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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 2015**

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 2015 together with comparative figures for the year ended 31 December 2014 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 2015, 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 2015. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC on this announcement.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

Amounts expressed in thousands of RMB unless otherwise stated

		Year ended 31 December	
	Note	2015	2014
Revenue	4	2,218,934	2,231,545
Cost of sales	5	<u>(1,601,413)</u>	<u>(1,686,219)</u>
Gross profit		617,521	545,326
Other income	4	33,154	37,841
Other losses — net	4	(14,680)	(5,225)
Distribution expenses	5	(99,591)	(99,238)
Administrative expenses	5	<u>(130,656)</u>	<u>(114,306)</u>
Operating profit		405,748	364,398
Finance income	6	13,977	11,875
Finance expenses	6	<u>(7,272)</u>	<u>(7,552)</u>
Finance income — net		<u>6,705</u>	<u>4,323</u>
Profit before income tax		412,453	368,721
Taxation	7	<u>(95,923)</u>	<u>(89,024)</u>
Profit for the year		<u>316,530</u>	<u>279,697</u>
Profit attributable to:			
Equity holders of the Company		<u>316,530</u>	<u>279,697</u>
Earnings per share for profit attributable to equity holders of the Company			
— Basic earnings per share (RMB)	8	0.24	0.21
— Diluted earnings per share (RMB)	8	<u>0.24</u>	<u>0.21</u>
Dividends	9	<u>233,955</u>	<u>212,684</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

Amounts expressed in thousands of RMB unless otherwise stated

	Year ended 31 December	
	2015	2014
Profit for the year	316,530	279,697
Other comprehensive income:		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	<u>(18,136)</u>	<u>(46,624)</u>
Total comprehensive income for the year	<u>298,394</u>	<u>233,073</u>
Attributable to:		
— Equity holders of the Company	<u>298,394</u>	<u>233,073</u>
Total comprehensive income for the year	<u>298,394</u>	<u>233,073</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

Amounts expressed in thousands of RMB unless otherwise stated

	<i>Note</i>	As at 31 December 2015	2014
ASSETS			
Non-current assets			
Property, plant and equipment		1,235,060	1,239,701
Land use rights		14,305	14,615
Intangible assets		57,519	57,141
Deferred income tax assets		22,646	32,906
Long-term prepayments		8,564	1,304
		1,338,094	1,345,667
Current assets			
Inventories		566,388	494,886
Trade and other receivables	<i>10</i>	504,045	408,972
Cash and cash equivalents		267,885	489,561
Restricted cash		188,982	278,722
		1,527,300	1,672,141
Total assets		2,865,394	3,017,808
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		969,776	990,771
Statutory reserve		207,667	175,117
Retained earnings		1,114,642	1,047,691
Exchange reserve		(87,444)	(69,308)
Total equity		2,204,641	2,144,271
LIABILITIES			
Non-current liabilities			
Deferred government grants		91,238	105,282
Deferred income tax liabilities		4,638	6,400
		95,876	111,682

	<i>Note</i>	As at 31 December	
		2015	2014
Current liabilities			
Deferred government grants		5,918	–
Trade payables, other payables and accruals	<i>11</i>	441,739	395,788
Income tax liabilities		29,824	30,028
Borrowings		87,396	336,039
		<u>564,877</u>	<u>761,855</u>
Total liabilities		<u>660,753</u>	<u>873,537</u>
Total equity and liabilities		<u>2,865,394</u>	<u>3,017,808</u>
Net current assets		<u>962,423</u>	<u>910,286</u>
Total assets less current liabilities		<u>2,300,517</u>	<u>2,255,953</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

