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

(incorporated in the Cayman Islands with limited liability)

(Stock code: 00468)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2016

The board (the “**Board**”) of directors (the “**Directors**”) of Greatview Aseptic Packaging Company Limited (the “**Company**” or “**Greatview**”) is pleased to announce the consolidated financial statements of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2016 together with comparative figures for the year ended 31 December 2015 as follows:

The figures in respect of this announcement of the Group’s consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes (“**financial information**”) does not constitute the Group’s statutory financial statements for the year ended 31 December 2016, but represents an extract from those financial statements. The following financial information, including the comparative figures has been reviewed by the audit committee of the Company (the “**Audit Committee**”) and agreed by the Group’s external auditors, PricewaterhouseCoopers (“**PwC**”), Certified Public Accountants in Hong Kong, to the amounts set out in the Group’s draft consolidated financial statements for the year ended 31 December 2016. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Federation of Accountants and consequently no assurance has been expressed by PwC on this announcement.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

Amounts expressed in thousands of RMB except for share data

		Year ended 31 December	
	Note	2016	2015
Revenue	4	2,169,159	2,218,934
Cost of sales	5	<u>(1,552,331)</u>	<u>(1,601,413)</u>
Gross profit		616,828	617,521
Other income	4	46,440	33,154
Other gains/(losses) — net	4	3,904	(14,680)
Distribution expenses	5	(101,538)	(99,591)
Administrative expenses	5	<u>(140,638)</u>	<u>(130,656)</u>
Operating profit		424,996	405,748
Finance income	6	8,405	13,977
Finance expenses	6	<u>(2,801)</u>	<u>(7,272)</u>
Finance income — net		<u>5,604</u>	<u>6,705</u>
Profit before income tax		430,600	412,453
Taxation	7	<u>(96,844)</u>	<u>(95,923)</u>
Profit for the year		<u>333,756</u>	<u>316,530</u>
Profit attributable to:			
Equity holders of the Company		<u>333,756</u>	<u>316,530</u>
Earnings per share for profit attributable to equity holders of the Company			
— Basic earnings per share (RMB)	8	0.25	0.24
— Diluted earnings per share (RMB)	8	<u>0.25</u>	<u>0.24</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

Amounts expressed in thousands of RMB except for share data

	Year ended 31 December	
	2016	2015
Profit for the year	333,756	316,530
Other comprehensive income:		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	<u>10,176</u>	<u>(18,136)</u>
Total comprehensive income for the year	<u>343,932</u>	<u>298,394</u>
Attributable to:		
— Equity holders of the Company	<u>343,932</u>	<u>298,394</u>
Total comprehensive income for the year	<u>343,932</u>	<u>298,394</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

Amounts expressed in thousands of RMB except for share data

	<i>Note</i>	As at 31 December 2016	2015
ASSETS			
Non-current assets			
Property, plant and equipment		1,258,288	1,235,060
Land use rights		15,450	14,305
Intangible assets		57,150	57,519
Deferred income tax assets		20,896	22,646
Trade and other receivables		7,825	–
Long-term prepayments		8,742	8,564
		<u>1,368,351</u>	<u>1,338,094</u>
Current assets			
Inventories		429,613	566,388
Trade and other receivables	10	362,497	504,045
Available-for-sale financial assets		372,810	–
Cash and cash equivalents		206,082	267,885
Restricted cash		153,009	188,982
		<u>1,524,011</u>	<u>1,527,300</u>
Total assets		<u><u>2,892,362</u></u>	<u><u>2,865,394</u></u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital, share premium and capital reserve		835,021	969,776
Statutory reserve		234,749	207,667
Retained earnings		1,294,800	1,114,642
Exchange reserve		(77,268)	(87,444)
		<u>2,287,302</u>	<u>2,204,641</u>
Total equity		<u><u>2,287,302</u></u>	<u><u>2,204,641</u></u>

	<i>Note</i>	As at 31 December 2016	2015
LIABILITIES			
Non-current liabilities			
Deferred government grants		85,124	91,238
Deferred income tax liabilities		6,550	4,638
		<u>91,674</u>	<u>95,876</u>
Current liabilities			
Deferred government grants		6,118	5,918
Trade payables, other payables and accruals	<i>11</i>	386,098	441,739
Income tax liabilities		16,632	29,824
Borrowings		104,538	87,396
		<u>513,386</u>	<u>564,877</u>
Total liabilities		<u>605,060</u>	<u>660,753</u>
Total equity and liabilities		<u>2,892,362</u>	<u>2,865,394</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

