



Greatview Aseptic Packaging Company Limited

Annual Report 2013

(Incorporated in the Cayman Islands with limited liability) Stock Code: 0468



CONTENTS

- 03** Corporate Information
- 05** Financial Summary
- 07** Five Years Financial Summary
- 08** CEO's Statement
- 10** Management Discussion and Analysis
- 17** Board of Directors and Senior Management
- 22** Report of the Directors
- 33** Corporate Governance Report
- 43** Independent Auditor's Report
- 45** Consolidated Statement of Financial Position
- 47** Statement of Financial Position
- 48** Consolidated Income Statement
- 49** Consolidated Statement of Comprehensive Income
- 50** Consolidated Statement of Changes in Equity
- 51** Consolidated Statement of Cash Flows
- 52** 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 (Resigned on 27 March 2014)
Mr. ZHU Jia
Mr. LEE Lap, Danny
Ms. SHANG Xiaojun (Resigned on 27 March 2014)

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 (Resigned on 27 November 2013)
Ms. MOK Ming Wai (Appointed on 27 November 2013)

AUTHORIZED REPRESENTATIVES

Mr. ZHU Jia
Ms. MA Sau Kuen Gloria (Resigned on 27 November 2013)
Ms. MOK Ming Wai (Appointed on 27 November 2013)

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

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

COMPLIANCE ADVISER

TC Capital Asia Limited

LEGAL ADVISERS

Norton Rose Fulbright Hong Kong
Tian Yuan Law Firm

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
The Hong Kong and Shanghai Banking Corporation Limited
China Construction Bank
Industrial and Commercial Bank of China
Commerzbank AG
China Merchants Bank

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 AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY WEBSITE

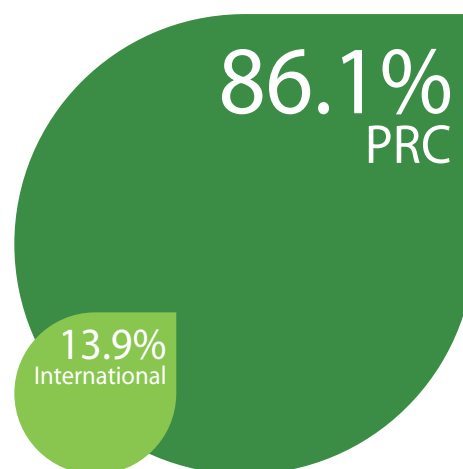
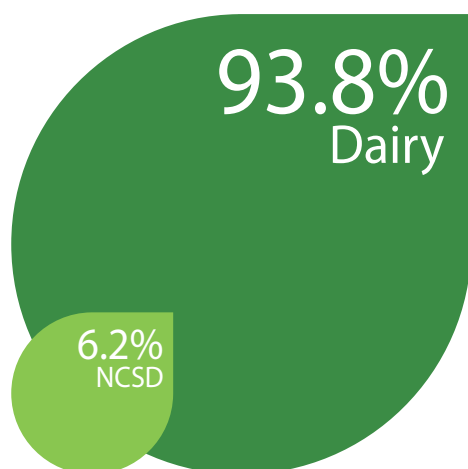
www.greatviewpack.com



FINANCIAL SUMMARY

	Year ended 31 December		Percentage %
	2013 RMB million	2012 RMB million	
Revenue	2,159.5	1,744.0	23.8%
Gross profit	579.2	550.5	5.2%
Net profit	317.3	314.9	0.8%
Profit attributable to shareholders	317.3	314.9	0.8%
Earnings per share — basic and diluted (RMB)	0.24	0.24	0%
Proposed dividend per share (HKD)	0.1	0.1	

REVENUE ANALYSIS

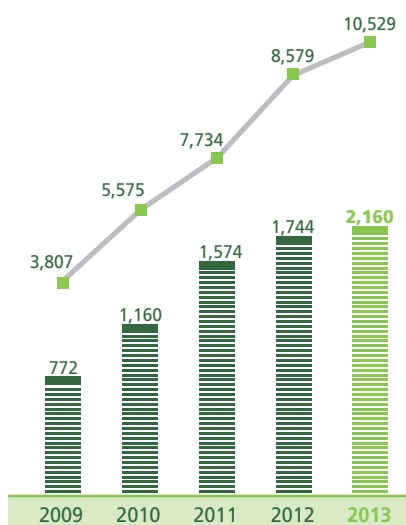


10
billion
X2

In 2013, Greatview's annual carton sales topped 10 billion for the first time;
Cumulative sales of aseptic cartons to our largest customer exceeded 10 billion units.

FIVE YEARS FINANCIAL SUMMARY

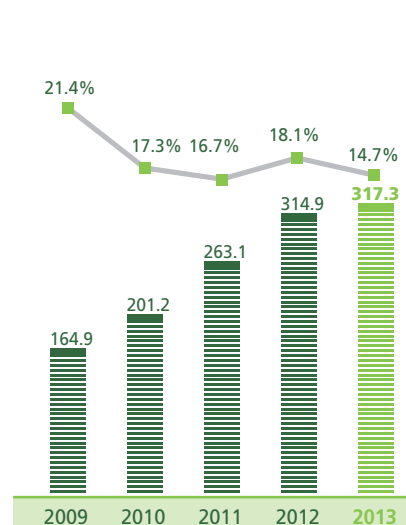
REVENUE TREND



■ Volume (in million packs)

■ Revenue
(in RMB million)

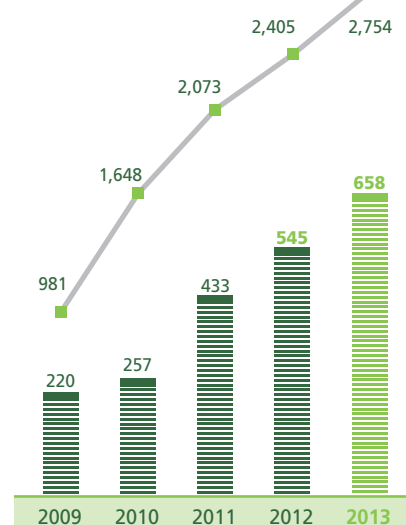
PROFIT TREND



■ % of Revenue

■ Net Profit
(in RMB million)

ASSET AND LIABILITY TRENDS



■ Total Assets
(in RMB million)

■ Total Liabilities
(in RMB million)

	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000	2009 RMB'000
Assets					
Non-current assets	1,349,541	1,211,735	985,311	569,655	503,522
Current assets	1,404,770	1,193,531	1,088,153	1,078,504	477,738
Total assets	2,754,311	2,405,266	2,073,464	1,648,159	981,260
Liabilities					
Non-current liabilities	110,615	85,089	46,230	68,374	94,957
Current liabilities	546,914	460,333	386,955	188,344	125,198
Total liabilities	657,529	545,422	433,185	256,718	220,155
Total equity	2,096,782	1,859,844	1,640,279	1,391,441	761,105

CEO'S STATEMENT

2013: The year of Double "Ten Billion" breakthrough

In 2013, Greatview celebrated 10 years since its founding. During the year, Greatview's business was once again very successful.

