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**GREATVIEW ASEPTIC PACKAGING COMPANY LIMITED**  
**紛美包裝有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 00468)**

**ANNOUNCEMENT OF ANNUAL RESULTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

The board (the “**Board**”) of directors (the “**Directors**”) of Greatview Aseptic Packaging Company Limited (the “**Company**” or “**Greatview**”) is pleased to announce the consolidated financial statements of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2017 together with comparative figures for the year ended 31 December 2016 as follows:

The figures in respect of this announcement of the Group’s consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes (“**financial information**”) does not constitute the Group’s statutory financial statements for the year ended 31 December 2017, but represents an extract from those financial statements. The following financial information, including the comparative figures has been reviewed by the audit committee of the Company (the “**Audit Committee**”) and agreed by the Group’s external auditors, PricewaterhouseCoopers (“**PwC**”), Certified Public Accountants in Hong Kong, to the amounts set out in the Group’s draft consolidated financial statements for the year ended 31 December 2017. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Federation of Accountants and consequently no assurance has been expressed by PwC on this announcement.

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2017

Amounts expressed in thousands of RMB except for share data

		Year ended 31 December	
	Note	2017	2016
Revenue	4	2,336,293	2,169,159
Cost of sales	5	<u>(1,697,851)</u>	<u>(1,552,331)</u>
<b>Gross profit</b>		<b>638,442</b>	616,828
Other income	4	53,565	46,440
Other gains — net	4	46	3,904
Distribution expenses	5	(120,527)	(101,538)
Administrative expenses	5	<u>(130,677)</u>	<u>(140,638)</u>
<b>Operating profit</b>		<b>440,849</b>	424,996
Finance income	6	7,985	8,405
Finance expenses	6	<u>(4,447)</u>	<u>(2,801)</u>
Finance income — net		<u>3,538</u>	<u>5,604</u>
<b>Profit before income tax</b>		<b>444,387</b>	430,600
Income tax expense	7	<u>(101,101)</u>	<u>(96,844)</u>
<b>Profit for the year</b>		<b><u>343,286</u></b>	<b><u>333,756</u></b>
<b>Profit attributable to:</b>			
Equity holders of the Company		<u>343,286</u>	<u>333,756</u>
Earnings per share for profit attributable to equity holders of the Company			
— Basic earnings per share (RMB)	8	0.26	0.25
— Diluted earnings per share (RMB)	8	<u>0.26</u>	<u>0.25</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

Amounts expressed in thousands of RMB except for share data

	Year ended 31 December	
	2017	2016
<b>Profit for the year</b>	<b>343,286</b>	333,756
<b>Other comprehensive income:</b>		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	<b>29,094</b>	10,176
Changes in fair value of financial assets	<b>2,537</b>	—
<b>Total comprehensive income for the year</b>	<b>374,917</b>	<b>343,932</b>
<b>Attributable to:</b>		
— Equity holders of the Company	<b>374,917</b>	<b>343,932</b>
<b>Total comprehensive income for the year</b>	<b>374,917</b>	<b>343,932</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

Amounts expressed in thousands of RMB except for share data

	<i>Note</i>	<b>As at 31 December 2017</b>	2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>1,307,915</b>	1,258,288
Land use rights		<b>15,112</b>	15,450
Intangible assets		<b>71,563</b>	57,150
Deferred income tax assets		<b>19,530</b>	20,896
Trade and other receivables		<b>12,436</b>	7,825
Long-term prepayments		<b>8,317</b>	8,742
		<b>1,434,873</b>	1,368,351
<b>Current assets</b>			
Inventories		<b>604,069</b>	429,613
Trade and other receivables	<i>10</i>	<b>393,881</b>	362,497
Available-for-sale financial assets		<b>120,383</b>	372,810
Cash and cash equivalents		<b>355,788</b>	206,082
Restricted cash		<b>189,754</b>	153,009
		<b>1,663,875</b>	1,524,011
<b>Total assets</b>		<b>3,098,748</b>	2,892,362
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital, share premium and capital reserve		<b>798,282</b>	835,021
Statutory reserve		<b>263,550</b>	234,749
Retained earnings		<b>1,368,838</b>	1,294,800
Exchange reserve		<b>(48,174)</b>	(77,268)
Other reserve		<b>2,537</b>	–
<b>Total equity</b>		<b>2,385,033</b>	2,287,302

	<i>Note</i>	<b>As at 31 December</b>	
		<b>2017</b>	2016
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred government grants		<b>82,928</b>	85,124
Deferred income tax liabilities		<b>8,295</b>	6,550
		<u><b>91,223</b></u>	<u>91,674</u>
<b>Current liabilities</b>			
Deferred government grants		<b>7,905</b>	6,118
Trade payables, other payables and accruals	<i>11</i>	<b>493,628</b>	386,098
Income tax liabilities		<b>8,040</b>	16,632
Borrowings		<b>112,919</b>	104,538
		<u><b>622,492</b></u>	<u>513,386</u>
<b>Total liabilities</b>		<u><b>713,715</b></u>	<u>605,060</u>
<b>Total equity and liabilities</b>		<u><b>3,098,748</b></u>	<u>2,892,362</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