Amounts expressed in thousands of RMB except for share data

	Attributable to equity holders of the Company						Total
	Share capital	Share premium	Capital reserve	Statutory reserve	Exchange reserve	Retained earnings	
As at 31 December 2014	11,534	855,033	124,204	175,117	(69,308)	1,047,691	2,144,271
Comprehensive income:							
Profit for the year	-	-	-	-	-	316,530	316,530
Other comprehensive income:							
Currency translation differences	-	-	-	-	(18,136)	-	(18,136)
Transactions with holders:							
Shares repurchased	(64)	(23,572)	-	-	-	-	(23,636)
Employee share options							
— Share options exercised	6	3,991	(1,356)	-	-	-	2,641
Transfer to statutory reserve	-	-	-	32,550	-	(32,550)	-
Dividends	-	-	-	-	-	(217,029)	(217,029)
Total transactions with holders:	(58)	(19,581)	(1,356)	32,550	-	(249,579)	(238,024)
As at 31 December 2015	11,476	835,452	122,848	207,667	(87,444)	1,114,642	2,204,641
Comprehensive income:							
Profit for the year	-	-	-	-	-	333,756	333,756
Other comprehensive income:							
Currency translation differences	-	-	-	-	10,176	-	10,176
Transactions with holders:							
Shares repurchased	(26)	(8,977)	-	-	-	-	(9,003)
Transfer to statutory reserve	-	-	-	27,082	-	(27,082)	-
Dividends	-	(125,752)	-	-	-	(126,516)	(252,268)
Total transactions with holders:	(26)	(134,729)	-	27,082	-	(153,598)	(261,271)
As at 31 December 2016	11,450	700,723	122,848	234,749	(77,268)	1,294,800	2,287,302

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

Amounts expressed in thousands of RMB unless otherwise stated

	Year ended 31 December	
	2016	2015
Cash flows from operating activities		
Cash generated from operations	766,180	466,346
Interest paid	(1,486)	(3,580)
Income tax paid	(106,374)	(87,629)
	<hr/>	<hr/>
Net cash generated from operating activities	658,320	375,137
Cash flows from investing activities		
Purchases of property, plant and equipment (“PP&E”)	(114,814)	(122,479)
Receipt of assets-related government grants	3,754	3,684
Proceeds from disposal of PP&E	836	945
Proceeds from disposal of land use rights	1,828	–
Purchases of land use rights	(3,333)	–
Purchases of intangible assets	(2,591)	(2,581)
Purchases of available-for-sale financial assets	(749,181)	–
Disposal of available-for-sale financial assets	378,273	–
Interest received	8,405	13,977
	<hr/>	<hr/>
Net cash used in investing activities	(476,823)	(106,454)
Cash flows from financing activities		
Proceeds from issuance of shares	–	2,641
Proceeds from borrowings	418,196	1,021,955
Repayments of borrowings	(401,793)	(1,270,598)
Payments for shares repurchased	(9,003)	(23,636)
Dividends paid to equity holders	(252,268)	(217,029)
	<hr/>	<hr/>
Net cash used in financing activities	(244,868)	(486,667)
Net decrease in cash and cash equivalents	(63,371)	(217,984)
Cash and cash equivalents at beginning of year	267,885	489,561
Exchange gain/(loss) on cash and cash equivalents	1,568	(3,692)
	<hr/>	<hr/>
Cash and cash equivalents at end of year	<u>206,082</u>	<u>267,885</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

Amounts expressed in thousands of RMB unless otherwise stated

1 GENERAL INFORMATION

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

Changes in accounting policy and disclosures

- *Amended standards and annual improvements adopted by the Group*

The following amendments to standards and annual improvements have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2016:

- Accounting for acquisitions of interests in joint operations — Amendments to IFRS 11
- Disclosure initiative — amendments to IAS 1
- Clarification of acceptable methods of depreciation and amortisation — Amendments to IAS 16 and IAS 38
- Annual improvements to IFRSs 2012 – 2014 cycle

The adoption of these amendments and annual improvements did not have any significant impact on the consolidated financial statements.

3 SEGMENT INFORMATION

Executive Directors are the Group's chief operating decision-makers. Management has determined the operating segments based on the information reviewed by the Executive Directors which are used for making strategic decisions.

