

Annual Report 2012



(Incorporated in the Cayman Islands with limited liability)

Stock Code: 0468



CONTENTS

03	Corporate Information
05	Financial Summary
07	Five Years Financial Summary
09	CEO's Statement
12	Management Discussion and Analysis
19	Board of Directors and Senior Management
24	Report of the Directors
35	Corporate Governance Report
45	Independent Auditor's Report
47	Consolidated Statement of Financial Position
49	Statement of Financial Position
50	Consolidated Income Statement
51	Consolidated Statement of Comprehensive Income
52	Consolidated Statement of Changes in Equity
53	Consolidated Statement of Cash Flows
54	Notes to the Consolidated Financial Statements



CORPORATE INFORMATION

DIRECTORS

Executive Directors

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

Non-Executive Directors

Mr. HILDEBRANDT James Henry
Mr. ZHU Jia
Mr. LEE Lap, Danny
Mr. LEW Kiang Hua (Resigned on 28 December 2012)
Ms. SHANG Xiaojun

Independent Non-Executive Directors

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

JOINT COMPANY SECRETARIES

Mr. CHANG Fuquan
Ms. MA Sau Kuen Gloria

AUTHORIZED REPRESENTATIVES

Mr. ZHU Jia
Ms. MA Sau Kuen Gloria

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Mr. HONG Gang (*Chairman*)
Mr. BEHRENS Ernst Hermann
Mr. CHEN Weishu

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

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

14 Jiuxianqiao Road
Chaoyang District
Beijing 100015
The PRC

AUDITORS

PricewaterhouseCoopers, *Certified Public Accountants*

COMPLIANCE ADVISER

TC Capital Asia Limited

LEGAL ADVISERS

Norton Rose Hong Kong
Tian Yuan Law Firm

PRINCIPAL BANKERS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

BRANCH SHARE REGISTRAR IN HONG KONG

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

COMPANY WEBSITE

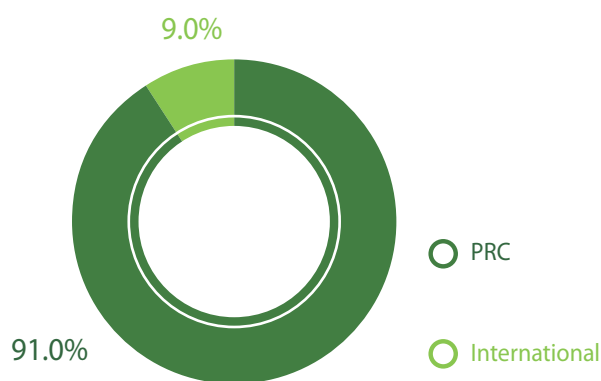
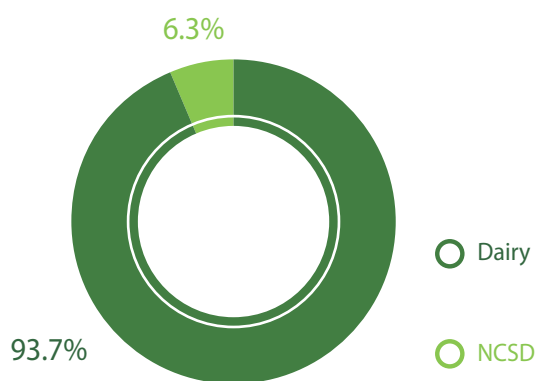
www.greatviewpack.com



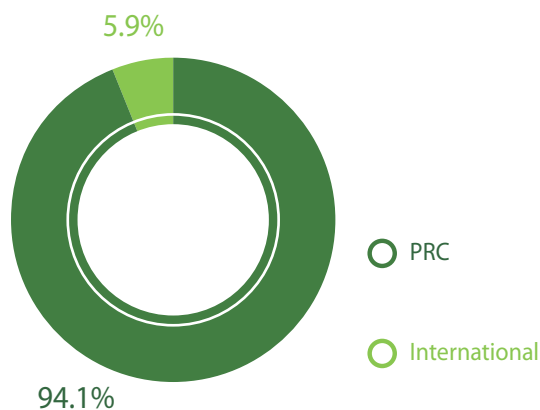
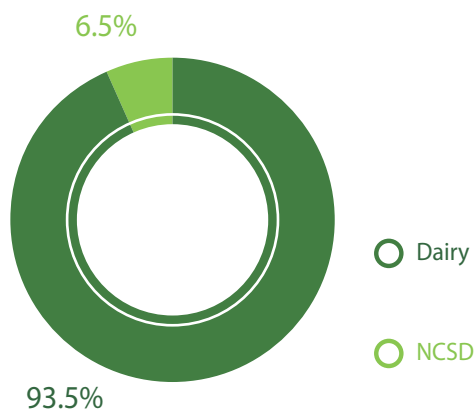
FINANCIAL SUMMARY

	Year ended 31 December		
	2012	2011	Percentage
	RMB million	RMB million	%
Revenue	1,744.0	1,574.1	10.8%
Gross profit	550.5	475.0	15.9%
Net profit	314.9	263.1	19.7%
Profit attributable to shareholders	314.9	263.1	19.7%
Earnings per share — basic and diluted (RMB)	0.24	0.20	20%
Proposed dividend per share (HKD)	0.1	Nil	

REVENUE ANALYSIS



PROFIT ANALYSIS

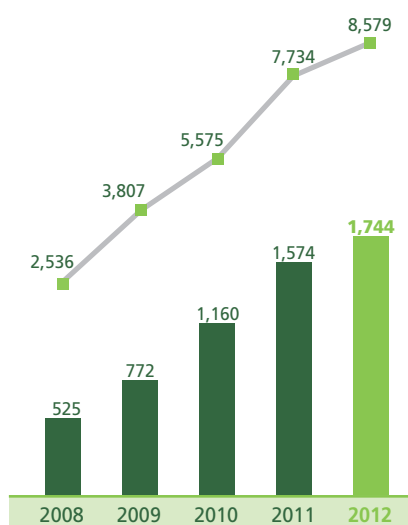


> 30
billion packs

Greatview accumulated manufacturing experience

FIVE YEARS FINANCIAL SUMMARY

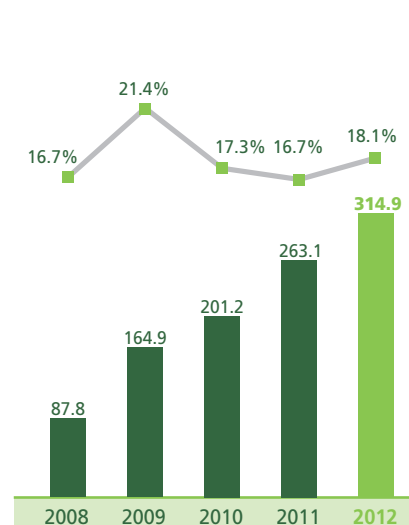
REVENUE TREND



—■—
Volume (in million packs)

■ ■
Revenue
(in RMB million)

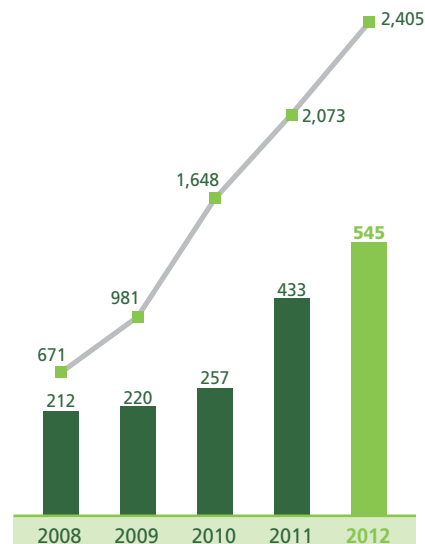
PROFIT TREND



—■—
% of Revenue

■ ■
Net Profit
(in RMB million)

ASSET AND LIABILITY TRENDS



—■—
Total Assets
(in RMB million)

■ ■
Total Liabilities
(in RMB million)

	2012 RMB'000	2011 RMB'000	2010 RMB'000	2009 RMB'000	2008 RMB'000
Assets					
Non-current assets	1,211,735	985,311	569,655	503,522	306,431
Current assets	1,193,531	1,088,153	1,078,504	477,738	164,173
Total assets	2,405,266	2,073,464	1,648,159	981,260	670,604
Liabilities					
Non-current liabilities	85,089	46,230	68,374	94,957	10,798
Current liabilities	460,333	386,955	188,344	125,198	200,989
Total liabilities	545,422	433,185	256,718	220,155	211,787
Total equity	1,859,844	1,640,279	1,391,441	761,105	458,817



CEO'S STATEMENT

VALUE CREATION AND DEVELOPMENT THROUGH TRANSFORMATION

2012 was far from a good year for the dairy market in China although Greatview remains optimistic about the market in the long run. Growth in China's dairy industry was in the first time last year decreased to a level below 10% to 8%, which was after more than a decade of drastic increase. Since 2010, the dairy industry has started to hover around a slowing down growth cycle. We are of the view that the slowdown is mainly attributed to the temporary difficulty resulting from the restriction of raw milk production volume. The market in Mainland China is still blessed with tremendous room for growth. With the investments in upstream dairy chain by the peers gradually exerting positive influence, the growth rate of the dairy industry in Mainland China is expected to pick up in the coming five years.

Turning to the global market, consumption sentiment was severely dampened by the European debt crisis. To Greatview, however, this may not be a piece of bad news. The consumption of milk, as a daily necessity, remained in robust demand in the international market, particularly in the European market. As the peers in the dairy industry were increasingly under cost pressure amid the economic downturn, Greatview has provided more efficient and high quality local service to meet the needs of those dairy companies. Thus, Greatview's

newly-built factory in Germany attracted much attention from a vast number of European dairy peers.

In 2012, smooth progress was made by Greatview in the aspect of capacity expansion. By the end of 2012, we reached a designated capacity goal of 17.4 billion packages. With the development of company structure and enhancement of strength, the relationship between Greatview and its dairy customers in Mainland China was strengthened in the sense that Greatview, being a "supplier with pricing advantage", was elevated to a "strategic partner". This further enhances Greatview's position in the aseptic packaging industry, and also provides broader room for value creation.

In 2012, Greatview experienced challenges emerging from the increasing market competition in the aseptic packaging industry and from cross-cultural differences. Despite the various impacts, the basic strategy of Greatview remains solidly unchanged: firstly, to continue to move towards a transformation into a multi-national company in terms of its operational structure and operational model, to overcome cultural differences, to develop into a well-established multi-national company and to promptly expand the international market; secondly, with a vision to stay ahead in our industry in terms of the results of operations and

capacity growth. Only if we could achieve the two goals in the aforesaid, we are able to firmly seize the opportunities in the aseptic packaging market, create brand new value, and grow into a bigger and stronger player.

With value creation as our priority, Greatview always regards the creation of value as the cornerstone for a stable growth. We also endeavour to keep pace with time, promptly react to the changes in the customer market, continuously explore for new opportunities and enhance our value to the industry, our customers and the society. As the saying goes, "time and tide wait for no man". In 2013, Greatview will continue to maintain a strong sense of commitment and responsibility at all times, and strive for making great strides in the years ahead.



Mr. Jeff Bi

CEO

Beijing, the PRC, 28 March 2013



Greatview Aseptic Packaging Manufacturing GmbH



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

Greatview Aseptic Packaging Company Limited (our "Company") and together with its subsidiaries (collectively, our "Group") are the second largest roll-fed supplier of aseptic packaging globally and the leading alternative supplier in the PRC, producing and selling a broad variety of aseptic packs. These aseptic packs include GA Brick, our carton form packaging and GA Pilo, our soft pouch form packaging. Our commitment to provide customised, high-quality and competitively priced aseptic packs, which are fully compatible with standard roll-fed filling machines, enabled us to secure some of the leading dairy and non-carbonated soft drink ("NCSD") producers in the PRC as well as a number of international producers as our clients.

Our European production facility in Halle, Germany (our "European Plant") has started trial production in June 2012 and commercial production in December 2012. This new factory marks an important milestone in our Group's international growth strategy by penetrating one of the largest aseptic packaging markets in the world. Our Company is expected to extend its geographical coverage to reach across the European region as well as other international markets upon the completion of ramp-up production of our European Plant.

Our second production line of the Hellingeer factory in Inner Mongolia has commenced production in the first half of 2012. With the implementation of this new production line, the Hellingeer factory is expected to contribute significant portion of our Group's production capacity.

We have started construction of the third production line in Gaotang, the PRC during the first six months of 2012. The construction is scheduled to complete in the second half of 2013. This new production line, estimated at a total investment of around RMB300 million, is expected to contribute a significant increase in our Group's production capacity.

In order to streamline and improve efficiencies of our Group, centralisation of our Group's management function was put in place since 2011. Operations of some of the departments have been successfully centralised from individual factories to our head office in Beijing. Our Group continued to strengthen the centralised supportive functions during the year ended 31 December 2012. We, in the long term, hope to benefit from this cost saving measure and enhance operational efficiency.

Products

We sold a total of 8.6 billion packs during the year ended 31 December 2012, with GA Brick aseptic 250ml Base remained as the top selling product, followed by GA Brick aseptic 250ml Slim as the second most popular selling product of our Group.

Driven by the increasing consumers' concern with health, fitness and well-being, the demand for dairy and NCSD products remained as the key driver of our sales volume growth. Sales volume grew about 10.9% during the year ended 31 December 2012, compared with the year of 2011. The growth rate was relatively lower than the corresponding period in 2011, because our Group focused more on maintaining its sales margin level and its average selling price of products. The slowdown of the dairy industry in the PRC has also impacted the sales volume. Although the industry was slack in 2012, our growth rate in sales volume retained above the market average in 2012.

We believe the commencement of the second production line of the Hellingeer factory, the implementation of our European plant production together with the expansion project, which introduced the third production line in Gaotang, will help us meet the growing market demand, strengthen our position in key markets, and capture additional market opportunities around the world.

Meanwhile, we have made an effort to ensure the products from our European Plant are of high quality in order to strengthen our brand name and

reputation in the international market. Consequently, we have started internal quality examination procedures for our products in our European Plant during the first half of 2012. Externally, we have engaged independent laboratories that are well recognised by the industry players in Europe to carry out quality certification. We believe that our emphasis on quality will help us earn customer confidence and provide a strong selling point for our products. Besides, we have made significant effort to enhance our production process and volume by improving the operation management structure and setting up the systematic training scheme for our local employees.

Production Capacity and Utilisation

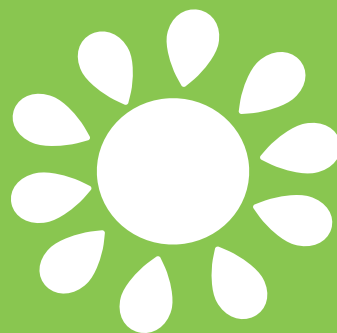
The annual production capacity of our Group was 17.4 billion packs at the end of 2012. The commencement of production of our European Plant in December 2012 has facilitated the growth of our Group's annual production capacity by 4 billion packs for the year of 2012. Furthermore, the third production line in Gaotang is expected to bring an additional annual production capacity of 4 billion packs to the Group in 2013.

Our Group produced approximately 8.6 billion packs during the year ended 31 December 2012. The utilisation rate for the year ended 31 December 2012 was lower than the corresponding period in 2011, which was mainly due to the seasonal effect of the industry. The slowdown of the worldwide economic growth and in particular, the domestic market has also contributed to the decline in the utilisation rate.

