Board meetings subsequent to his/her appointment as a Director, during the year ended 31 December 2010 are set out below:

Name of Director	Attendance/Number of meetings held
<i>Executive Directors</i>	
Mr. BI Hua, Jeff	1/1
Mr. HONG Gang	1/1
<i>Non-Executive Directors</i>	
Mr. HILDEBRANDT James Henry	1/1
Mr. ZHU Jia	1/1
Mr. LEE Lap, Danny	1/1
Mr. LEW Kiang Hua	1/1
Ms. SHANG Xiaojun	1/1
<i>Independent Non-Executive Directors</i>	
Mr. LUETH Allen Warren	1/1
Mr. BEHRENS Ernst Hermann	1/1
Mr. CHEN Weishu	1/1

Corporate Governance Report

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and each of the Directors has confirmed that he/she has complied with the Model Code since the Listing Date and up to the date of this annual report.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

Delegation by the Board

The Board reserves for its decision all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the joint company secretaries, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

The Board has established four committees, namely, the Nomination Committee, Remuneration Committee, Audit Committee and Executive Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference which are available to shareholders upon request.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

The Remuneration Committee comprises five members, namely, Mr. ZHU Jia (chairman of the Remuneration Committee), Mr. BI Hua, Jeff, Mr. LUETH Allen Warren, Mr. BEHRENS Ernst Hermann and Mr. CHEN Weishu, the majority of which are independent non-executive Directors.

The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the executive Directors and the senior management. The Remuneration Committee is also responsible for establishing transparent procedures for formulating such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

During the period from the Listing Date to 31 December 2010, no meeting of the Remuneration Committee was held as the Company was listed on 9 December 2010. From 2011 onwards, the Remuneration Committee will conduct meeting at least once a year.

ACCOUNTABILITY AND AUDIT

Directors' Responsibilities for Financial Reporting in Respect of Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2010.

The Board, with support of the finance and legal teams, is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

Internal Control

The Board acknowledges that it is the responsibility of the Board for maintaining an adequate internal control system to safeguard shareholder investments and Company assets and reviewing the effectiveness of such system on an annual basis.

The Board has conducted a review of the effectiveness of the internal control system of the Company including the

Corporate Governance Report

adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

Audit Committee

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. CHEN Weishu. In compliance with Rule 3.21 of the Listing Rules, Mr. LUETH Allen Warren possesses the appropriate professional qualifications or accounting or related financial management expertise. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include the following:

- To review the financial statements and reports and consider any significant or unusual items raised by the internal audit division or external auditors before submission to the Board
- To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditors
- To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures

Since the Listing Date and up to the date of this annual report, the Audit Committee reviewed the annual results and annual report of the Company and its subsidiaries for the year ended 31 December 2010, the financial reporting and compliance procedures, the Company's internal control and risk management systems and processes, and the re-appointment of the external auditors.

The Audit Committee held one meeting during the period from the Listing Date to 31 December 2010, and all the members attended the meeting.

External Auditors and Auditors' Remuneration

The statement of the external auditors of the Company about their reporting responsibilities for the financial statements is set out in the "Independent Auditor's Report" on page 33.

Annual audit fees of the financial statements of the Group for the year ended 31 December 2010 payable to the external auditors are approximately RMB1.52 million. The Company incurred approximately RMB4.38 million for services provided by external auditors in connection with the Initial Public Offering of the Company's shares in 2010. In addition, approximately RMB0.36 million was incurred for other non-audit services.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information, which will enable shareholders and investors to make the informed investment decisions.

To promote effective communication, the Company maintains a website at www.ga-pack.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Latest information on the Group including annual and interim reports, announcements and press releases are updated on the Company's website in a timely fashion.

The 2011 Annual General Meeting ("AGM") will be held on 3 June 2011. The notice of AGM will be sent to shareholders at least 20 clear business days before the AGM.

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, a separate resolution is proposed for each issue at shareholder meetings, including the election of individual directors.

All resolutions put forward at shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each shareholder meeting.

On behalf of the Board

Mr. HONG Gang

Chairman

Beijing, 28 March 2011

Independent Auditor's Report



羅兵咸永道會計師事務所

PricewaterhouseCoopers
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To the shareholders of GREATVIEW ASEPTIC PACKAGING COMPANY LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Greatview Aseptic Packaging Company Limited ("the Company") and its subsidiaries (together, the "Group") set out on pages 35 to 84, which comprise the consolidated and company balance sheets as at 31 December 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2010, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

OTHER MATTERS

This report, including the opinion, has been prepared for and only for you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 28 March 2011

Consolidated Balance Sheet

As at 31 December 2010

	Note	As at 31 December	
		2010 RMB'000	2009 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	461,602	435,079
Land use rights	8	2,705	2,763
Intangible assets	9	52,065	47,979
Deferred income tax assets	19	15,706	16,645
Long-term prepayment	20	37,577	1,056
		569,655	503,522
Current assets			
Inventories	10	203,624	157,417
Trade receivables, other receivables and prepayments	11	326,594	176,062
Cash and bank balances	12	548,286	144,259
		1,078,504	477,738
Total assets		1,648,159	981,260
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital, share premium and capital reserve	13	916,207	461,777
Statutory reserve	14	52,146	30,899
Exchange reserve		(1,878)	13
Retained earnings	15	424,966	268,416
Total equity		1,391,441	761,105
LIABILITIES			
Non-current liabilities			
Borrowings	18	59,040	85,290
Deferred government grants	16	9,334	9,667
		68,374	94,957

Consolidated Balance Sheet

As at 31 December 2010

	Note	As at 31 December	
		2010 RMB'000	2009 RMB'000
Current liabilities			
Trade payables, other payables and accruals	17	132,569	100,186
Income tax liabilities		9,525	5,302
Borrowings	18	46,250	19,710
		188,344	125,198
Total liabilities		256,718	220,155
Total equity and liabilities		1,648,159	981,260
Net current assets		890,160	352,540
Total assets less current liabilities		1,459,815	856,062

The notes on pages 42 to 84 are an integral part of these consolidated financial statements.

Director
Bi Hua, Jeff

Director
Hong Gang

Balance Sheet

As at 31 December 2010

	Note	As at 31 December 2010 RMB'000
ASSETS		
Non-current assets		
Investments in subsidiaries	30	195,598
Amounts due from subsidiaries	33	774,089
Total assets		969,687
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital, share premium and capital reserve	13	984,460
Accumulated losses		(14,773)
Total equity		969,687
Total equity and liabilities		969,687
Net current assets		—
Total assets less current liabilities		969,687

The notes on pages 42 to 84 are an integral part of these consolidated financial statements.