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

	PRC	International	Total
2016			
Sales	1,627,696	541,463	2,169,159
Cost	<u>(1,116,959)</u>	<u>(435,372)</u>	<u>(1,552,331)</u>
Segment results	<u>510,737</u>	<u>106,091</u>	<u>616,828</u>
2015			
Sales	1,798,175	420,759	2,218,934
Cost	<u>(1,257,389)</u>	<u>(344,024)</u>	<u>(1,601,413)</u>
Segment results	<u>540,786</u>	<u>76,735</u>	<u>617,521</u>

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

	Year ended 31 December	
	2016	2015
Segment results for reportable segments	616,828	617,521
Other income	46,440	33,154
Other gains/(losses) — net	3,904	(14,680)
Distribution expenses	(101,538)	(99,591)
Administrative expenses	<u>(140,638)</u>	<u>(130,656)</u>
Operating profit	<u>424,996</u>	<u>405,748</u>
Finance income	8,405	13,977
Finance expense	<u>(2,801)</u>	<u>(7,272)</u>
Finance income — net	<u>5,604</u>	<u>6,705</u>
Profit before income tax	430,600	412,453
Income tax expense	<u>(96,844)</u>	<u>(95,923)</u>
Profit for the year	<u>333,756</u>	<u>316,530</u>
Depreciation and amortisation charges	<u>101,486</u>	<u>95,128</u>

Information on segment assets and liabilities are not disclosed as this information is not presented to the Executive Directors as they do not assess performance of reportable segments using information on assets and liabilities. The non-current assets excluding deferred income tax assets (there is no employment benefit assets and rights arising under insurance contracts) amount to RMB1,347,455 (2015: RMB1,315,448).

The following table presents sales generated from packaging materials:

	Year ended 31 December	
	2016	2015
Dairy products	1,891,911	2,003,996
Non-carbonated soft drink (“NCS D”) products	277,248	214,938
	<u>2,169,159</u>	<u>2,218,934</u>

4 REVENUE, OTHER INCOME AND OTHER GAINS/(LOSSES) — NET

	Year ended 31 December	
	2016	2015
Sales of products	<u>2,169,159</u>	<u>2,218,934</u>
Other income:		
— Income from sales of materials	16,765	13,160
— Subsidy income from government	27,773	19,994
— Income on available-for-sale financial assets	1,902	—
	<u>46,440</u>	<u>33,154</u>
Other gains/(losses) — net		
— Gain/(loss) on disposal of assets	116	(157)
— Foreign exchange loss	(739)	(18,451)
— Others	4,527	3,928
	<u>3,904</u>	<u>(14,680)</u>

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

5 EXPENSES BY NATURE

	Year ended 31 December	
	2016	2015
Raw materials and consumables used	1,260,462	1,336,494
Changes in inventories of finished goods and work in progress	11,252	(3,274)
Tax and levies on main operations	9,279	10,398
Provision/(write-back) for obsolescence on inventories	6,674	(97)
Depreciation and amortisation charges:	101,486	95,128
-- Depreciation of PP&E	98,082	92,738
-- Amortisation of intangible assets	3,044	2,080
-- Amortisation of land use rights	360	310
Provision for impairment of receivables and prepayment	2,579	10,728
Employee benefit expenses	190,824	178,414
Auditors' remuneration		
— Audit services	2,276	2,178
— Non-audit services	247	180
Transportation expenses	49,955	47,916
Repair and maintenance expenses	23,692	24,542
Electricity and utilities	33,369	31,453
Rental expenses	7,581	7,585
Plating expenses	10,079	11,566
Professional fees	5,885	8,876
Travelling expenses	12,276	12,555
Advertising and promotional expenses	16,414	17,358
Other expenses	50,177	39,660
	<u>1,794,507</u>	<u>1,831,660</u>
Total cost of sales, distribution expenses and administrative expenses	<u>1,794,507</u>	<u>1,831,660</u>

6 FINANCE INCOME AND FINANCE EXPENSES

	Year ended 31 December	
	2016	2015
Interest income	8,405	13,977
Finance income	<u>8,405</u>	<u>13,977</u>
Interest expense — bank borrowings	(1,486)	(3,580)
Exchange loss	(1,315)	(3,692)
Finance expenses	<u>(2,801)</u>	<u>(7,272)</u>