Amounts expressed in thousands of RMB except for share data

	Attributable to equity holders of the Company							Total
	Share capital	Share premium	Capital reserve	Statutory reserve	Exchange reserve	Other reserve	Retained earnings	
<b>As at 31 December 2015</b>	11,476	835,452	122,848	207,667	(87,444)	–	1,114,642	2,204,641
<b>Comprehensive income:</b>								
Profit for the year	–	–	–	–	–	–	333,756	333,756
<b>Other comprehensive income:</b>								
Currency translation differences	–	–	–	–	10,176	–	–	10,176
Changes in fair value of financial assets	–	–	–	–	–	–	–	–
Shares repurchased	(26)	(8,977)	–	–	–	–	–	(9,003)
Transfer to statutory reserve	–	–	–	27,082	–	–	(27,082)	–
Dividends	–	(125,752)	–	–	–	–	(126,516)	(252,268)
<b>As at 31 December 2016</b>	<u>11,450</u>	<u>700,723</u>	<u>122,848</u>	<u>234,749</u>	<u>(77,268)</u>	<u>–</u>	<u>1,294,800</u>	<u>2,287,302</u>
<b>Comprehensive income:</b>								
Profit for the year	–	–	–	–	–	–	343,286	343,286
<b>Other comprehensive income:</b>								
Currency translation differences	–	–	–	–	29,094	–	–	29,094
Changes in fair value of financial assets	–	–	–	–	–	2,537	–	2,537
Shares repurchased	(4)	(1,735)	–	–	–	–	–	(1,739)
Transfer to statutory reserve	–	–	–	28,801	–	–	(28,801)	–
Dividends	–	(35,000)	–	–	–	–	(240,447)	(275,447)
<b>As at 31 December 2017</b>	<u>11,446</u>	<u>663,988</u>	<u>122,848</u>	<u>263,550</u>	<u>(48,174)</u>	<u>2,537</u>	<u>1,368,838</u>	<u>2,385,033</u>

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

Amounts expressed in thousands of RMB unless otherwise stated

	Year ended 31 December	
	2017	2016
<b>Cash flows from operating activities</b>		
Cash generated from operations	412,062	766,180
Interest paid	(1,019)	(1,486)
Income tax paid	(107,427)	(106,374)
	<u>303,616</u>	<u>658,320</u>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment ("PP&E")	(127,673)	(114,814)
Receipt of assets-related government grants	–	3,754
Proceeds from disposal of PP&E	474	836
Proceeds from disposal of land use rights	–	1,828
Purchases of land use rights	–	(3,333)
Purchases of intangible assets	(17,017)	(2,591)
Purchases of available-for-sale financial assets	(511,291)	(749,181)
Disposals of available-for-sale financial assets	770,753	378,273
Interest received	7,985	8,405
	<u>123,231</u>	<u>(476,823)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	44,580	418,196
Repayments of borrowings	(43,330)	(401,793)
Payments for shares repurchased	(1,739)	(9,003)
Dividends paid to equity holders	(275,447)	(252,268)
	<u>(275,936)</u>	<u>(244,868)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>150,911</b>	<b>(63,371)</b>
Cash and cash equivalents at beginning of year	206,082	267,885
Exchange (losses)/gains on cash and cash equivalents	(1,205)	1,568
	<u>355,788</u>	<u>206,082</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2017*

*Amounts expressed in thousands of RMB unless otherwise stated*

### 1 GENERAL INFORMATION

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

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

The 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.

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

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards (“**IFRSs**”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets at fair value through other comprehensive income.

The preparation of financial statements in conformity with IFRSs 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.

#### *Changes in accounting policy and disclosures*

- *New and amended standards and annual improvements adopted by the Group*

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2017:

- Recognition of Deferred Tax Assets for Unrealised Losses — Amendments to IAS 12, and
- Disclosure initiative — amendments to IAS 7.

For the amendment to IAS 12, the Group does not expect a significant impact on the timing and amounts of deferred tax assets and liabilities compared with current practice.



### 3 SEGMENT INFORMATION

Executive Directors are the Group's chief operating decision-makers. Management has determined the operating segments based on the information reviewed by the Executive 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 Executive Directors are as follows:

	PRC	International	Total
<b>2017</b>			
Sales	1,620,234	716,059	2,336,293
Cost	<u>(1,124,501)</u>	<u>(573,350)</u>	<u>(1,697,851)</u>
Segment results	<u>495,733</u>	<u>142,709</u>	<u>638,442</u>
<b>2016</b>			
Sales	1,627,696	541,463	2,169,159
Cost	<u>(1,116,959)</u>	<u>(435,372)</u>	<u>(1,552,331)</u>
Segment results	<u>510,737</u>	<u>106,091</u>	<u>616,828</u>