Suppliers and Raw Materials

During the year ended 31 December 2012, prices of some raw materials, including liquid paper board, increased due to the inflationary pressure. However, the increase in the cost of raw materials was slower than the increase of the revenue for the year of 2012 compared with the year of 2011. This was mainly contributed by the economy of scale and changes in product mix.

As a significant portion of our raw materials are customised, their prices are generally less volatile than their commodity counterparts. As a result, we managed to contain the increase in these raw materials prices within a reasonable range. Furthermore, we are continuously expanding our supplier base to manage and control the raw materials prices more efficiently.



Sales and Marketing

We sell our aseptic packs and services to leading dairy and NCS D producers across the world, with a primary focus on the PRC and European markets. For the year ended 31 December 2012, we have put more resources to intensify our brand, continuously expanded our customer base in the PRC and continued to grow volume with our key dairy customers.

During the year ended 31 December 2012, our sales and marketing teams have continued international development and new market penetration with success in Oman, Bahrain, Kuwait, Algeria and Tunisia. The geographical expansion is to a large extent as a result of continuous investment in a dedicated sales force as well as in experienced technical service resources.

Our Group has devoted efforts to actively promote tailor-made marketing activities for our customers, and also geared towards supporting the activities of our sales team in the year of 2012. This will ensure our sales team to keep abreast of the industry trends, strengthen interaction with existing customers, cultivate new relationships and build brand awareness.

During the year ended 31 December 2012, we participated in the Anuga FoodTec exhibition in Germany, an international trade fair for food and beverage technology, where we took the opportunity to launch some of our products. Our participation has not only highlighted our corporate image, but also created favourable sales impact in the marketing aspects. Attending the Anuga FoodTec exhibition was a good

Management Discussion and Analysis

opportunity for us to present ourselves on the global stage as a first rate supplier of food and beverages packaging material and an alternative aseptic packaging choice.

FINANCIAL REVIEW

Overview

2012 has been a year that exceeded our expectation, as the overall PRC market growth was slowing down and becoming more competitive. Facing the pressure from inflation and rising market prices of raw materials, we timely adjusted our customer mix and properly controlled the production cost and expenses. As a result, we have achieved a more significant profit during the year 2012 compared to the previous year. We have also attained free cash flow to propose for dividend for the year ended 31 December 2012. Our management is pleased with the financial results and strives towards an even higher target in 2013.

Revenue

We primarily derive revenue from domestic and international sales of aseptic packaging and related services to dairy and NCSD producers. Revenue of our Group increased by 10.8% from RMB1,574.1 million for the year ended 31 December 2011 to RMB1,744.0 million for the year under review. The increase was primarily driven by the increase in demand of the domestic dairy products.

With respect to the domestic segment, our revenue increased by RMB147.0 million, or 10.2%, to RMB1,587.0 million for the year ended 31 December 2012 from RMB1,440.0 million for the year ended 31 December 2011.

With respect to the international segment, our revenue increased by RMB22.9 million, or 17.1%, to RMB157.1 million for the year ended 31 December 2012 from RMB134.1 million for the year ended 31 December 2011.

Our revenue from dairy customers increased by RMB270.6 million, or 19.8%, to RMB1,634.7 million for the year ended 31 December 2012 from RMB1,364.1 million for the year ended 31 December 2011, while our revenue from NCSD customers decreased by RMB100.7 million, or 47.9%, to RMB109.3 million for the year ended 31 December 2012 from RMB210.0 million for the year ended 31 December 2011.

Cost of Sales

Our cost of sales increased by RMB94.5 million, or 8.6%, to RMB1,193.6 million for the year ended 31 December 2012 from

RMB1,099.1 million for the year ended 31 December 2011. The growth in cost of sales was in line with the growth in total sales volume.

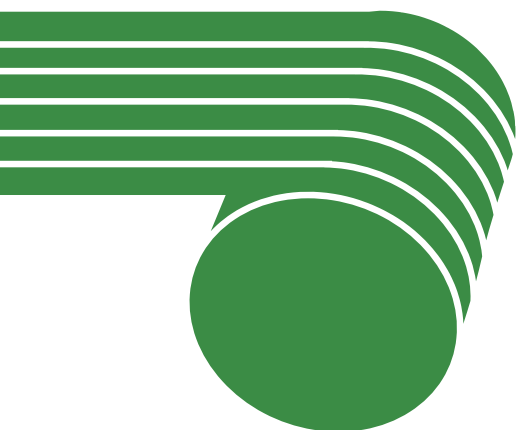
Raw material costs, which make up the largest portion of our cost of production, increased by RMB62.7 million, or 6.3%, to RMB1,052.0 million for the year ended 31 December 2012 from RMB989.3 million for the year ended 31 December 2011. The growth in raw material costs was mainly due to the increase of material consumption.

Gross Profit and Gross Margin

As a result of the foregoing factors, our gross profit increased by RMB75.5 million, or 15.9% from RMB475.0 million for the year ended 31 December 2011 to RMB550.5 million for the year under review. Our gross margin increased by 1.4 percentage points to 31.6% for the year ended 31 December 2012 from 30.2% for the year ended 31 December 2011, primarily due to the increase in revenue from product mix and well managed cost control.

Other Income — net

Our other income — net increased by RMB22.5 million, or 115.4%, to RMB42.0 million for the year ended 31 December 2012 from RMB19.5 million for the year ended 31 December 2011, primarily due to the revenue increase from sales of scrap materials and the decrease in foreign exchange losses.



Distribution Costs

Our distribution costs increased by RMB6.7 million, or 8.3%, to RMB87.2 million for the year ended 31 December 2012 from RMB80.5 million for the year ended 31 December 2011. The increase was primarily due to the increase in advertising and promotion expenses.

Administrative Expenses

Our administrative expenses increased by RMB12.1 million, or 12.6%, to RMB108.2 million for the year ended 31 December 2012 from RMB96.1 million for the year ended 31 December 2011, it was because of the commence production of the European Plant which led to the increase in salary and other administrative expenses.

Taxation

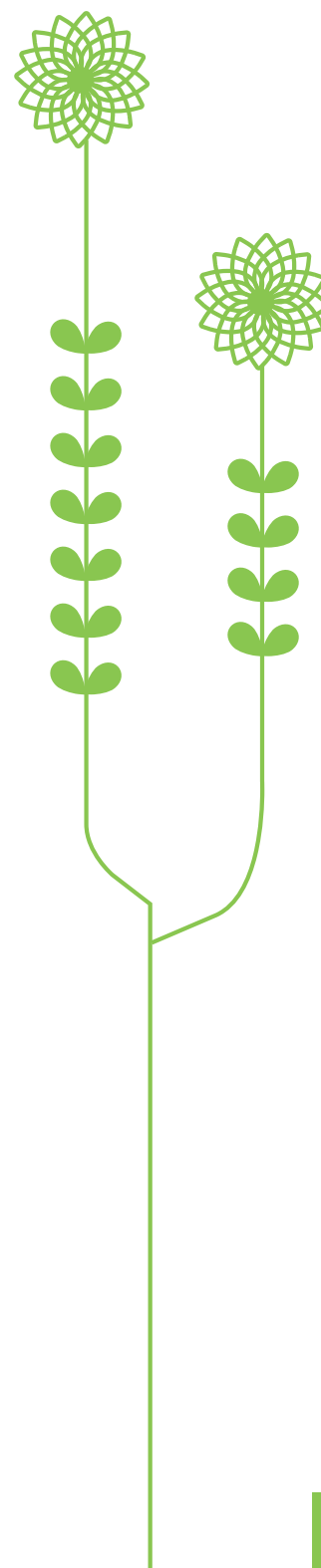
Our tax expenses increased by RMB29.7 million to RMB82.1 million for the year ended 31 December 2012 from RMB52.4 million for the year ended 31 December 2011. Effective tax rate increased by 4.1 percentage points to 20.7% for the year ended 31 December 2012 from 16.6% for the previous financial year.

Profit for the Year and Net Profit Margin

Driven by the factors described above, our net profit increased by RMB51.7 million, or 19.7%, to RMB314.9 million for the year ended 31 December 2012 from RMB263.1 million for the year ended 31 December 2011. Our net profit margin increased by 1.4 percentage points to 18.1% for the year ended 31 December 2012 from 16.7% for the year ended 31 December 2011 primarily due to increase in sales revenue generated from product mix and well managed cost control.

LIQUIDITY AND FINANCIAL RESOURCES

As of 31 December 2012, we had RMB301.1 million (31 December 2011: RMB273.6 million) in cash and bank balances. Our cash and bank balances consist primarily of cash on hand and bank balances which are primarily held in RMB denominated accounts with banks in the PRC.



Management Discussion and Analysis

Analysis of Turnover of Inventories, Trade Receivables and Payables

Our Group's inventories primarily consist of raw materials. Inventory turnover days (inventories/cost of sales) was 127.0 days as at 31 December 2012 as compared to 92.7 days as at 31 December 2011. Turnover days for trade receivables (trade receivables/revenue) decreased from 69.4 days as at 31 December 2011 to 66.6 days as at 31 December 2012. Turnover days for trade payables (trade payables/cost of sales) increased from 28.8 days as at 31 December 2011 to 41.2 days as at 31 December 2012.

Borrowings and Finance Cost

Total borrowings of our Group as at 31 December 2012 were RMB149.6 million (31 December 2011: RMB204.4 million) and denominated in USD and EUR. For the year under review, net finance costs of our Group were approximately RMB0.1 million (31 December 2011: RMB2.3 million).

Gearing Ratio

As at 31 December 2012, the gearing ratio (calculated by dividing total loans and bank borrowings by total equity) of our Group has decreased to 0.08 (31 December 2011: 0.125). It was mainly contributed by the decrease of long-term loan.

Working Capital

Our working capital (calculated as the difference between the current assets and current liabilities) as of 31 December 2012 was RMB733.2 million (31 December 2011: RMB701.2 million).

Foreign Exchange Exposure

Our Group's sales were primarily denominated in RMB. During the year under review, our Group recorded exchange gain of RMB5.6 million (31 December 2011: RMB10.4 million loss).

Capital Expenditure

As at 31 December 2012, our Group's total capital expenditure amounted to approximately RMB270.0 million (31 December 2011: RMB460.0 million), which is used in the construction of our new factory and the acquisition machinery and fittings for the said factory.

Charge on Assets

As at 31 December 2012, our Group neither pledged any property, plant and equipment (2011: RMB86.0 million) nor land use right (2011: RMB1.34 million).



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. Based on the communication with its legal advisor on German law, the Company made its assessment that the Group may prevail in the defence against Tetra Pak's appeal. As at 31 December 2012, the appeal was still under process at the Court in Germany.

In addition, 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 will still be able to appeal before 22 April 2013. Further disclosure will be made as and when appropriate.

HUMAN RESOURCES

As at 31 December 2012, our Group employed approximately 1,143 employees (31 December 2011: 940 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.

CORPORATE SOCIAL RESPONSIBILITY

Our Group has made significant efforts on corporate social responsibility by carrying out audits on all our major suppliers to ensure they adhere to our standards during their manufacturing process and comply with their respective social responsibilities. We continue to implement recycling projects across all of its sites, including the recycling of post-consumer cartons, as well as other indoor and outdoor gardening initiatives designed to achieve recycling in low-cost environmental projects.

As our product is derived mainly from wood, we place strong emphasis when conducting our operations in compliance with the international environmental standards. We want our future generations to be able to enjoy the fruits of our labour and not suffer because of our generations has consumed the resources.

Our aim for the fragile environment is that some day in the future, our business would only be consuming recoverable resources from this earth.



PROSPECTS

The Company has already established its footprint as a leading alternative supplier in the PRC, the world's largest single national and fast growing market for aseptic packaging. Following its international growth strategy in Europe, the world's largest regional market for the aseptic packaging industry, and the expansion of factories to support this growth, our Group is expected to continue to:

- grow our market share with our key customers while broadening customer mix in the PRC market;
- further expand and penetrate international markets;
- strengthen the centralisation of our Group's management functions in order to achieve a more efficient "plug & play" system for future capacity expansion projects in the markets outside the PRC;
- broaden our products mix; and
- continue to optimise products and production processes and accelerate research and development in roll-fed filling machine business.

With respect to our expansion plan, in view of a strong demand for aseptic packs and in order to strengthen our Company's position in the PRC market, we plan to construct new production lines in our Helingeer factory.

Management Discussion and Analysis

In February 2013, we entered into an investment agreement with the local government of Helingeer, Inner Mongolia, the PRC in relation to the expansion of the production capacity of our Helingeer factory. Under the investment agreement, the local government of Helingeer will assist the Company in obtaining additional land for the construction of the expansion, provide assistance in obtaining all regulatory approvals and any other forms of support that the government department could provide, to ensure the smooth and successful expansion of the factory. This investment shall be carried out in multiple phases that include, but not limited to, the construction of aseptic packaging material production line(s) that will systematically adding additional billion(s) packs of capacity. Our Company targets to produce new products in the aseptic area with the production line of phase one, which will enable us to enter a new area of the industry. However, we may possibly adjust the investment plan and project schedule according to the market trend and customer demand which we will constantly monitor closely. Further disclosure of the aforesaid investment will be made in accordance with the Listing Rules as and when appropriate.

We believe that Helingeer is a strategic location for our business because it is situated in the heart of the PRC's largest dairy belt, only few kilometres away from two leading PRC dairy companies.



BOARD OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Bi Hua, Jeff (畢樺)

Mr. Bi Hua, Jeff (畢樺), aged 49, joined the Group as Chief Executive Officer in March 2003 and was appointed as an executive director of the Company (the "Director") on 29 July 2010. He is primarily responsible for our overall business strategy formulation, execution and organisational development. Mr. Bi is also a director of our subsidiaries, namely Partner One Enterprises Limited ("Partner One"), Greatview Holdings Limited ("Greatview Holdings"), Greatview Aseptic Packaging (Shandong) Co. Ltd. ("Shandong Greatview Aseptic"), Greatview Aseptic Packaging (Inner Mongolia) Co. Ltd. ("Inner Mongolia Greatview Aseptic"), Greatview Beijing Trading Co. Ltd. ("Beijing Greatview"), Greatview Aseptic Packaging Europe GmbH, and Greatview Aseptic Packaging Manufacturing GmbH (formerly known as GA Pack Property GmbH and GA Pack Manufacturing GmbH). Mr. Bi has more than 16 years of experience in marketing development in the aseptic packaging industry as well as company management. From 1997 to 2003, he was a sales and marketing manager at a leading aseptic packaging producer. From 1992 to 1997, Mr. Bi was the Greater China manager of Echostar Corporation, a software and service provider for television companies worldwide. Mr. Bi graduated from the University of Denver with a Master of Arts degree in 1991. He did not hold any directorship in other listed public companies in the last three years.

Mr. HONG Gang (洪鋼)

Mr. HONG Gang (洪鋼), aged 54, is our co-founder, Chairman and executive Director. Mr. Hong joined the Group in March 2003 and was appointed as an executive Director on 29 July 2010. He is primarily responsible for the strategic development, as well as supervision of daily marketing and communications of our Group. Mr. Hong is also a director of our subsidiaries, namely Partner One, Greatview Holdings, Shandong Greatview Aseptic, Greatview Beijing Packaging Equipment Co. Ltd., Inner Mongolia Greatview Aseptic, Beijing Greatview, and Greatview Aseptic Packaging Europe GmbH. Mr. Hong has more than 24 years of experience in the packaging industry. From 1993 to 2002, he held various executive positions with a leading aseptic packaging producer. Mr. Hong graduated from Zhejiang University in China with a Bachelor of Science degree in 1982 and obtained a Master of Philosophy (Development Studies) degree from Sussex University in the United Kingdom in 1987. He did not hold any directorship in other listed public companies in the last three years.