7 INCOME TAX EXPENSE

	Year ended 31 December	
	2016	2015
Current income tax:		
Enterprise income tax	93,182	87,425
Deferred tax:		
Origination and reversal of temporary differences	3,662	8,498
	<u>96,844</u>	<u>95,923</u>
Taxation	<u>96,844</u>	<u>95,923</u>

The Group's subsidiaries established in the PRC except for Greatview Aseptic Packaging (Inner Mongolia) Co., Ltd. are subject to the PRC statutory income tax rate of 25% (2015: 25%) on the taxable income for the year. Hong Kong profits tax has been provided at rate of 16.5% for the current year (2015: 16.5%). Greatview Aseptic Packaging Manufacturing GmbH and Greatview Aseptic Packaging Service GmbH are subject to the Germany statutory income tax rate of 15%, with solidarity tax contribution of 5.5%. Greaview Aseptic Packaging Europe GmbH is subject to the Swiss statutory income tax rate of 11.35%.

Greatview Aseptic Packaging (Inner Mongolia) Co., Ltd. is located in a special economic zone with an applicable tax rate of 15%, which is subject to annual approval from the local tax bureau. The local tax bureau has approved this preferential tax rate of 15% for this subsidiary in year 2016.

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

	Year ended 31 December	
	2016	2015
Profit before tax	<u>430,600</u>	<u>412,453</u>
Tax calculated at domestic tax rates applicable to profits in the respective countries	98,920	103,113
Withholding tax on dividends	12,132	15,000
Preferential tax treatment for a subsidiary	(11,260)	(18,157)
Income not subject to tax	(13)	(91)
Expenses not deductible for taxation purposes	412	687
Tax losses for which no deferred income tax asset was recognised	2,975	3,279
Utilisation of previously unrecognised tax losses for which no deferred income tax was recognised	(5,746)	(6,140)
Others	(576)	(1,768)
	<u>96,844</u>	<u>95,923</u>
Income tax expenses	<u>96,844</u>	<u>95,923</u>

8 EARNINGS PER SHARE

(a) Basic earnings per share

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

	Year ended 31 December	
	2016	2015
Profit attributable to equity holders of the Company	333,756	316,530
Weighted average number of ordinary shares in issue (<i>thousands</i>)	1,337,668	1,346,459
Basic earnings per share (<i>RMB per share</i>)	<u>0.25</u>	<u>0.24</u>

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive ordinary shares. The Company had one category of dilutive potential ordinary shares before 1 June 2016: share options. For share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The share options that may have a dilutive impact on basic earnings per share in the future have not been included in the calculation of diluted earnings per share because they did not have a dilutive effect in 2015. The outstanding share options have not been included in the calculation of diluted earnings per share because they had lapsed in 1 June 2016.

	Year ended 31 December	
	2016	2015
Profit attributable to equity holders of the Company	333,756	316,530
Weighted average number of ordinary shares for diluted earnings per share (<i>thousands</i>)	1,337,668	1,346,459
Diluted earnings per share (<i>RMB per share</i>)	<u>0.25</u>	<u>0.24</u>

9 DIVIDENDS

The dividends paid in 2016 and 2015 were HK\$294,259,020 (HK\$0.11 per share, approximately RMB252,268 in total) and HK\$269,456,000 (HK\$0.10 per share, approximately RMB217,029 in total) respectively. A dividend in respect of the year ended 31 December 2016 of HK\$0.12 per share, amounting to a total dividend of HK\$160,442,280 (approximately RMB143,516 in total) is to be proposed by the Board at the forthcoming annual general meeting to be partly paid out of the share premium account of the Company and partly paid out of the distributable profits of the Company. These financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2016	2015
Dividends proposed and paid during the year	126,516	110,690
Proposed final dividend of HK\$0.12 (2015:HK\$0.11) per ordinary share	143,516	123,265
	<u>270,032</u>	<u>233,955</u>

10 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2016	2015
Trade receivables	311,482	350,014
Less: Provision for impairment	(6,287)	(3,708)
	<hr/>	<hr/>
Trade receivables — net	305,195	346,306
Notes receivable	8,174	95,498
Value added tax deductible	21,845	14,861
	<hr/>	<hr/>
Prepayments	32,082	43,323
Less: Provision for impairment	(8,681)	(8,681)
	<hr/>	<hr/>
Prepayments — net	23,401	34,642
Other receivables	11,707	12,738
	<hr/>	<hr/>
	370,322	504,045
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Less non-current portion: Trade receivables	(7,825)	—
	<hr/>	<hr/>
	362,497	504,045
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The Group does not hold any collateral as security.