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

	Year ended 31 December	
	2017	2016
Segment results for reportable segments	638,442	616,828
Other income	53,565	46,440
Other gains — net	46	3,904
Distribution expenses	(120,527)	(101,538)
Administrative expenses	<u>(130,677)</u>	<u>(140,638)</u>
Operating profit	440,849	424,996
Finance income	7,985	8,405
Finance expenses	<u>(4,447)</u>	<u>(2,801)</u>
Finance income — net	<u>3,538</u>	<u>5,604</u>
<b>Profit before income tax</b>	<b>444,387</b>	430,600
Income tax expense	<u>(101,101)</u>	<u>(96,844)</u>
<b>Profit for the year</b>	<u><b>343,286</b></u>	<u>333,756</u>
Depreciation and amortisation charges	<u>109,971</u>	<u>101,486</u>

Information on segment assets and liabilities are not disclosed as this information is not presented to the Executive Directors as they do not assess performance of reportable segments using information on assets and liabilities. The non-current assets excluding deferred income tax assets (there is no employment benefit assets and rights arising under insurance contracts) amount to RMB1,415,343 (2016: RMB1,347,455).

The following table presents sales generated from packaging materials:

	<b>Year ended 31 December</b>	
	<b>2017</b>	2016
Dairy products	<b>2,004,830</b>	1,891,911
Non-carbonated soft drink (“NCS D”) products	<b>331,463</b>	277,248
	<b><u>2,336,293</u></b>	<u>2,169,159</u>

Revenue of approximately RMB1,274,818 or 55% (2016: RMB1,198,896 or 55%) was derived from 2 (2016: 2) single external customer. These revenues were attributable to the PRC segment.

#### **4 REVENUE, OTHER INCOME AND OTHER GAINS — NET**

	<b>Year ended 31 December</b>	
	<b>2017</b>	2016
Sales of products	<b><u>2,336,293</u></b>	<u>2,169,159</u>
Other income:		
— Income from sales of materials	<b>21,508</b>	16,765
— Subsidy income from government	<b>28,404</b>	27,773
— Interest on available-for-sale financial assets (i)	<b><u>3,653</u></b>	<u>1,902</u>
	<b><u>53,565</u></b>	<u>46,440</u>
Other gains — net		
— Net (losses)/gains on disposal of assets	<b>(238)</b>	116
— Net foreign exchange loss	<b>(4,641)</b>	(739)
— Others	<b><u>4,925</u></b>	<u>4,527</u>
	<b><u>46</u></b>	<u>3,904</u>

The subsidy income comprised cash grants from local government as an incentive to promote local businesses.

##### **(i) Interest income**

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see note 6 below. Any other interest income is included in other income above. Total interest income on financial assets that are not measured at fair value through profit or loss for the year was RMB11,638 (2016: RMB10,307).

## 5 EXPENSES BY NATURE

	Year ended 31 December	
	2017	2016
Raw materials and consumables used	1,347,033	1,260,462
Changes in inventories of finished goods and work in progress	32,281	11,252
Tax and levies on main operations	9,759	9,279
(Write-back)/provision for obsolescence on inventories	(208)	6,674
Depreciation and amortisation charges:	109,971	101,486
— Depreciation of PP&E	106,988	98,082
— Amortisation of intangible assets	2,645	3,044
— Amortisation of land use rights	338	360
Provision for impairment of receivables and prepayment	10,085	2,579
Employee benefit expenses	204,720	190,824
Auditors' remuneration		
— Audit services	2,180	2,276
— Non-audit services	187	247
Transportation expenses	62,347	49,955
Repair and maintenance expenses	26,214	23,692
Electricity and utilities	37,392	33,369
Rental expenses	7,457	7,581
Plating expenses	12,569	10,079
Professional fees	7,979	5,885
Travelling expenses	13,824	12,276
Advertising and promotional expenses	16,787	16,414
Other expenses	48,478	50,177
	<u>1,949,055</u>	<u>1,794,507</u>

## 6 FINANCE INCOME AND FINANCE EXPENSES

	Year ended 31 December	
	2017	2016
Interest income	7,985	8,405
<b>Finance income</b>	<u>7,985</u>	<u>8,405</u>
Interest expenses — bank borrowings	(1,019)	(1,486)
Exchange losses — net	(3,428)	(1,315)
<b>Finance expenses</b>	<u>(4,447)</u>	<u>(2,801)</u>

## 7 INCOME TAX EXPENSE

	<b>Year ended 31 December</b>	
	<b>2017</b>	2016
Current income tax:		
Enterprise income tax	<b>98,835</b>	93,182
Deferred tax:		
Origination and reversal of temporary differences	<b>2,266</b>	3,662
	<u><b>101,101</b></u>	<u>96,844</u>
Taxation	<u><b>101,101</b></u>	<u>96,844</u>

The Group's subsidiaries established in the PRC except for Greatview Aseptic Packaging (Inner Mongolia) Co., Ltd. are subject to the PRC statutory income tax rate of 25% (2016: 25%) on the taxable income for the year. Hong Kong profits tax has been provided at rate of 16.5% for the current year (2016: 16.5%). The profits tax of Greatview Aseptic Packaging Manufacturing GmbH and Greatview Aseptic Packaging Service GmbH has been provided at rate of 30.8%. Greatview Aseptic Packaging Europe GmbH is subject to the Swiss statutory income tax rate of 11.35%.