Amounts expressed in thousands of RMB unless otherwise stated

	Attributable to equity owners						Total
	Share capital	Share premium	Capital reserve	Statutory reserve	Exchange Reserve	Retained earnings	
As at 31 December 2013	11,465	813,417	137,487	145,445	(22,684)	1,011,652	2,096,782
Comprehensive income:							
Profit for the year	—	—	—	—	—	279,697	279,697
Other comprehensive income:							
Currency translation differences	—	—	—	—	(46,624)	—	(46,624)
Transactions with owners:							
Employee share options							
— Value of employee services	—	—	(1,751)	—	—	—	(1,751)
— Share options exercised	69	41,616	(11,532)	—	—	—	30,153
Transfer to statutory reserve	—	—	—	29,672	—	(29,672)	—
Dividends	—	—	—	—	—	(213,986)	(213,986)
Total transactions with owners:	69	41,616	(13,283)	29,672	—	(243,658)	(185,584)
As at 31 December 2014	11,534	855,033	124,204	175,117	(69,308)	1,047,691	2,144,271
Comprehensive income:							
Profit for the year	—	—	—	—	—	316,530	316,530
Other comprehensive income:							
Currency translation differences	—	—	—	—	(18,136)	—	(18,136)
Transactions with owners:							
Shares repurchased	(64)	(23,572)	—	—	—	—	(23,636)
Employee share options							
— Share options exercised	6	3,991	(1,356)	—	—	—	2,641
Transfer to statutory reserve	—	—	—	32,550	—	(32,550)	—
Dividends	—	—	—	—	—	(217,029)	(217,029)
Total transactions with owners:	(58)	(19,581)	(1,356)	32,550	—	(249,579)	(238,024)
As at 31 December 2015	11,476	835,452	122,848	207,667	(87,444)	1,114,642	2,204,641

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

Amounts expressed in thousands of RMB unless otherwise stated

	Year ended 31 December	
	2015	2014
Cash flows from operating activities		
Cash generated from operations	466,346	462,544
Interest paid	(3,580)	(4,326)
Income tax paid	(87,629)	(91,145)
	<hr/>	<hr/>
Net cash generated from operating activities	375,137	367,073
Cash flows from investing activities		
Purchase of property, plant and equipment (“PPE”)	(122,479)	(151,303)
Government grants received related to PPE	3,684	13,229
Proceeds from disposal of PPE	945	555
Purchase of land use rights	–	(9,965)
Purchase of intangible assets	(2,581)	(5,762)
Interest received	13,977	9,280
	<hr/>	<hr/>
Net cash used in investing activities	(106,454)	(143,966)
Cash flows from financing activities		
Proceeds from issuance of shares	2,641	30,153
Proceeds from borrowings	1,021,955	252,066
Repayments of borrowings	(1,270,598)	(94,308)
Payments for shares repurchased	(23,636)	–
Dividends paid to equity holders	(217,029)	(213,986)
	<hr/>	<hr/>
Net cash used in financing activities	(486,667)	(26,075)
Net (decrease)/increase in cash and cash equivalents	(217,984)	197,032
Cash and cash equivalents at beginning of year	489,561	294,606
Exchange loss on cash and cash equivalents	(3,692)	(2,077)
	<hr/>	<hr/>
Cash and cash equivalents at end of year	<u>267,885</u>	<u>489,561</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

Amounts expressed in thousands of RMB unless otherwise stated

1 GENERAL INFORMATION

Greatview Aseptic Packaging Company Limited 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 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.

These financial statements have been approved for issue by the Board of Directors on 29 March 2016.

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 ("IFRS"). The consolidated financial statements have been prepared under the historical cost convention.

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.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015:

Amendment to IAS 19 on contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

Amendments from annual improvements to IFRSs — 2010–2012 Cycle, on IFRS 8, “Operating segments”, IAS 16, “Property, plant and equipment” and IAS 38, “Intangible assets” and IAS 24, “Related party disclosures”.

Amendments from annual improvements to IFRSs — 2011–2013 Cycle, on IFRS 3, “Business combinations” and IFRS 13, “Fair value measurement”.

These amendments are not material to the Group.

(b) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(c) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9, “Financial instruments”, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the ‘hedged ratio’ to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess IFRS 9’s full impact.

IFRS 15, “Revenue from contracts with customers” deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 “Revenue” and IAS 11 “Construction contracts” and related interpretations. IFRS 15 is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is assessing the impact of IFRS 15.