All non-current receivables are due within three years from the end of the year.

The credit terms granted to customers by the Group were generally 0 to 90 days (2015: 0 to 90 days) during the year.

At 31 December 2016 and 2015, the ageing analysis of the trade receivables based on invoice date were as follows:

	As at 31 December	
	2016	2015
Trade receivables, gross		
0–30 days	157,100	199,537
31–90 days	81,083	62,683
91–365 days	58,613	72,863
Over 1 year	14,686	14,931
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	311,482	350,014
	<hr/> <hr/>	<hr/> <hr/>

11 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2016	2015
Trade payables	169,248	306,742
Notes payables	116,024	25,982
Advances from customers	15,875	8,863
Accrued expenses	47,477	53,699
Salary and welfare payable	21,399	18,990
Other payables	11,500	19,798
Tax payable	4,575	7,665
	<u>386,098</u>	<u>441,739</u>

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

	As at 31 December	
	2016	2015
Within 30 days	141,843	302,414
31–90 days	23,788	1,869
91–365 days	870	1,419
Over 365 days	2,747	1,040
	<u>169,248</u>	<u>306,742</u>

BUSINESS REVIEW

Overview

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

With the increased income per capita and improved living standards of the consumers in the PRC in 2016, they not only placed greater emphasis on food safety, but also on nutrition, healthcare and quality of life. Driven by the upgrade of consumption, the domestic dairy industry shifted its focus from sales volume growth to product upgrade, but certain categories of ambient dairy products still witnessed sluggish sales. Such industry environment exerted pressure on our sales in the PRC.

In the increasingly challenging market environment, we continued to carry out innovation and strived to deliver value-added services to our customers. We pioneered the use of “one code per pack” and variable printing technology in the aseptic packaging industry for liquid food. Having successfully assisted our customers in carrying out their online and offline marketing activities, this technology was gradually applied to other product categories on the basis of cooperation on the initial product categories.

Moreover, we launched “Greatview Octagon” packaging materials, which was comparable to a product model of a leading aseptic packaging producer in the ambient yogurt market, and the proprietary filling machine for this product model. The diversified product lines enabled us to offer our customers with a greater variety of product choices, and we believe it would help us seize business opportunities in the intensely competitive market.

On the other hand, our international business sustained its high growth momentum in 2016. Our sales team expanded and extended into new regions and new markets, and won orders from a world leading multinational dairy producer. The application of pre-laminated hole technology in family-sized packages had broadened our product portfolio, enhanced our competitiveness and allowed us to win new orders and deepened our market penetration.

Following consecutive years of very strong growth in our international business, we decided to add the second production line with an annual production capacity of 4 billion packs and expand the warehouse of our European plant at Halle, Germany at the end of the first half of 2016. These new production facilities, estimated with a total investment of around 23 million Euros, are expected to commence operation in mid-2017. The additional equipment and building expansion will add capacity, flexibility and efficiency to our operations that helps to enhance the delivery and responsiveness of services and quality of products to customers. We believe this investment, will not only increase the annual production capacity of the factory by more than double, but also reflect our confidence in the continual growth of our market share.

Along with our domestic and international sales team's endeavors to capture opportunities from aseptic packaging market, our production departments were continuously committed to improving the quality of our products. On the basis of the original ISO 9001:2008 and ISO 14001:2004 certifications and a top grade in hygiene and safety standard applying to packaging materials awarded by British Retail Consortium and the Packaging Society, formerly the IOP (BRC/IOP), in the first half of 2016, our factories in Shandong and Inner Mongolia, the PRC had successively passed FSSC22000 Certification of Food Safety System and became the leading company passing such certification in aseptic packaging industry. At present, FSSC22000 is one of the most stringent food safety certification systems in the world. Having successfully gained such certification, we aligned ourselves with the world's most stringent food safety standards and are capable of providing the safest product to the liquid food industry.

Furthermore, we made tremendous achievements in internal business management. Having been implemented in our domestic operations in the year of 2015, the enterprise resource planning system of the Group ("**ERP System**") was successfully extended to our international operations in 2016. By integrating supply chain management, production planning, cost control, quality control, logistics management and financial management, the Group has established a comprehensive operation system to support the refined business management.