Greatview Aseptic Packaging (Inner Mongolia) Co., Ltd. is located in a special economic zone with an preferential statutory income tax rate of 15%, which is subject to annual approval from the local tax bureau. The local tax bureau has approved this preferential tax rate of 15% for this subsidiary in year 2017.

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 is as follows:

	<b>Year ended 31 December</b>	
	<b>2017</b>	2016
Profit before tax	<u><b>444,387</b></u>	<u>430,600</u>
Tax calculated at domestic tax rates applicable to profits in the respective countries	<b>103,560</b>	98,920
Withholding tax on dividends	<b>12,900</b>	12,132
Preferential tax treatment for a subsidiary	<b>(12,908)</b>	(11,260)
Income not subject to tax	<b>99</b>	(13)
Expenses not deductible for taxation purposes	<b>137</b>	412
Tax losses for which no deferred income tax asset was recognised	<b>2,866</b>	2,975
Utilisation of previously unrecognised tax losses for which no deferred income tax was recognised	<b>(5,639)</b>	(5,746)
Others	<b>86</b>	(576)
	<u><b>101,101</b></u>	<u>96,844</u>
Income tax expense	<u><b>101,101</b></u>	<u>96,844</u>

## 8 EARNINGS PER SHARE

### (a) Basic earnings per share

Basic 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	
	2017	2016
Profit attributable to equity holders of the Company	343,286	333,756
Weighted average number of ordinary shares in issue (thousands)	<u>1,337,084</u>	<u>1,337,668</u>
Basic earnings per share (RMB per share)	<u>0.26</u>	<u>0.25</u>

### (b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive ordinary shares.

	Year ended 31 December	
	2017	2016
Profit attributable to equity holders of the Company	343,286	333,756
Weighted average number of ordinary shares for diluted earnings per share (thousands)	<u>1,337,084</u>	<u>1,337,668</u>
Diluted earnings per share (RMB per share)	<u>0.26</u>	<u>0.25</u>

## 9 DIVIDENDS

The dividends paid in 2017 and 2016 were HK\$320,884,560 (HK\$0.12 per share, approximately RMB275,447 in total) and HK\$294,259,020 (HK\$0.11 per share, approximately RMB252,268 in total) respectively. A dividend in respect of the year ended 31 December 2017 of HK\$0.13 per share, amounting to a total dividend of HK\$173,812,470 (approximately RMB145,290 in total) is to be proposed by the Board at the forthcoming annual general meeting to be partly paid out of the share premium account of the Company and partly paid out of the distributable profits of the Company. These financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2017	2016
Dividends proposed and paid during the year	136,199	126,516
Proposed final dividend of HK\$0.13 (2016: HK\$0.12) per ordinary share	<u>145,290</u>	<u>143,516</u>
	<u>281,489</u>	<u>270,032</u>

## 10 TRADE AND OTHER RECEIVABLES

	<b>As at 31 December</b>	
	<b>2017</b>	2016
Trade receivables	<b>368,222</b>	311,482
Less: Provision for impairment	<b>(16,372)</b>	(6,287)
	<hr/>	<hr/>
Trade receivables — net	<b>351,850</b>	305,195
Notes receivable	<b>3,779</b>	8,174
Value added tax deductible	<b>12,315</b>	21,845
	<hr/>	<hr/>
Prepayments	<b>27,781</b>	32,082
Less: Provision for impairment	<b>(8,681)</b>	(8,681)
	<hr/>	<hr/>
Prepayments — net	<b>19,100</b>	23,401
Other receivables	<b>19,273</b>	11,707
	<hr/>	<hr/>
	<b>406,317</b>	370,322
	<hr/>	<hr/>
Less non-current portion: Trade receivables	<b>(12,436)</b>	(7,825)
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	<b>393,881</b>	362,497
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The Group does not hold any collateral as security.

All non-current receivables are due over one year from the end of the year.

The credit terms granted to customers by the Group were primarily 0 to 90 days (2016: 0 to 90 days) during the year.