First of all, I am pleased to announce that the company passed two important milestones. The first was our annual sales volume surpassing 10 billion aseptic cartons. The second milestone was cumulative sales to our largest customer also exceeding 10 billion cartons. Every single carton supplied to this customer has been made with fiber from certified sustainably managed forests.

Worldwide, more than three quarters of Greatview cartons in 2013 were made using paperboard certified as coming from sustainably managed forests, giving Greatview by far the industry's best record of sustainable sourcing in overall percentage terms. In my view, not only does this show our commitment for a sustainable future, but more importantly demonstrates the common values of Greatview and its customers, for which I am proud. I would like to thank our customers, our shareholders and all our staff for helping us in making these achievements.

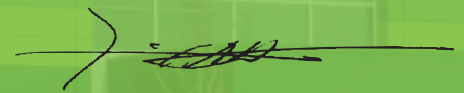
In China, a recent emerging trend in the dairy industry has been the growing presence of international dairies in the local market. Between 2012 and 2013, it appeared that the Chinese dairy industry would suffer a sharp drop in milk production due to a supply shortage.

However, the reality was that increased raw material imports from overseas dairies translated into an overall liquid milk production increase of 7% within the country. The combined effect of strong consumer demand, higher investment and fast expanding supply from dairies in external markets, allows us to retain an optimistic outlook for the health and growth of China's dairy industry. Towards the end of the year, in order to meet market demand, Greatview completed a third production line at its Shandong converting factory, increasing capacity by a further 4 billion packs per annum. This will not only improve our lead times and flexibility, but also support product diversification, improving our competitive advantage and market share.

In 2013, Greatview continued to outperform industry expectations. While the company continued its long-term steady growth in the Chinese market, Greatview's business in the rest of the world gained further momentum with increased market share and fulfillment of the targeted capacity utilization at our European factory. In May, Greatview signed a proposal, with Chinese Premier Li Keqiang and German Chancellor Angela Merkel in attendance, to invest 38 million Euros on a second production line at the European factory.

Over the coming year, Greatview will look to further expand its business outside China. We are confident that we can replicate Greatview's China market success in the international market, driven by our philosophy of "Choice Creates Value". In addition, we will boost our efforts to develop filling machine equipment, enhancing our R&D and production capability. We regard becoming an integrated packaging solution provider as a vital part of the company's long-term success. Greatview, together with industry leaders, is in good stead to continue the development of the paper-based aseptic packaging business.

Thank you for reading. I wish you all success in the Year of the Horse.



Jeff Bi Hua

CEO and Executive Director



MANAGEMENT DISCUSSION AND ANALYSIS



BUSINESS REVIEW

Overview

Our Group (Greatview Aseptic Packaging Company Limited, our “Company” or “Greatview” and its subsidiaries) is the second largest roll-fed supplier of aseptic packaging globally and the leading alternative supplier in the People’s Republic of China (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. We supply customised, high-quality and competitively priced aseptic packs that 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. In 2013, Greatview celebrated its 10th year anniversary, having continued to earn trust and support from our customers through the provision of high-quality products and services.

In 2013, Greatview continued to outperform the market, with an overall revenue growth of 23.8%. In the PRC, although shortages of raw milk presented a challenging business environment, the combined effects of strong consumer demand, significant resource investment and an elastic supply of global milk enabled us to drive healthy growth.

To meet growing market demand, we continued to expand our capacity in China. In the second half of the year, we began building production facilities for new aseptic packaging products in our Hellingeer factory, which is scheduled to be completed in the second half of 2014. In addition, the third production line of our Gaotang factory is scheduled to start commercial production in the first half of 2014.

Elsewhere, Greatview stepped up its efforts to expand its international business market share. Our international business achieved significant volume growth despite the loss incurred from international sales, which was within expectations. In June, Greatview celebrated its first overseas factory opening in Halle, Germany. 200 special guests from around the world gathered to attend the ceremony, among whom included customers, suppliers and government officials. During the ceremony, Greatview reaffirmed its commitment to the local community by making a charity donation to the Association for the Care of Children with Cancer in Halle (Saale), Germany. Greatview also signed a memorandum with the Prime Minister of Saxony-Anhalt and the Mayor of Halle (Saale) in Berlin to expand production capacity at the Germany factory.

Products

We sold a total of 10.5 billion packs during the year ended 31 December 2013 which represents an increase of 22.7% compared with 2012. GA Brick aseptic 250ml Base remained the top selling product, followed by GA Brick aseptic 250ml Slim as the Group’s second most popular selling product.

In 2013, we worked hard to ensure the production of high quality products at all of our converting factories in order to strengthen our brand name in the market. We believe that our emphasis on quality will help us solidify customer confidence and provide a strong selling point for our products. At our European Plant, we put emphasis on improving our operations management structure and training for local employees in order to enhance our production efficiency.

Production Capacity and Utilisation

The annual production capacity of our Group was 17.4 billion packs at the end of 2013. Our Group produced approximately 10.6 billion packs during the year ended 31 December 2013. The utilisation rate for the year ended 31 December 2013 was slightly lower than the corresponding period in 2012, which was mainly due to our European Plant, which was still at a ramp-up stage.

Suppliers and Raw Materials

During the year ended 31 December 2013, the price of raw materials remained relatively stable with a slight increase. The cost of raw materials increased due to growth in production volume and higher consumption of European Plant.

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 European Plant.

Sales and Marketing

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

In 2013, our sales and marketing teams developed our presence in new markets such as North Africa and Gulf area. We are confident with the demand in leading dairy and beverage manufacturers in Europe for alternative aseptic suppliers. This trend, coupled with our sales efforts, solid production capacity and improved services, enabled us to achieve our goal in geographical expansion.

In the PRC, we continued to expand our customer base and grow volume with our key dairy customers. In 2013, Greatview announced that it had supplied its 10 billionth carton to its largest customer. We also exhibited our latest aseptic technology and products portfolio at the 88th Annual Food and Drinks Fair in Chengdu, Sichuan, China's largest and prestigious food exhibition.



Greatview Halle Factory

Management Discussion and Analysis

FINANCIAL REVIEW

Overview

For the year ended 31 December 2013, our Group outperformed the market with a revenue increase of over 20%, despite pressure from sluggish growth in the PRC dairy market, higher raw material costs and increased competition from smaller market players. In addition, we maintained our profit level and achieved free cash flow for the year ended 31 December 2013, although our European Plant made a loss. Our management is confident to achieve continuous healthy growth with the expanded capacity in both the PRC and European markets.

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 23.8% from RMB1,744.0 million for the year ended 31 December 2012 to RMB2,159.5 million for the year under review. The increase was primarily driven by orders from existing domestic dairy customers and international business.