Director
Bi Hua, Jeff

Director
Hong Gang

Consolidated Income Statement

For the year ended 31 December 2010

	Note	Year ended 31 December	
		2010 RMB'000	2009 RMB'000
Revenue	21	1,160,298	771,870
Cost of sales	22	(791,150)	(503,213)
Gross profit		369,148	268,657
Other income — net	21	11,545	3,727
Distribution costs	22	(65,380)	(39,778)
Administrative expenses	22	(75,787)	(43,441)
Operating profit		239,526	189,165
Finance (expense)/income — net	25	(2,874)	827
Profit before income tax		236,652	189,992
Taxation	26	(35,441)	(25,084)
Profit for the year		201,211	164,908
Profit attributable to:			
Equity holders of the Company		201,211	164,908
Earnings per share for profit attributable to equity holders of the Company			
— Basic and diluted	27	0.18	N/A
Dividend	28	23,414	—

The notes on pages 42 to 84 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Profit for the year	201,211	164,908
Other comprehensive income:		
Currency translation differences	(1,891)	13
Total comprehensive income for the year	199,320	164,921
Attributable to:		
— Equity holders of the Company	199,320	164,921
Total comprehensive income for the year	199,320	164,921

The notes on pages 42 to 84 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010

	Attributable to equity owners				
	Share capital, share premium and capital reserve RMB'000 (Note 13)	Statutory reserve RMB'000 (Note 14)	Exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000
As at 31 December 2008	324,410	12,684	—	121,723	458,817
Comprehensive income:					
Profit for the year	—	—	—	164,908	164,908
Other comprehensive income:					
Currency translation differences	—	—	13	—	13
Transactions with owners					
Contribution from shareholders during the year	137,367	—	—	—	137,367
Transfer to statutory reserve	—	18,215	—	(18,215)	—
As at 31 December 2009	461,777	30,899	13	268,416	761,105
Comprehensive income:					
Profit for the year	—	—	—	201,211	201,211
Other comprehensive income:					
Currency translation differences	—	—	(1,891)	—	(1,891)
Transactions with owners:					
Shares issued	798,280	—	—	—	798,280
Deemed distribution	(334,430)	—	—	—	(334,430)
Capitalisation as issued shares as part of the Reorganisation	(9,420)	—	—	—	(9,420)
Transfer to statutory reserve	—	21,247	—	(21,247)	—
Dividend	—	—	—	(23,414)	(23,414)
As at 31 December 2010	916,207	52,146	(1,878)	424,966	1,391,441

The notes on pages 42 to 84 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2010

	Note	Year ended 31 December	
		2010 RMB'000	2009 RMB'000
Cash flows from operating activities			
Cash generated from operations	29	77,455	182,594
Interest paid		(5,388)	(1,754)
Income tax paid		(30,279)	(21,546)
Net cash generated from operating activities		41,788	159,294
Cash flows from investing activities			
Property, plant and equipment ("PPE")			
— Additions		(64,670)	(224,920)
— Prepayment		(37,577)	(1,056)
— Interest paid — capitalised		(2,086)	(4,247)
— Value added tax paid		(6,783)	(22,962)
Proceeds from disposal of PPE		1,199	1,155
Acquisition of land use rights		—	(1,367)
Purchase of intangible assets		(4,422)	(68)
Entrusted loan repaid by/(granted to) an affiliate of a former shareholder (Note 11)		50,000	(50,000)
Interest received		1,935	2,427
Net cash used in investing activities		(62,404)	(301,038)
Cash flows from financing activities			
Net proceeds from initial public offering		780,328	—
Proceeds from borrowings		396,454	105,000
Repayments of borrowings		(393,880)	(50,000)
Contribution from former holding company		—	55,238
Repayments of shareholder loan		(334,430)	—
Dividend paid to equity holders		(23,414)	—
Net cash generated from financing activities		425,058	110,238
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of year		124,233	155,585
Exchange (loss)/gain on cash and cash equivalents		(1,705)	154
Cash and cash equivalents at end of the year		526,970	124,233

The notes on pages 42 to 84 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

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 for soft drinks and beverages, and filling machines (the “Listing Business”), principally in the People’s Republic of China (the “PRC”).

The Company’s ordinary shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 9 December 2010.

In preparation for the listing of the shares of the Company on the Main Board of the Stock Exchange, the Company underwent a group reorganisation (“the Reorganisation”). The following reorganisation steps were carried out:

- The Company was incorporated in the Cayman Islands on 29 July 2010 with an authorised share capital of HK\$390,000 divided into 39,000,000 shares of HK\$0.01 each, with one share issued and allotted. On the same date, the one share was transferred to Hexis Enterprises Limited (“Hexis”). Partner One Enterprises Limited (“Partner One”) was incorporated on 23 July 2010 in the British Virgin Islands and on 16 August 2010 Partner One issued and allotted one share of US\$1.00 to the Company. Hexis also held 100% equity interests in Greatview Holdings Limited (“Greatview Holdings”) that owns, directly or indirectly, all other entities now comprising the Group.
- Pursuant to a deed of assignment dated 11 November 2010, the Company through Partner One acquired from Hexis, at face value, interest free loan totalling US\$60 million due from Greatview Holdings to Hexis. In addition, on 22 November 2010, the Company, through Partner One, acquired from Hexis all of Hexis’ equity interest, i.e. one share, in Greatview Holdings.
- On 22 November 2010, as consideration for the acquisition of the one share in Greatview Holdings and repayment of US\$10 million payable to Hexis, the Company issued a total of 1,099,999,999 new shares to Hexis, and Hexis then distributed all such shares to its shareholders. Moreover, on 22 November 2010, the Company settled in cash US\$50 million payable to Hexis. The payment of US\$50 million is accounted for as deemed distribution.
- After the completion of the Reorganisation steps as described above, the Company became the holding company of the subsidiaries now comprising the Group.

Immediately prior to and after the Reorganisation, the Listing Business is held by Greatview Holdings. The Listing Business is mainly conducted through Greatview Aseptic Packaging (Shandong) Co., Ltd. (formerly known as, “Shandong Tralin Packaging Co., Ltd.”), Beijing Tralin Packaging Machinery Co., Ltd., Greatview Aseptic Packaging (Inner Mongolia) Co., Ltd. and Tralin Pak Europe GmbH, which are all 100% owned subsidiaries of Greatview Holdings. Pursuant to the Reorganisation, Greatview Holdings and the Listing Business are transferred to and held by the Company via Partner One. The Company and Partner One have not been involved in any other business prior to the Reorganisation and do not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business with no change in management of such business and the ultimate owners of the Listing Business remain the same. Accordingly, the consolidated financial statements of the Group are presented using the carrying values of the Listing Business under Greatview Holdings for all the years presented.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

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 years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

The Group has adopted the following new and amended IFRS:

IAS 36	<i>Unit of accounting for goodwill impairment test</i>
IAS 38	<i>Additional consequential amendments arising from IFRS3 and measuring the fair value of an intangible assets acquired in business combination</i>

The adoption of these standards, amendments and interpretations has no significant impact on the results and financial position of the Group.