Products

We sold a total of 11.4 billion packs during the year ended 31 December 2016 which represents an decrease of 2.3% as compared with the same period in 2015. The sales volume of the international business segment kept its growth momentum of the previous year, while the domestic sales volume declined amid adverse market conditions. "Greatview Brick 250ml Base" remained as our top selling product, followed by "Greatview Brick 250ml Slim" as the second most popular selling product of our Group.

As the facts of the urbanization trend and the relative low consumption per capita of dairy products in the PRC, we stay positive on the prospects of the dairy sector in long term. In regard to our international business, given our relatively low global market share, we believe there are plenty of opportunities to be explored with the aid from production capacity expansion.

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

Production Capacity and Utilization

The Group has a total annual production capacity of 21.4 billion packs as at 31 December 2016. Our Group produced approximately 11.5 billion packs for the year ended 31 December 2016. The utilization rate for the year ended 31 December 2016 was 53.7%.

At the end of the first half of 2016, we have commenced construction of the second production line at our European plant. This new production line will bring additional 4 billion packs annual production capacity to the Group and is expected to be commissioned in mid-2017. The additional production capacity in our European plant will help us seize opportunities in the international business and add more flexibility and efficiency to our operations so as to deliver responsive service to customers.

Suppliers and Raw Materials

During the year ended 31 December 2016, the cost of raw materials decreased due to lowered production volume and unit cost.

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

Marketing

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

In 2016, for four years in a row, we attended the National Food and Drinks Fair held in Chengdu City of Sichuan Province and Fuzhou City of Fujian Province in the PRC in March and October respectively, and were invited to attend the Internet of Things Fair, a national level event, held in Wuxi City of Jiangsu Province in late October, where we exhibited our variable printing products and “one code per pack” products. The pioneering variable printing technology in the field of aseptic packaging for liquid food has been applied to these products, bringing various value-added services for customers, including food safety traceability, sale channel management, internet marketing and sales improvement.

Relationships with Stakeholders

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

Compliance with Applicable Laws and Regulations

For the year ended 31 December 2016, the Group's operations are mainly carried out by the Company's subsidiaries in the PRC, Hong Kong, Germany and Switzerland. The Group accordingly shall comply with relevant laws and regulations in the PRC, Hong Kong, Germany and Switzerland and the respective places of incorporation of the Company and its subsidiaries.

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

FINANCIAL REVIEW

Overview

For the year ended 31 December 2016, the Company managed to maintain a steady growth under the circumstances of an increasingly severe market environment. We continuously endeavored to optimize the production efficiency. As a result, we achieved an increase in profit for the year ended 31 December 2016. We have also attained free cash to propose for dividend. Our management is pleased with the financial results and will continue to capture growth in the aseptic packaging industry as well as explore potential business development opportunities to further enhance return to our shareholders.

Revenue

We primarily derive revenue from domestic and international sales of aseptic packaging and related services to dairy and NCSD producers. Revenue of our Group decreased by 2.2% from RMB2,218.9 million for the year ended 31 December 2015 to RMB2,169.2 million for the year ended 31 December 2016. The decrease was primarily due to the drop of sales volume in the PRC market.

With respect to the domestic segment, our revenue decreased by RMB170.5 million, or 9.5%, to RMB1,627.7 million for the year ended 31 December 2016 from RMB1,798.2 million for the year ended 31 December 2015. It was mainly impacted by the sale volume decline in the PRC market.

With respect to the international segment, our revenue increased by RMB120.7 million, or 28.7%, to RMB541.5 million for the year ended 31 December 2016 from RMB420.8 million for the year ended 31 December 2015. It was mainly due to the increase in sales volume in the international market.

Our revenue from dairy customers decreased by RMB112.1 million, or 5.6%, to RMB1,891.9 million for the year ended 31 December 2016 from RMB2,004.0 million for the year ended 31 December 2015, and our revenue from NCSD customers increased by RMB62.3 million, or 29.0%, to RMB277.2 million for the year ended 31 December 2016 from RMB214.9 million for the year ended 31 December 2015. It was mainly contributed by the increase of sales volume in international market.

Cost of Sales

Our cost of sales decreased by RMB49.1 million, or 3.1%, to RMB1,552.3 million for the year ended 31 December 2016 from RMB1,601.4 million for the year ended 31 December 2015. The reduction in cost of sales was due to the decrease in total sales volume and cost of production.

Gross Profit and Gross Margin

As a result of the foregoing factors, our gross profit decreased by RMB0.7 million, or 0.1% from RMB617.5 million for the year ended 31 December 2015 to RMB616.8 million for the year ended 31 December 2016. Our gross margin increased by 0.6 percentage points to 28.4% for the year ended 31 December 2016 from 27.8% for the year ended 31 December 2015. It was primarily due to the well control of production cost.