With respect to the domestic segment, our revenue increased by RMB272.0 million, or 17.1%, to RMB1,859.0 million for the year ended 31 December 2013 from RMB1,587.0 million for the year ended 31 December 2012.

With respect to the international segment, our revenue increased by RMB143.4 million, or 91.3%, to RMB300.5 million for the year ended 31 December 2013 from RMB157.1 million for the year ended 31 December 2012.

Our revenue from dairy customers increased by RMB390.2 million, or 23.9%, to RMB2,024.9 million for the year ended 31 December 2013 from RMB1,634.7 million for the year ended 31 December 2012, and our revenue from NCSD customers increased by RMB25.3 million, or 23.1%, to RMB134.6 million for the year ended 31 December 2013 from RMB109.3 million for the year ended 31 December 2012.

Cost of Sales

Our cost of sales increased by RMB386.7 million, or 32.4%, to RMB1,580.3 million for the year ended 31 December 2013 from RMB1,193.6 million for the year ended 31 December 2012. The growth in cost of sales was higher than the growth in total revenue due to higher raw material and operation cost of the European Plant.

Gross Profit and Gross Margin

As a result of the foregoing factors, our gross profit increased by RMB28.7 million, or 5.2% from RMB550.5 million for the year ended 31 December 2012 to RMB579.2 million for the year under review. Our gross margin decreased by 4.8 percentage points to 26.8% for the year ended 31 December 2013 from 31.6% for the year ended 31 December 2012, primarily due to the higher production cost of European Plant.



Li Keqiang and Angela Merkel oversee Greatview Signing



Other Income

Our other income increased by RMB11.3 million, or 31.3%, to RMB47.4 million for the year ended 31 December 2013 from RMB36.1 million for the year ended 31 December 2012, primarily due to sales of scrap materials and the subsidy from government.

Distribution Expenses

Our distribution expenses increased by RMB18.0 million, or 20.6%, to RMB105.2 million for the year ended 31 December 2013 from RMB87.2 million for the year ended 31 December 2012. The increase was primarily due to the expenses related to sales, such as commission and freight. The percentage of distribution expenses over total revenue was 4.9%, which represents 0.1 percentage point decrease compared with last year.

Administrative Expenses

Our administrative expenses increased by RMB5.4 million, or 5.0%, to RMB113.6 million for the year ended 31 December 2013 from RMB108.2 million for the year ended 31 December 2012, which was a result of the increase of employee benefit expenses. The percentage of administrative expenses over total revenue was 5.3%, which represents 0.9 percentage point decreased compared with last year.

Taxation

Our tax expenses increased by RMB17.4 million to RMB99.5 million for the year ended 31 December 2013 from RMB82.1 million for the year ended 31 December 2012. Effective tax rate increased by 3.2 percentage points to 23.9% for the year ended 31 December 2013 from 20.7% for the previous financial year.

Profit for the Year and Net Profit Margin

Driven by the factors described above, our net profit increased by RMB2.4 million, or 0.8%, to RMB317.3 million for the year ended 31 December 2013 from RMB314.9 million for the year ended 31 December 2012. Our net profit margin decreased by 3.4 percentage points to 14.7% for the year ended 31 December 2013 from 18.1% for the year ended 31 December 2012 primarily due to higher raw material cost and operation cost of European Plant.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

As of 31 December 2013, we had RMB294.6 million (31 December 2012: RMB295.2 million) in cash and cash equivalents. Our cash and cash equivalents consist primarily of cash on hand and bank balances which are primarily held in RMB denominated accounts with banks in the PRC.

Analysis of Turnover of Inventories, Trade Receivables and Payables

Our Group's inventories primarily consist of finished packaging products. Inventory turnover days (inventories/cost of sales) was 105.3 days as at 31 December 2013 as compared to 127.0 days as at 31 December 2012. Turnover days for trade receivables (trade receivables/revenue) decreased from 66.6 days as at 31 December 2012 to 60.5 days as at 31 December 2013. Turnover days for trade payables (trade payables/cost of sales) decreased from 41.2 days as at 31 December 2012 to 40.5 days as at 31 December 2013.

Borrowings and Finance Cost

Total borrowings of our Group as at 31 December 2013 were RMB177.1 million (31 December 2012: RMB149.6 million) and denominated in USD. For the year under review, net finance costs of our Group were approximately RMB0.1 million (31 December 2012: RMB0.1 million).

Gearing Ratio

As at 31 December 2013, the gearing ratio (calculated by dividing total loans and bank borrowings by total equity) of our Group was 0.08 (31 December 2012: 0.08), which was same as last year.

Working Capital

Our working capital (calculated by the difference between the current assets and current liabilities) as of 31 December 2013 was RMB857.9 million (31 December 2012: RMB733.2 million).

Foreign Exchange Exposure

Our Group's sales were primarily denominated in RMB. During the year under review, our Group recorded exchange gain of RMB9.0 million (31 December 2012: RMB5.6 million gain).

Capital Expenditure

As at 31 December 2013, our Group's total capital expenditure amounted to approximately RMB209.4 million (31 December 2012: RMB270.0 million), which was used to build up new factory and purchase machines and equipments for the Group.

Charge on Assets

As at 31 December 2013, our Group neither pledged any property, plant and equipment (2012: nil) nor land use right (2012: nil).

Contingent Liabilities

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

The Court has denied Tetra Pak's Claim in December 2011 and found Tetra Pak liable for the costs of the proceedings (the "Judgment"). On 16 January 2012, Tetra Pak filed a notice of appeal to Düsseldorf Higher Regional Court against the Judgment. As at 31 December 2013, 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 has filed an appeal on 17 April 2013 against the first instance decision. On 23 December 2013, the Company had filed a reply in response to Tetra Pak's appeal. Based on the communication with its 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.

HUMAN RESOURCES

As at 31 December 2013, our Group employed approximately 1,250 employees (31 December 2012: 1,143 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.



Donation to children in rural mountainous regions

Management Discussion and Analysis



CORPORATE SOCIAL RESPONSIBILITY

2013 saw Greatview put increased effort into corporate social responsibility especially in terms of our involvement in charitable activities. In Europe, Greatview made a donation of 20,000 Euros to the Association for the Care of Children with Cancer in Halle (Saale), Germany during late June. The Company followed up later in the PRC with a similar donation to aid impoverished children in rural mountainous regions.

PROSPECTS

Greatview has primarily focused its growth strategy on the PRC and Europe. Greatview intends to support its future growth through:

- expanding our PRC market share through increasing sales to our key customers and broadening our customer mix;
- improving in the international business team performance;
- strengthening the centralisation of our Group's management functions in order to achieve a more efficient "plug & play" system for future capacity expansion projects in markets outside the PRC;
- broadening our product portfolio; and
- strategically increase our investment of resources to upgrade the filling equipment productivity and quality.