IFRS 16, ‘Leases’ addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 ‘Leases’, and related interpretations. The standard is effective for annual periods beginning on or

after 1 January 2019 and earlier application is permitted subject to the entity adoption IFRS 15 'Revenue from contracts with customers' at the same time. The Group is currently assessing the impact of IFRS 16.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

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
2015			
Sales	1,798,175	420,759	2,218,934
Cost	<u>(1,257,389)</u>	<u>(344,024)</u>	<u>(1,601,413)</u>
Segment results	<u>540,786</u>	<u>76,735</u>	<u>617,521</u>
2014			
Sales	1,843,997	387,548	2,231,545
Cost	<u>(1,304,254)</u>	<u>(381,965)</u>	<u>(1,686,219)</u>
Segment results	<u>539,743</u>	<u>5,583</u>	<u>545,326</u>

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

	Year ended 31 December	
	2015	2014
Segment results for reportable segments	617,521	545,326
Other income	33,154	37,841
Other losses — net	(14,680)	(5,225)
Distribution expenses	(99,591)	(99,238)
Administrative expenses	<u>(130,656)</u>	<u>(114,306)</u>
Operating profit	<u>405,748</u>	<u>364,398</u>
Finance income	13,977	11,875
Finance expense	<u>(7,272)</u>	<u>(7,552)</u>
Finance income — net	<u>6,705</u>	<u>4,323</u>
Profit before income tax	412,453	368,721
Income tax expense	<u>(95,923)</u>	<u>(89,024)</u>
Profit for the year	<u><u>316,530</u></u>	<u><u>279,697</u></u>
Depreciation and amortisation charges	<u>95,128</u>	<u>107,660</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 tax assets (there is no employment benefit assets and rights arising under insurance contracts) amount to RMB1,315,448,000 (2014: RMB1,312,761,000).

The following table presents sales generated from packaging materials:

	Year ended 31 December	
	2015	2014
Dairy products	2,003,996	2,037,584
Non-carbonated soft drink (“NCS D”) products	214,938	193,961
	<u>2,218,934</u>	<u>2,231,545</u>

4 REVENUE, OTHER INCOME AND OTHER LOSSES — NET

	Year ended 31 December	
	2015	2014
Sales of products	<u>2,218,934</u>	<u>2,231,545</u>
Other income:		
— Income from sales of scrap materials	13,160	15,664
— Subsidy income from government	19,994	22,177
	<u>33,154</u>	<u>37,841</u>
Other (losses)/gains — net		
— Loss on disposal of assets	(157)	(995)
— Foreign exchange loss	(18,451)	(9,632)
— Others	3,928	5,402
	<u>(14,680)</u>	<u>(5,225)</u>

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

5 EXPENSES BY NATURE

	Year ended 31 December	
	2015	2014
Raw materials and consumables used	1,336,494	1,369,620
Changes in inventories of finished goods and work in progress	(3,274)	22,423
Tax and levies on main operations	10,398	9,425
Write-back of provision for obsolescence on inventories	(97)	(229)
Depreciation and amortisation charges:	95,128	107,660
— Depreciation of property, plant and equipment	92,738	104,911
— Amortisation of intangible assets	2,080	2,473
— Amortisation of land use rights	310	276
Provision for impairment of receivables and prepayment	10,728	1,135
Employee benefit expenses	178,414	179,308
Auditors' remuneration		
— Audit services	2,178	2,100
— Non-audit services	180	120
Transportation expenses	47,916	51,433
Repair and maintenance expenses	24,542	26,143
Electricity and utilities	31,453	34,509
Rental expenses	7,585	7,989
Plating expenses	11,566	9,637
Professional fees	8,876	7,927
Travelling expenses	12,555	14,074
Advertising and promotional expenses	17,358	15,370
Other expenses	39,660	41,119
	<u>1,831,660</u>	<u>1,899,763</u>

6 FINANCE INCOME AND FINANCE EXPENSES

	Year ended 31 December	
	2015	2014
Interest income	13,977	11,875
Finance income	<u>13,977</u>	<u>11,875</u>
Interest expense — bank borrowings	(3,580)	(4,326)
Exchange loss	(3,692)	(3,226)
Finance expenses	<u>(7,272)</u>	<u>(7,552)</u>