Other Income

Our other income increased by RMB13.2 million, or 39.8%, to RMB46.4 million for the year ended 31 December 2016 from RMB33.2 million for the year ended 31 December 2015. It was primarily due to the increase in government subsidy, sales of scrap material and income on available-for-sale financial assets.

Distribution Expenses

Our distribution expenses increased by RMB1.9 million, or 1.9%, to RMB101.5 million for the year ended 31 December 2016 from RMB99.6 million for the year ended 31 December 2015. The increase was primarily due to the increase of transportation expenses in domestic market, as the PRC issued the new regulation on the limitation of truck loadings in 2016.

Administrative Expenses

Our administrative expenses increased by RMB9.9 million, or 7.6%, to RMB140.6 million for the year ended 31 December 2016 from RMB130.7 million for the year ended 31 December 2015. The increase was primarily due to the increase in our staff's salary and welfare, the research and development expenses and amortization of ERP System.

Taxation

Our tax expenses increased by RMB0.9 million to RMB96.8 million for the year ended 31 December 2016 from RMB95.9 million for the year ended 31 December 2015. Effective tax rate decreased by 0.8 percentage points to 22.5% for the year ended 31 December 2016 from 23.3% for the previous financial year.

Profit for the Year and Net Profit Margin

Our net profit increased by RMB17.3 million, or 5.5%, to RMB333.8 million for the year ended 31 December 2016 from RMB316.5 million for the year ended 31 December 2015. Our net profit margin increased by 1.1 percentage points to 15.4% for the year ended 31 December 2016 from 14.3% for the year ended 31 December 2015 primarily due to profitability improvement of the international business and enhanced control in production costs.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2016, we had RMB206.1 million (31 December 2015: RMB267.9 million) in cash and cash equivalents. Our cash and cash equivalents consist primarily of cash on hand and bank balances which are primarily held in RMB denominated accounts with banks in the PRC.

As at 31 December 2016, we had RMB372.8 million (31 December 2015: nil) in available-for-sale financial assets.

Analysis of Turnover of Inventories, Trade Receivables and Payables

Our Group's inventories primarily consist of raw materials and finished goods. Turnover days for inventory (inventories/cost of sales) decreased from 120.9 days as at 31 December 2015 to 117.1 days as at 31 December 2016. Turnover days for trade receivables (trade receivables/revenue) increased from 50.5 days as at 31 December 2015 to 55.0 days as at 31 December 2016. Turnover days for trade payables (trade payables/cost of sales) decreased from 60.3 days as at 31 December 2015 to 56.0 days as at 31 December 2016.

Borrowings and Finance Cost

Total borrowings of our Group as at 31 December 2016 were RMB104.5 million (31 December 2015: RMB87.4 million) and denominated in Euro. For the year under review, net finance income of our Group was approximately RMB5.6 million (31 December 2015: RMB6.7 million).

Gearing Ratio

As at 31 December 2016, the gearing ratio (calculated by dividing total loans and bank borrowings by total equity) of our Group was 0.05 (31 December 2015: 0.04), which was in line with the growth of outstanding loans.

Working Capital

Our working capital (calculated by the difference between the current assets and current liabilities) as of 31 December 2016 was RMB1,010.6 million (31 December 2015: RMB962.4 million).

Foreign Exchange Exposure

Our Group's sales were primarily denominated in RMB and Euro. During the year under review, our Group recorded exchange loss of RMB0.7 million (31 December 2015: exchange loss of RMB18.5 million).

Capital Expenditure

As at 31 December 2016, our Group's total capital expenditure amounted to approximately RMB120.7 million (31 December 2015: RMB125.1 million), which was used for constructing new building and purchasing production machines and equipment for the Group.

Charge on Assets

As at 31 December 2016, our Group neither pledged any PP&E (31 December 2015: nil) nor land use right (31 December 2015: nil).

Contingent Liabilities

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

The Court has denied Tetra Pak's Claim in December 2011 and found Tetra Pak liable for the costs of the proceedings (the "**Judgment**"). On 16 January 2012, Tetra Pak filed a notice of appeal to Dusseldorf Higher Regional Court against the Judgment. As at 31 December 2016, the appeal was pending decision of the opposition proceedings.