Non-executive Directors

Mr. HILDEBRANDT James Henry

Mr. HILDEBRANDT James Henry, aged 53, is a non-executive Director. Mr. Hildebrandt joined the Group on 13 September 2006 and was appointed as a non-executive Director on 29 July 2010. Mr. Hildebrandt is also a director of our subsidiaries, namely Partner One, Greatview Holdings, Shandong Greatview Aseptic, Inner Mongolia Greatview Aseptic, and Beijing Greatview. Mr. Hildebrandt is primarily responsible for the development and monitoring of the overall business strategy of our Group. Mr. Hildebrandt is a managing director of Bain Capital Asia, LLC ("Bain Capital Asia"). Prior to joining Bain Capital Asia in 2005, Mr. Hildebrandt was a partner and director at Bain & Company, helping to establish the Asian offices in China, Southeast Asia, Korea and Australia. Mr. Hildebrandt had regional responsibility for the Asian Private Equity Practice, as well as the China and Southeast Asia Financial Services Practice. Mr. Hildebrandt obtained an MBA from the Leland Stanford Junior University in 1986 and received a Juris Doctor from the University of Toronto in 1983. He did not hold any directorship in other listed public companies in the last three years.

Board of Directors and Senior Management

Mr. ZHU Jia (竺稼)

Mr. ZHU Jia (竺稼), aged 50, is a non-executive Director. Mr. Zhu joined the Group in 2006 and was appointed as a non-executive Director on 29 July 2010. Mr. Zhu is also a director of our subsidiaries, namely Partner One, Greatview Holdings, Shandong Greatview Aseptic, Inner Mongolia Greatview Aseptic, and Beijing Greatview. Mr. Zhu is primarily responsible for the development and monitoring of the overall business strategy of our Group. He is currently a managing director of Bain Capital Asia. From 1996 to 2006, Mr. Zhu was a managing director of Morgan Stanley Asia Limited and the chief executive officer of its China business. Mr. Zhu is currently non-executive director of Clear Media Limited (stock code: 100), SinoMedia Holding Limited (stock code: 623), GOME Electrical Appliances Holding Limited (stock code: 493) and Sunac China Holdings Limited (stock code: 1918), all are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Zhu is also an independent director of Youku.com (a company listed on New York Stock Exchange). Mr. Zhu graduated from Zhengzhou University with a Bachelor of Arts degree in 1982 and obtained a Master of Arts degree from Nanjing University in 1984. He obtained a Juris Doctor Degree from Cornell Law School in 1992. Save as disclosed above, he did not hold any directorship in other listed public companies in the last three years.

Mr. LEE Lap, Danny (李立明)

Mr. LEE Lap, Danny (李立明), aged 40, is a non-executive Director. Mr. Lee joined the Group in 2010 and was appointed as a non-executive Director on 12 October 2010. Mr. Lee is also a director of our subsidiaries, namely Partner One, Shandong Greatview Aseptic, Inner Mongolia Greatview Aseptic and Beijing Greatview. Mr. Lee is primarily responsible for the development and monitoring of the overall business strategy of our Group. Mr. Lee is currently a managing director in the private equity team of Bain Capital Asia, responsible for sourcing and leading the execution of transactions, covering healthcare, chemicals, consumer and retail sectors in the Asia Pacific region. Prior to joining Bain Capital Asia in 2006, Mr. Lee was with the Asian private equity arm and worked with the subsidiaries or affiliates of Sweden's Investor AB since 1998, one of the largest industrial holding companies in the Nordic region. Mr. Lee was a vice president of Investor Asia Limited, which is now known as Investor Growth Capital, a wholly owned venture capital arm of Investor AB, the largest listed industrial holding company in Northern Europe, from September 1998 to June 2000; vice president of imGO Limited, an investment holding company which was formed by among others, Investor AB in 2000 focusing on the emerging wireless communications area in Asia, from 2000 to 2002 and vice president of Investor Asia Limited from 2003 to 2006. From 1995 to mid-1998, Mr. Lee was with Lehman Brothers Investment Banking in New York and Hong Kong. Mr. Lee graduated from Columbia College of Columbia University with a Bachelor of

Arts degree in economics in 1995. Mr. Lee is a Chartered Financial Analyst. He did not hold any directorship in other listed public companies in the last three years.

Ms. SHANG Xiaojun (商曉君)

Ms. SHANG Xiaojun (商曉君), aged 39, is a non-executive Director. Ms. Shang joined the Group in 2005 and was appointed as a non-executive Director on 29 July 2010. Ms. Shang is also a director of our subsidiaries, namely Partner One, Greatview Holdings, Shandong Greatview Aseptic, Inner Mongolia Greatview Aseptic and Beijing Greatview. Ms. Shang is primarily responsible for the development and monitoring of the overall business strategy of our Group. Ms. Shang is currently an executive director of CDH Investments Management (Hong Kong) Limited, an asset management company based in Hong Kong. Prior to becoming an executive director of CDH Investments Management (Hong Kong) Limited on 1 October 2010, Ms. Shang was an executive director of CDH Investment Advisory Private Limited, a private equity fund management company based in Singapore during 2009 to 2010, vice president of CDH Investments Management (Hong Kong) Limited from 2007 to 2009. From 2003 to 2007, Ms. Shang was a vice president of CDH China Management Company Limited. Prior to joining CDH China Management Company Limited in 2003, Ms. Shang was an assistant vice president of GIC Special Investments' Asia Pacific private equity group, focusing on direct investment opportunities in China. From 1997 to 2001, she worked for DBS Land Limited and CapitaLand Residential Limited in the field of business development, strategic

Board of Directors and Senior Management

planning, asset management and corporate planning. Ms. Shang graduated from the National University of Singapore, with a Bachelor of Business Administration degree in 1996 with a first class honour. She currently sits on the board of directors of Guangdong Haid Group Co. Ltd. (002311.SZ), a company which is principally engaged in the business of research and development, production and sale of aquatic feed, livestock feed, poultry feed and pre-mixed aquatic feed in China and Vietnam. She also sits on the board of directors of CNinsure Inc. (CISG NASDAQ), one of the largest independent insurance agencies in the PRC. Ms. Shang was a director of AirMedia Group Inc. (AMCN NASDAQ) since October 2005 as a representative appointed by CDH China Growth Management Company Limited, a financial investor, and resigned from its board in November 2008 after listing of AirMedia Group Inc. in November 2007. Save as disclosed above, she did not hold any directorship in other listed public companies in the last three years.

Independent Non-executive Directors

Mr. LUETH Allen Warren

Mr. LUETH Allen Warren, aged 44, was appointed as an independent non-executive Director on 15 November 2010. Mr. Lueth is primarily responsible for scrutinising and monitoring the performance of the Group. Mr. Lueth is currently an independent director of CNinsure Inc. (CISG-NASDAQ), one of the largest independent insurance agencies in the PRC. Mr. Lueth is also vice president of finance of Cardinal Health China (formerly owned by Zuellig Pharma), a company focused on pharmaceutical distribution. He has worked for such company since 2005, previously in the position of chief financial officer. Previously Mr. Lueth worked for GE Capital from 1998 to 2004 in a variety of roles, including chief financial officer and chief executive officer for the Taiwan operations, and representative for China. Earlier, he served with Coopers & Lybrand as an auditor. Mr. Lueth received his Bachelor of Science in business degree from the University of Minnesota and an MBA degree from the Kellogg School of Management at Northwestern University. Mr. Lueth obtained his certificate as a certified public accountant in 1991 and certified management accountant in 1994. Save as disclosed above, he did not hold any directorship in other listed public companies in the last three years.

Mr. BEHRENS Ernst Hermann

Mr. BEHRENS Ernst Hermann, aged 65, was appointed as an independent non-executive Director on 15 November 2010. Mr. Behrens is primarily responsible for scrutinising and monitoring the performance of our Group. Mr. Behrens is currently a senior adviser on China business of Vermilion Partners Limited which is a private equity and investment advisory firm based in China offering a range of merchant banking and corporate advisory services to leading multinationals, Chinese companies and investors. He is also the chairman of Controlexpert China since 1 Jan 2012. Mr. Behrens was the non-executive

chairman of EADS China from 2007 to 2009 and president and chief executive officer of EADS China from 2005 to 2006. From 1997 to 2004, Mr. Behrens served as president and chief executive officer of Siemens Ltd., China and from 1992 to 1997, he served as president and chief executive officer of Siemens Inc. Philippines. Prior to joining Siemens Inc. Philippines, Mr. Behrens was an executive vice president of Electronic Telephone Systems, Industries Inc., Philippines from 1984 to 1992; a country representative for Siemens in Jepsen and Co. PRC, from 1981 to 1984; a technical and administration manager of Nixdorf Computers, Hong Kong from 1976 to 1981; head of filed engineering of Nixdorf Computers, Germany from 1972 to 1976 and an electronics engineer of German Naval Air Force, Germany from 1968 to 1971. Mr. Behrens was the chairman of the Executive Committee of Foreign Investment Companies (ECIFC) in China from 2002 to 2005; president of European Union Chamber of Commerce in China from 2002 to 2004; president of German Chamber of Commerce in China from 1999 to 2001; president of European Chamber of Commerce in Philippines from 1995 to 1997 and its treasurer from 1993 to 1994. Mr. Behrens was honoured by Beijing Municipality with the Great Wall Friendship Award in 2004; awarded by Shanghai Municipality with the Magnolia Award Gold level in 2003 and decorated by the German government with the cross of the Order of Merit in 1993. Mr. Behrens was appointed as an independent

Board of Directors and Senior Management

non-executive director by Deutsche Bank (China) Co. Ltd. and a non-executive director by Nordex (Beijing) Wind Power Engineering & Technology Co. in the first half year of 2011. He did not hold any directorship in other listed public companies in the last three years.

Mr. CHEN Weishu (陳偉恕)

Mr. CHEN Weishu (陳偉恕), aged 66, was appointed as an independent non-executive Director on 15 November 2010. Mr. Chen is primarily responsible for scrutinising and monitoring the performance of our Group. Mr. Chen is the consultant member of Shanghai Pudong Development Bank, independent director of The Royal Bank of Scotland (China) Co. Ltd., and Suzhou Trust Co. Ltd., and also chairman of Academy for World Watch. He served various positions including secretary general of the Research Centre for Economics of Fudan University, deputy head of world economics department and professor and head of international finance department, and also executive director and vice president of Shanghai Pudong Development Bank, CEO and deputy chairman of Shanghai Industrial Holdings Ltd., chairman of Shanghai Industrial Development Co. Ltd., vice chairman of Shanghai Industrial Investment (Holdings) Co. Ltd., independent director of Shanghai International Port (Group) Co., Ltd. (SSE: 600018), and independent director of Deluxe Family Co., Ltd. (SSE: 600503). He has more than 48 years of experience in the areas of economics, financial research and banking, and corporate management. Mr. Chen graduated from Fudan University with a master degree in economics. Save as disclosed above, he did not hold any directorship in other listed public companies in the last three years.

SENIOR MANAGEMENT

Mr. CHANG Fuquan (常福泉)

Mr. CHANG Fuquan (常福泉), aged 55, is our Chief Financial Officer and one of our joint company secretaries. Mr. Chang joined our Group in June 2005. He is primarily responsible for the overall accounting, financial management and treasury of our Group. Mr. Chang has over 24 years of experience in financial management. Prior to joining us, Mr. Chang was the chief finance officer of Fujian Nanping Nanfu Battery Co., Ltd. from 2002 to 2005, the finance controller of John Deere Jialian Harvester Co. Ltd. from 1999 to 2001, the deputy finance controller of China Automotive Components Corporation from 1997 to 1999, the chief financial officer of San Miguel Bada (Baoding) Brewery Co., Ltd. from 1995 to 1996 and the financial director of China Enterprise Culture Group from 1992 to 1994. Mr. Chang has also worked as the financial supervisor at 北京麥當勞食品有限公司 (Beijing McDonald's Food Co Ltd.) from 1994 to 1995, and as an accountant in each of Bohai Oil Corporation and Oil Drilling Service Co, both being subsidiaries of China National Offshore Oil Corporation from 1985 to 1992. Mr. Chang graduated from Xiamen University in the PRC in 1985, major in International Accounting. He completed a Master of Accounting Class in Xiamen University in the PRC in 1998.

Mr. CHEN Guining (陳桂寧)

Mr. CHEN Guining (陳桂寧), aged 57, is our Chief Technical Officer. Mr. Chen joined our Group in May 2003. He is primarily responsible for aseptic packaging filling line production and maintenance. Mr. Chen has over 21 years of experience in the aseptic packaging industry. Prior to joining us, Mr. Chen was a technical service engineer of a leading aseptic packaging materials producer from 1988 to 2001 and its field service manager from 2001 to 2003, respectively. Mr. Chen graduated from the Beijing Open University with a Bachelor of Science in Machinery Science in 1983.

Mr. GROSSENBACHER Pierre Michel Edmond

Mr. GROSSENBACHER Pierre Michel Edmond, aged 70, is our Senior Converting Advisor. Mr. Gossenbacher joined our Group on 5 May 2003. He is primarily responsible for converting, production, quality, organisational and technical advice. Mr. Gossenbacher has over 32 years of experience in the aseptic liquid food packaging industry. Mr. Gossenbacher obtained a Diploma in Physics Engineering from the Swiss Polytechnic University in Lausanne, Switzerland in 1966. From 1966 to 1969, he was working in Sweden in a window glass industry, in charge of laboratory and improvement of Quality. From 1969 to 1973, he was working in R+D Department of a major Swiss Aluminum Industry, developing Special Ceramics (Oxides,

Board of Directors and Senior Management

Carbides, Borides, etc.). Later, from 1973 to 1974, he was working as Production Manager in Synthetic Stones production. Mr. Grossenbacher was with a leading aseptic international provider of packaging systems for dairy and liquid food industry from 1975 to 1998, in Switzerland and China. From 1998 to 2002, Mr. Grossenbacher was the General Manager of China operations at a leading international provider of packaging systems for dairy and liquid food industry.

Mr. LAN Qintang (籃欽棠)

Mr. LAN Qintang (籃欽棠), aged 55, is our Converting Director. Mr. Lan, joined our Group in April 2012, is responsible for all converting plants in the Group. Mr. Lan has 25 years of experience in converting of aseptic packaging material industry. Before joining the Group, he had been working as factory director in Great China area at a leading aseptic packaging producer. Mr. Lan graduated from Si Xin University in Taiwan, majored in Printing Engineering.

Mr. LIU Jun (劉鈞)

Mr. LIU Jun (劉鈞), aged 51, is our Chief Operating Officer. Mr. Liu joined our Group in October 2009. He is primarily responsible for management and operations. Mr. Liu has nearly 21 years of experience in management and technology, including many years in high-tech industries. Mr. Liu was the general manager of the China branch of an international process control product producer for the semiconductor, mask, and related industries from 2006 to 2009. Prior to joining the aforesaid company, Mr. Liu was with an international producer of chemical vapour deposition (CVD), physical vapour deposition (PVD), electrochemical deposition (ECD), and surface preparation equipment used in the manufacturing of semiconductors. Mr. Liu graduated from Peking University in the PRC with a Bachelor of Science in Physics in 1983. He obtained a Doctor of Philosophy (Ph.D) in Materials Science and Applied Physics from Cornell University in 1992 and an Executive MBA from the China Europe International Business School in the PRC in 2008.