7 INCOME TAX EXPENSE

	Year ended 31 December	
	2015	2014
Current income tax:		
Enterprise income tax	87,425	89,075
Deferred tax:		
Origination and reversal of temporary differences	8,498	(51)
	<u>95,923</u>	<u>89,024</u>
Taxation	<u>95,923</u>	<u>89,024</u>

The Group's subsidiaries established in the PRC are subject to the PRC statutory income tax of 25% (2014: 25%) on the taxable income for the year. Hong Kong profits tax has been provided at rate of 16.5% for the current year (2014: 16.5%). No income tax provision has been made for the subsidiaries in Switzerland and Germany as there are unutilised tax losses brought forward from prior years to offset current year's taxable income. No income tax provision has been made for subsidiaries that are still in a loss-making position.

Another subsidiary, Greatview Aseptic Packaging (Inner Mongolia) Co., Ltd., is located in a special economic zone with an applicable 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 2015.

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:

	Year ended 31 December	
	2015	2014
Profit before tax	<u>412,453</u>	<u>368,721</u>
Tax calculated at domestic tax rates applicable to profits in the respective countries	103,113	90,506
Withholding tax on dividends	15,000	10,550
Preferential tax treatment for subsidiaries	(18,157)	(18,518)
Income not subject to tax	(91)	(2)
Expenses not deductible for taxation purposes	687	357
Tax losses for which no deferred tax asset was recognised	3,279	8,152
Utilisation of previously unrecognised tax losses for which no deferred income tax was recognised	(6,140)	(889)
Others	(1,768)	(1,132)
	<u>95,923</u>	<u>89,024</u>
Tax charge	<u>95,923</u>	<u>89,024</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 Group by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2015	2014
Profit attributable to equity holders of the Company	316,530	279,697
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u>1,346,459</u>	<u>1,343,744</u>
Basic earnings per share (<i>RMB per share</i>)	<u>0.24</u>	<u>0.21</u>

(b) Diluted earnings per share

Dilutive earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The share options that may have a dilutive impact on basic earnings per share in the future have not been included in the calculation of diluted earnings per share because they did not have a dilutive effect on 2015.

	Year ended 31 December	
	2015	2014
Profit attributable to equity holders of the Company	316,530	279,697
Weighted average number of ordinary shares in issue (<i>thousands</i>)	1,346,459	1,343,744
Adjustments for share options (<i>thousands</i>)	–	426
Weighted average number of ordinary shares for diluted earnings per share (<i>thousands</i>)	<u>1,346,459</u>	<u>1,344,170</u>
Diluted earnings per share (<i>RMB per share</i>)	<u>0.24</u>	<u>0.21</u>

9 DIVIDENDS

The dividends paid in 2015 and 2014 were HK\$269,456,000 (HK\$0.10 per share, approximately RMB217,029,000 in total) and HK\$268,656,000 (HK\$0.10 per share, approximately RMB213,986,000 in total) respectively. A dividend in respect of the year ended 31 December 2015 of HK\$0.11 per share, amounting to a total dividend of HK\$147,130,000 (approximately RMB123,265,000 in total) is to be proposed by the Board at the forthcoming annual general meeting to be paid out of share premium account of the Company. These financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2015	2014
Dividends proposed and paid during the year	110,690	106,733
Proposed final dividend of HK\$0.11 (2014: HK\$0.10) per ordinary share	<u>123,265</u>	<u>105,951</u>
	<u>233,955</u>	<u>212,684</u>

10 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2015	2014
Trade receivables	350,014	263,896
Less: Provision for impairment	(3,708)	(4,962)
	<hr/>	<hr/>
Trade receivables — net	346,306	258,934
Notes receivable	95,498	69,370
Value added tax deductible	14,861	25,737
	<hr/>	<hr/>
Prepayments	43,323	27,012
Less: Provision for impairment	(8,681)	(8,681)
	<hr/>	<hr/>
Prepayments — net	34,642	18,331
Other receivables	12,738	36,600
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	504,045	408,972
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The Group does not hold any collateral as security.