The following standards, amendments and interpretations which have been issued and are not yet effective have not been early adopted by the Group:

IAS 32 (Amendment)	<i>Financial Instruments: Presentation — Classification of rights issue</i>
IFRS 1 (Amendments)	<i>Limited exemptions from comparative IFRS 7 disclosures for first-time Adopters</i>
IFRS 9	<i>Financial instruments</i>
IFRIC — Int 14 (Amendment)	<i>Prepayments of a minimum funding requirement</i>
IFRIC — Int 19	<i>Extinguishing financial liabilities with equity instruments</i>
IAS 24 (Revised)	<i>Related party disclosures (effective for annual periods beginning on or after 1 January 2011)</i>
IFRS 3 (Amendments)	<i>Business combinations</i>
IFRS 1 (Amendments)	<i>First time adoption of international Financial Reporting Standards</i>
IFRS 7 (Amendments)	<i>Financial instruments: Disclosure</i>
IAS 1 (Amendments)	<i>Presentation of financial statements</i>
IAS 27 (Amendments)	<i>Consolidated and separate financial statements</i>
IAS 24 (Amendments)	<i>Interim financial reporting</i>
IFRIC — Int 13 (Amendments)	<i>Customer loyalty programmes</i>

The Group is in the process of making an assessment of the impact of these standards, amendments and interpretations on the financial statements of the Group upon their initial application.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary in the Financial Information to ensure consistency with the policies adopted by the Group.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

2.4 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Renminbi ("RMB") which is the functional and presentation currency of the Company and of a majority of the subsidiaries within the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Foreign currency translation *(continued)*

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash are presented in the income statement within "finance cost — net". All other foreign exchange gains and losses are presented in the income statement within "other income — net".

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the year in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual value over their estimated useful lives, as follows:

Buildings	30 years
Machinery	12 years
Vehicles and office equipment	4–8 years

Depreciation on construction in progress commences when the assets are ready for their intended use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement.

2.6 Land use rights

Land use rights represent upfront operating lease payments made for the land and are stated at payments less amount written off on a straight line basis described below and impairment loss.

Upfront operating lease payments less impairment, if any, are written off to the income statement on a straight line basis over the lease period of 50 years.

2.7 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Intangible assets (continued)

(b) *Technology know-how*

Separately acquired technology know-how is shown at historical cost. Technology know-how acquired in a business combination is recognised at fair value at the acquisition date. Technology know-how has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over its estimated useful life of 5 years.

(c) *Computer software*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 4 years.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial assets

(a) *Classification*

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's financial assets comprise 'trade receivables, other receivables, notes receivables and entrusted loan receivables' and 'cash and bank balances' in the balance sheet. (Note 2.10 and 2.12)

(b) *Recognition and measurement*

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Loans and receivables are carried at amortised cost using the effective interest method.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement.

When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against in the consolidated income statement.

Trade and other receivables are included in current assets, except for those mature after twelve months of the balance sheet date which are classified as non-current assets.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs incurred to finance construction of property, plant and equipment are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use.

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statement. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.16 Current and deferred income tax *(continued)*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

2.17 Employee benefits

All eligible employees of the Group's subsidiaries which operate in the People's Republic of China (PRC) participate in a central pension scheme operated by the local municipal government.

Contributions made are based on a percentage of the participating employees' salaries and are charged to the income statement as they become payable in accordance with the rules of the above scheme. The employer contributions are vested fully once they are made.

2.18 Deferred government grants

Grant from the government is recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grant relating to property, plant and equipment are included in non-current liabilities as deferred revenue and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

(a) *Sales of goods*

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the customer, and the customer has accepted the products and collectability of the related receivables is reasonably assumed.

(b) *Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method.

2.20 Leases — as a lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lesser are classified as operating leases. Payments made under operating leases (net of any incentives received from the lesser) are charged to the income statement on a straight-line basis over the period of the lease.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

(a) Market risk

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk, fair value and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Foreign exchange risk

The Group's exposure to foreign exchange risk mainly relates to bank balances denominated in Hong Kong Dollars ("HK\$"), United States Dollars ("US\$") and EURO (EUR).

At 31 December 2010, if the currency has weakened/strengthened by 2% against the HK\$ with all other variables held constant, post-tax profit for the year would have been 3,413,000 higher/lower, mainly as a result of foreign exchange gains/losses on translation of HK dollar denominated cash. Changes in HK\$ against RMB did not have material impact on 2009's profit of the tax of the Group.

Changes in US\$ or EUR against RMB would not have material impact on the profit after tax of the Group.

(ii) Price risk

The Group is not exposed to significant price risk as they do not hold equity financial assets or financial liabilities.

(iii) Interest rate risk

The Group's exposure to interest rate risk arises mainly from cash and bank balances and borrowings. Cash and bank balances and borrowings at fixed rates expose the Group to fair value interest-rate risk, and those at variable rates expose the Group to cash flow interest-rate risk.

As at 31 December 2010, approximately RMB446 million (2009: nil) of the Group's cash and bank balances were at fixed rates, and approximately RMB102 million (2009: RMB144 million) of the Group's cash and bank balances was at variable rates.

At as 31 December 2010, RMB105.29 million (2009: RMB105 million) of the borrowings of the Group was at variable rates. The interest rates and maturities of the Group's cash and bank balances and borrowings are disclosed in Notes 12 and 18.

Management monitors interest rate fluctuations to ensure that exposure to interest rate risk is within an acceptable level.

At the end of the year, changes in the interest rates on cash and bank balances and borrowings with all other variables including tax rate being held constant, would not have material impact on the profit after tax of the Group. The Group has no other financial assets or liabilities that are exposed to significant interest rate risk.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

Financial assets that potentially subject the Group to concentrations of credit risk consist principally of cash and bank balances (Note 12) and trade receivables (Note 11). The Group's cash and bank balances are mainly placed with State-owned banks in the PRC and investment grade credit rated foreign banks, which management believes are of high credit quality.

Receivables are presented net of provision for impairment. The Group performs periodic credit evaluations of its customers and the trade credit terms granted, such as credit amount and length of payment are determined by management on case-by-case basis taking into account factors such as customers' payment history.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and through collection from customers. The Group finances its working capital requirements through a combination of funds generated from operations and bank borrowings (Note 18). The Group maintains undrawn banking facilities to manage its working capital requirements.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

In RMB'000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
At 31 December 2009				
Borrowings	24,989	30,985	63,323	119,297
Trade and other payables	49,405	—	—	49,405
At 31 December 2010				
Borrowings	52,174	29,689	34,470	116,333
Trade and other payables	101,834	—	—	101,834

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

3 FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. The ratio is calculated as total debt divided by total equity. Total debt is calculated as interest bearing borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet). Total capital is calculated as 'equity' as shown in the consolidated balance sheet.

	As at 31 December	
	2010 RMB'000	2009 RMB'000
Total debt	105,290	105,000
Total equity	1,391,441	761,105
Debt-to-equity ratio	8%	14%

The Group's general strategy is to maintain gearing ratio of about 10% to 50% or less.

The Group is not subject to any externally imposed capital requirements for the years ended 31 December 2010 and 2009.

4 FAIR VALUE ESTIMATION

None of the financial instruments are carried of fair value.

The Group's financial assets are classified as loans and receivables and are measured at amortised cost. The carrying amounts of the Group's financial assets, including cash and bank balances, trade and other receivables, notes receivables and entrusted loan receivable, approximate their fair values due to their short maturities.