Mr. YANG Jiuxian (楊久賢)

Mr. YANG Jiuxian (楊久賢) aged 49, is our Sales Director. Mr. Yang joined our Group in September 2003. He is primarily responsible for domestic sales. Mr. Yang has over 14 years of experience in dairy industry management and sales. Mr. Yang was the general manager of NIUMAMA Dairy Co., Ltd. in 2003. Prior to joining NIUMAMA Dairy Co., Ltd., Mr. Yang was a key account manager of Northeast China and Inner Mongolia for a leading aseptic packaging materials producer in Beijing from 2000 to 2003 and a key account manager of six provinces in southwest China for the aforesaid company's Shanghai office from 1998 to 2000. Mr. Yang graduated from the Beijing Union University with a Bachelor of Chinese Language and Literature degree in 1986.

REPORT OF THE DIRECTORS

The Board presents its report together with the audited financial statements of the Company and the Group for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES

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

RESULTS

The results of the Group for the year ended 31 December 2012 are set out in the consolidated income statement.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2012, the aggregate purchases attributable to the Group's largest supplier and the five largest suppliers in aggregate accounted for 47.0% and 76.9% respectively of the Group's total purchases for the year. Revenue attributable to the Group's largest customer and the five largest customers in aggregate accounted for 35.3% and 74.8% respectively of the Group's total revenue for the year.

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year are set out in note 6 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 12 to the consolidated financial statements.

RESERVES

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

As at 31 December 2012, the Company had reserves available for distribution of RMB724.1 million (2011: RMB728.9 million).

Report of the Directors

DIRECTORS

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

Executive Directors

Mr. BI Hua, Jeff
Mr. HONG Gang

Non-Executive Directors

Mr. HILDEBRANDT James Henry
Mr. ZHU Jia
Mr. LEE Lap, Danny
Mr. LEW Kiang Hua
(resigned on 28 December 2012)
Ms. SHANG Xiaojun

Independent Non-Executive Directors

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

Mr. HONG Gang, Mr. LEE Lap, Danny and Mr. CHEN Weishu will retire from office as Directors by rotation at the forthcoming annual general meeting. All of them, being eligible, will offer themselves for re-election pursuant to the Articles of Association of the Company (the "Articles").

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 19 to 23 of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

Report of the Directors

DIRECTORS' SERVICE CONTRACT

Each of the executive Directors and non-executive Directors has renewed his/her service contract with the Company for a term of two years commencing from 9 December 2012 unless terminated by not less than three months' notice in writing served by either party on the other.

Save for Mr. LUETH Allen Warren who has renewed the letter of appointment with the Company for a term of one year and effective from 9 December 2012, each of the independent non-executive Directors has renewed the letter of appointment with the Company for a term of two years unless terminated by not less than three months' notice in writing served by either party on the other.

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

EMOLUMENT POLICY

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

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

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

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

Report of the Directors

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

As at 31 December 2012, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) are as follows:

Interests and short position in the shares of the Company (the “Shares”) and underlying Shares

Name of Director/Chief Executive	No. of Shares	Notes	Capacity	Nature of interest	Percentage of total number of Shares in issue (%) (Note 5)
Hong Gang	159,489,234	1	Founder of a discretionary trust	Long position	11.96
	86,961,966	2	Interest of controlled corporation	Long position	6.52
	13,838,000	3	Interest of controlled corporation	Long position	1.04
	11,831,560	4	Founder of a discretionary trust	Long position	0.89
Total Long position	272,120,760				20.41
	8,784,000	3	Interest of controlled corporation	Short position	0.66
	14,820,000	1	Founder of a discretionary trust	Short position	1.11
Total Short position	23,604,000				1.77

Notes:

- Wiseland Holdings Ltd. (“Wiseland”) has a direct interest in 129,489,234 Shares and an earn out arrangement with Bain Capital TP Holdings, L.P. (“Bain Capital”) for an additional 30,000,000 Shares (the “Bain Capital Earn Out Arrangement”). Therefore, Wiseland is interested in an aggregate of 159,489,234 Shares. Wiseland in return agreed to transfer 14,820,000 Shares to Phanron Holdings Limited (“Phanron”), Hillma Global Limited, Goldmap Investment Limited, Parview Development Limited (“Parview”), J. Schwartz Ltd and Wallson Investment Limited if it obtains the Shares from the Bain Capital Earn Out Arrangement (the “Wiseland Earn Out Arrangement”). Therefore, Wiseland has a short position in 14,820,000 Shares. Fosing Limited (“Fosing”), is interested in the same 159,489,234 Shares and short position in 14,820,000 Shares by virtue of its 41.90% interest in Wiseland. Fosing is wholly-owned by one of the two discretionary trusts, which are discretionary trusts established for the benefit of senior management of our Group and their respective issue (the “SM Trusts”). Hong Gang is a settler of the SM Trusts and therefore is deemed to be interested in the same 159,489,234 Shares and short position in 14,820,000 Shares.

Report of the Directors

- (2) Phanron is wholly-owned by Hong Gang and he is therefore deemed to be interested in the 86,961,966 Shares held by Phanron.
- (3) Liwei Holdings (PTC) Limited ("Liwei") is 50% owned by each of Hong Gang and Gao Wei. Therefore, Hong Gang and Gao Wei are deemed to be interested in all of the underlying Shares to be issued pursuant to the options granted to Liwei under the pre-IPO share option scheme of the Company (the "Pre-IPO Share Option Scheme").

On 22 January 2010, 22,000,000 options were granted to Liwei under the Pre-IPO Share Option Scheme. On 17 March 2011, 284 employees were granted (by way of transfer) by Liwei the rights to subscribe for up to 20,010,000 Shares under the Pre-IPO Share Option Scheme upon vesting of their option. On 1 September 2011 and 1 June 2012, 3,546,000 options and 4,616,000 options were vested respectively. As at 31 December 2012, 695,000 options were lapsed after vesting, while 3,064,000 share options were lapsed before the vesting period which were taken back by Liwei, and none of the options has been exercised under the Pre-IPO Share Option Scheme.

Liwei is therefore deemed to be interested in 13,838,000 Shares in a long position and have a short position in respect of the potential obligation to deliver 8,784,000 Shares.

- (4) Parview has a direct interest in 10,631,560 Shares and an additional 1,200,000 Shares from the Wiseland Earn Out Arrangement. Therefore, Parview is interested in an aggregate of 11,831,560 Shares. Parview is wholly-owned by one of the SM Trusts, whereby Hong Gang is a settler of the SM Trusts and therefore is deemed to be interested in the same 11,831,560 Shares.
- (5) There were 1,333,600,000 Shares in issue as at 31 December 2012.

Save as disclosed above, as at 31 December 2012, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Report of the Directors

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

As at 31 December 2012, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Interests and short position in the Shares and underlying Shares:

Name of Substantial Shareholder	No. of Shares	Notes	Capacity	Nature of interest	Percentage of total number of Shares in issue (%) (Note 10)
Bain Capital Investors, LLC	284,296,300	1	Interest of controlled corporation	Long position	21.32
	30,000,000	1	Interest of controlled corporation	Short position	2.25
CDH China Growth Capital Fund II, L.P.	215,104,700	2	Interest of controlled corporation	Long position	16.13
CDH China Growth Capital Holdings Company Limited	215,104,700	2	Interest of controlled corporation	Long position	16.13
CDH Packaging Limited	215,104,700	2	Beneficial owner	Long position	16.13
China Diamond Holdings Company Limited	215,104,700	2	Interest of controlled corporation	Long position	16.13
China Diamond Holdings II, L.P.	215,104,700	2	Interest of controlled corporation	Long position	16.13
Madam Xu Zhen	272,120,760	3	Interest of spouse	Long position	20.41
	23,604,000	3	Interest of spouse	Short position	1.77
Gao Wei	159,489,234	4	Founder of a discretionary trust	Long position	11.96
	221,000	5	Beneficial owner	Long position	0.02
	13,838,000	6	Interest of controlled corporation	Long position	1.04
	11,831,560	7	Founder of a discretionary trust	Long position	0.89
Total Long position	<u>185,379,794</u>				<u>13.91</u>
	8,784,000	6	Interest of controlled corporation	Short position	0.66
	<u>14,820,000</u>	5	Founder of a discretionary trust	Short position	<u>1.11</u>
Total Short position	<u>23,604,000</u>				<u>1.77</u>
Madam Wang Wei	185,379,794	8	Interest of spouse	Long position	13.91
	23,604,000	8	Interest of spouse	Short position	1.77
Fosing Limited (復昇有限公司)	159,489,234	4	Interest of controlled corporation	Long position	11.96
	14,820,000	4	Interest of controlled corporation	Short position	1.11
Foxing Development Limited	159,489,234	4	Interest of controlled corporation	Long position	11.96
	14,820,000	4	Interest of controlled corporation	Short position	1.11
Wiseland Holdings Ltd	159,489,234	4	Beneficial owner	Long position	11.96
	14,820,000	4	Beneficial owner	Short position	1.11
Phanron Holdings Limited	86,961,966	9	Beneficial owner	Long position	6.52
The Capital Group Companies, Inc.	67,933,000		Interest of controlled corporation	Long position	5.09

Report of the Directors

Notes:

- (1) Bain Capital Investors, LLC is deemed to be interested in 284,296,300 Shares as at 31 December 2012 by virtue of its wholly-owned subsidiary's, Bain Capital, interest in 284,296,300 Shares. The short position in 30,000,000 Shares are subject to the Bain Capital Earn Out Arrangement, whereby such Shares will be transferred to Wiseland if the conditions for the Bain Capital Earn Out Arrangement are fulfilled. Bain Capital is therefore deemed to have a short position in respect of the potential obligation to deliver the 30,000,000 Shares.
- (2) CDH Packaging Limited, is a wholly-owned subsidiary of CDH China Growth Capital Fund II, L.P.. The general partner of CDH China Growth Capital Fund II, L.P. is CDH China Growth Capital Holdings Company Limited. China Diamond Holdings II, L.P. is the holding company of CDH China Growth Capital Holdings Company Limited, and China Diamond Holdings Company Limited is the general partner of China Diamond Holdings II, L.P.. Each of CDH China Growth Capital Fund II, L.P., CDH China Growth Capital Holdings Company Limited, China Diamond Holdings II, L.P. and China Diamond Holdings Company Limited is deemed to be interested in the Shares held by CDH Packaging Limited. The interest in 215,104,700 Shares by these companies relates to the same block of Shares.
- (3) Madam Xu Zhen is interested in a long position of 272,120,760 Shares and short position in 23,604,000 Shares by virtue of her being the spouse of Hong Gang.
- (4) Wiseland has a direct interest in 129,489,234 Shares and an additional 30,000,000 Shares from the Bain Capital Earn Out Arrangement. Therefore, Wiseland is interested in an aggregate of 159,489,234 Shares. Wiseland has a short position in 14,820,000 Shares under the Wiseland Earn Out Arrangement. Foxing Development Limited ("Foxing") and Fosing are interested in the 58.10% and 41.90% of Wiseland, respectively, and therefore are interested in the same 159,489,234 Shares and a short position in 14,820,000 Shares. Gao Wei is the founder of the trust that wholly owns Foxing and also one of the settlers of the SM Trusts holding Fosing. Gao Wei therefore is deemed to be interested in the same 159,489,234 Shares and a short position in 14,820,000 Shares. The interest in 159,489,234 Shares and a short position in 14,820,000 Shares relates to the same block of Shares.
- (5) Gao Wei has acquired 221,000 Shares by cash consideration in the year of 2012.
- (6) Liwei is 50% owned by each of Hong Gang and Gao Wei. Therefore, Hong Gang and Gao Wei are deemed to be interested in all of the underlying Shares to be issued pursuant to the options granted to Liwei under the Pre-IPO Share Option Scheme.

On 22 January 2010, 22,000,000 options were granted to Liwei under the Pre-IPO Share Option Scheme. On 17 March 2011, 284 employees were granted (by way of transfer) by Liwei the rights to subscribe for up to 20,010,000 Shares under the Pre-IPO Share Option Scheme upon vesting of their option. On 1 September 2011 and 1 June 2012, 3,546,000 options and 4,616,000 options were vested respectively. As at 31 December 2012, 695,000 options were lapsed after vesting, while 3,064,000 share options were lapsed before the vesting period which were taken back by Liwei, and none of the options has been exercised under the Pre-IPO Share Option Scheme.

Liwei is therefore deemed to be interested 13,838,000 Shares in a long position and have a short position in respect of the potential obligation to deliver 8,784,000 Shares.
- (7) Parview has a direct interest in 10,631,560 Shares and an additional 1,200,000 Shares from the Wiseland Earn Out Arrangement. Therefore, Parview is interested in an aggregate of 11,831,560 Shares. Parview is wholly-owned by one of the SM Trusts, whereby Gao Wei is a settler of the SM Trusts and therefore is interested in the same 11,831,560 Shares.
- (8) Madam Wang Wei is interested in a long position of 185,379,794 Shares and a short position of 23,604,000 Shares by virtue of her being the spouse of Gao Wei.
- (9) Phanron is interested in 78,141,966 Shares and 8,820,000 Shares under the Wiseland Earn Out Arrangement if the Bain Capital Earn Out Arrangement is fulfilled.
- (10) There were 1,333,600,000 Shares in issue as at 31 December 2012.

Save as disclosed above, and as at 31 December 2012, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

Report of the Directors

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party, and in which a Director was materially interested, whether directly or indirectly, subsisted at any time during the year or at the year ended 31 December 2012.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

CONNECTED TRANSACTIONS

During the year ended 31 December 2012, there was no connected transaction or continuing connected transaction of the Company under Chapter 14A of the Listing Rules which is required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules. Details of the significant related party transactions undertaken in the usual course of business are set out in note 32 to the consolidated financial statements. None of these related party transactions constitutes a discloseable connected transaction as defined under the Listing Rules.

PURCHASE, SALES OR REDEMPTION OF THE SHARES

During the year ended 31 December 2012, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year ended 31 December 2012, there was no material acquisition and disposal of subsidiaries and associated companies by the Company.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

During the year ended 31 December 2012, the Directors were not aware of any business or interest of the Directors or any substantial shareholder (as defined under the Listing Rules) of the Company and their respective associates that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2012 are set out in note 18 to the consolidated financial statements.

Report of the Directors

RETIREMENT SCHEMES

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

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in Appendix 10 — Model Code for Securities Transactions by Directors of Listed Issuer under the Listing Rules. Specific enquiry has been made of all the Directors and the Directors have confirmed that they had complied with such code of conduct during the year ended 31 December 2012.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2012.

SHARE OPTION SCHEMES

Pre-IPO Share Option Scheme

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

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

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

Name of grantees	Notes	Date of grant/ vesting	Exercise period	Exercise price (HK\$)	Pre-IPO Options outstanding as at 1 January 2012	Pre-IPO Options vested during the year	Pre-IPO Options exercised during the year	Pre-IPO Options cancelled/ lapsed during the year	Pre-IPO Options outstanding as at 31 December 2012
Liwei	1	22/01/2010	09/12/2010–22/11/2020	4.30	18,454,000	(4,616,000)	—	—	13,838,000
Employees in aggregate	2	01/09/2011 and 01/06/2012	01/09/2011–01/06/2014	4.30	3,492,000	4,616,000	—	(641,000)	7,467,000
Total					21,946,000	—	—	(641,000)	21,305,000

Report of the Directors

Notes:

1. The Board approved Liwei to grant (by way of transfer) the Pre-IPO Options on 17 March 2011. Pursuant to the Pre-IPO Option Scheme, 284 employees were granted the Pre-IPO Options to subscribe for up to 20,010,000 Shares. Such 20,010,000 Pre-IPO Options will only be transferred to the employees upon vesting. The Pre-IPO Options vested/will vest in four instalments on 1 September 2011, 1 June 2012, 1 June 2013, and 1 June 2014.
2. During the year ended 31 December 2012, 4,616,000 Pre-IPO Options were vested, of which 641,000 Pre-IPO Options were lapsed after vesting.