The credit terms granted to customers by the Group were generally 0 to 90 days (2014: 0 to 90 days) during the year.

At 31 December 2015 and 2014, the ageing analysis of trade receivables based on invoice date were as follows:

	As at 31 December	
	2015	2014
Trade receivables, gross		
0–30 days	199,537	138,303
31–90 days	62,683	55,451
91–365 days	72,863	52,097
Over 1 year	14,931	18,045
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	350,014	263,896
	<hr/> <hr/>	<hr/> <hr/>

11 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2015	2014
Trade payables	306,742	222,263
Notes payables	25,982	44,746
Advances from customers	8,863	24,062
Accrued expenses	53,699	76,150
Salary and welfare payable	18,990	14,594
Other payables	19,798	9,607
Value added tax payable	7,665	4,366
	<u>441,739</u>	<u>395,788</u>

The ageing analysis of the Group's trade payables at the date of each statement of financial position of the year is as follows:

	As at 31 December	
	2015	2014
Within 30 days	302,414	163,345
31–90 days	1,869	57,207
91–365 days	1,419	910
Over 365 days	1,040	801
	<u>306,742</u>	<u>222,263</u>

BUSINESS REVIEW

Overview

Our Group provides integrated packaging solutions of aseptic packs, filling machines, spare parts and technical service to the liquid food industry. We are the second largest roll-fed supplier globally and the leading alternative supplier in the People's Republic of China (the "PRC"). Our aseptic packs are sold under the trademark of "GREATVIEW", which includes "Greatview Brick", "Greatview Pillow", "Greatview Blank-Fed" and "Greatview Crown". Our aseptic packs are fully compatible with roll-fed and blank-fed filling machines which enabled us to secure most of the dairy and non-carbonated soft drink ("NCS") producers in the PRC as well as numbers of international producers as our clients.

In 2015, Greatview grew sales volume and net profit by 4.1% and 13.2% respectively despite the revenue was maintained at 2014 level. In the PRC, the dairy industry recorded a slower growth and the customers' product mix development put higher pressure on Greatview's domestic business. As a result, the Group's domestic sales revenue declined by 2.5% compared with 2014. Our international business continued to perform well with 25.9% and 8.6% growth in volume and revenue respectively, and the gross margin has significantly improved to 18.2% from 1.4% in 2014, thanks to the sales volume growth, product mix improvement and production cost reduction.

To meet growing customer demand and to improve our competitiveness, the Company undertook new product and technologies development successfully in 2015. We filed a total of fifteen patent applications and were granted with four patent rights, standing out among domestic peers. We are the first and the only company so far in the aseptic carton packaging industry commenced the production of item-level traceable packaging material with Quick Reflex (QR) code identification, which could help our customers to improve their supply chain and traceability management and equip them with a new tool to conduct on-line and off-line marketing campaign.

We launched "Greatview Crown" packaging product, equivalent to a product model of a leading aseptic packaging producer, establishing us as an alternative supplier in the chilled yogurt market. We also launched the Pre-Laminated Hole technology which we believe will enhance our competitiveness in family-size package, the main sector in the developed markets.

Tremendous achievement was made in the Group's business operation during 2015. With the successful and stable progress in informatization development and the smooth online operation of the ERP (Enterprise Resources Planning) system, the Group could better apply refined management for the supply chain, cost control, planning, production, quality control and logistics areas.

Our production functions have become more in line with globally-accepted standards, meeting the stringent quality and safety requirements of customers around the world. In addition to the ISO 9001:2008 and ISO 14001:2004 certification of our domestic factories, our production facility in Halle was awarded a top grade under the standard published by British Retail Consortium and IOP the Packaging Society (BRC/IOP) in an audit by an accredited German auditing authority in April 2015. The BRC/IOP standard is the globally accepted hygiene and safety standard applying to packaging materials in direct contact with food. In parallel to the BRC/IOP audit, our Halle factory also successfully completed an audit for ISO 9001 certification of Quality Management Systems, with zero non-conformances found.

Products

We sold a total of 11.7 billion packs during the year ended 31 December 2015 which represents an increase of 4.1%. The domestic sales volume remained stable amid adverse market conditions, while the sales volume of the international segment maintained the high growth trend of the previous year.