The carrying amounts of the Group's financial liabilities, including trade and other payables, notes payables and external borrowings are measured at amortised cost. The carrying amounts of the variable-rate borrowings approximate their fair values because the interest rates are reset to market rates.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are discussed below.

5.1 Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7. The recoverable amounts of cash-generating units have been determined base on value-in-use calculations. Refer to Note 9 for details of impairment testing of goodwill.

5.2 Estimated provision for doubtful debts

The Group makes provision for doubtful debts based on an assessment of the recoverability of trade and other receivables and prepayments. Provisions are applied to these receivables where events or changes in circumstance indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgment and estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of receivables and doubtful debt expenses in the year in which such estimate has been charged. When previous impaired debts are recovered, both doubtful debt expenses and provision for impairment balance are reversed in this year. In 2009, an amount of approximately RMB5,196,000 was recovered and therefore reversed. This amount was related to amount provided in 2008 with respect to mainly 3 customers who were experiencing financing difficulties in 2008. In 2010, an amount of approximately RMB1,415,000 was recovered and therefore reversed. This amount was related to amount provided in 2009 with respect to mainly 5 small customers who were experiencing financing difficulties in 2009.

5.3 Estimated provision for slow moving inventories

Provisions for declines in the value of inventories are determined on an item-by-item basis when the carrying value of the inventories is higher than their net realisable value. The estimation of net realisable values requires the use of judgements and estimates.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

6 SEGMENT REPORT

Management has determined the operating segments based on the reports reviewed by the board of directors 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 of directors are as follows:

	PRC RMB'000	International RMB'000	Total RMB'000
2010			
Sales — Revenue from external customers	1,082,605	77,693	1,160,298
Cost	(732,933)	(58,217)	(791,150)
Segment result	349,672	19,476	369,148
Other segment items			
Depreciation and amortisation	—	—	(40,692)
Interest income	—	—	1,935
Interest expense	—	—	(5,388)
2009			
Sales — Revenue from external customers	731,702	40,168	771,870
Cost	(474,287)	(28,926)	(503,213)
Segment result	257,415	11,242	268,657
Other segment items			
Depreciation and amortisation	—	—	(34,761)
Interest income	—	—	2,427
Interest expense	—	—	(1,754)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

6 SEGMENT REPORT *(continued)*

A reconciliation of total segment result to total profit for the year is provided as follows:

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Segment result for reportable segments	369,148	268,657
Other income — net	11,545	3,727
Distribution costs	(65,380)	(39,778)
Administrative expenses	(75,787)	(43,441)
Operating profit	239,526	189,165
Finance (expense)/income — net	(2,874)	827
Profit before income tax	236,652	189,992
Income tax expense	(35,441)	(25,084)
Profit for the year	201,211	164,908

Although the international segment does not meet the quantitative thresholds required by IFRS8, management has concluded that this segment should be reported, as it is closely monitored by the board as a potential growth region.

Information on segment assets and liabilities are not disclosed as this information is not presented to the board of directors as they do not assess performance of reportable segments using information on assets and liabilities. The non-current assets excluding financial instruments, deferred tax assets (there is no employment benefit assets and rights arising under insurance contracts) amount to RMB553,949,000 (2009: RMB486,877,000), and are mainly located in the PRC; the amount held in other countries are not material to be separately allocated.

The following table presents the financial information of sales generated from packaging material for:

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Dairy	908,133	515,409
Non-carbonated soft drink("NCSD")	252,165	256,461
	1,160,298	771,870

Revenue of approximately RMB762,177,000 (2009: RMB522,034,000) was derived from 3 (2009: 3) single external customers. Each of the external customers contributes more than 10% of the Group's revenue. These revenues are attributable to the PRC segment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

7 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery RMB'000	Vehicles and office equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2009					
Opening net book amount	19,294	192,973	4,747	8,311	225,325
Additions	—	68	1,994	236,736	238,798
Transfer upon completion	23,889	30,333	1,852	(56,074)	—
Disposals	—	(722)	(50)	—	(772)
Depreciation (Note (a))	(799)	(26,238)	(1,235)	—	(28,272)
Closing net book amount	42,384	196,414	7,308	188,973	435,079
As at 31 December 2009					
Cost	46,325	347,743	10,484	188,973	593,525
Accumulated depreciation	(3,941)	(151,329)	(3,176)	—	(158,446)
Net book amount	42,384	196,414	7,308	188,973	435,079
Year ended 31 December 2010					
Opening net book amount	42,384	196,414	7,308	188,973	435,079
Additions	214	821	2,477	64,300	67,812
Transfer upon completion	54,350	187,197	6,526	(248,073)	—
Disposals	—	(752)	(239)	—	(991)
Depreciation (Note (a))	(2,140)	(35,929)	(2,229)	—	(40,298)
Closing net book amount	94,808	347,751	13,843	5,200	461,602
As at 31 December 2010					
Cost	100,889	534,432	19,022	5,200	659,543
Accumulated depreciation	(6,081)	(186,680)	(5,180)	—	(197,941)
Net book amount	94,808	347,752	13,842	5,200	461,602

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

7 PROPERTY, PLANT AND EQUIPMENT *(continued)*

(a) Depreciation expenses have been charged to the income statement as follow:

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Cost of sales	39,138	27,491
Distribution costs	158	232
Administrative expenses	1,002	549
	40,298	28,272

(b) Bank borrowings are secured by certain property, plant and equipment with an aggregate net book value of approximately RMB103 million (2009: RMB119 million) (Note 18).

(c) The Group's buildings are located in the PRC.

(d) Borrowing cost capitalised into the cost of property, plant and equipment was as follows:

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Borrowing cost capitalised	2,086	4,247

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For the year ended 31 December 2010

8 LAND USE RIGHTS

	As at 31 December	
	2010 RMB'000	2009 RMB'000
Opening net book amount	2,763	1,434
Additions	—	1,367
Amortisation (Note 22)	(58)	(38)
Closing net book amount	2,705	2,763
Cost	2,893	2,893
Accumulated amortisation	(188)	(130)
Net book amount	2,705	2,763

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

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

Bank borrowings are secured by land use right with an aggregate net book value of approximately RMB1.37 million (2009: RMB1.4 million) (Note 18).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

9 INTANGIBLE ASSETS

	Goodwill RMB'000	Technology know-how RMB'000	Computer software RMB'000	Total RMB'000
Year ended 31 December 2009				
Opening net book value	47,773	6,387	202	54,362
Additions	—	—	68	68
Amortisation (Note 22)	—	(6,387)	(64)	(6,451)
Closing net book amount	47,773	—	206	47,979
As at 31 December 2009				
Cost	47,773	31,936	299	80,008
Accumulated amortisation	—	(31,936)	(93)	(32,029)
Net book amount	47,773	—	206	47,979
Year ended 31 December 2010				
Opening net book value	47,773	—	206	47,979
Additions	—	—	4,422	4,422
Amortisation (Note 22)	—	—	(336)	(336)
Closing net book amount	47,773	—	4,292	52,065
As at 31 December 2010				
Cost	47,773	31,936	4,721	84,430
Accumulated amortisation	—	(31,936)	(429)	(32,365)
Net book amount	47,773	—	4,292	52,065

Amortisation of the Group's intangible assets had been charged to administrative expense in the income statement.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

9 INTANGIBLE ASSETS (continued)

Impairment tests for goodwill

The goodwill arose from acquisition of Greatview Aseptic Packaging (Shandong) Co., Ltd. in January 2005. As a result, the goodwill is allocated to this subsidiary, which is included in the PRC operating segment.