Share Option Scheme

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

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

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

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

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

No option has been granted pursuant to the Share Option Scheme during the year ended 31 December 2012.

Report of the Directors

USE OF PROCEEDS FROM THE LISTING

The Company was listed on the Main Board of the Stock Exchange on 9 December 2010. The estimated net proceeds from the Company's issue of new shares, after deducting underwriting commission and estimated expenses payable by it in connection with Hong Kong public offering and international offering, amounted to approximately HK\$895.0 million. As at the date of this report, the Directors are not aware of any material change to the planned use of proceeds as stated in the section headed "Future Plans and Use of Proceeds" in the prospectus issued by the Company on 26 November 2010.

PUBLIC FLOAT

During the year ended 31 December 2012, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

PRE-EMPTIVE RIGHT

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

DIVIDEND

The Board has resolved to declare a final dividend of HK\$0.1 per share (2011:Nil), amounting to a total of approximately HK\$133.4 million (2011:Nil) for the year ended 31 December 2012 which shall be payable on or about Friday, 28 June 2013 to shareholders whose names appear on the register of members of the Company on Friday, 21 June 2013.

AUDITORS

PricewaterhouseCoopers has acted as auditors of the Company for the year ended 31 December 2012.

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

On behalf of the Board

Mr. HONG Gang

Chairman

Beijing, the PRC, 28 March 2013

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this corporate governance report in the annual report of the Company for the year ended 31 December 2012.

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the Code on Corporate Governance Practices (effective until 31 March 2012) (the “Code”) and Corporate Governance Code (effective from 1 April 2012) (the “Revised Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Company has applied the principles and complied with all code provisions of the Code and the Revised Code during the year ended 31 December 2012 except for the following deviation:

Paragraph A.6.7 of the Revised Code requires that the independent non-executive directors of the Company (the “Directors”) and the non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. However, non-executive Directors Mr. LEW Kiang Hua (subsequently resigned on 28 December 2012) and Mr. HILDEBRANDT James Henry; and independent non-executive Directors Mr. CHEN Weishu and Mr. BEHRENS Ernst Hermann did not attend the annual general meeting of the Company held on 30 May 2012 as they had overseas engagements.

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 2012:

- (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 monitor 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 Code, the Revised 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 Revised Code.

BUSINESS MODEL AND STRATEGY

Our mission is to create and add value to the liquid food industry and benefit consumers around the world. We committed to provide to our customers with customized, high quality and competitively priced products. The Group always endeavours to enhance its enterprise value, ensure the Company’s long-term and stable development and benefit its shareholders and other stakeholders. These were demonstrated by putting resources on innovation and research and development in order to continue improving the quality of products and services. The discussion and analysis of the Group’s performance for the year ended 31 December 2012 are set out on page 12 under Management Discussion and Analysis.

Corporate Governance Report

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") (together, the "Board Committees"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

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

Board Composition

During the year ended 31 December 2012, the Board comprises ten members, consisting of two executive Directors, five non-executive Directors and three independent non-executive Directors.

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

The Board comprises the following Directors:

Executive Directors:

Mr. HONG Gang (*Chairman*)

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

Non-executive Directors:

Mr. HILDEBRANDT James Henry

Mr. ZHU Jia

Mr. LEE Lap, Danny

Mr. LEW Kiang Hua (resigned on 28 December 2012)

Ms. SHANG Xiaojun

Independent non-executive Directors:

Mr. LUETH Allen Warren

Mr. BEHRENS Ernst Hermann

Mr. CHEN Weishu

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

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

Corporate Governance Report

During the year of 2012 and up to the date of this annual report, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise. The independent non-executive Directors have represented at least one-third of the Board since 28 December 2012, which complies with the new Rule 3.10A of the Listing Rules.

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

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

Chairman and Chief Executive Officer

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

Appointment and Re-Election of Directors

All of the Directors (save for our independent non-executive Director, Mr. LUETH Allen Warren) were re-appointed for a term of two years commencing from 9 December 2012, which are terminable by not less than three months' notice in writing and are subject to retirement in accordance with the Articles. Mr. LUETH Allen Warren was re-appointed for a term of one year commencing from 9 December 2012, terminable by not less than three months' written notice and is subject to retirement in accordance with the Articles.

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

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

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

Corporate Governance Report

Nomination Committee

The Nomination Committee comprises three members, namely Mr. HONG Gang (chairman of the Nomination Committee), Mr. BEHRENS Ernst Hermann and Mr. CHEN Weishu, the majority of them are independent non-executive Directors. Pursuant to a resolution of the Board passed on 28 March 2012, Mr. BI Hua, Jeff resigned as a chairman and member and Mr. HONG Gang has been appointed as the chairman of the Nomination Committee.

The following is a summary of work performed by the Nomination Committee during the year ended 31 December 2012:

- (1) reviewed the structure, size and composition of the Board, reviewed the Company's policies on nomination of Directors and make recommendations regarding any proposed changes such as the appointment of Mr. Hong Gang as the chairman of the Nomination Committee;
- (2) identified suitable candidates for appointment as Directors;
- (3) made recommendations to the Board on appointment or re-appointment of and succession planning for Directors; and
- (4) assessed the independence of independent non-executive Directors.

There were two meetings of the Nomination Committee held during the year ended 31 December 2012. The attendance records of each member of the Nomination Committee are set out below:

Members	Attendance/Number of meetings held
Mr. Hong Gang (<i>Chairman</i>)	2/2
Mr. BEHRENS Ernst Hermann	2/2
Mr. CHEN Weishu	2/2

In accordance with the Articles, Mr. HONG Gang, Mr. LEE Lap, Danny and Mr. CHEN Weishu shall retire by rotation and being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

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

The Company's circular dated 26 April 2013 contains detailed information of the retiring Directors standing for re-election.

Induction and Continuing Development of Directors

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

Pursuant to Provision A.6.5 of the Revised Code which became effective from 1 April 2012, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

Corporate Governance Report

During the year ended 31 December 2012 and up to the date of this report, all Directors namely Mr. BI Hua, Jeff, Mr. HONG Gang, Mr. HILDEBRANDT James Henry, Mr. ZHU Jia, Mr. LEE Lap, Danny, Mr. LEW Kiang Hua (resigned on 28 December 2012), Ms. SHANG Xiaojun, Mr. LUETH Allen Warren, Mr. BEHRENS Ernst Hermann and Mr. CHEN Weishu have participated in continuous professional development by attending training courses or external seminars to develop and refresh their knowledge and skills in relation to their contribution to the Board.

Board Meetings

Board Practices and Conduct of Meetings

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

Certain regular Board meetings held during the year ended 31 December 2012 were convened with at least 14 days' notice. The Company adopted a flexible approach in convening Board meetings and ensuring that sufficient time and adequate information were given to Directors in advance.

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

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

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

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

Corporate Governance Report

Directors' Attendance Records

There were six Board meetings and one general meeting held during the year ended 31 December 2012. The attendance records of each Director at the Board meetings and general meeting during the year of 2012 are set out below:

Name of Director	Attendance/Number of meetings held	
	General meeting	Board meeting
<i>Executive Directors</i>		
Mr. BI Hua, Jeff	1/1	6/6
Mr. HONG Gang	1/1	6/6
<i>Non-Executive Directors</i>		
Mr. HILDEBRANDT James Henry	0/1	6/6
Mr. ZHU Jia	1/1	6/6
Mr. LEE Lap, Danny	1/1	6/6
Mr. LEW Kiang Hua (resigned on 28 December 2012)	0/1	6/6
Ms. SHANG Xiaojun	1/1	6/6
<i>Independent Non-Executive Directors</i>		
Mr. LUETH Allen Warren	1/1	6/6
Mr. BEHRENS Ernst Hermann	0/1	6/6
Mr. CHEN Weishu	0/1	6/6

Model Code for Securities Transactions

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 the Directors have confirmed that they have complied with required standards as set out in the Model Code throughout the year ended 31 December 2012.

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 Model Code was noted by the Company during the year ended 31 December 2012.

Corporate Governance Report

Delegation by the Board

The Board reserves for its decision on all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. All Directors have full and timely access to all relevant information as well as the advice and services of the joint company secretaries, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director may seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

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

The Board has established three committees, namely, the Nomination Committee, Remuneration Committee and Audit Committee, for overseeing particular aspects of the Company's affairs. All Board Committees of the Company are established with defined written terms of reference which are available on both our website and the website of the Stock Exchange.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

The Remuneration Committee comprises five members, namely, Mr. CHEN Weishu (chairman of the Remuneration Committee), Mr. BI Hua, Jeff, Mr. ZHU Jia, Mr. LUETH Allen Warren and Mr. BEHRENS Ernst Hermann. The majority of the Remuneration Committee are the independent non-executive Directors which complied with the Rule 3.25 of the Listing Rules. Pursuant to a resolution of the Board passed on 28 March 2012, Mr. CHEN Weishu has been appointed as the chairman of the Remuneration Committee and Mr. ZHU Jia resigned as chairman but remained as member of the Remuneration Committee.

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

The following is a summary of work performed by the Remuneration Committee during the year ended 31 December 2012:

1. Assessed performance, reviewed and approved the remuneration packages (including year-end bonuses) and service contracts of executive Directors and senior management; and
2. Reviewed the remuneration of non-executive Directors and made proposal regarding Director's fees to the Board for shareholder approval at the 2012 annual general meeting.

Corporate Governance Report

There was one meeting of the Remuneration Committee held during the year ended 31 December 2012. The attendance records of each member of the Remuneration Committee are set out below:

Members	Attendance/Number of meetings held
Mr. CHEN Weishu (<i>Chairman</i>) (appointed as Chairman on 28 March 2012)	1/1
Mr. ZHU Jia (resigned as Chairman on 28 March 2012)	1/1
Mr. BI Hua, Jeff	1/1
Mr. LUETH Allen Warren	1/1
Mr. BEHRENS Ernst Hermann	1/1

The remuneration of the Directors has been disclosed in note 24 to the consolidated financial statements. For the remuneration of the six senior management, 4 of them fall within the band from RMB500,000 to RMB1,000,000 and the remaining 2 of them fall within the band from RMB1,000,000 to RMB1,500,000.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2012.

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

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

Internal Control

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

The Board has conducted a review of the effectiveness of the internal control system of the Company covering all material controls, including financial, operational and compliance controls, risk management functions, the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget during the year ended 31 December 2012.

Audit Committee

The Audit Committee comprises all three independent non-executive Directors namely, Mr. LUETH Allen Warren (chairman of the Audit Committee), Mr. BEHRENS Ernst Hermann and Mr. CHEN Weishu. In compliance with Rule 3.21 of the Listing Rules, Mr. LUETH Allen Warren possesses the appropriate professional qualifications or accounting or related financial management expertise. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include the following:

- To review the financial statements, reports and accounts and consider any significant or unusual items that are or may need to be reflected in the reports and accounts before submission to the Board

Corporate Governance Report

- To review and monitor the external auditor's independence and objectivity, to approve their remuneration and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditors
- To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures

During the year of 2012 and up to the date of this annual report, the Audit Committee reviewed the Group's interim results and interim report for the six months ended 30 June 2012, the annual results and annual report for the year ended 31 December 2012, the financial reporting and compliance procedures, the Company's internal control and risk management systems and processes, and the re-appointment of the external auditors.

The Audit Committee held three meetings during the year of 2012, the attendance records of each member of the Audit Committee are set out below:

Members	Attendance/Number of meetings held
Mr. LUETH Allen Warren (<i>Chairman</i>)	3/3
Mr. BEHRENS Ernst Hermann	3/3
Mr. CHEN Weishu	3/3

External Auditors and Auditors' Remuneration

The statement of the external auditors of the Company about their reporting responsibilities for the financial statements is set out in the "Independent Auditor's Report" on page 45.

Annual audit fees of the financial statements of the Group for the year ended 31 December 2012 payable to the external auditors are approximately RMB2.0 million (2011: RMB1.86 million). In addition, approximately RMB0.08 million (2011: RMB0.32 million) was incurred for other non-audit services.

COMPANY SECRETARY

The Company engages Ms. MA Sau Kuen, Gloria, director of KCS Hong Kong Limited, as one of its joint company secretaries. Her primary corporate contact person at the Company is Mr. CHANG Fuquan, our Chief Financial Officer and other joint company secretary.

In compliance with Rule 3.29 of the Listing Rules, Mr. CHANG Fuquan, the other joint company secretary and Ms. Ma each has undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2012.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

Corporate Governance Report

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

The 2013 annual general meeting of the Company ("AGM") will be held on 31 May 2013. The notice of AGM will be sent to shareholders at least 20 clear business days before the AGM.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene an Extraordinary General Meeting ("EGM")

Pursuant to Article 58 of the Articles, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such written requisition.

Such a requisition must be signed by the shareholders.

Procedures for putting forward proposals at shareholders' meeting

There are no provisions under the Articles or the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands regarding procedures for shareholders to put forward proposals at general meetings (in case of the Articles, other than a proposal of a person for election as director). As such, shareholders may follow the procedures set out above to convene an extraordinary general meeting under the Articles for any business specified in such written requisition.

Shareholders' enquiries

Shareholders may direct their questions about their shareholdings to the Company's branch share registrar in Hong Kong. Shareholders and the investment community may at any time make a request for the Company's information to the extent that such information is publically available. Shareholders may also make enquiries to the Board by writing to the joint company secretaries at the Company's principal place of business office in Hong Kong at 8th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong or at the Company's headquarters in the PRC at 14 Jiuxianqiao Road, Chaoyang District, Beijing 100015, the PRC.

CONSTITUTIONAL DOCUMENTS

There are no changes in the Company's constitutional documents during the year ended 31 December 2012.

On behalf of the Board

Mr. HONG Gang

Chairman

Beijing, the PRC, 28 March 2013

Independent Auditor's Report



羅兵咸永道

To the shareholders of Greatview Aseptic Packaging Company Limited

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Greatview Aseptic Packaging Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 47 to 96, which comprise the consolidated and company statement of financial positions as at 31 December 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

OTHER MATTERS

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 March 2013

Consolidated Statement of Financial Position

As at 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amount expressed in thousands of RMB, except for share data

	Note	As at 31 December	
		2012	2011
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,031,636	791,509
Land use rights	7	2,588	2,647
Intangible assets	8	54,158	51,816
Deferred income tax assets	19	20,147	22,026
Long-term prepayment	20	103,206	117,313
		1,211,735	985,311
Current assets			
Inventories	9	475,095	354,634
Trade and other receivables	10	417,310	459,913
Cash and bank balances	11	301,126	273,606
		1,193,531	1,088,153
Total assets		2,405,266	2,073,464
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital, share premium and capital reserve	12	937,797	930,861
Statutory reserve	13	113,079	85,490
Exchange reserve		(24,090)	(30,838)
Retained earnings	14	833,058	654,766
Total equity		1,859,844	1,640,279
LIABILITIES			
Non-current liabilities			
Borrowings	18	—	32,800
Deferred government grants	16	80,498	9,000
Deferred income tax liabilities	19	4,591	4,430
		85,089	46,230

Consolidated Statement of Financial Position

As at 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amount expressed in thousands of RMB, except for share data

	Note	As at 31 December	
		2012	2011
Current liabilities			
Trade payables, other payables and accruals	17	285,622	195,548
Income tax liabilities		25,135	19,829
Borrowings	18	149,576	171,578
		460,333	386,955
Total liabilities		545,422	433,185
Total equity and liabilities		2,405,266	2,073,464
Net current assets		733,198	701,198
Total assets less current liabilities		1,944,933	1,686,509

The notes on pages 54 to 96 are an integral part of these consolidated financial statements.