At 31 December 2017 and 2016, the ageing analysis of the trade receivables based on invoice date were as follows:

	<b>As at 31 December</b>	
	<b>2017</b>	2016
Trade receivables, gross		
0–30 days	<b>115,773</b>	157,100
31–90 days	<b>82,618</b>	81,083
91–365 days	<b>136,011</b>	58,613
Over 1 year	<b>33,820</b>	14,686
	<hr/>	<hr/>
	<b>368,222</b>	311,482
	<hr/> <hr/>	<hr/> <hr/>

## 11 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2017	2016
Trade payables	<b>244,588</b>	169,248
Notes payables	<b>136,754</b>	116,024
Advances from customers	<b>35,205</b>	15,875
Accrued expenses	<b>38,129</b>	47,477
Salary and welfare payable	<b>22,513</b>	21,399
Other payables	<b>10,258</b>	11,500
Tax payable	<b>6,181</b>	4,575
	<b><u>493,628</u></b>	<b><u>386,098</u></b>

At 31 December 2017, the ageing analysis of the trade payables based on invoice date were as follows:

	As at 31 December	
	2017	2016
Within 30 days	<b>226,444</b>	141,843
31–90 days	<b>14,223</b>	23,788
91–365 days	<b>1,051</b>	870
Over 365 days	<b>2,870</b>	2,747
	<b><u>244,588</u></b>	<b><u>169,248</u></b>

## **BUSINESS REVIEW**

### **Overview**

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

In 2017, the dairy market in the PRC recorded a low single digit growth while the overall global market remained flat with intensifying competition. In face of challenging market conditions, Greatview achieved growth in its overall operating results by close customer relationship management, continuous product development, production quality, operational efficiency and high levels of service.

In respect to the PRC business, the Group sustained its sales as compared with the same period in 2016. Major first-tier customers recorded a high single digit growth which made up for a decrease elsewhere. The Group secured more than 30 new customers in 2017, including new first-tier customers.

Outside China, the Group maintained its high rate of growth across diverse markets. In Europe, against a backdrop of a flat overall market and low retail prices, Greatview increased its market share substantially as aseptic dairy and NCSD producers continue to open the supply of packaging material for their installed filling machines to competition. Business in the Middle East, South Asia, South-East Asia and Oceania grew strongly, both through supplying packaging materials for local consumers and in our support for customers exporting to the PRC.

Our technical service team expanded to support our growing global business, supporting hundreds of plants in over 40 countries. The quality of our technical service helped customers to achieve excellent efficiency and supported the competitiveness of our packaging material across different lines, machine types and markets.

“Commitment to innovation” is one of the Company’s core values. In 2017, “Greatview Octagon”, “Greatview Crown” and “Greatview 200 Mid” commenced production and have been widely recognised by the market, supporting Greatview’s progress in capturing market share. The number of customers for variable printing grew rapidly in 2017. “Smart Packaging” using the variable printing technology was showcased at “Gulfood Manufacturing 2017”, a food processing industry exhibition in the Gulf. Based on-a patented one-code-per-pack technology and integrated production information system, Greatview’s packaging material factories took the lead in launching a quality code traceability solution in the industry in the use of QR codes for consumer-level traceability.



In 2017, of Greatview factories made continuous improvement in product quality, food safety, environmental protection and occupational health and safety. With respect to food safety, we successfully renewed the certifications of BRC PACKAGING and FSSC 22000. The three factories were recertified to the ISO 9001:2015 Quality Management System and the ISO 14001:2015 Environmental Protection System. To further enhance safety management, the factories in Shandong and Inner Mongolia established occupational health and safety management systems and received the certification of OHSAS 18001 Occupational Health and Safety Management. In addition, these factories also set up social responsibility management systems and passed the audits including SMETA, SGP and/or DISNEY, respectively, required by customers.

In November 2017, “Chinesische Handelskammer in Deutschland”, an overseas chamber of commerce established by major Chinese enterprises operating in Germany, awarded Greatview the “Medium-scale Investment Award (Greenfield Investment)” from a field of more than 2,000 Chinese-funded enterprises in Germany. The award aims to encourage businesses to take a significant step toward sustainable development in Germany.

## **Products**

We sold a total of 12.3 billion packs during the year ended 31 December 2017 which represents an increase of 7.9% as compared with the same period in 2016. The sales volume in the PRC remained stable, while the sales volume of the business outside China maintained the high growth trend of the previous year. “Greatview Brick 250ml Base” remained as our top selling product, followed by “Greatview Brick 250ml Slim”.

Although the dairy industry in the PRC is experiencing slower growth, we remain positive for the prospects of the sector in the long term, because of the trend to urbanization and the relatively low annual per capita consumption of dairy products in the PRC.

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

In order to cater for the growing market of aseptically packaged products, we will continue to enrich our product portfolio through diversification in package categories and sizes, broaden our customer base, ensure the production of high quality products at all of our production plants and to strengthen our brand name in the market.

## **Production Capacity and Utilization**

The Group has a total annual production capacity of 25.4 billion packs as at 31 December 2017. Our Group produced approximately 12.5 billion packs for the year ended 31 December 2017. The utilization rate for the year ended 31 December 2017 was 49.2%.

In August 2017, the second production line at European plant at Halle (Saale), Germany commenced commercial production.

## **Suppliers and Raw Materials**

During the year ended 31 December 2017, the cost of raw materials increased in line with the increase of production volume.