The recoverable amount of a cash-generated unit ("CGU") is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a three-year period using estimated growth rates which are based on past performance and their expectations of future development. Cash flows within the three-year period are extrapolated using the estimated growth rates stated below.

The key assumptions used for value-in-use calculations are as follows:

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Discount rate	14.9%	11.8%
Growth rate	3%	3%

During the year no impairment of goodwill was recognised. No impairment loss would be expected should the discounted interest rate increased by 5%.

10 INVENTORIES

	As at 31 December	
	2010 RMB'000	2009 RMB'000
Raw materials	142,593	98,505
Work in progress	10,531	15,780
Finished goods	55,587	47,255
	208,711	161,540
Less: Provision for obsolescence	(5,087)	(4,123)
	203,624	157,417

The cost of inventories recognised as expense and included in cost of sales amounted to approximately RMB791,000,000 (2009: RMB503,000,000).

Notes to the Consolidated Financial Statements

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11 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2010 RMB'000	2009 RMB'000
Trade receivables	244,391	69,653
Less: Provision for impairment	(11,197)	(10,705)
Trade receivables — net	233,194	58,948
Notes receivables	34,972	15,489
Value added tax deductible	26,663	26,178
Prepayments	32,962	28,411
Less: Provision for impairment	(7,002)	(4,484)
Prepayments — net	25,960	23,927
Entrusted loan receivable (Note (a))	—	50,000
Other receivables	5,805	1,520
	326,594	176,062

The Group does not hold any collateral as security.

- (a) Entrusted loan receivable represents an entrusted loan given by a subsidiary of the Group to Shandong Tralin Paper Co., Ltd. ("Shandong Tralin Paper"), an affiliate of a former shareholder, during 2009. This loan bears interest at 6.7% per annum (Note 32(c)). This loan was subsequently fully repaid by Shandong Tralin Paper in April 2010.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

11 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS (continued)

The carrying amounts of trade receivables, notes receivable, entrusted loan receivable and other receivables approximate their fair values and are mainly denominated in the following currencies:

		As at 31 December	
		2010	2009
		RMB'000	RMB'000
Trade receivables	— RMB	236,190	62,977
	— EUR	5,220	6,676
	— USD	2,587	—
	— GBP	394	—
		244,391	69,653
Notes receivable	— RMB	34,972	15,489
Entrusted loan receivable	— RMB	—	50,000
Other receivables	— RMB	4,982	1,520
	— Others	823	—
		5,805	1,520

The credit terms granted to customers by the Group were usually 15 to 90 days (2009: 15 to 90 days) during the year.

The ageing analysis of trade receivables as at 31 December 2009 and 2010 was as follows:

		As at 31 December	
		2010	2009
		RMB'000	RMB'000
Trade receivables, gross			
0–30 days		102,668	35,031
31–90 days		119,567	13,414
91–365 days		12,569	11,316
Over 1 year		9,587	9,892
		244,391	69,653

As at 31 December 2009 and 2010, the Group's trade receivables that are neither past due nor impaired are from customers with good credit history and low default rate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

11 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS (continued)

Trade receivables of RMB30,844,000 (2009: RMB20,934,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follow:

	As at 31 December	
	2010 RMB'000	2009 RMB'000
Up to 90 days	29,026	20,025
91 to 365 days	1,818	909
	30,844	20,934

Trade receivables of RMB11,197,000 (2009: RMB13,350,000) were impaired and provided for. The amount of the provision was RMB11,197,000 (2009: RMB10,705,000). The individually impaired receivables mainly relate to customers which are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables are as follow:

	As at 31 December	
	2010 RMB'000	2009 RMB'000
Up to 30 days	174	—
31 to 90 days	—	—
91 to 365 days	1,636	3,458
Over 365 days	9,387	9,892
	11,197	13,350

Movements on the Group provision for impairment of receivables are as below:

	As at 31 December	
	2010 RMB'000	2009 RMB'000
At beginning of the year	(10,705)	(11,887)
Provision for impairment	(1,907)	(4,328)
Reversed during the year	1,415	5,196
Receivables written off during the year	—	314
At end of the year	(11,197)	(10,705)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

12 CASH AND BANK BALANCES

	As at 31 December	
	2010 RMB'000	2009 RMB'000
Cash at bank and on hand	102,371	144,259
Bank deposits	445,915	—
	548,286	144,259

For the purpose of presenting the consolidated cash flow statement, the consolidated cash and cash equivalents comprise the following:

	As at 31 December	
	2010 RMB'000	2009 RMB'000
Cash and bank balances	548,286	144,259
Less: Restricted cash	(7,336)	(20,026)
Restricted bank deposits	(13,980)	—
Cash and cash equivalents per consolidated cash flow statement	526,970	124,233

The restricted cash and bank deposits are held in dedicated bank accounts mainly for the issuance of letter of credit to suppliers.

The effective interest rates per annum on restricted bank deposit, with maturities ranging from 3 months to 6 months, were approximately 2.02% (2009: 1.71%).

The carrying amounts of cash and bank balances of the Group are denominated in the following currencies:

	As at 31 December	
	2010 RMB'000	2009 RMB'000
RMB	350,209	84,295
HK\$	190,682	—
US\$	6,109	48,549
EUR	1,221	11,415
Others	65	—
	548,286	144,259

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

13 SHARE CAPITAL, SHARE PREMIUM AND CAPITAL RESERVE

	Note	Group		Company
		As at 31 December		As at
		2010	2009	31 December
		RMB'000	RMB'000	2010
		RMB'000	RMB'000	RMB'000
Share capital	(a)	11,423	—	11,423
Share premium	(a)	786,857	—	786,857
Capital reserve	(b)	117,927	461,777	186,180
		916,207	461,777	984,460

(a) Share capital and share premium

Share capital — Group and Company

	Number of ordinary shares	Nominal value of ordinary shares HK\$	Equivalent nominal value of ordinary shares RMB'000
Authorised:			
Ordinary shares of HK\$0.01 each upon incorporation (Note i)	39,000,000	0.01	340
Increase ordinary shares of HK\$0.01 each (Note ii)	2,961,000,000	0.01	25,327
As at 31 December 2010	3,000,000,000	0.01	25,667
Issued and fully paid:			
Issue of ordinary shares of HK\$0.01 each upon incorporation	1	0.01	—
Issue of ordinary shares of HK\$0.01 each as part of the Reorganisation	1,099,999,999	10,999,999.99	9,420
New shares issued under initial public offering	233,600,000	2,336,000	2,003
As at 31 December 2010	1,333,600,000	13,336,000	11,423

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

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

(a) Share capital and share premium (continued)

Note:

- (i) On 29 July 2010, the Company was incorporated in the Cayman Islands as a limited liability company with authorised share capital of HK\$390,000 divided into 39,000,000 ordinary shares of HK\$0.01 each. Since the Company had not been legally incorporated as at 31 December 2009, there was no share capital presented as comparative.
- (ii) On 15 November 2010, the shareholders resolved that the authorised share capital of the Company be increased from HK\$390,000 to HK\$30,000,000 by the creation of an additional 2,961,000,000 shares of HK\$0.01 each.