Although the dairy industry in the PRC is experiencing a slower growth, we stay positive on the prospects of the sector in long term due to the urbanization and the relative low annual consumption per capita of dairy products in the PRC. In regard to our international business, given our relatively low global market share, we believe there are plenty of opportunities to be explored.

In order to cater for the growing market demand of aseptic packaging product, we will work hard to enrich our product portfolio, such as diversification in packs sizes and categories, and to broaden customer base as well as to ensure the production of high quality products at all of our production plants in order to strengthen our brand name in the market.

Production Capacity and Utilization

The Group has a total annual production capacity of 21.4 billion packs as at 31 December 2015. Our Group produced approximately 11.8 billion packs for the year ended 31 December 2015. The utilization rate for the year ended 31 December 2015 was 55%.

Suppliers and Raw Materials

During the year ended 31 December 2015, the cost of raw materials decreased due to the lower commodity prices and broader supplier base of our major raw materials.

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

Sales and Marketing

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

Our domestic sales team added more resources to enhance sales services and strengthen our partnership with customers in 2015. We organized and hosted 3 seminars in Gaotang, Shandong Province, Chengdu, Sichuan Province and Hohhot, Inner Mongolia to exchange views with customers on the latest technology development and the PRC dairy industry trends. Up to 100 representatives from nearly 50 customers participated in these events.

In addition, we custom-made 11 training courses targeting at the different needs of specific customers to help improve the on-site operation, maintenance and production skills of our customers. A total of 133 attendees received the training, and we won positive feedback from our customers.

Our international sales team continued to implement the Company's strategy, optimizing our product mix, and expanding further to new markets while sustaining the growth of current markets in 2015. This effort, coupled with lowered raw material prices and a boost in production efficiency at our Halle factory, enabled our international business to achieve positive profits. By the end of 2015, we were serving customers in more than 40 countries.

In March and October 2015, we successively exhibited our entire series of products, including aseptic packaging materials, filling machine and spare parts, at the Food and Drinks Fair, the PRC. At the fair in March 2015, we exhibited for the first time our latest series of aseptic packaging products — Greatview Blank-Fed. This product offers more choices to liquid food production enterprises and achieves enhancement of value.

FINANCIAL REVIEW

Overview

For the year ended 31 December 2015, the Company achieved net profit increase by 13.2% as a result of sales volume growth and production cost reduction despite the main market growth was slow and became more competitive. We still attained free cash and propose for dividend for the year ended 31 December 2015. Our management will continue to capture growth in the aseptic packaging industry as well as explore potential business development opportunities to further enhance return to our shareholders.

Revenue

We primarily derive revenue from domestic and international sales of aseptic packaging and related services to dairy and NCS D producers. Revenue of our Group decreased by 0.6% from RMB2,231.5 million for the year ended 31 December 2014 to RMB2,218.9 million for the year under review. The decrease was primarily driven by price depression and Euro depreciation.

With respect to the domestic segment, our revenue decreased by RMB45.8 million, or 2.5%, to RMB1,798.2 million for the year ended 31 December 2015 from RMB1,844.0 million for the year ended 31 December 2014. It was mainly impacted by the average selling price decline.

With respect to the international segment, our revenue increased by RMB33.3 million, or 8.6%, to RMB420.8 million for the year ended 31 December 2015 from RMB387.5 million for the year ended 31 December 2014. It was mainly due to the increase in sales orders from existing customers and the customers in new markets, despite of substantial Euro depreciation.

Our revenue from dairy customers decreased by RMB33.6 million, or 1.6%, to RMB2,004.0 million for the year ended 31 December 2015 from RMB2,037.6 million for the year ended 31 December 2014, and our revenue from NCSD customers increased by RMB20.9 million, or 10.8%, to RMB214.9 million for the year ended 31 December 2015 from RMB194.0 million for the year ended 31 December 2014. The decrease in dairy revenue was mainly due to the decline of selling price and the increase in NCSD revenue was mainly due to the increase of sales volume of NCSD in international market.