BOARD OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Bi Hua, Jeff (畢樺)

Mr. Bi Hua, Jeff (畢樺), aged 50, 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 (formerly known as Tralin Pak Europe GmbH and GA Pack 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 17 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 55, 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, communications and investor relations 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 (formerly known as Tralin Pak Europe GmbH and GA Pack Europe GmbH). Mr. Hong has more than 25 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 54, joined the Group on 13 September 2006 and was appointed as a non-executive Director on 29 July 2010. Mr. Hildebrandt has resigned as a Director since 27 March 2014. Mr. Hildebrandt was 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 51, 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), 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 Tudou Inc (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 41, 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 40, joined the Group in 2005 and was appointed as a non-executive Director on 29 July 2010. Ms. Shang has resigned as a Director since 27 March 2014. Ms. Shang was 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 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,

Board of Directors and Senior Management

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 Air Media 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 Air Media 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 45, 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 the 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 66, was appointed as an independent non-executive Director on 15 November 2010. Mr. Behrens is primarily responsible for scrutinising and monitoring the performance of our Group. Mr. Behrens is currently a senior adviser on China business of Vermilion Partners Limited which is a private equity and investment advisory firm based in China offering a range of merchant banking and corporate advisory services to leading multinationals, Chinese companies and investors. Mr. Behrens was the non-executive chairman of EADS China from 2007 to 2009 and president and chief executive officer of EADS China from 2005 to 2006. From 1997 to 2004, Mr. Behrens served as president and chief executive officer of Siemens Ltd., China and from 1992 to 1997, he served as president and chief executive officer of Siemens Inc. Philippines. Prior to joining Siemens Inc. Philippines, Mr. Behrens was an executive vice president of Electronic Telephone Systems, Industries Inc., Philippines from 1984 to 1992; a country representative for Siemens in Jebsen and Co. PRC, from 1981 to 1984; a technical and administration manager of Nixdorf Computers, Hong Kong from 1976 to 1981; head of field engineering of Nixdorf Computers, Germany from 1972 to 1976 and an electronics engineer of German Naval Air Force, Germany from 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. In April 2011, Mr. Behrens was appointed as independent non-executive director by Deutsche Bank (China) Co. Ltd. and 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 67, 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, the chairman of Academy for World Watch, and the chairman of Wealth Management Institute of Lujiazui. 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

Board of Directors and Senior Management

Shanghai International Port (Group) Co., Ltd. (SSE: 600018), Deluxe Family Co., Ltd. (SSE: 600503), The Royal Bank of Scotland (China) Co. Ltd., and Suzhou Trust Co. Ltd. and senior consultant of Henderson Land Development Company Limited. He has more than 49 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 56, 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 25 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 58, 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 22 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 71, was our Senior Converting Advisor. Mr. Grossenbacher joined our Group on 5 May 2003 and retired in March 2013. He was primarily responsible for converting, production, quality, organisational and technical advice. Mr. Grossenbacher has over 32 years of experience in the aseptic liquid food packaging industry. Mr. Grossenbacher 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, 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 (藍欽棠)

Mr. LAN Qintang (藍欽棠), aged 56, is our Converting Director. Mr. Lan, joined our Group in April 2012, is responsible for all converting plants in the Group. Mr. Lan has 26 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 52, 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 22 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

Board of Directors and Senior Management

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 50, is our Sales Director. Mr. Yang joined our Group in September 2003. He is primarily responsible for domestic sales. Mr. Yang has over 15 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 of directors of the Company (the “Board”) presents its report together with the audited financial statements of the Company and the Group for the year ended 31 December 2013.

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 2013 are set out in the consolidated income statement.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2013, the aggregate purchases attributable to the Group’s largest supplier and the five largest suppliers in aggregate accounted for 41.7% and 70.2% 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 40.9% and 69.7% 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 2013, the Company had reserves available for distribution of RMB724.6 million (2012: RMB724.1 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 (Resigned on 27 March 2014)
Mr. ZHU Jia
Mr. LEE Lap, Danny
Ms. SHANG Xiaojun (Resigned on 27 March 2014)

Independent Non-Executive Directors

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

Mr. BI Hua, Jeff, Mr. ZHU Jia, and Mr. LUETH Allen Warren 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 17 to 21 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.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors and non-executive Directors has entered into a service contract and letter of appointment with the Company for an initial fixed term of two years unless terminated by not less than three months' notice in writing served by either party on the other.

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 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).

Report of the Directors

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.

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 2013, interests and short positions in the shares of the Company (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 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	11.91
	86,961,966	2	Interest of controlled corporation	Long position	6.49
	8,038,000	3	Interest of controlled corporation	Long position	0.60
	11,831,560	4	Founder of a discretionary trust	Long position	0.88
Total Long position	266,320,760				19.89
	5,525,000	3	Interest of controlled corporation	Short position	0.41
	14,820,000	1	Founder of a discretionary trust	Short position	1.11
Total Short position	20,345,000				1.52

Report of the Directors

Notes:

- (1) Wiseland Holdings Ltd. ("Wiseland") has a direct interest in 129,489,234 Shares and an earn out arrangement with Bain Capital TP Holdings, LP. ("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 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 14,820,000 Shares.
- (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, 1 June 2012 and 1 June 2013, 3,546,000 options, 4,616,000 options and 5,800,000 options were vested respectively. On 12 April 2013, 3,236,000 options which were previously lapsed were taken back by Liwei and will be reallocated to 193 employees of the Group upon vesting. First installment of these options vested on 1 June 2013 and the second installment will vest on 1 June 2014. As at 31 December 2013, 1,074,000 options were lapsed after vesting. For the year ended 31 December 2013, 695,000 share options were lapsed before the vesting periods and were taken back by Liwei. For the full year ended 31 December 2013, 5,317,300 options have been exercised under the Pre-IPO Share Option Scheme.

Liwei is therefore deemed to be interested in 8,038,000 Shares in a long position and have a short position in respect of the potential obligation to deliver 5,525,000 Shares.

- (4) Parview has a direct interest in 10,631,560 Shares and an additional 1,200,000 Shares from the Wiseland Earn Out Agreement. 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 1,338,917,300 Shares in issue as at 31 December 2013.