Share premium — Group and Company

	As at 31 December 2010 RMB'000
New shares issued under initial public offering	859,940
Share issuance costs	(73,083)
As at 31 December 2010	786,857

On 9 December 2010, the Company completed its initial public offering by issuing 233,600,000 shares of HK\$0.01 each at a price of HK\$4.30 per share. The Company's shares were then listed on the Main Board of the Stock Exchange.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

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

(b) Capital reserve

Group

	As at 31 December	
	2010 RMB'000	2009 RMB'000
As at 1 January	461,777	324,410
Contribution from former holding company	—	55,238
Capitalisation of amount due from former holding company	—	82,129
Deemed distribution as part of the Reorganisation	(334,430)	—
Capitalisation as issued shares as part of the Reorganisation	(9,420)	—
As at 31 December	117,927	461,777

Company

	As at 31 December 2010 RMB'000
As at 1 January	—
Issued shares as part of the Reorganisation	186,180
As at 31 December	186,180

14 STATUTORY RESERVE

	As at 31 December	
	2010 RMB'000	2009 RMB'000
As at 1 January	30,899	12,684
Transfer from retained earnings	21,247	18,215
As at 31 December	52,146	30,899

In accordance with PRC regulations and the Articles of Association of the PRC subsidiaries, the principal PRC subsidiaries of the Group appropriate 10% of their net profits as shown in the accounts prepared under PRC generally accepted accounting principles to statutory reserve, until the reserve reaches 50% of the registered capital. Appropriation of the statutory reserve must be made before distribution of dividend to equity holders.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

15 RETAINED EARNINGS

	As at 31 December	
	2010 RMB'000	2009 RMB'000
As at 1 January	268,416	121,723
Profit for the year	201,211	164,908
Transfer to statutory reserve	(21,247)	(18,215)
Dividend paid	(23,414)	—
As at 31 December	424,966	268,416

16 DEFERRED GOVERNMENT GRANTS

	As at 31 December	
	2010 RMB'000	2009 RMB'000
Opening net amount at beginning of year	9,667	10,000
Amortisation	(333)	(333)
Closing net amount at end of year	9,334	9,667
At the end of the year		
Cost	10,000	10,000
Less: accumulated amortisation	(666)	(333)
Net book amount	9,334	9,667

The government grant amounting to RMB10 million received by a subsidiary of the Group in 2008 was for the construction of the subsidiary's factory in Gaotang Country Liaocheng City Shandong Province.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

17 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2010 RMB'000	2009 RMB'000
Trade payables	62,329	34,731
Advances from customers	12,006	26,849
Accrued expenses	18,729	23,427
Value added tax payable (Note (a))	—	505
Salary and welfare payable	13,476	10,755
Other payables	26,029	3,919
	132,569	100,186

- (a) Certain subsidiaries of the Group are subject to output value added tax ("VAT") generally calculated at 17% of the product selling prices. An input credit is generally available at 17% whereby input VAT previously paid on purchases of raw materials and equipments can be used to offset the output VAT to determine the net VAT payable/(deductible).

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

	As at 31 December	
	2010 RMB'000	2009 RMB'000
Within 30 days	56,624	32,058
31–90 days	4,860	1,437
91–365 days	194	1,065
Over 365 days	651	171
	62,329	34,731

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

17 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS *(continued)*

The carrying amounts of trade payables, notes payables, other payables and salary and welfare payable approximate their fair values and are mainly denominated the following currencies:

		As at 31 December	
		2010	2009
		RMB'000	RMB'000
Trade payables	— RMB	32,363	26,881
	— US\$	29,868	7,587
	— Others	98	263
		62,329	34,731
Salary and welfare payable	— RMB	13,102	10,608
	— Others	374	147
		13,476	10,755
Other payables	— RMB	16,135	3,870
	— US\$	5,400	—
	— HK\$	4,494	—
	— Others	—	49
		26,029	3,919

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

18 BORROWINGS

	As at 31 December	
	2010 RMB'000	2009 RMB'000
Non-current		
Secured bank borrowing	59,040	85,290
Current		
Secured bank borrowing	26,250	19,710
Unsecured bank borrowing	20,000	—
	46,250	19,710
Total borrowings	105,290	105,000

The secured borrowing will be fully repayable by 2014 and bears a floating interest rate which is based on People's Bank of China's rate. The effective interest rate is 6.37% (2009: 6.33%) per annum. The carrying amount of the borrowing approximates its fair value because the interest rates are reset to market rates. As at 31 December 2010, this borrowing is secured against an aggregate net book value of approximately RMB103 million (2009: RMB119 million) of property, plant and equipment (Note 7(b)) and an aggregate net book value of approximately RMB1.37 million (2009: RMB1.4 million) of land use right (Note 8).

In 2010, a subsidiary of the Group borrowed an additional RMB20 million of short term borrowing which was guaranteed by the Group's principal subsidiary. The borrowing bears a floating interest rate which is based on People's Bank of China's rate. The effective interest rate is 5.35% for the year 2010.

The Group's borrowings are denominated in RMB.

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

	As at 31 December	
	2010 RMB'000	2009 RMB'000
Within 1 year	46,250	19,710
Between 1 and 2 years	26,240	26,250
Between 2 and 5 years	32,800	59,040
	105,290	105,000

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19 DEFERRED INCOME TAXES

	As at 31 December	
	2010 RMB'000	2009 RMB'000
Deferred tax assets	15,706	16,645

The gross movement on the deferred income tax account is as follows:

	As at 31 December	
	2010 RMB'000	2009 RMB'000
At beginning of the year	16,645	14,881
Recognised in the income statement (Note 26)	(939)	1,764
At end of the year	15,706	16,645

The movement in deferred income tax assets during the year is as follows:

Deferred tax assets	Accrued expenses RMB'000	Government grants RMB'000	Impairments and provisions RMB'000	Total RMB'000
At 1 January 2009	2,125	2,375	11,179	15,679
Recognised in the income statement	717	(42)	291	966
At 31 December 2009	2,842	2,333	11,470	16,645
Recognised in the income statement	(1,287)	(42)	390	(939)
At 31 December 2010	1,555	2,291	11,860	15,706

The movement in deferred income tax liabilities during the year is as follows:

Deferred tax liabilities	Intangible asset RMB'000
At 1 January 2009	(798)
Recognised in the income statement	798
At 31 December 2009 and 2010	—

The amount of tax losses (mostly expiring within 5 years) for which no deferred tax asset were recognised in the balance sheet was approximately RMB15,282,000 (2009: RMB11,889,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

20 LONG-TERM PREPAYMENT

Long-term prepayment mainly comprised deposits paid to purchase machinery and factory equipments.