The financial statement on pages 47 to 96 were approved by the Board on 28 March 2013 and were signed on its behalf.

Director
Bi Hua, Jeff

Director
Hong Gang

Statement of Financial Position

As at 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amount expressed in thousands of RMB, except for share data

	Note	As at 31 December	
		2012	2011
ASSETS			
Non-current assets			
Investments in subsidiaries	30	217,188	195,598
Amount due from a subsidiary	33	700,700	700,700
		917,888	896,298
Current assets			
Cash and bank balances		1	—
Prepayments		—	161
Amount due from a subsidiary	33	25,369	30,000
		25,370	30,161
Total assets		943,258	926,459
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital, share premium and capital reserve	12	1,006,050	984,460
Accumulated losses	14	(62,792)	(58,001)
Total equity		943,258	926,459
Total equity and liabilities		943,258	926,459
Net current assets		25,370	30,161
Total assets less current liabilities		943,258	926,459

The notes on pages 54 to 96 are an integral part of these consolidated financial statements.

The financial statement on pages 47 to 96 were approved by the Board on 28 March 2013 and were signed on its behalf.

Director
Bi Hua, Jeff

Director
Hong Gang

Consolidated Income Statement

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amount expressed in thousands of RMB, except for share data

	Note	Year ended 31 December	
		2012	2011
Revenue	21	1,744,049	1,574,096
Cost of sales	22	(1,193,555)	(1,099,060)
Gross profit		550,494	475,036
Other income — net	21	41,966	19,468
Distribution costs	22	(87,177)	(80,518)
Administrative expenses	22	(108,150)	(96,050)
Operating profit		397,133	317,936
Finance expense — net	25	(125)	(2,343)
Profit before income tax		397,008	315,593
Taxation	26	(82,131)	(52,449)
Profit for the year		314,877	263,144
Profit attributable to:			
Equity holders of the Company		314,877	263,144
Earnings per share for profit attributable to equity holders of the Company			
— Basic earnings per share (RMB)	27	0.24	0.20
— Diluted earnings per share (RMB)	27	0.24	0.20
Dividends paid and proposed	28	217,124	—

The notes on pages 54 to 96 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amount expressed in thousands of RMB, except for share data

	Year ended 31 December	
	2012	2011
Profit for the year	314,877	263,144
Other comprehensive income:		
Currency translation differences	6,748	(28,960)
Total comprehensive income for the year	321,625	234,184
Attributable to:		
— Equity holders of the Company	321,625	234,184
Total comprehensive income for the year	321,625	234,184

The notes on pages 54 to 96 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amount expressed in thousands of RMB, except for share data

	Attributable to equity owners						Total
	Share capital (Note 12)	Share Premium (Note 12)	Capital reserve (Note 12)	Statutory reserve (Note 13)	Exchange reserve	Retained earnings	
As at 31 December 2010	11,423	786,857	117,927	52,146	(1,878)	424,966	1,391,441
Comprehensive income:							
Profit for the year	—	—	—	—	—	263,144	263,144
Other comprehensive income:							
Currency translation differences	—	—	—	—	(28,960)	—	(28,960)
Transactions with owners:							
Employee share options	—	—	14,654	—	—	—	14,654
Transfer to statutory reserve	—	—	—	33,344	—	(33,344)	—
Total transactions with owners	—	—	14,654	33,344	—	(33,344)	14,654
As at 31 December 2011	11,423	786,857	132,581	85,490	(30,838)	654,766	1,640,279
Comprehensive income:							
Profit for the year	—	—	—	—	—	314,877	314,877
Other comprehensive income:							
Currency translation differences	—	—	—	—	6,748	—	6,748
Transactions with owners:							
Employee share options	—	—	6,936	—	—	—	6,936
Transfer to statutory reserve	—	—	—	27,589	—	(27,589)	—
Dividend	—	—	—	—	—	(108,996)	(108,996)
Total transactions with owners	—	—	6,936	27,589	—	(136,585)	(102,060)
As at 31 December 2012	11,423	786,857	139,517	113,079	(24,090)	833,058	1,859,844

The notes on pages 54 to 96 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amount expressed in thousands of RMB, except for share data

	Note	Year ended 31 December	
		2012	2011
Cash flows from operating activities			
Cash generated from operations	29	486,521	159,824
Interest paid		(4,021)	(6,246)
Income tax paid		(74,785)	(44,035)
Net cash generated from operating activities		407,715	109,543
Cash flows from investing activities			
Property, plant and equipment ("PPE")		(275,034)	(485,036)
Government grant received related to PPE		72,148	—
Proceeds from disposal of PPE		160	227
Purchase of intangible assets		(3,732)	(835)
Interest received		6,235	3,988
Net cash used in investing activities		(200,223)	(481,656)
Cash flows from financing activities			
Proceeds from borrowings		748,711	281,708
Repayments of borrowings		(805,417)	(180,163)
Dividends paid to equity holders		(108,996)	—
Net cash (used in)/generated from financing activities		(165,702)	101,545
Net increase/(decrease) in cash and cash equivalents		41,790	(270,568)
Cash and cash equivalents at beginning of year		253,860	526,970
Exchange loss on cash and cash equivalents		(435)	(2,542)
Cash and cash equivalents at end of year		295,215	253,860

The notes on pages 54 to 96 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

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 for soft drinks and beverages, and filling machines.

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.

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 International Financial Reporting Standards (IFRS). The consolidated financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Changes in accounting policy and disclosures

(a) *New and amended standards adopted by the Group*

There was no new and amended IFRS adopted by the Group for the first time to the financial year beginning 1 January 2012.

(b) *New standards and interpretations not yet adopted*

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

IAS 1 (Amendment)

‘Financial statements presentation’ regarding other comprehensive income (effective on or after 1 July 2012)

— *The main change resulting from these amendments is a requirement for entities to group items presented in ‘other comprehensive income’ (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.*

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(b) *New standards and interpretations not yet adopted (continued)*

IFRSs 10, 11 and 12
(Amendment)

Transition guidance
(effective on or after 1 January 2013)

- These amendments provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied.

Annual improvements
2011

(effective on or after 1 January 2013)

These annual improvements, address six issues in the 2009-2011 reporting cycle. It includes changes to:

- IFRS 1, 'First time adoption'
- IAS 1, 'Financial statement presentation'
- IAS 16, 'Property plant and equipment'
- IAS 32, 'Financial instruments; Presentation'
- IAS 34, 'Interim financial reporting'

IFRS 13

Fair value measurements
(effective on or after 1 January 2013)

- IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

IFRS 7 and IFRS 9
(Amendments)

Mandatory effective date and transition disclosures
(effective on or after 1 January 2015)

- IFRS 7 and IFRS 9 (Amendments) "Mandatory effective date and transition disclosures" delay the effective date to annual periods beginning on or after 1 January 2015, and also modify the relief from restating prior periods. As part of this relief, additional disclosures on transition from IAS 39 to IFRS 9 are required.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(b) *New standards and interpretations not yet adopted (continued)*

IAS 19 (Amendment)

'Employee benefits'

(effective on or after 1 January 2013)

- IAS 19 was amended in June 2011. The impact on the Group will be as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Group is yet to assess the full impact of the amendments.

IFRS 10

Consolidated financial statements

(effective on or after 1 January 2013)

- The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. Defines the principle of control, and establishes control as the basis for consolidation. Set out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.

The Group is in the process of making an assessment of the impact of these standards, amendments and interpretations on the consolidated financial statements of the Group in the initial application and does not anticipate that the adoption will result in any material impact on the Group's operating results or financial position.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Subsidiaries

Consolidation

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

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred and the fair value of the non-controlling interest over the net identifiable assets acquired and liabilities assumed is recorded as goodwill. If the consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit and loss.

2.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.4 Foreign currency translation

(a) Functional and presentation currency

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Foreign currency translation *(continued)*

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

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

(c) Group companies

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

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings are taken to shareholders' equity.

2.5 Segment reporting

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Property, plant and equipment

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

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

Buildings	15–33 years
Machinery	5–15 years
Vehicles and office equipment	4–8 years

Depreciation on construction in progress will not commence depreciation until the relevant assets are ready for their intended use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other gains — net' in the income statement.

2.7 Land use rights

All land in the PRC is state-owned and no individual land ownership right exists. Land use rights represent upfront operating lease payments made for the land and are stated at payments less amount written off on a straight line basis described below and impairment loss.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.8 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or Groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or Group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or Groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or Group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Computer software

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

(c) Trademarks

Separately acquired trademarks are shown at historical cost. Trademarks have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of 10 years.

2.9 Impairment of non-financial assets

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.10 Financial assets

2.10.1 Classification

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's financial assets comprise 'trade receivables, other receivables and notes receivables' and 'cash and bank balances' in the statement of financial position. (Note 2.11 and 2.13)

When there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables, impairment test is performed on individual account and related provision for doubtful accounts is made based on the shortfall between carrying amounts and respective present value of estimated future cash flows. The carrying amounts of the receivables are reduced through the use of allowance accounts, and the amount of the provision is recognized within 'operating expenses — others'. When a receivable is uncollectible, it is written off against the allowance account for the receivable. Subsequent recoveries of amounts previously written off are credited against 'operating expenses — others'.

2.10.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Loans and receivables are recognized initially at fair value, and subsequently carried at amortised cost less provision for doubtful debts using the effective interest method.

2.11 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.12 Inventories

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.13 Cash and cash equivalents

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

2.14 Share capital

Ordinary shares are classified as equity.

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

2.15 Trade payables

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

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

2.16 Borrowings

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

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

(b) Deferred income tax

Inside basis differences

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

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

Outside basis differences

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.18 Current and deferred income tax *(continued)*

(c) Offsetting

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

2.19 Employee benefits

All eligible employees of the Group's subsidiaries which operate in the People's Republic of China (PRC) participate in a central pension scheme operated by the local municipal government. The Group recognizes employee benefits as liabilities during the accounting period when employees render services and allocates to related cost of assets and expenses based on different beneficiaries.

In connection with pension obligations, the Group operate defined contribution plans in accordance with the local conditions and practices in the countries and provinces in which they operate. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a publicly administered pension insurance plan. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

2.20 Deferred government grants

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

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

2.21 Share-based payments

(a) *Equity-settled share-based payment transactions*

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.21 Share-based payments *(continued)*

(a) Equity-settled share-based payment transactions (continued)

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

(b) Share-based payment transactions among group entities

The grant by the Company of options over its equity instruments to the employees of subsidiaries in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

2.22 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

(a) Sales of goods

Sales of goods are recognised when a group entity has delivered products to the customer, and the customer has accepted the products while there is no unfulfilled obligation that could affect the acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Interest income

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.23 Leases — as a lessee

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

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the company's shareholders or directors, where appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) **Market risk**

(i) *Foreign exchange risk*

The Group's exposure to foreign exchange risk mainly arises from cash and bank balances, trade payables and loan that are denominated in United States Dollars ("US\$"), Hong Kong Dollars ("HK\$") and EURO ("EUR"). Please refer to Note 11, 17 and 18 for details.

At 31 December 2012, if RMB had weakened/strengthened by 2% against US\$ with all other variables held constant, post-tax profit for the year would have been RMB2,196,000 (2011: RMB3,523,000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of US dollar-denominated trade payables and borrowings.

Changes in HK\$ or EUR against RMB would not have material impact on current year's profit after tax of the Group.

(ii) *Price risk*

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(iii) Interest rate risk

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

As at 31 December 2012, approximately RMB139 million (2011 RMB130 million) of the Group's cash and bank balances were at fixed rates, and approximately RMB162 million (2011: RMB143 million) of the Group's cash and bank balances was at floating rates.

As at 31 December 2012, RMB149.58 million (2011: RMB184.38 million) of the borrowings of the Group was at floating rates. The interest rates and maturities of the group's cash and bank balances and borrowings are disclosed in Notes 11 and 18.

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

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

(b) Credit risk

Credit risk is managed on a group basis. Financial assets that potentially subject the Group to concentrations of credit risk consist principally of cash and bank balances (Note 11) and trade receivables (Note 10). The Group's cash and bank balances are mainly placed with State-owned banks in the PRC and investment grade credit rated foreign banks, which management believes are of high credit quality.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk

Liquidity risk management is to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. The Group finances its working capital requirements through a combination of funds generated from operations and bank borrowings (Note 18). The Group maintains undrawn banking facilities to manage its working capital requirements.

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
At 31 December 2011				
Borrowings	173,710	29,214	7,590	210,514
Trade and other payables	151,790	—	—	151,790
At 31 December 2012				
Borrowings	149,987	—	—	149,987
Trade and other payables	250,594	—	—	250,594

3.2 Capital management

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The ratio is calculated as total debt divided by total capital. Total debt is calculated as interest bearing borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position). Total capital is calculated as 'equity' as shown in the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.2 Capital management *(continued)*

The Group's general strategy which was unchanged from 2011 is to maintain gearing ratio of less than 50%. The gearing ratio at 31 December 2012 and 2011 were as follows.

	As at 31 December	
	2012	2011
Total debt	149,576	204,378
Total equity	1,859,844	1,640,279
Gearing ratio	8%	12%

The Group is not subject to any externally imposed capital requirements for the years ended 31 December 2012 and 2011.

3.3 Fair value estimation

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

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Critical accounting estimates and assumptions

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

(a) *Estimated impairment of goodwill*

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.8. The recoverable amounts of cash-generating units have been determined base on value-in-use calculations. Refer to Note 8 for details of impairment testing of goodwill.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

4.1 Critical accounting estimates and assumptions *(continued)*

(b) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(c) Estimated provision for doubtful debts

The Group makes provision for doubtful debts based on an assessment of the recoverability of trade and other receivables. Provisions are applied to these receivables where events or changes in circumstance indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgment and estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of receivables and doubtful debt expenses in the year in which such estimate has been charged. When previous impaired debts are recovered, both doubtful debt expenses and provision for impairment balance are reversed.

(d) Useful lives and residual values of property, plant and equipment

In determining the useful life and residual value of an item of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at each financial year end based on changes in circumstances.

(e) Estimated provision for slow moving inventories

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

5 SEGMENT INFORMATION

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

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

	PRC	International	Total
2012			
Sales — Revenue from external customers	1,586,999	157,050	1,744,049
Cost	(1,068,737)	(124,818)	(1,193,555)
Segment result	518,262	32,232	550,494
2011			
Sales — Revenue from external customers	1,439,987	134,109	1,574,096
Cost	(999,296)	(99,764)	(1,099,060)
Segment result	440,691	34,345	475,036

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

	Year ended 31 December	
	2012	2011
Segment result for reportable segments	550,494	475,036
Other income — net	41,966	19,468
Distribution costs	(87,177)	(80,518)
Administrative expenses	(108,150)	(96,050)
Operating profit	397,133	317,936
Finance expense — net	(125)	(2,343)
Profit before income tax	397,008	315,593
Income tax expense	(82,131)	(52,449)
Profit for the year	314,877	263,144

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

5 SEGMENT INFORMATION *(continued)*

Information on segment assets and liabilities are not disclosed as this information is not presented to the Board as they do not assess performance of reportable segments using information on assets and liabilities. The non-current assets excluding financial instruments, deferred tax assets (there is no employment benefit assets and rights arising under insurance contracts) amount to RMB1,191,588,000 (2011: RMB963,285,000).