Save as disclosed above, as at 31 December 2013, 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 2013, 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 8)
Madam Xu Zhen	266,320,760	1	Interest of spouse	Long position	19.89
	20,345,000	1	Interest of spouse	Short position	1.52
Gao Wei	159,489,234	2	Founder of a discretionary trust	Long position	11.91
	221,000	3	Beneficial owner	Long position	0.02
	8,038,000	4	Interest of controlled corporation	Long position	0.60
	11,831,560	5	Founder of a discretionary trust	Long position	0.88
Total long position	179,579,794				13.41
Total short position	5,525,000	4	Interest of controlled corporation	Short position	0.41
	14,820,000	2	Founder of a discretionary trust	Short position	1.11
	20,345,000				1.52
Madam Wang Wei	179,579,794	6	Interest of spouse	Long position	13.41
	20,345,000	6	Interest of spouse	Short position	1.52
Fosing	159,489,234	2	Interest of controlled corporation	Long position	11.91
	14,820,000	2	Interest of controlled corporation	Short position	1.11
Foxing Development Limited	159,489,234	2	Interest of controlled corporation	Long position	11.91
	14,820,000	2	Interest of controlled corporation	Short position	1.11
Wiseland	159,489,234	2	Beneficial owner	Long position	11.91
	14,820,000	2	Interest of controlled corporation	Short position	1.11
FMR LLC	133,996,000		Investment manager	Long position	10.01
Matthews International Capital Management, LLC	133,897,000		Investment manager	Long position	10.00
Wellington Management Company, LLP	180,330,654		Investment manager	Long position	13.47
Phanron Holdings Limited	86,961,966	7	Beneficial owner	Long position	6.49
GIC Private Limited	101,638,700		Investment manager	Long position	7.59

Report of the Directors

Notes:

- (1) Madam Xu Zhen is interested in a long position of 266,320,760 Shares and short position in 20,345,000 Shares by virtue of her being the spouse of Hong Gang.
- (2) Wiseland has a direct interest in 129,489,234 Shares and an earn out arrangement with Bain Capital for an additional 30,000,000 Shares. Therefore, Wiseland is interested in an aggregate of 159,489,234 Shares. Wiseland in return agreed to transfer 14,820,000 Shares to Phanron, Hillma Global Limited, Goldmap Investment Limited, Parview, J. Schwartz Ltd and Wallson Investment Limited if it obtains the Shares from the Wiseland Earn Out Arrangement. Therefore, Wiseland has a short position in 14,820,000 Shares. 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 129,489,234 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 of 14,820,000 Shares.
- (3) Gao Wei has acquired 221,000 Shares by cash consideration in the year of 2011.
- (4) 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, 1 June 2012 and 1 June 2013, 3,546,000 options, 4,616,000 options and 5,800,000 options were vested respectively. On 12 April 2013, 3,236,000 options which were previously lapsed were taken back by Liwei and will be reallocated to 193 employees of the Group upon vesting. First installment of these options vested on 1 June 2013 and the second installment will vest on 1 June 2014. As at 31 December 2013, 1,074,000 options were lapsed after vesting. For the year ended 31 December 2013, 695,000 share options were lapsed before the vesting periods and were taken back by Liwei. For the full year ended 31 December 2013, 5,317,300 options have been exercised under the Pre-IPO Share Option Scheme.

Liwei is therefore deemed to be interested in 8,038,000 Shares in a long position and have a short position in respect of the potential obligation to deliver 5,525,000 Shares.

- (5) Parview has a direct interest in 10,631,560 Share and an additional 1,200,000 Shares from the Wiseland Earn Out Agreement. 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.
- (6) Madam Wang Wei is interested in a long position of 179,579,794 Shares and a short position of 20,345,000 Shares by virtue of her being the spouse of Gao Wei.
- (7) Phanron is interested in 78,141,966 Shares and 8,820,000 Shares under the Wiseland Earn Out Arrangement.
- (8) There were 1,338,917,300 Shares in issue as at 31 December 2013.

Save as disclosed above, and as at 31 December 2013, 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 Director had a material interest in, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2013.

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 2013, there were no connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules. Details of significant related party transactions undertaken in the usual course of business are set out in note 32 to the consolidated financial statement. None of these related party transactions constitute a disclosable connected transaction as defined under Listing Rules.

PURCHASE, SALES OR REDEMPTION OF THE SHARES

During the year ended 31 December 2013, 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 2013, 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 2013, 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 2013 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 2013.

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 2013.

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 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 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.

Report of the Directors

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	Pre-IPO	Pre-IPO	Pre-IPO	Pre-IPO
					Options outstanding as at 1 January 2013	Options vested during the year	Options exercised during the year	Options cancelled/ lapsed during the year	Options outstanding as at 31 December 2013
Liwei	1	22/01/2010	09/12/2010 – 22/11/2020	4.30	13,838,000	(5,800,000)	–	–	8,038,000
Employees in aggregate	2	01/09/2011, 01/06/2012 and 01/06/2013	01/09/2011 – 01/06/2014	4.30	7,467,000	5,800,000	(5,317,300)	(379,000)	7,570,700
Total					21,305,000	–	(5,317,300)	(379,000)	15,608,700

Notes:

- 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 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.

On 12 April 2013, 3,236,000 Pre-IPO Options which were previously lapsed were taken back by Liwei and will be reallocated to 193 employees of the Group upon vesting. These Pre-IPO Options vested/will vest in two installments on 1 June 2013 and 1 June 2014.

- During the year ended 31 December 2013, 5,800,000 Pre-IPO Options were vested, 379,000 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.

Report of the Directors

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 2013.

PUBLIC FLOAT

During the year ended 31 December 2013, 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 recommends the payment of a final dividend amounting to HK\$133.9 million (HK\$0.10 per Share, approximately RMB105.3 million in total) for the year ended 31 December 2013 (2012: HK\$0.10 per Share, approximately RMB106.3 million in total). The proposed final dividend, if approved by shareholders at the forthcoming annual general meeting, shall be paid on or about 27 June 2014 to shareholders whose names appear on the register of members of the Company on 20 June 2014.

Report of the Directors

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 28 May 2014 to Friday, 30 May 2014, 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (which will be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014), not later than 4:30 p.m. on Tuesday, 27 May 2014.

In addition, the register of members of the Company will be closed from Wednesday, 18 June 2014 to Friday, 20 June 2014, 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (which will be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014), not later than 4:30 p.m. on Tuesday, 17 June 2014.

AUDITOR

PricewaterhouseCoopers has acted as auditor of the Company for the year ended 31 December 2013.

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

On behalf of the Board

Mr. HONG Gang

Chairman

Beijing, the PRC, 27 March 2014

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 2013.

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, the Company has adopted the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the CG Code during the year ended 31 December 2013.

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 2013:

- (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.

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 2013 are set out on page 10 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 2013, the Board comprises nine members, consisting of two executive Directors, four 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 (Resigned on 27 March 2014)

Mr. ZHU Jia

Mr. LEE Lap, Danny

Ms. SHANG Xiaojun (Resigned on 27 March 2014)

Independent non-executive Directors:

Mr. LUETH Allen Warren

Mr. BEHRENS Ernst Hermann

Mr. CHEN Weishu

Ms. SHANG Xiaojun and Mr. HILDEBRANDT James Henry have tendered their resignations as non-executive Directors with effect from 27 March 2014, due to their intention to focus on other business commitments.

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 2013 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, which complies with the 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.

Board Diversity Policy

The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into account factors based on its own business model and specific needs from time to time in designing the optimum Board's composition.