21 REVENUE AND OTHER INCOME — NET

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Sales of products	1,160,298	771,870
Other income — net:		
— Income from sales of scrap materials	10,779	3,440
— Subsidy income from government	3,371	1,427
— Foreign exchange loss	(2,605)	(1,480)
— Others	—	340
	11,545	3,727

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

22 EXPENSES BY NATURE

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Raw materials and consumables used	682,898	446,107
Changes in inventories of finished goods and work in progress	(3,083)	(19,808)
Provision for obsolescence on inventories	964	181
Depreciation and amortisation charges:	40,692	34,761
— Depreciation of property, plant and equipment (Note 7)	40,298	28,272
— Amortisation of intangible assets (Note 9)	336	6,451
— Amortisation of land use right (Note 8)	58	38
Provision for impairment of receivables and prepayment	3,010	3,616
Employee benefit expenses (Note 23)	65,913	48,416
Auditors' remuneration	1,530	655
Transportation expenses	39,404	22,195
Repair and maintenance expenses	14,135	9,532
Electricity and utilities	14,460	7,432
Rental expenses	3,334	2,767
Plating expenses	9,572	5,608
Professional fees	4,753	15
Travelling expenses	7,997	6,072
Advertising and promotional expenses	10,673	3,237
Other expenses	36,065	15,646
Total cost of goods sold, distribution costs and administrative expenses	932,317	586,432

23 EMPLOYEE BENEFITS

The analysis of employee benefits is as follows:

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Wages and salaries (including discretionary bonuses)	55,708	40,935
Employer's contribution to pension scheme and others	10,205	7,481
	65,913	48,416

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For the year ended 31 December 2010

24 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The remuneration of directors of the Company was as follows:

Name of Director	Fees	Salary	Discretionary	Inducement	Other	Employer's	Total
	RMB'000	RMB'000	bonuses	fees	benefits	contribution to	
			RMB'000	RMB'000	RMB'000	pension scheme	RMB'000
Year ended 31 December 2009:							
Executive directors							
Mr. Bi Hua, Jeff	—	2,128	177	—	69	—	2,374
Mr. Hong Gang	—	998	83	—	25	25	1,131
Non-executive directors							
Mr. Hildebrandt James Henry	—	—	—	—	—	—	—
Mr. Zhu Jia	—	—	—	—	—	—	—
Mr. Lee Lap, Danny	—	—	—	—	—	—	—
Mr. Lew Kiang Hua	—	—	—	—	—	—	—
Ms. Shang Xiaojun	—	—	—	—	—	—	—
Independent non-executive Directors							
Mr. Lueth Allen Warren	—	—	—	—	—	—	—
Mr. Behrens Ernst Hermann	—	—	—	—	—	—	—
Mr. Chen Weishu	—	—	—	—	—	—	—
	—	3,126	260	—	94	25	3,505
Year ended 31 December 2010:							
Executive directors							
Mr. Bi Hua, Jeff	—	2,130	417	—	89	—	2,636
Mr. Hong Gang	—	1,000	194	—	28	28	1,250
Non-executive directors							
Mr. Hildebrandt James Henry	—	—	—	—	—	—	—
Mr. Zhu Jia	—	—	—	—	—	—	—
Mr. Lee Lap, Danny	—	—	—	—	—	—	—
Mr. Lew Kiang Hua	—	—	—	—	—	—	—
Ms. Shang Xiaojun	—	—	—	—	—	—	—
Independent non-executive Directors							
Mr. Lueth Allen Warren	9	—	—	—	—	—	9
Mr. Behrens Ernst Hermann	9	—	—	—	—	—	9
Mr. Chen Weishu	9	—	—	—	—	—	9
	27	3,130	611	—	117	28	3,913

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24 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 2 directors (2009: 2), whose emoluments were reflected in the analysis presented above. The emoluments payable to the remaining individuals during the year are as follows:

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Basic salaries, housing allowances, other allowances and benefits in kind	3,526	3,314
Pension	40	41
	3,566	3,355

The emoluments fell within the following bands:

	Year ended 31 December	
	2010	2009
Emolument bands		
HK\$0–HK\$1,000,000	—	1
HK\$1,000,001–HK\$1,500,000	2	1
HK\$1,500,001–HK\$2,500,000	1	1
	3	3

- (c) During the year, no director or the five highest paid individuals received any emolument from the Group as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office.

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25 FINANCE (EXPENSE)/INCOME — NET

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Interest expense — bank borrowings	(5,388)	(1,754)
Finance expense	(5,388)	(1,754)
Interest income — cash and cash equivalents	994	1,215
— entrusted loan to Shandong Tralin Paper (Note 11 and 32(c))	941	1,212
Exchange gain on cash and cash equivalents	579	154
Finance income	2,514	2,581
Finance (expense)/income — net	(2,874)	827

Interest expenses of RMB2,086,000 (2009: RMB4,247,000) has been capitalised into cost of property, plant and equipment (Note 7(d)).

26 INCOME TAX EXPENSE

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Current income tax:		
Mainland China enterprise income tax ("EIT")	34,502	26,848
Deferred tax (Note 19):		
Origination and reversal of temporary differences	939	(1,764)
Taxation	35,441	25,084

No provision for Hong Kong profits tax has been made as the Group does not have any assessable profits in Hong Kong for the year.

The Group's subsidiaries established in the PRC are subject to the PRC statutory EIT of 25% (2009: 25%) on the assessable income for the year.

As a foreign investment production enterprise in the PRC, the Group's principal subsidiary Greatview Aseptic Packaging (Shandong) Co., Ltd. is entitled to tax exemption for two years followed by a 50% reduction in tax rate in the next three years effective from the first cumulative tax profit-making year. The subsidiary's first cumulative tax profit-making year is 2007, and the applicable EIT rate for the current year is 12.5% (2009: 12.5%). This preferential tax rate will expire after 2011.

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26 INCOME TAX EXPENSE (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the group companies as follows:

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Profit before tax	236,652	189,992
Tax calculated at statutory tax rate of 25%	59,163	47,498
Preferential tax treatment for a principal subsidiary	(30,277)	(23,625)
Expenses not deductible for taxation purposes	382	58
Tax losses for which no deferred tax asset was recognised	1,279	963
Utilisation of previously unrecognised tax losses for which no deferred income tax was recognised	(761)	—
Differential tax rates on income of Group companies	5,655	190
Tax charge	35,441	25,084

27 EARNINGS PER SHARE

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 year.

	Year ended 31 December	
	2010	2009
Profit attributable to equity holders of the Company (RMB'000)	201,211	—
Weighted average number of ordinary shares in issue (thousand)	1,114,080	—

Earnings per share was not presented for 2009 as its inclusion is not considered meaningful due to the presentation of the results for that year was on a combined basis as disclosed in Note 1.

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28 DIVIDEND

On 3 January 2010, the board of directors of Greatview Holdings declared an interim dividend for the year ended 31 December 2009 of USD3,429,249 per ordinary share. The dividend was paid on 5 January 2010.