Cost of Sales

Our cost of sales decreased by RMB84.8 million, or 5.0%, to RMB1,601.4 million for the year ended 31 December 2015 from RMB1,686.2 million for the year ended 31 December 2014. It was mainly due to the main material replacement with lower cost supply and improvement of production efficiency in European plant.

Gross Profit and Gross Margin

As a result of the foregoing factors, our gross profit increased by RMB72.2 million, or 13.2% from RMB545.3 million for the year ended 31 December 2014 to RMB617.5 million for the year under review. Our gross margin increased by 3.4 percentage points to 27.8% for the year ended 31 December 2015 from 24.4% for the year ended 31 December 2014. It was primarily due to the improvement of product mix and the reduction of production cost.

Other Income

Our other income decreased by RMB4.6 million, or 12.2%, to RMB33.2 million for the year ended 31 December 2015 from RMB37.8 million for the year ended 31 December 2014. It was primarily due to the decrease in government subsidy.

Distribution Expenses

Our distribution expenses increased by RMB0.4 million, or 0.4%, to RMB99.6 million for the year ended 31 December 2015 from RMB99.2 million for the year ended 31 December 2014. It was primarily due to the increase in salary and welfare and well control of transportation expenses. The percentage of distribution expenses over total revenue was 4.5%, which represents 0.1 percentage point increase compared with last year.

Administrative Expenses

Our administrative expenses increased by RMB16.4 million, or 14.3%, to RMB130.7 million for the year ended 31 December 2015 from RMB114.3 million for the year ended 31 December 2014, which was a result of the prudent accruals of certain impairment accounts. The percentage of administrative expenses over total revenue was 5.9%, which represents 0.8 percentage point increase compared with last year.

Taxation

Our tax expenses increased by RMB6.9 million to RMB95.9 million for the year ended 31 December 2015 from RMB89.0 million for the year ended 31 December 2014. Effective tax rate decreased by 0.8 percentage points to 23.3% for the year ended 31 December 2015 from 24.1% for the previous financial year.

Profit for the Year and Net Profit Margin

Our net profit increased by RMB36.8 million, or 13.2%, to RMB316.5 million for the year ended 31 December 2015 from RMB279.7 million for the year ended 31 December 2014. Our net profit margin increased by 1.8 percentage points to 14.3% for the year ended 31 December 2015 from 12.5% for the year ended 31 December 2014. It was primarily due to increase in gross margin.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, we had RMB267.9 million (31 December 2014: RMB489.6 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.

Analysis of Turnover of Inventories, Trade Receivables and Payables

Our Group's inventories primarily consist of raw materials. Turnover days for inventory (inventories/cost of sales) was 120.9 days as at 31 December 2015 as compared to 100.8 days as at 31 December 2014. Turnover days for trade receivables (trade receivables/revenue) decreased from 57 days as at 31 December 2014 to 50.5 days as at 31 December 2015. Turnover days for trade payables (trade payables/cost of sales) increased from 44.8 days as at 31 December 2014 to 60.3 days as at 31 December 2015.

Borrowings and Finance Cost

Total borrowings of our Group as at 31 December 2015 were RMB87.4 million (31 December 2014: RMB336.0 million) and denominated in Euro. For the year under review, net finance income of our Group was approximately RMB6.7 million (31 December 2014: RMB4.3 million).

Gearing Ratio

As at 31 December 2015, the gearing ratio (calculated by dividing total loans and bank borrowings by total equity) of our Group was 0.04 (31 December 2014: 0.16). It was mainly contributed by the decrease in short-term loan.

Working Capital

Our working capital (calculated by the difference between the current assets and current liabilities) as of 31 December 2015 was RMB962.4 million (31 December 2014: RMB910.3 million).

Foreign Exchange Exposure

Our Group's sales were primarily denominated in RMB. During the year under review, our Group recorded exchange loss of RMB18.5 million (31 December 2014: RMB9.6 million loss).

Capital Expenditure

As at 31 December 2015, our Group's total capital expenditure amounted to approximately RMB125.1 million (31 December 2014: RMB167.0 million), which was mainly used for building up new factory and purchasing production machines and equipment for the Group.