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

## **Marketing**

In the fall of 2017, Greatview hosted a conference in Hohhot, the PRC, with the theme: “Empower Marketing and Sales with Smart Packaging”. The discussions with brand owners included:

1. how to enable to allow dairy brands to establish an easy-to-use communication channel to create a brand-new consumer experience; and
2. to enable food safety traceability by means of the one-code-per-pack technology.

Greatview’s business philosophy of “Choice Creates Value” is an excellent fit with the value-conscious Middle East market and in November 2017, we attended “Gulfood Manufacturing 2017”, a food processing industry exhibition in Dubai. The exhibition of Greatview’s pioneering one-code-per-pack technology in the form of “Smart Packaging” at the international exhibition delighted and inspired customers and reflected both Greatview’s strength in aseptic packaging and its ambitions to develop international business operation.

## **Relationships with Stakeholders**

The Group is committed to operate in a sustainable manner while balancing the interests of its various stakeholders including customers, suppliers, employees, shareholders and the communities. This includes providing the Group’s customers with the good quality products, and timely, appropriate pre/after sales services. Similarly, the Group views its suppliers not just vendors but as strategic partners, important links in its supply chain. The Group’s procurement policy is to maintain good relationship and communications with suppliers under the principal of mutual trust. The Group always endeavors to enhance its enterprise value, ensure the Company’s long-term and stable development and benefit its shareholders. The Group considers its employees as the key to sustainable business growth. Workplace safety is the priority of the Group, and with due awareness of all employees throughout the year, the Group was able to maintain safety workplaces. We uphold our vision of common development with the communities and actively carry out volunteer activities to the best of our ability.

## **Compliance with Applicable Laws and Regulations**

For the year ended 31 December 2017, the Group’s operations are mainly carried out by the Company’s subsidiaries in the PRC, Hong Kong, Germany and Switzerland. The Group accordingly shall comply with relevant laws and regulations in the PRC, Hong Kong, Germany and Switzerland and the respective places of incorporation of the Company and its subsidiaries.

During the year and up to the date of this annual results announcement, the Board was not aware of any non-compliance with relevant laws and regulations that have a significant impact on the business and operations of the Group.

## **FINANCIAL REVIEW**

### **Overview**

For the year ended 31 December 2017, the Company managed to maintain steady growth against an environment of increased competition. With optimization of the product portfolio and production efficiency to minimize costs, and aggressive pursuit of market share, we achieved an increase in revenue and profit for the year. We have also generated free cash we propose to award as dividend. Our management is pleased with the financial results, will continue to capture growth in the aseptic packaging industry, and will pursue potential business opportunities to further enhance return to our shareholders.

### **Revenue**

We primarily derive revenue from the PRC and international sales of aseptic packaging and related services to dairy and NCSD producers. Revenue of our Group increased by 7.7% from RMB2,169.2 million for the year ended 31 December 2016 to RMB2,336.3 million for the year ended 31 December 2017. The increase was primarily due to the rapid growth of sales volume in international market.

With respect to the PRC segment, our revenue decreased by RMB7.5 million, or 0.5%, to RMB1,620.2 million for the year ended 31 December 2017 from RMB1,627.7 million for the year ended 31 December 2016. The decrease was mainly impacted by the sales volume decline in the PRC market.

With respect to the international segment, our revenue increased by RMB174.6 million, or 32.2%, to RMB716.1 million for the year ended 31 December 2017 from RMB541.5 million for the year ended 31 December 2016. The main contributor was the increase in sales volume in international market.

Our revenue from dairy customers increased by RMB112.9 million, or 6.0%, to RMB2,004.8 million for the year ended 31 December 2017 from RMB1,891.9 million for the year ended 31 December 2016, and our revenue from NCSD customers increased by RMB54.3 million, or 19.6%, to RMB331.5 million for the year ended 31 December 2017 from RMB277.2 million for the year ended 31 December 2016. It was mainly contributed by the increase of sales volume in international market.

### **Cost of Sales**

Our cost of sales increased by RMB145.6 million, or 9.4%, to RMB1,697.9 million for the year ended 31 December 2017 from RMB1,552.3 million for the year ended 31 December 2016. The growth in cost of sales mainly due to the increase of total sales volume and the slight increase of unit cost with products diversification in PRC business.

## **Gross Profit and Gross Margin**

As a result of the foregoing factors, our gross profit increased by RMB21.6 million, or 3.5% from RMB616.8 million for the year ended 31 December 2016 to RMB638.4 million for the year ended 31 December 2017. Our gross margin decreased by 1.1 percentage points to 27.3% for the year ended 31 December 2017 from 28.4% for the year ended 31 December 2016. It was primarily due to the decrease of unit selling price in international business and the increase of unit cost in PRC business.

## **Other Income**

Our other income increased by RMB7.2 million, or 15.5%, to RMB53.6 million for the year ended 31 December 2017 from RMB46.4 million for the year ended 31 December 2016. It was primarily due to the increase in income from sales of materials and income from wealth management products.