The Nomination Committee will monitor the implementation of this policy and report annually on the Board's composition under diversified perspectives.

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 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 two year commencing from 9 December 2013, 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.

The following is a summary of work performed by the Nomination Committee during the year ended 31 December 2013:

- (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;
- (2) made recommendations to the Board on appointment or re-appointment of and succession planning for Directors; and
- (3) assessed the independence of independent non-executive Directors.

There was one meeting of the Nomination Committee held during the year ended 31 December 2013. 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>)	1/1
Mr. BEHRENS Ernst Hermann	1/1
Mr. CHEN Weishu	1/1

In accordance with the Articles, Mr. BI Hua, Jeff, Mr. ZHU Jia, and Mr. LUETH Allen Warren 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 24 April 2014 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 the provision A.6.5 of the CG Code, 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.

During the year ended 31 December 2013 and up to the date of this report, all Directors namely Mr. BI Hua, Jeff, Mr. HONG Gang, Mr. HILDEBRANDT James Henry (resigned on 27 March 2014), Mr. ZHU Jia, Mr. LEE Lap, Danny, Ms. SHANG Xiaojun (resigned on 27 March 2014), 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.

Corporate Governance Report

Board Meetings

Board Practices and Conduct of Meetings

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

Certain regular Board meetings held during the year ended 31 December 2013 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 five Board meetings and one general meeting held during the year ended 31 December 2013. The attendance records of each Director at the Board meetings and general meeting during the year of 2013 are set out below:

Name of Director	Attendance/Number of meetings held	
	General meeting	Board meeting
<i>Executive Directors</i>		
Mr. BI Hua, Jeff	0/1	5/5
Mr. HONG Gang	1/1	5/5
<i>Non-Executive Directors</i>		
Mr. HILDEBRANDT James Henry (Resigned on 27 March 2014)	1/1	5/5
Mr. ZHU Jia	0/1	5/5
Mr. LEE Lap, Danny	1/1	5/5
Ms. SHANG Xiaojun (Resigned on 27 March 2014)	0/1	5/5
<i>Independent Non-Executive Directors</i>		
Mr. LUETH Allen Warren	1/1	5/5
Mr. BEHRENS Ernst Hermann	0/1	5/5
Mr. CHEN Weishu	1/1	5/5

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/she has complied with the Model Code during the year of 2013 and up to the date of this annual report.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished 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 2013.

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.

Corporate Governance Report

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

The Board has established three committees, namely, the Nomination Committee, Remuneration Committee and Audit Committee, for overseeing particular aspects of the Company's affairs. All Board Committees are established with defined written terms of reference which are available on both the Company's 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. LUETH Allen Warren, Mr. BEHRENS Ernst Hermann and Mr. ZHU Jia. The majority of the Remuneration Committee are the independent non-executive Directors which complied with the Rule 3.25 of the Listing Rules.

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 2013:

1. Assessed performance, reviewed and approved the remuneration packages (including year-end bonuses) and service contracts of our 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 2013 annual general meeting.

There was one meeting of the Remuneration Committee held during the year ended 31 December 2013. 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>)	1/1
Mr. ZHU Jia	1/1
Mr. BI Hua, Jeff	1/1
Mr. LUETH Allen Warren	1/1
Mr. BEHRENS Ernst Hermann	1/1

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2013.

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

Audit Committee

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

The main duties of the Audit Committee include the following:

- To review the financial statements and reports and consider any significant or unusual items raised by the internal audit division or external auditor before submission to the Board
- To review the relationship with the external auditor by reference to the work performed by the auditor, its fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditor
- 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 2013 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 2013, the annual results and annual report for the year ended 31 December 2013, the financial reporting and compliance procedures, the Company's internal control and risk management systems and processes, and the re-appointment of the external auditor.

Corporate Governance Report

The Audit Committee held three meetings during the year of 2013 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	2/3
Mr. CHEN Weishu	3/3

External Auditor and Auditor's Remuneration

The statement of the external auditor of the Company about its reporting responsibilities for the financial statements is set out in the "Independent Auditor's Report" on page 42.

Annual audit fees of the financial statements of the Group for the year ended 31 December 2013 payable to the external auditor are approximately RMB2 million (2012: RMB2 million). In addition, approximately RMB0.29 million (2012: RMB0.08 million) was incurred for other non-audit services.

COMPANY SECRETARY

On 27 November 2013, Ms. MA Sau Kuen, Gloria resigned as one of the joint company secretaries and Ms. MOK Ming Wai was appointed as one of the joint company secretaries. Ms. Mok is a director of KCS Hong Kong Limited. Her primary corporate contact person at the Company is Mr. CHANG Fuquan, Chief Financial Officer and the other joint company secretary.

In compliance with Rule 3.29 of the Listing Rules, each of Mr. CHANG Fuquan and Ms. MOK Ming Wai has undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2013.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

To promote effective communication, the Company maintains 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 2014 annual general meeting of the Company ("AGM") will be held on 30 May 2014. The notice of AGM will be sent to shareholders at least 20 clear business days before the AGM.

Corporate Governance Report

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 requisition.

Such a requisition must be signed by the shareholders.

Procedures for putting forward proposals at shareholders' meeting

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at shareholders' meeting. Proposal shall be sent to the Board or the company secretary by written requisition to the company secretary at the Company's principal place of business 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.

Shareholders' enquiries

Shareholders should direct their questions about their shareholdings to the Company's share registrar. 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 company secretary 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 2013.

On behalf of the Board

Mr. HONG Gang

Chairman

Beijing, the PRC, 27 March 2014

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 44 to 89, which comprise the consolidated and company statement of financial positions as at 31 December 2013, 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.

*PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888*

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 2013, 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, 27 March 2014

Consolidated Statement of Financial Position

As at 31 December 2013

Prepared in accordance with International Financial Reporting Standards

Amount expressed in thousands of RMB, except for share data

	Note	As at 31 December	
		2013	2012
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,251,395	1,031,636
Land use rights	7	4,926	2,588
Intangible assets	8	54,214	54,158
Deferred income tax assets	19	29,455	20,147
Long-term prepayment	20	9,551	103,206
		1,349,541	1,211,735
Current assets			
Inventories	9	436,773	475,095
Trade and other receivables	10	582,027	417,310
Cash and cash equivalents	11	294,606	295,215
Restricted cash	11	91,364	5,911
		1,404,770	1,193,531
Total assets		2,754,311	2,405,266
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital, share premium and capital reserve	12	962,369	937,797
Statutory reserve	13	145,445	113,079
Exchange reserve		(22,684)	(24,090)
Retained earnings	14	1,011,652	833,058
Total equity		2,096,782	1,859,844

Consolidated Statement of Financial Position

As at 31 December 2013

Prepared in accordance with International Financial Reporting Standards

Amount expressed in thousands of RMB, except for share data

	Note	As at 31 December 2013	2012
LIABILITIES			
Non-current liabilities			
Deferred government grants	16	107,615	80,498
Deferred income tax liabilities	19	3,000	4,591
		110,615	85,089
Current liabilities			
Trade payables, other payables and accruals	17	337,684	285,622
Income tax liabilities		32,098	25,135
Borrowings	18	177,132	149,576
		546,914	460,333
Total liabilities		657,529	545,422
Total equity and liabilities		2,754,311	2,405,266
Net current assets		857,856	733,198
Total assets less current liabilities		2,207,397	1,944,933

The notes on pages 51 to 89 are an integral part of these consolidated financial statements.