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

	Year ended 31 December	
	2012	2011
Dairy	1,634,721	1,364,059
Non-carbonated soft drink ("NCSD")	109,328	210,037
	1,744,049	1,574,096

Revenue of approximately RMB1,188,248,000 or 68% (2011: RMB972,152,000 or 62%) was derived from 2 (2011: 2) single external customers. Each of these 2 external customers contributes more than 10% of the Group's revenue. These revenues are attributable to the PRC segment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

6 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Machinery	Vehicles and office equipment	Construction in progress	Leasehold improvements	Total
Cost						
As at 31 December 2010	100,889	534,431	19,023	5,200	—	659,543
Additions	9,666	717	1,122	368,731	—	380,236
Transfer upon completion	1,077	4,871	2,986	(8,934)	—	—
Disposals	—	(76)	(542)	—	—	(618)
As at 31 December 2011	111,632	539,943	22,589	364,997	—	1,039,161
Additions	1,356	3,212	6,765	281,588	2,404	295,325
Transfer upon completion	201,371	374,903	18,194	(594,468)	—	—
Disposals	—	(10)	(921)	—	—	(931)
Exchange differences	164	2	4	4,192	—	4,362
As at 31 December 2012	314,523	918,050	46,631	56,309	2,404	1,337,917
Accumulated depreciation						
As at 31 December 2010	(6,081)	(186,680)	(5,180)	—	—	(197,941)
Current year depreciation	(3,571)	(43,661)	(2,799)	—	—	(50,031)
Current year disposals	—	28	292	—	—	320
As at 31 December 2011	(9,652)	(230,313)	(7,687)	—	—	(247,652)
Current year depreciation	(5,785)	(49,178)	(3,935)	—	(60)	(58,958)
Current year disposals	—	4	367	—	—	371
Exchange differences	—	(1)	(41)	—	—	(42)
As at 31 December 2012	(15,437)	(279,488)	(11,296)	—	(60)	(306,281)
Net book value						
As at 31 December 2011	101,980	309,630	14,902	364,997	—	791,509
As at 31 December 2012	299,086	638,562	35,335	56,309	2,344	1,031,636

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

	Year ended 31 December	
	2012	2011
Cost of sales	56,545	48,076
Distribution costs	47	160
Administrative expenses	2,366	1,795
	58,958	50,031

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

6 PROPERTY, PLANT AND EQUIPMENT (continued)

- (b) The Group's buildings are mainly located in the PRC and Germany. As at 31 December 2012, the net book value of assets located overseas is approximately RMB494,197,000 (as at 31 December 2011: RMB283,498,000).
- (c) Construction in progress as at 31 December 2012 mainly comprises new production line being constructed in Shandong, China.
- (d) Borrowing cost capitalised into the cost of property, plant and equipment was as follows:

	Year ended 31 December	
	2012	2011
Borrowing cost capitalised	5,037	1,588

The average capitalisation rate of interest during 2012 is 2.70% (2011: 3.46%).

7 LAND USE RIGHTS

	Year ended 31 December	
	2012	2011
Cost		
At beginning of the year	2,920	2,920
Additions	—	—
At end of the year	2,920	2,920
Accumulated amortisation		
At beginning of the year	(273)	(215)
Current year amortisation	(59)	(58)
At end of the year	(332)	(273)
Net book value	2,588	2,647

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

8 INTANGIBLE ASSETS

	Goodwill	Computer software	Trade mark	Total
Cost				
As at 31 December 2010	47,773	4,721	—	52,494
Additions	—	835	—	835
As at 31 December 2011	47,773	5,556	—	53,329
Additions	—	3,304	428	3,732
Exchange differences	—	16	—	16
As at 31 December 2012	47,773	8,876	428	57,077
Accumulated amortisation				
As at 31 December 2010	—	(429)	—	(429)
Current year amortisation	—	(1,084)	—	(1,084)
As at 31 December 2011	—	(1,513)	—	(1,513)
Current year amortisation	—	(1,373)	(27)	(1,400)
Exchange differences	—	(6)	—	(6)
As at 31 December 2012	—	(2,892)	(27)	(2,919)
Net book value				
As at 31 December 2011	47,773	4,043	—	51,816
As at 31 December 2012	47,773	5,974	401	54,158

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

Impairment tests for goodwill

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

8 INTANGIBLE ASSETS *(continued)*

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

	Year ended 31 December	
	2012	2011
Discount rate	10.3%	13.8%
Growth rate	3%	3%

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

9 INVENTORIES

	As at 31 December	
	2012	2011
Raw materials	365,148	265,159
Work in progress	32,063	16,310
Finished goods	87,459	81,992
	484,670	363,461
Less: Provision for obsolescence	(9,575)	(8,827)
	475,095	354,634

The cost of inventories recognised as expense and included in 'cost of sales' amounted to approximately RMB1,187,000,000 (2011: RMB1,094,000,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

10 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2012	2011
Trade receivables	282,545	353,852
Less: Provision for impairment	(4,578)	(4,619)
Trade receivables — net	277,967	349,233
Notes receivable	81,688	65,225
Value added tax deductible	40,106	20,352
Prepayments	19,133	25,341
Less: Provision for impairment	(8,681)	(7,002)
Prepayments — net	10,452	18,339
Other receivables	7,097	6,764
	417,310	459,913

The Group does not hold any collateral as security.

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

	As at 31 December	
	2012	2011
Trade receivables		
— RMB	238,868	338,925
— EUR	27,880	7,306
— US\$	15,557	7,621
— GBP	240	—
	282,545	353,852
Notes receivable		
— RMB	81,688	65,225
Other receivables		
— RMB	6,050	6,170
— HK\$	658	377
— CHF	221	5
— US\$	113	67
— EUR	55	145
	7,097	6,764

The credit terms granted to customers by the Group were generally 0 to 90 days (2011: 10 to 90 days) during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

10 TRADE AND OTHER RECEIVABLES (continued)

The ageing analysis of trade receivables as at 31 December 2012 and 2011 is as follows:

	As at 31 December	
	2012	2011
Trade receivables, gross		
0–30 days	169,041	172,818
31–90 days	85,071	147,151
91–365 days	24,859	24,792
Over 1 year	3,574	9,091
	282,545	353,852

As at 31 December 2012 and 2011, the Group's trade receivables that are neither past due nor impaired are from customers with good credit history and low default rate.

Trade receivables of RMB61,163,000 (2011: RMB31,884,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	As at 31 December	
	2012	2011
Up to 90 days	51,257	24,629
91 to 365 days	9,906	7,255
	61,163	31,884

Trade receivables of RMB4,578,000 (2011: RMB4,619,000) were impaired and provided for. The amount of the provision was RMB4,578,000 (2011: RMB4,619,000). The individually impaired receivables mainly relate to customers which are in unexpectedly difficult economic situations. The ageing of these receivables is as follows:

	As at 31 December	
	2012	2011
Up to 30 days	—	—
31 to 90 days	—	—
91 to 365 days	1,004	469
Over 365 days	3,574	4,150
	4,578	4,619

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

10 TRADE AND OTHER RECEIVABLES *(continued)*

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

	As at 31 December	
	2012	2011
At beginning of the year	(4,619)	(11,197)
Provision for impairment	(1,271)	(1,888)
Reversed during the year	10	1,535
Receivables written off during the year	1,302	6,931
At end of the year	(4,578)	(4,619)

11 CASH AND BANK BALANCES

	As at 31 December	
	2012	2011
Cash at bank and on hand	161,672	143,536
Bank deposits	139,454	130,070
	301,126	273,606

	As at 31 December	
	2012	2011
Cash and bank balances	301,126	273,606
Less: Restricted cash	(5,911)	(19,746)
Cash and cash equivalents per consolidated statement of cash flow	295,215	253,860

The restricted cash is held in dedicated bank accounts mainly as a guarantee for notes payables.

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

	As at 31 December	
	2012	2011
RMB	254,383	237,672
US\$	40,073	6,364
EUR	5,801	25,633
GBP	661	82
HK\$	137	3,603
CHF	71	252
	301,126	273,606

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

12 SHARE CAPITAL, SHARE PREMIUM AND CAPITAL RESERVE

	Note	Group		Company	
		As at 31 December		As at 31 December	
		2012	2011	2012	2011
Share capital	(a)	11,423	11,423	11,423	11,423
Share premium	(a)	786,857	786,857	786,857	786,857
Capital reserve	(b)	139,517	132,581	207,770	186,180
		937,797	930,861	1,066,050	984,460

(a) Share capital and share premium

Share capital — Group and Company

The total authorised number of ordinary shares is 3,000,000,000 shares (2011: 3,000,000,000 shares) with a par value of HK\$0.01 per share (2011: HK\$0.01 per share). The number of ordinary shares issued is 1,333,600,000 (2011: 1,333,600,000) with nominal value of HK\$0.01 per share (2011: HK\$0.01 per share). All issued shares are fully paid.

Share premium — Group and Company

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

(b) Capital reserve

	Group		Company	
	2012	2011	2012	2011
As at 1 January	132,581	117,927	186,180	186,180
Issued employee share options	6,936	14,654	21,590	—
As at 31 December	139,517	132,581	207,770	186,180

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

13 STATUTORY RESERVE

	2012	2011
As at 1 January	85,490	52,146
Transfer from retained earnings	27,589	33,344
As at 31 December	113,079	85,490

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

14 RETAINED EARNINGS

	Group		Company	
	2012	2011	2012	2011
As at 1 January	654,766	424,966	(58,001)	(14,773)
Profit/(loss) for the year	314,877	263,144	(4,791)	(43,228)
Transfer to statutory reserve	(27,589)	(33,344)	—	—
Dividend paid	(108,996)	—	—	—
As at 31 December	833,058	654,766	(62,792)	(58,001)

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of RMB4,791,000 (2011: RMB43,228,000).

15 SHARE-BASED PAYMENTS

On 15 November 2010, a Pre-IPO Share Option Scheme was adopted by resolution of shareholders of the Company. The main purpose of the scheme is, among others, to provide incentives to directors and employees of the Group with regard to their services and employment. Pursuant to the Pre-IPO Share Option Scheme, for a consideration of HK\$1, Liwei Holdings Limited ("Liwei") was granted (by way of transfer) options to subscribe for up to 22,000,000 shares in the Company, and Liwei will grant the options to eligible participants. Prior approval from the Board of the Company is required for Liwei to grant the options. Such approval covers key terms of the options including eligibility, performance target and share subscription price. The Board approved Liwei to grant the Pre-IPO Options on 17 March 2011. Pursuant to the Pre-IPO Option Scheme, 284 employees were granted the Pre-IPO Options to subscribe for up to 20,010,000 shares of the Company. The Pre-IPO Options will vest in four instalments on 1 September 2011, 1 June 2012, 1 June 2013, and 1 June 2014 with the exercise price of HK\$4.30.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

15 SHARE-BASED PAYMENTS (continued)

The options are exercisable subject to the grantees still being employees of the Group and without any inappropriate behaviour that are forbidden by the Group on the vesting date. The options are exercisable starting from the vesting date with a contractual option term of two years. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

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

	Options (thousands)	
	2012	2011
As at 1 January	18,408	—
Granted to employees	—	20,010
Forfeit	(1,519)	(1,548)
Lapsed	(641)	(54)
As at 31 December	16,248	18,408

Out of the 16,248,000 outstanding options, 8,464,000 options were exercisable as at year end. Share options outstanding at the end of the year have the following expiry date:

Expiry Date	Vested Date	Options (thousands)	
		2012	2011
1 September 2013	1 September 2011	3,072	3,492
1 June 2014	1 June 2012	4,392	4,972
1 June 2015	1 June 2013	4,392	4,972
1 June 2016	1 June 2014	4,392	4,972
		16,248	18,408

The fair value of the options granted during the period was determined using the binomial valuation model. The significant inputs into the model were spot price of HK\$ 4.98 at the grant date, vesting period based on the terms stipulated in the Scheme, dividend yield of 3.95%, volatility of 49.88% to 48.07%, post forfeiture rate of the management is 0% per annum, whilst 15.6% for employees and risk free rate of 0.735% to 1.678%. Volatility is the average of historical volatilities of the price return of the ordinary shares of the selected Hong Kong comparable companies and the Company itself.

The total expense recognised in the consolidated income statement for the year ended 31 December 2012 for share options amounted to RMB6,936,000 (2011: RMB14,654,000), with a corresponding amount credited in capital reserve.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

16 DEFERRED GOVERNMENT GRANTS

	As at 31 December	
	2012	2011
Opening net amount at the beginning of the year	9,000	9,334
Addition	72,148	—
Amortisation	(650)	(334)
Closing net amount at the end of the year	80,498	9,000
At the end of the year		
Cost	82,148	10,000
Less: accumulated amortisation	(1,650)	(1,000)
Net book amount	80,498	9,000

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

The government grants amounting to EUR4.1 million and EUR4.6 million were received from the State of Saxony-Anhalt, Germany in 2012 for the purchase of machinery and construction of building in Europe.

17 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2012	2011
Trade payables	158,737	110,850
Notes payables	7,630	—
Advances from customers	28,719	16,116
Accrued expenses	46,912	27,642
Salary and welfare payable	19,594	14,455
Other payables	17,721	26,485
Value added tax payable	6,309	—
	285,622	195,548

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

17 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS (continued)

The ageing analysis of trade payables as at 31 December 2012 and 2011 is as follows:

	As at 31 December	
	2012	2011
Within 30 days	54,879	87,086
31–90 days	94,785	20,735
91–365 days	7,237	2,101
Over 365 days	1,836	928
	158,737	110,850

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

		As at 31 December	
		2012	2011
Trade payables	— US\$	64,727	56,080
	— RMB	63,815	54,111
	— EUR	29,582	561
	— CHF	613	98
		158,737	110,850
Salary and welfare payable	— RMB	19,032	14,439
	— EUR	562	16
		19,594	14,455
Other payables	— RMB	15,467	17,175
	— HK\$	1,404	812
	— US\$	641	—
	— EUR	197	8,263
	— CHF	12	235
		17,721	26,485

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

18 BORROWINGS

		As at 31 December	
		2012	2011
Non-current			
Secured bank borrowing	— RMB	—	32,800
		—	32,800
Total non-current borrowing		—	32,800
Current			
Secured bank borrowing	— RMB	—	26,240
		—	26,240
Unsecured bank borrowing	— US\$	103,276	125,338
	— EUR	46,300	—
	— RMB	—	20,000
		149,576	145,338
Total current borrowing		149,576	171,578
Total borrowings		149,576	204,378

Unsecured borrowing of RMB101,209,000 and RMB46,300,000 are denominated in US\$ and EUR respectively with a maturity date of a maximum of 120 days from the date of each drawdown. It bears the interest rate of higher of 1.60% per annum over LIBOR or the Bank's Cost of Fund. The effective interest rate is 2.59% (2011: 2.37%) per annum.

The remaining unsecured borrowing is denominated in US\$ with a maturity date of 1 Feb 2013. It bears the interest rate of higher of 1.8% per annum over LIBOR or the Bank's Cost of Fund. The effective interest rate is 2.30% per annum.