On 20 October 2010, we commenced opposition proceedings before the European Patent Office ("**EPO**") to invalidate the subject patent in question in Tetra Pak's infringement claim, with effect throughout all EPO member states. On 27 November 2012, the opposition division of EPO revoked the subject patent in its entirety; however, Tetra Pak filed an appeal on 17 April 2013 against the first instance decision. On 23 December 2013, the Company filed a reply in response to Tetra Pak's appeal. As at 31 December 2016, the appeal was under process at EPO. Based on the communication with our legal advisor on German law, the Company made its assessment that the Group may prevail in the defense against Tetra Pak's appeal. Further disclosure will be made as and when appropriate.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2016, our Group employed approximately 1,241 employees (31 December 2015: 1,219 employees). Our Group offered competitive salary package, as well as discretionary bonuses, cash subsidies and contribution to social insurance to our employees. In general, we determine employee salaries based on each employee's qualifications, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis of our decisions with respect to salary raises, bonuses and promotions. Share option schemes have also been adopted for employees of our Group. In order to ensure that our Group's employees remain competitive in the industry, the Company has adopted training schemes for our employees managed by our human resources department.

PROSPECTS

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

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

FINAL DIVIDEND

The Board recommends the payment of a final dividend amounting to HK\$160.4 million (HK\$0.12 per share, approximately RMB143.5 million in total) to be partly paid out of the share premium account of the Company and partly paid out of the distributable profits of the Company, for the year ended 31 December 2016 (2015: HK\$0.11 per share, approximately RMB123.3 million in total). The proposed final dividend, if approved by shareholders at the forthcoming annual general meeting, shall be paid on or around 7 July 2017 to shareholders whose names appear on the register of members of the Company on 16 June 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 23 May 2017 to 26 May 2017, both days inclusive, during which period no share transfers in Hong Kong can be registered. In order to be eligible for attending and voting at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 22 May 2017.

In addition, the register of members of the Company will be closed from 14 June 2017 to 16 June 2017, both days inclusive, during which period no transfer of shares will be registered. In order to ascertain shareholders' entitlement to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 13 June 2017.

CORPORATE GOVERNANCE

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

During the year under review, the Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance.

The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the CG Code during the year ended 31 December 2016.

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 2016:

- (1) developed and reviewed the Company's policies and practices on corporate governance;
- (2) reviewed and monitored the training and continuous professional development of Directors and senior management;

- (3) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;
- (4) developed, reviewed and monitored the code of conduct and compliance manual applicable to employees and Directors; and
- (5) reviewed the Company's compliance with the CG Code and disclosure in the corporate governance report.

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and each of the Directors has confirmed that he has complied with the Model Code during the year under review and up to the date of this annual results announcement.

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

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the year ended 31 December 2016.

PURCHASE, SALES OR REDEMPTION OF THE SHARES

During the year ended 31 December 2016, the Company purchased a total of 3,047,000 shares at an aggregate purchase price before expenses of HK\$10,712,130 on the Stock Exchange. Details of the purchases of such shares were as follows:

Month of purchase	Number of shares purchased	Price per share		Aggregate purchase price (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
January 2016	<u>3,047,000</u>	3.65	3.38	<u>10,712,130</u>
Total	<u><u>3,047,000</u></u>			<u><u>10,712,130</u></u>

All the 3,047,000 purchased shares were cancelled during the year under review. The above repurchases were effected by the Directors pursuant to the mandate from shareholders, with a view to benefit shareholders as a whole in enhancing the net assets and earnings per share of the Company. Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the year under review.

PRE-EMPTIVE RIGHT

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

REVIEW BY THE AUDIT COMMITTEE

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

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

The Audit Committee has reviewed the accounting principles and practices adopted by the Company, the annual results of the Group during the year ended 31 December 2016 as well as auditing, internal control and financial reporting matters, including the consolidated financial statements for the year ended 31 December 2016. The Audit Committee is of the view that the Group's consolidated financial statements for the year under review are prepared in accordance with the applicable accounting standards, laws and regulations, and appropriate disclosures have already been made.

ANNUAL GENERAL MEETING AND PUBLICATION OF ANNUAL REPORT

The annual general meeting of the Company is expected to be held at 10:00 a.m., on Friday, 26 May 2017. This results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.greatviewpack.com). The annual report of the Company together with the notice of annual general meeting will be despatched to the shareholders of the Company and available at the aforesaid websites in due course.

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

Beijing, 27 March 2017

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