The financial statements on pages 44 to 89 were approved by the Board on 27 March 2014 and were signed on its behalf.

Director
Bi Hua, Jeff

Director
Hong Gang

Statement of Financial Position

As at 31 December 2013

Prepared in accordance with International Financial Reporting Standards

Amount expressed in thousands of RMB, except for share data

	Note	As at 31 December	
		2013	2012
ASSETS			
Non-current assets			
Investments in subsidiaries	30	223,552	217,188
Amount due from a subsidiary	33	700,700	700,700
		924,252	917,888
Current assets			
Amount due from a subsidiary	33	19,059	25,369
Cash and cash equivalents		24	1
		19,083	25,370
Total assets		943,335	943,258
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital, share premium and capital reserve	12	1,030,622	1,006,050
Accumulated losses	14	(88,863)	(62,792)
Total equity		941,759	943,258
LIABILITIES			
Current liabilities			
Trade payables, other payables and accruals		1,576	-
		1,576	-
Total liabilities		1,576	-
Total equity and liabilities		943,335	943,258
Net current assets		17,507	25,370
Total assets less current liabilities		941,759	943,258

The notes on pages 51 to 89 are an integral part of these consolidated financial statements.

The financial statements on pages 44 to 89 were approved by the Board on 27 March 2014 and were signed on its behalf.

Director
Bi Hua, Jeff

Director
Hong Gang

Consolidated Income Statement

For the year ended 31 December 2013

Prepared in accordance with International Financial Reporting Standards

Amount expressed in thousands of RMB, except for share data

	Note	Year ended 31 December	
		2013	2012
Revenue	21	2,159,533	1,744,049
Cost of sales	22	(1,580,305)	(1,193,555)
Gross profit		579,228	550,494
Other income	21	47,435	36,144
Other gains — net	21	8,990	5,822
Distribution expenses	22	(105,227)	(87,177)
Administrative expenses	22	(113,552)	(108,150)
Operating profit		416,874	397,133
Finance income	25	3,867	6,235
Finance expenses	25	(3,978)	(6,360)
Profit before income tax		416,763	397,008
Taxation	26	(99,487)	(82,131)
Profit for the year		317,276	314,877
Profit attributable to:			
Equity holders of the Company		317,276	314,877
Earnings per share for profit attributable to equity holders of the Company			
— Basic earnings per share (RMB)	27	0.24	0.24
— Diluted earnings per share (RMB)	27	0.24	0.24

The notes on pages 51 to 89 are an integral part of these consolidated financial statements.

	Note	Year ended 31 December	
		2013	2012
Dividends	28	105,270	215,312

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2013

Prepared in accordance with International Financial Reporting Standards

Amount expressed in thousands of RMB, except for share data

	Year ended 31 December	
	2013	2012
Profit for the year	317,276	314,877
Other comprehensive income:		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	1,406	6,748
Total comprehensive income for the year	318,682	321,625
Attributable to:		
— Equity holders of the Company	318,682	321,625
Total comprehensive income for the year	318,682	321,625

The notes on pages 51 to 89 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

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 (Note 14)	
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)	-
Dividends	-	-	-	-	-	(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
Comprehensive income:							
Profit for the year	-	-	-	-	-	317,276	317,276
Other comprehensive income:							
Currency translation differences	-	-	-	-	1,406	-	1,406
Transactions with owners:							
Employee share options							
— Value of employee services	-	-	6,365	-	-	-	6,365
— Share options exercised	42	26,560	(8,395)	-	-	-	18,207
Transfer to statutory reserve	-	-	-	32,366	-	(32,366)	-
Dividends	-	-	-	-	-	(106,316)	(106,316)
Total transactions with owners:	42	26,560	(2,030)	32,366	-	(138,682)	(81,744)
As at 31 December 2013	11,465	813,417	137,487	145,445	(22,684)	1,011,652	2,096,782

The notes on pages 51 to 89 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flow

For the year ended 31 December 2013

Prepared in accordance with International Financial Reporting Standards

Amount expressed in thousands of RMB, except for share data

	Note	Year ended 31 December	
		2013	2012
Cash flows from operating activities			
Cash generated from operations	29	340,574	486,521
Interest paid		(3,873)	(4,021)
Income tax paid		(103,423)	(74,785)
Net cash generated from operating activities		233,278	407,715
Cash flows from investing activities			
Purchase of property, plant and equipment ("PPE")		(205,081)	(275,034)
Government grant received related to PPE		32,342	72,148
Proceeds from disposal of PPE		10	160
Purchase of land use right		(2,440)	–
Purchase of intangible assets		(1,927)	(3,732)
Interest received		3,867	6,235
Net cash used in investing activities		(173,229)	(200,223)
Cash flows from financing activities			
Proceeds from issuance of shares		18,207	–
Proceeds from borrowings		818,470	748,711
Repayments of borrowings		(790,914)	(805,417)
Dividends paid to equity holders		(106,316)	(108,996)
Net cash used in financing activities		(60,553)	(165,702)
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year		295,215	253,860
Exchange loss on cash and cash equivalents		(105)	(435)
Cash and cash equivalents at end of year		294,606	295,215

The notes on pages 51 to 89 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

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.

These financial statements have been approved for issue by the Board of Directors on 27 March 2014.

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.

Changes in accounting policy and disclosures

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

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2013:

- Amendment to IAS 1, "Financial statement presentation" regarding other comprehensive income. 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. The Group has included the disclosures for items that may or will not be classified to profit and loss in the consolidated statement of comprehensive income.
- IFRS 10, "Consolidated financial statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard has no material impact on the consolidated financial statements.
- IFRS 12, "Disclosures of interests in other entities" includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. This standard has no material impact on consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

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

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statement. None of these is expected to have a significant effect on the consolidated financial statements of the group, except for the following set out below:

(i) Changes effective for annual periods beginning on or after 1 January 2014

Amendments to IFRS 10, 12 and IAS 27 "Consolidation for investment entities" These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an "investment entity" definition and which display particular characteristics. Changes have also been made IFRS 12 to introduce disclosures that an investment entity needs to make.

IFRIC 21, "Levies", sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not expected to be material.

IAS 32 "Financial instruments: Presentation" on asset and liability offsetting, These amendments are to the application guidance in IAS 32, "Financial instruments: Presentation", and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

IAS 36, "Impairment of assets" on recoverable amount disclosures This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

(ii) Changes effective for annual periods beginning on or after 1 July 2014

IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

Annual improvements 2012.