The Group's borrowings as at each of the statement of financial position date were repayable as follows:

		As at 31 December	
		2012	2011
Within 1 year		149,576	171,578
Between 1 and 2 years		—	26,240
Between 2 and 5 years		—	6,560
		149,576	204,378

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

18 BORROWINGS (continued)

As of 31 December 2012, the Group has 2 borrowing facilities (31 December 2011: 1) with a total limit of US\$65,000,000 (31 December 2011: US\$35,000,000). The amounts of the undrawn borrowing facilities are as follows:

	As at 31 December	
	2012	2011
Floating rate	294,409	190,190
	294,409	190,190

19 DEFERRED INCOME TAXES

	As at 31 December	
	2012	2011
Deferred tax assets	20,147	22,026
Deferred tax liabilities	(4,591)	(4,430)
Deferred tax assets (net)	15,556	17,596

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

	As at 31 December	
	2012	2011
At beginning of the year	17,596	15,706
Recognised in the income statement (Note 26)	(2,040)	1,890
At end of the year	15,556	17,596

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets	Accrued expenses	Government grants	Impairments and provisions	Total
At 1 January 2011	1,555	2,291	11,860	15,706
Recognised in the income statement	2,312	(42)	4,050	6,320
At 31 December 2011	3,867	2,249	15,910	22,026
Recognised in the income statement	4,243	(84)	(6,038)	(1,879)
At 31 December 2012	8,110	2,165	9,872	20,147

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

19 DEFERRED INCOME TAXES (continued)

Deferred tax liabilities	Withholding tax
At 1 January 2011	—
Recognised in the income statement	4,430
At 31 December 2011	4,430
Recognised in the income statement	161
At 31 December 2012	4,591

Deferred income tax assets are recognised for tax loss carried-forwards to the extent that the realisation of the related tax benefits through the future taxable profits is probable. The amount of tax losses (mostly expiring within 5 years) for which no deferred tax asset were recognised in the statement of financial position was approximately RMB37,435,000 (2011: RMB53,835,000).

20 LONG-TERM PREPAYMENT

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

21 REVENUE AND OTHER INCOME — NET

	Year ended 31 December	
	2012	2011
Sales of products	1,744,049	1,574,096
Other income — net:		
— Income from sales of scrap materials	12,227	8,394
— Subsidy income from government	23,917	21,440
— Loss on disposal of assets	(400)	—
— Foreign exchange gain/(loss)	5,605	(10,366)
— Others	617	—
	41,966	19,468

The subsidy income comprised grant from local government as incentive to promote local businesses.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

22 EXPENSES BY NATURE

	Year ended 31 December	
	2012	2011
Raw materials and consumables used	1,052,043	989,280
Changes in inventories of finished goods and work in progress	(21,906)	(32,184)
Tax and levies on main operations	6,715	4,868
Provision for obsolescence on inventories	748	3,740
Depreciation and amortisation charges:	60,417	51,173
— Depreciation of property, plant and equipment (Note 6)	58,958	50,031
— Amortisation of intangible assets (Note 8)	1,400	1,084
— Amortisation of land use right (Note 7)	59	58
Provision for impairment of receivables and prepayment	2,940	353
Employee benefit expenses (Note 23)	117,307	98,540
Auditors' remuneration	2,000	1,860
Transportation expenses	49,871	50,334
Repair and maintenance expenses	17,884	14,384
Electricity and utilities	22,755	20,409
Rental expenses	7,519	5,605
Plating expenses	7,879	10,835
Professional fees	9,926	8,863
Travelling expenses	12,681	10,311
Advertising and promotional expenses	6,916	3,192
Other expenses	33,187	34,065
Total cost of goods sold, distribution costs and administrative expenses	1,388,882	1,275,628

23 EMPLOYEE BENEFITS

The analysis of employee benefits is as follows:

	Year ended 31 December	
	2012	2011
Wages and salaries (including discretionary bonuses)	92,238	67,552
Employer's contribution to pension scheme and others	18,133	16,334
Share options granted to employees (Note 15)	6,936	14,654
	117,307	98,540

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

24 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The remuneration of directors of the Company was as follows:

Name of Director	Fees	Salary	Discretionary bonuses	Housing Allowance	Other benefits	Employer's contribution to pension scheme	Total
Year ended 31 December 2011:							
Executive directors							
Mr Bi Hua, Jeff	—	2,147	318	—	151	—	2,616
Mr Hong Gang	—	1,005	134	9	21	30	1,199
Non-executive directors							
Mr Hildebrandt James Henry	—	—	—	—	—	—	—
Mr Zhu Jia	—	—	—	—	—	—	—
Mr Lew Kiang Hua	—	—	—	—	—	—	—
Ms Shang Xiaojun	—	—	—	—	—	—	—
Mr Lee Lap, Danny	—	—	—	—	—	—	—
Independent non-executive Directors							
Mr Lueth Allen Warren	166	—	—	—	—	—	166
Mr Behrens Ernst Hermann	166	—	—	—	—	—	166
Mr Chen Weishu	166	—	—	—	—	—	166
	498	3,152	452	9	172	30	4,313
Year ended 31 December 2012:							
Executive directors							
Mr Bi Hua, Jeff	—	2,464	522	—	181	—	3,167
Mr Hong Gang	—	1,233	239	10	23	33	1,538
Non-executive directors							
Mr Hildebrandt James Henry	—	—	—	—	—	—	—
Mr Zhu Jia	—	—	—	—	—	—	—
Mr Lew Kiang Hua (leave on 19 December 2012)	—	—	—	—	—	—	—
Ms Shang Xiaojun	—	—	—	—	—	—	—
Mr Danny Lee	—	—	—	—	—	—	—
Independent non-executive Directors							
Mr Lueth Allen Warren	162	—	—	—	—	—	162
Mr Behrens Ernst Hermann	162	—	—	—	—	—	162
Mr Chen Weishu	162	—	—	—	—	—	162
	486	3,697	761	10	204	33	5,191

In year 2012 and 2011, Mr. Bi Hua, Jeff, who is the executive director, is also the chief executive.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

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

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 2 directors (2011: 2), whose emoluments were reflected in the analysis presented above. The emoluments payable to the remaining individuals during the year are as follows:

	Year ended 31 December	
	2012	2011
Basic salaries, housing allowances, other allowances and benefits in kind	3,051	2,922
Discretionary bonuses	702	525
Pension	564	140
	4,317	3,587

The emoluments fell within the following bands:

	Year ended 31 December	
	2012	2011
Emolument bands		
HK\$0–HK\$1,000,000	—	—
HK\$1,000,001–HK\$1,500,000	—	2
HK\$1,500,001–HK\$2,500,000	3	1
	3	3

- (c) During the year, no director or the five highest paid individuals received any emolument from the Group as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office. There was no arrangement under which a director waived or agree to waive any remuneration during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

25 FINANCE EXPENSE — NET

	Year ended 31 December	
	2012	2011
Interest expense — bank borrowings	(4,021)	(6,246)
Exchange loss on cash and cash equivalents	(2,339)	(85)
Finance expense	(6,360)	(6,331)
Interest income — cash and cash equivalents	6,235	3,988
Finance income	6,235	3,988
Finance expense — net	(125)	(2,343)

Interest expense of RMB5,037,000 (2011: RMB1,588,000) has been capitalised into cost of property, plant and equipment (Note 6(d)).

26 INCOME TAX EXPENSE

	Year ended 31 December	
	2012	2011
Current income tax:		
Enterprise income tax ("EIT")	80,091	54,339
Deferred tax (Note 19):		
Origination and reversal of temporary differences	2,040	(1,890)
Taxation	82,131	52,449

The Group's subsidiaries established in the PRC are subject to the PRC statutory EIT of 25% (2011: 25%) on the assessable income for the year. Hong Kong profits tax has been provided at rate of 16.5% for the current year (2011: 16.5%). Switzerland profits tax has been provided at the rate of 10.18% (2011: not applicable) on the estimated assessable profit for the current year.

As a foreign investment production enterprise in the PRC, one of the Group's subsidiary Greatview Aseptic Packaging (Shandong) Co., Ltd. is entitled to tax exemption for two years followed by a 50% reduction in tax rate in the next three years effective from the first cumulative tax profit-making year. The subsidiary's first cumulative tax profit-making year is 2007 and the preferential tax rate expired after 2011. The applicable EIT rate for the current year is 25% (2011: 12.5%).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

26 INCOME TAX EXPENSE (continued)

Another subsidiary, Greatview Aseptic Packaging (Inner Mongolia) Co., Ltd., is located in a special economic zone with the applicable tax rate of 15%, which 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 2012.

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

	Year ended 31 December	
	2012	2011
Profit before tax	397,008	315,593
Tax calculated at domestic tax rates applicable to profits in the respective countries	99,019	90,541
Withholding tax on dividend	4,591	4,430
Preferential tax treatment for subsidiaries	(21,116)	(48,263)
Income not subject to tax	(58)	(4,625)
Expenses not deductible for taxation purposes	647	192
Tax losses for which no deferred tax asset was recognised	3,850	9,434
Utilisation of previously unrecognised tax losses for which no deferred income tax was recognised	(7,378)	(532)
Others	2,576	1,272
Tax charge	82,131	52,449

27 EARNINGS PER SHARE

Basic and diluted 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	
	2012	2011
Profit attributable to equity holders of the Company	314,877	263,144
Weighted average number of ordinary shares in issue (thousand)	1,333,600	1,333,600
Earnings per share (basic and diluted) (RMB per share)	0.24	0.20

In year 2012 and 2011, the employee share options had no dilutive effect as the average market price of ordinary shares during the year did not exceed the exercise price of the options.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

28 DIVIDENDS

On 27 August 2012, the board of directors approved that a dividend of HK\$133,360,000 (HK\$0.10 per share, approximately RMB108,996,000 in total) be paid to the shareholders of the Company. The dividend was fully paid in September 2012. No dividend was paid in 2011.

A dividend in respect of the year ended 31 December 2012 of HK\$0.1 per share, amounting to a total of HK\$133,360,000 (approximately RMB108,128,000 in total) is to be proposed by the Board at the forthcoming annual general meeting. These financial statements do not reflect this dividend payable.

29 CASH GENERATED FROM OPERATIONS

	Year end 31 December	
	2012	2011
Profit before income tax	397,008	315,593
Adjustments for:		
— Amortisation of intangible assets and land use right	1,459	1,142
— Amortisation of deferred revenue	(650)	(334)
— Depreciation of property, plant and equipment	58,958	50,031
— Impairment provision for trade and other receivables	2,940	353
— Provision for obsolescence on inventories	748	3,740
— Loss on disposal of property, plant and equipment	400	71
— Share-based payment	6,936	14,654
— Finance expense — net	125	2,343
— Foreign exchange (gains)/losses on operating activities	(3,700)	12,250
Changes in working capital:		
— Inventories	(121,209)	(154,750)
— Trade receivables, other receivables and prepayments	54,368	(120,858)
— Trade payables, other payables and accruals	89,138	35,589
Cash generated in operations	486,521	159,824

Non-cash transaction

In 2011 and 2012, there is no significant non-cash transaction.

30 INVESTMENT IN SUBSIDIARIES

	As at 31 December	
	2012	2011
Unlisted shares, at cost	217,188	195,598

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

30 INVESTMENT IN SUBSIDIARIES (continued)

Particulars of the subsidiaries of the Group as at 31 December 2012 are set out below:

Name	Place of incorporation/ establishment	Principal activities	Legal status	Issued or registered/paid up capital	Effective interest held as at December 31 2012
Directly owned:					
Partner One	British Virgin Island	Investment holding	Limited liability company	US\$2	100%
Indirectly owned via Partner One:					
Global Land International Industries Limited	Hong Kong	Investment holding	Limited liability company	HK\$10,000	100%
Greenone Co., Ltd	PRC	Research and development of multi-layers food packaging materials	Foreign investment enterprise	RMB10,000,000	100%
Greatview Holdings	Hong Kong	Investment holding	Limited liability company	HK\$10,000	100%
Greatview Aseptic Packaging (Shandong) Co., Ltd.	PRC	Production and sale of packaging products	Foreign investment enterprise	*US\$40,000,000	100%
Greatview Beijing Packaging Equipment Co., Ltd.	PRC	Production and sale of filling machines	Foreign investment enterprise	RMB10,000,000	100%
Greatview Aseptic Packaging (Inner Mongolia) Co., Ltd.	PRC	Production and sale of packaging products	Foreign investment enterprise	US\$20,000,000	100%
Greatview Aseptic Packaging Europe GmbH	Switzerland	Sale of packaging products	Foreign investment enterprise	CHF50,000	100%
Greatview Beijing Trading Co.,Ltd.	PRC	Sale of packaging products and equipment and related technical development services	Foreign investment enterprise	US\$750,000	100%
Greatview Aseptic Packaging Manufacturing GmbH	Germany	Production and sale of packaging products	Foreign investment enterprise	EUR25,000	100%
Greatview Aseptic Packaging Service GmbH	Germany	Sale of packaging products	Foreign investment enterprise	EUR25,000	100%

* Greatiview Holdings injected US\$4,000,000 on 14 December 2012. The capital injection was verified by Liaocheng Zhengkun CPAs in January 2013. As at 31 December 2012, Greatview Aseptic Packaging (Shandong) Co., Ltd was yet to update its business licenses and registered capital.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

31 COMMITMENTS

(a) The Group's capital commitments at the statement of financial position date are as follows:

	As at 31 December	
	2012	2011
Contracted but not provided for — Property, plant and equipment	78,476	140,433

(b) Operating leases commitments

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

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

	As at 31 December	
	2012	2011
No later than 1 year	5,863	3,391
Later than 1 year and no later than 5 years	5,645	6,375
Later than 5 years	2,258	811
	13,766	10,577

32 RELATED PARTY TRANSACTIONS

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

Key management compensation

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

	Year end 31 December	
	2012	2011
Salaries and other short-term employees benefits	11,587	9,394
Social security cost	307	241
	11,894	9,635

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

33 AMOUNT DUE FROM A SUBSIDIARY

The amount due from a Group's subsidiary, is unsecured and interest free. The amount of approximately RMB25,369,000 is repayable on demand, and no repayment schedule for the remaining RMB700,700,000 in the foreseeable future.

34 FINANCIAL GUARANTEE

The nominal value of the financial guarantee issued by the Company as at 31 December 2012 is analysed as below:

	As at 31 December	
	2012	2011
Outstanding guarantee		
— Subsidiary	147,509	125,338

The Company has acted as the guarantor for external borrowings made to a subsidiary of the Group.

The Company considers that the fair value of the contract at the date of inception was not material, the repayment was on schedule and risk of default in payment was remote. Therefore no provision has been made in the financial statements for the guarantee.

35 CONTINGENT LIABILITIES

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

In December 2011, the Court denied the complaint and found the competitor liable for the costs of the proceedings ("the Judgement"). On 16 January 2012, this competitor filed a notice of appeal to Düsseldorf Higher Regional Court against the Judgement.

In the oral hearing of 27 November 2012, the opposition division of European Patent Office has revoked the patent in full. The decision can be appealed by Tetra Pak. On 20 December 2012, the Court of Appeal stayed the proceedings pending the outcome of the appeal in the opposition proceedings.

Based on the communication with its legal advisor on German law, the Company made its assessment that the Group may prevail in the defence against Tetra Pak's appeal. Consequently, the Group considered there is no need to make any provision relating to this claim.