## **Distribution Expenses**

Our distribution expenses increased by RMB19.0 million, or 18.7%, to RMB120.5 million for the year ended 31 December 2017 from RMB101.5 million for the year ended 31 December 2016. The increase in expenses was primarily due to the increase in transportation expenses and outward port service charges with the growth in sales volume of international business.

## **Administrative Expenses**

Our administrative expenses decreased by RMB9.9 million, or 7.0%, to RMB130.7 million for the year ended 31 December 2017 from RMB140.6 million for the year ended 31 December 2016. The decrease in expenses was primarily due to the reclassification of local tax and fee for RMB7.6 million to cost of sales.

## **Income Tax Expense**

Our income tax expense increased by RMB4.3 million to RMB101.1 million for the year ended 31 December 2017 from RMB96.8 million for the year ended 31 December 2016. Effective tax rate increased by 0.3 percentage points to 22.8% for the year ended 31 December 2017 from 22.5% for the previous financial year.

## **Profit for the Year and Net Profit Margin**

Our net profit increased by RMB9.5 million, or 2.8%, to RMB343.3 million for the year ended 31 December 2017 from RMB333.8 million for the year ended 31 December 2016. Our net profit margin decreased by 0.7 percentage points to 14.7% for the year ended 31 December 2017 from 15.4% for the year ended 31 December 2016.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2017, we had RMB355.8 million (31 December 2016: RMB206.1 million) in cash and cash equivalents. Our cash and cash equivalents consist primarily of cash on hand and bank balances which are primarily held in RMB denominated accounts with banks in the PRC.

As at 31 December 2017, we had RMB120.4 million (31 December 2016: RMB372.8 million) in available-for-sale financial assets, which represented wealth management products purchased from certain commercial banks in the PRC for treasury management purposes.

### **Analysis of Turnover of Inventories, Trade Receivables and Payables**

Our Group's inventories primarily consist of raw materials and finished goods. Turnover days for inventory (inventories/cost of sales) decreased from 117.1 days as at 31 December 2016 to 114.5 days as at 31 December 2017. Turnover days for trade receivables (trade receivables/revenue) decreased from 55.0 days as at 31 December 2016 to 51.5 days as at 31 December 2017. Turnover days for trade payables (trade payables/cost of sales) decreased from 56.0 days as at 31 December 2016 to 44.5 days as at 31 December 2017.

### **Borrowings and Finance Cost**

Total borrowings of our Group as at 31 December 2017 were RMB112.9 million (31 December 2016: RMB104.5 million) and denominated in Euro. For the year under review, net finance income of our Group was approximately RMB3.5 million (31 December 2016: RMB5.6 million).

### **Gearing Ratio**

As at 31 December 2017, the gearing ratio (calculated by dividing total loans and bank borrowings by total equity) of our Group was 0.05 (31 December 2016: 0.05), which was in line with the growth of outstanding loans.

### **Working Capital**

Our working capital (calculated by the difference between the current assets and current liabilities) as of 31 December 2017 was RMB1,041.4 million (31 December 2016: RMB1,010.6 million).

### **Foreign Exchange Exposure**

Our Group's sales were primarily denominated in RMB, Euro and USD. During the year under review, our Group recorded exchange loss of RMB4.6 million (31 December 2016: exchange loss of RMB0.7 million).

## **Capital Expenditure**

As at 31 December 2017, our Group's total capital expenditure amounted to approximately RMB144.7 million (31 December 2016: RMB120.7 million), which was used for constructing new building and purchasing production machines and equipment for the Group.

## **Charge on Assets**

As at 31 December 2017, our Group neither pledged any property, plant and equipment (31 December 2016: nil) nor land use right (31 December 2016: nil).

## **Contingent Liabilities**

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

The Court has denied Tetra Pak's Claim in December 2011 and found Tetra Pak liable for the costs of the proceedings (the "**Judgment**"). On 16 January 2012, Tetra Pak filed a notice of appeal to Dusseldorf Higher Regional Court against the Judgment. As at 31 December 2017, the appeal was pending decision of the opposition proceedings.

On 20 October 2010, we commenced opposition proceedings before the European Patent Office ("**EPO**") to invalidate the subject patent in question in Tetra Pak's infringement claim, with effect throughout all EPO member states. On 27 November 2012, the opposition division of EPO revoked the subject patent in its entirety; however, Tetra Pak filed an appeal on 17 April 2013 against the first instance decision. On 23 December 2013, the Company filed a reply in response to Tetra Pak's appeal. As at 31 December 2017, the appeal was under process at EPO. Based on the communication with our legal advisor on German law, the Company made its assessment that the Group may prevail in the defense against Tetra Pak's appeal. Further disclosure will be made as and when appropriate.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2017, our Group employed approximately 1,246 employees (31 December 2016: 1,241 employees). Our Group offered competitive salary package, as well as discretionary bonuses, cash subsidies and contribution to social insurance to our employees. In general, we determine employee salaries based on each employee's qualifications, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis of our decisions with respect to salary raises, bonuses and promotions. Share option schemes have also been adopted for employees of our Group. In order to ensure that our Group's employees remain competitive in the industry, the Company has adopted training schemes for our employees managed by our human resources department.