No final dividend was recommended by the Company's Board for the year ended 31 December 2010.

29 CASH GENERATED FROM OPERATIONS

	Year end 31 December	
	2010 RMB'000	2009 RMB'000
Profit before income tax	236,652	189,992
Adjustments for:		
— Amortisation of intangible assets and land use right	394	6,489
— Amortisation of deferred revenue	(333)	(333)
— Depreciation of property, plant and equipment	40,298	28,272
— Impairment provision for trade receivables, other receivables and prepayments	3,010	3,616
— Provision for obsolescence on inventories	964	181
— Profit on disposal of property, plant and equipment	(208)	(383)
— Finance expense/(income) — net	2,874	(827)
— Unrealised foreign exchange loss	1,983	668
Changes in working capital:		
— Inventories	(47,171)	(50,889)
— Trade receivables, other receivables and prepayments	(200,438)	(22,585)
— Trade payables, other payables and accruals	39,430	28,393
Cash generated in operations	77,455	182,594

Non-cash transaction

In 2010, the principal non-cash transaction is the issue of shares as part of the Reorganisation discussed in Note 1.

In 2009, the principal non-cash transaction is the capitalisation of amount due to former holding company of RMB82,129,000 as contribution from shareholder.

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30 INVESTMENT IN SUBSIDIARIES

	As at 31 December 2010 RMB'000
Unlisted shares, at cost	195,598

Particulars of the subsidiaries of the Group as at 31 December 2010 are set out below:

Name	Place of incorporation/ establishment	Principal activities	Legal status	Issued or registered/paid up capital	Effective interest held as at 31 December 2010
Directly owned:					
Partner One Enterprises Limited	British Virgin Island	Investment holding	Limited liability company	US\$2	100%
Indirectly owned:					
Greatview Holdings Limited	Hong Kong	Investment holding	Limited liability company	HK\$10,000	100%
Greatview Aseptic Packaging (Shandong) Co., Ltd.	PRC	Production and sale of package products	Foreign investment enterprise	US\$40,000,000	100%
Beijing Tralin Packaging Machinery Co., Ltd.	PRC	Production and sale of filling machines	Foreign investment enterprise	RMB10,000,000	100%
Greatview Aseptic Packaging (Inner Mongolia) Co., Ltd.	PRC	Production and sale of package products	Foreign investment enterprise	US\$20,000,000	100%
Tralin Pak Europe GmbH	Switzerland	Sale of package products	Foreign investment enterprise	CHF50,000	100%
Greatview Beijing Trading Co., Ltd. (formerly known as, "Beijing Greatview Tralin Trading Co., Ltd.")	PRC	Sale of package products and equipment, technical development and service	Foreign investment enterprise	US\$750,000	100%
GA Pack Property GmbH (formerly known as, "Dracenfelssee 845. V V GmbH")	Germany	Production and sale of package products	Foreign investment enterprise	EUR25,000	100%

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31 COMMITMENTS

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

	As at 31 December	
	2010 RMB'000	2009 RMB'000
Contracted but not provided for — Property, plant and equipment	222,443	9,538

(b) Operating leases commitments

The Group leases offices and warehouses under non-cancellable operating lease agreements. The lease terms are between three and ten years.

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

	As at 31 December	
	2010 RMB'000	2009 RMB'000
No later than 1 year	3,253	1,915
Later than 1 year and no later than 5 years	8,700	7,690
Later than 5 years	875	1,375
	12,828	10,980

32 RELATED-PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the consolidated financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties.

(a) Name and relationship with related parties

The related parties for which there were transactions with the Group are described below:

Name	Relationship
Hexis Enterprises Ltd.	Former holding company prior to Reorganisation
Shandong Tralin Paper	Affiliate of a former shareholder

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32 RELATED-PARTY TRANSACTIONS (continued)

(b) 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:

	Year end 31 December	
	2010 RMB'000	2009 RMB'000
Salaries and other short-term employees benefits	9,816	8,295
Social security cost	226	199
	10,042	8,494

(c) Transactions with Shandong Tralin Paper

	Year end 31 December	
	2010 RMB'000	2009 RMB'000
Interest income via entrusted loan receivable	—	1,212
Utilities expenses	—	6,820

The interest income arose from an entrusted loan receivable amounting to RMB50 million given by a subsidiary of the Group to Shandong Tralin Paper (Note 11). The entrusted loan was fully repaid in April 2010.

Shandong Tralin Paper is an affiliate of a former shareholder which held interest in the Group and disposed such interest in 2009. Therefore, after 2009 Shandong Tralin Paper is no longer a related party of the Group and accordingly, transactions with Greatview Aseptic Packaging (Shandong) Co., Ltd. is not reported as related party transactions.

(d) Balance with Shandong Tralin Paper

	As at 31 December	
	2010 RMB'000	2009 RMB'000
Prepaid balance — prepayment of water and electricity expenses	—	1,583

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33 AMOUNTS DUE FROM SUBSIDIARIES

The amounts due from the Group's subsidiaries, Partner One and Greatview Holdings, are denominated in HK\$, unsecured, interest free and repayable on demand. The carrying value of the amounts due from subsidiaries approximate their fair value as at the end of the year.

34 SHARE OPTION SCHEME

On 15 November 2010, a Pre-IPO Share Option Scheme was adopted by resolution of shareholders of the Company. The main purpose of the scheme is, among others, to provide incentives to directors and employees of the Group with regard to their services and employment. Pursuant to the Pre-IPO Share Option Scheme, for a consideration of HK\$1, Liwei Holdings Limited ("Liwei") was granted (by way of transfer) options to subscribe for up to 22,000,000 shares in the Company, and Liwei will grant the options to eligible participants. Prior approval from the Board of Directors of the Company is required for Liwei to grant the options. Such approval covers key terms of the options including eligibility, performance target and share subscription price. The Board of Directors approved Liwei to grant 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 of the Company. The Pre-IPO Options will vest in four instalments on 1 September 2011, 1 June 2012, 1 June 2013, and 1 June 2014.

35 CONTINGENT LIABILITIES

On 17 September 2010, the Group received a notice informing it that a competitor has filed a complaint in Germany against subsidiary companies of the Group. The named defendants in the notice are Tralin Pak Europe GmbH ("Tralin Europe") and Tralin Packaging Company Limited ("Tralin Packaging"); alleging patent infringement related to aseptic packaging material. The complaint seeks injunctive relief, accounting information and damages. The Directors of the Company intent to defend the claim vigorously and on 21 September 2010, Tralin Europe submitted its notice of defence. Furthermore, on 20 October 2010, Tralin Europe initiated Opposition Proceedings before the European Patent Office to nullify the same patent in question with effect for all member states of the European Patent Convention. The action was served to Tralin Packaging on 19 January 2011 and Tralin Packaging has formally notified the court of its intention to defend the action by communication dated 27 January 2011.

The Directors of the Company together with the Company's legal adviser are of the views that the Group has a strong case in defending the proceeding in Germany and the claim is not valid. Consequently, the Group considered there is no need to make any provision relating to this claim.