Charge on Assets

As at 31 December 2015, our Group neither pledged any property, plant and equipment (2014: nil) nor land use right (2014: 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 Düsseldorf 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 Düsseldorf Higher Regional Court against the Judgment. As at 31 December 2015, 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 2015, 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 2015, our Group employed approximately 1,219 employees (31 December 2014: 1,234 employees). Our Group offered competitive salary package, as well as discretionary bonuses, cash subsidies and contribution to social insurance to its employees. In general, we determine employee salaries based on each employee's qualifications, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis of our decisions with respect to salary raises, bonuses and promotions. Share option schemes have also been adopted for employees of our Group. In order to ensure that our Group's employees remain competitive in the industry, the Company has adopted training schemes for its employees managed by its human resources department.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Caring about the environment and addressing sustainability issues has always been a priority at Greatview. Our Company has a longstanding and well-developed policy governing corporate social responsibility and this diligent approach has become an integral part of our enduring success.

In terms of sustainable production, we have always been a leader in the industry. We have obtained all the certifications for production and sales chain supervision from the three global certification systems for sustainable forest management (i.e. PEFCTM, SFITM and FSCTM). All the paper used for production at our Halle factory is sourced from forests under sustainable management since the opening of the factory, and 75% of the paper used for production at all of our factories for the year of 2015 comes from sustainably managed forests.

In terms of energy use, Greatview upholds its tradition of operating green factories and low-carbon offices, and continues to carry out improvement works for energy conservation. The renovation of the water cooling system of the laminator at our German factory has been completed, saving electric power by around 45% and office network enhancement at our Beijing headquarter reduces energy consumption by 60%. The two initiatives can save nearly 200,000 kWh of electricity in total each year.

In 2015, we partnered with educational bodies and arranged a series of trainings and activities to prepare undergraduate students for their future career development and entrepreneurship. On Labor Day holiday in 2015, we organized a tour of our Helingeer factory for students of the University of International Business and Economics in the PRC, during which we shared our expertise in aseptic production and knowledge of the PRC's dairy industry. Our Halle factory also received and trained senior students from Institute of Junior Engineers in Germany about production process of packaging material.

We also actively participated in public causes, including the Fourteenth Central Germany Marathon and the charity running activity "A cup of hot milk to warm a pair of hands" hosted by Mengniu. Moreover, Greatview also donated 1,400 sets of new uniforms to students at Ludian Yunnan.

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\$147.1 million (HK\$0.11 per share, approximately RMB123.3 million in total) to be paid out of the share premium account of the Company for the year ended 31 December 2015 (2014: HK\$0.10 per share, approximately RMB106.0 million in total). The proposed final dividend, if approved by shareholders at the forthcoming annual general meeting, shall be paid on or around 7 July 2016 to shareholders whose names appear on the register of members of the Company on 17 June 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 27 May 2016 to 31 May 2016, 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 26 May 2016.

In addition, the register of members of the Company will be closed from 15 June 2016 to 17 June 2016, 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 14 June 2016.

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 Rules Governing the Listing of Securities on the Stock Exchange (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 2015.

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 2015:

- (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 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 2015.

PURCHASE, SALES OR REDEMPTION OF THE SHARES

During the year ended 31 December 2015, the Company purchased a total of 7,833,000 shares of the Company at an aggregate purchase price before expenses of HK\$28,595,330 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\$)	
August 2015	244,000	3.50	3.38	837,940
September 2015	5,071,000	4.00	3.39	19,021,790
December 2015	2,518,000	3.64	3.29	8,735,600
Total	<u>7,833,000</u>			<u>28,595,330</u>

All the 7,833,000 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 of the Company. 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 of association of the Company and the laws of the Cayman Islands.

REVIEW BY THE 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. DANG Xinhua, who replaced Mr. CHEN Weishu as committee member on 29 May 2015. 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.

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 2015 as well as auditing, internal control, risk management and financial reporting matters, including the consolidated financial statements for the year ended 31 December 2015. 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 Tuesday, 31 May 2016. This results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (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, 29 March 2016

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