## **PROSPECTS**

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

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

## **FINAL DIVIDEND**

The Board recommends the payment of a final dividend amounting to HK\$173.8 million (HK\$0.13 per share, approximately RMB145.3 million in total) to be partly paid out of the share premium account of the Company and partly paid out of the distributable profits of the Company, for the year ended 31 December 2017 (2016: HK\$0.12 per share, approximately RMB143.5 million in total). The proposed final dividend, if approved by shareholders at the forthcoming annual general meeting, shall be paid on or around 6 July 2018 to shareholders whose names appear on the register of members of the Company on 15 June 2018.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 21 May 2018 to 25 May 2018, both days inclusive, during which period no share transfers in Hong Kong can be registered. In order to be eligible for attending and voting at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 18 May 2018.

In addition, the register of members of the Company will be closed from 13 June 2018 to 15 June 2018, both days inclusive, during which period no transfer of shares will be registered. In order to ascertain shareholders' entitlement to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 12 June 2018.

## **CORPORATE GOVERNANCE**

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

During the year under review, the Company has adopted the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the CG Code during the year ended 31 December 2017, except for non-compliance with rules 3.10(1), 3.10A and 3.25 of the Listing Rules and code provision A.5.1 of the CG Code. The Company has taken action to comply with abovementioned rules and provisions, which are explained below.

### **Non-compliance with Rules 3.10(1), 3.10A, 3.25 of the Listing Rules and Deviation from the Code Provision A.5.1 of the CG Code**

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

The following is a summary of work performed by the Board in determining the policy for the corporate governance of the Company during the year ended 31 December 2017:

- (1) developed and reviewed the Company’s policies and practices on corporate governance;
- (2) reviewed and monitored the training and continuous professional development of Directors and senior management;
- (3) reviewed and monitored the Company’s policies and practices on compliance with legal and regulatory requirements;
- (4) developed, reviewed and monitored the code of conduct and compliance manual applicable to employees and Directors; and
- (5) reviewed the Company’s compliance with the CG Code and disclosure in the corporate governance report.



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

### **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE “MODEL CODE”)**

The Company has adopted 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 has complied with the Model Code during the year under review and up to the date of this annual results announcement.

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 inside information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the year ended 31 December 2017.

### **PURCHASE, SALES OR REDEMPTION OF THE SHARES**

During the year ended 31 December 2017, the Company purchased a total of 522,000 shares at an aggregate purchase price before expenses of HK\$1,957,470 on the Stock Exchange. Details of the purchases of such shares were as follows:

Month of purchase	Number of shares purchased	Price per share		Aggregate purchase price (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
February 2017	<u>522,000</u>	3.75	3.74	<u>1,957,470</u>
Total	<u><u>522,000</u></u>			<u><u>1,957,470</u></u>

All the 522,000 purchased shares were cancelled during the year under review. The above repurchases were effected by the Directors pursuant to the mandate from shareholders, with a view to benefit shareholders as a whole in enhancing the net assets and earnings per share. Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the year under review.

### **PRE-EMPTIVE RIGHT**

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

## **REVIEW BY THE AUDIT COMMITTEE**

The Audit Committee comprises four members, namely, Mr. LUETH Allen Warren (chairman of the Audit Committee), Mr. BEHRENS Ernst Hermann, Mr. HSU David and Mr. ZHU Jia. 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 auditor.

The primary duties of the Audit Committee are to assist the Board to provide an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Company, to review the overall audit process and to perform other duties and responsibilities as assigned by our Board.

The Audit Committee has reviewed the accounting principles and practices adopted by the Company, the annual results of our Group during the year ended 31 December 2017 as well as auditing, internal control and financial reporting matters, including the consolidated financial statements for the year ended 31 December 2017. The Audit Committee is of the view that our Group's consolidated financial statements for the year under review are prepared in accordance with the applicable accounting standards, laws and regulations, and appropriate disclosures have already been made.

## **ANNUAL GENERAL MEETING AND PUBLICATION OF ANNUAL REPORT**

The annual general meeting of the Company is expected to be held at 10:00 a.m., on 25 May 2018. This results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company ([www.greatviewpack.com](http://www.greatviewpack.com)). The annual report of the Company together with the notice of annual general meeting will be despatched to the shareholders of the Company and available at the aforesaid websites in due course.

By order of the Board  
**Greatview Aseptic Packaging Company Limited**  
**BI Hua, Jeff**  
*Chief Executive Officer and Executive Director*

Beijing, the PRC, 29 March 2018

*As at the date of this announcement, the board of Directors of the Company comprises two executive Directors, namely Mr. BI Hua, Jeff and Mr. LIU Jun; two non-executive Directors, namely, Mr. HONG Gang and Mr. HSU David; and three independent non-executive Directors, namely Mr. LUETH Allen Warren, Mr. BEHRENS Ernst Hermann and Mr. ZHU Jia.*