Annual improvements 2013.

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 2013

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

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

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

(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.

(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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 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.

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:

Land and 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 2013

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.

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.

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).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

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 *(continued)*

2.10.1 Classification *(continued)*

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

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 2013

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

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

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 substantially 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.

(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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19 Employee benefits *(continued)*

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).

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

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)*

(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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

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 2013, if RMB had weakened/strengthened by 2% against US\$ with all other variables held constant, post-tax profit for the year would have been RMB543,000 (2012: RMB2,196,000) 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.

(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 2013, approximately RMB100 million (2012: RMB139 million) of the Group's cash and bank balances were at fixed rates, and approximately RMB286 million (2012: RMB162 million) of the Group's cash and bank balances was at floating rates.

As at 31 December 2013, RMB177.13 million (2012: RMB149.58 million) of the borrowings of the Group was at variable rates. The interest rates and maturities of the Group's borrowings are disclosed in Notes 18.

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

At 31 December 2013, if interest rates on Cash and bank balances at floating rates had been 10 basis points higher/lower with all other variables held constant, post tax profit for the year would have been RMB221,000 (2012: RMB 126,000) higher/lower, mainly as a result of higher/lower interest income on floating interest rate.

At 31 December 2013, if interest rates on the variable borrowings had been 10 basis points higher/lower with all other variables held constant, post tax profit for the year would have been RMB147,000 (2012: RMB125,000) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

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)

(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.

(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 2012				
Borrowings	149,987	–	–	149,987
Trade and other payables	250,594	–	–	250,594
At 31 December 2013				
Borrowings	180,148	–	–	180,148
Trade and other payables	228,938	–	–	228,938

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 2013

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 2012 is to maintain gearing ratio of less than 50%. The gearing ratio at 31 December 2013 and 2012 were as follows.

	As at 31 December	
	2013	2012
Total debt	177,132	149,576
Total equity	2,096,782	1,859,844
Gearing ratio	8%	8%

The Group is not subject to any externally imposed capital requirements for the years ended 31 December 2013 and 2012.

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 are classified as other financial liabilities at amortised cost, 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.

Financial instruments by category

Group	Loans and receivables	
	As at 31 December	
Assets as per balance sheet	2013	2012
Trade and other receivables excluding prepayments	533,974	366,752
Cash and bank balances	385,970	301,126
	919,944	667,878

Group	Other financial liabilities	
	at amortised cost	
Liabilities as per balance sheet	As at 31 December	
	2013	2012
Borrowings	177,132	149,576

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

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 based on value-in-use calculations. Refer to Note 8 for details of impairment testing of goodwill.

(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 2013

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
2013			
Sales — Revenue from external customers	1,859,000	300,533	2,159,533
Cost	(1,259,925)	(320,380)	(1,580,305)
Segment result	599,075	(19,847)	579,228
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

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

	Year ended 31 December	
	2013	2012
Segment result for reportable segments	579,228	550,494
Other income	47,435	36,144
Other gains — net	8,990	5,822
Distribution expenses	(105,227)	(87,177)
Administrative expenses	(113,552)	(108,150)
Operating profit	416,874	397,133
Finance income	3,867	6,235
Finance expenses	(3,978)	(6,360)
Profit before income tax	416,763	397,008
Income tax expense	(99,487)	(82,131)
Profit for the year	317,276	314,877

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 RMB1,320,086,000 (2012: RMB1,191,588,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

5 SEGMENT INFORMATION *(continued)*

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

	Year ended 31 December	
	2013	2012
Dairy products	2,024,939	1,634,721
Non-carbonated soft drink ("NCSD") products	134,594	109,328
	2,159,533	1,744,049

Revenue of approximately RMB1,408,737,000 or 65% (2012: RMB1,188,248,000 or 68%) was derived from 2 (2012: 2) single external customers. Each of the external customers contributes more than 10% of the Group's revenue. These revenues are attributable to the PRC segment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

6 PROPERTY, PLANT AND EQUIPMENT Group

	Land and Buildings	Machinery	Vehicles and office equipment	Construction in progress	Leasehold improvements	Total
Cost						
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
Additions	815	1,713	5,305	295,825	–	303,658
Transfer upon completion	330	25,561	1,822	(27,713)	–	–
Disposals	–	–	(184)	–	–	(184)
Exchange differences	2,246	2,870	230	–	26	5,372
As at 31 December 2013	317,914	948,194	53,804	324,421	2,430	1,646,763
Accumulated depreciation						
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)
Current year depreciation	(11,525)	(69,601)	(7,134)	–	(334)	(88,594)
Current year disposals	–	–	176	–	–	176
Exchange differences	(186)	(428)	(45)	–	(10)	(669)
As at 31 December 2013	(27,148)	(349,517)	(18,299)	–	(404)	(395,368)
Net book value						
As at 31 December 2012	299,086	638,562	35,335	56,309	2,344	1,031,636
As at 31 December 2013	290,766	598,677	35,505	324,421	2,026	1,251,395

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

	Year ended 31 December	
	2013	2012
Cost of sales	85,394	56,545
Distribution costs	20	47
Administrative expenses	3,180	2,366
	88,594	58,958

- (b) The Group's buildings are mainly located in the PRC and Germany. As at 31 December 2013, the net book value of assets located overseas is approximately RMB485,235,000 (as at 31 December 2012: RMB494,197,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

6 PROPERTY, PLANT AND EQUIPMENT (continued)

(c) Construction in progress as at 31 December 2013 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	
	2013	2012
Borrowing cost capitalised	-	5,037

The average capitalisation rate of interest during 2012 is 2.70%.

7 LAND USE RIGHTS

Group	Year ended 31 December	
	2013	2012
Cost		
At beginning of the year	2,920	2,920
Additions	2,440	-
At end of the year	5,360	2,920
Accumulated amortisation		
At beginning of the year	(332)	(273)
Current year amortisation	(102)	(59)
At end of the year	(434)	(332)
Net book value	4,926	2,588

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 2013

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

8 INTANGIBLE ASSETS

Group	Goodwill	Computer Software	Trade mark	Total
Cost				
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
Additions	–	1,927	–	1,927
Exchange differences	–	54	–	54
As at 31 December 2013	47,773	10,857	428	59,058
Accumulated amortisation				
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)
Current year amortisation	–	(1,870)	(45)	(1,915)
Exchange differences	–	(10)	–	(10)
As at 31 December 2013	–	(4,772)	(72)	(4,844)
Net book value				
As at 31 December 2012	47,773	5,984	401	54,158
As at 31 December 2013	47,773	6,085	356	54,214

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 2013

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

8 INTANGIBLE ASSETS (continued)

Impairment tests for goodwill (continued)

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

	Year ended 31 December	
	2013	2012
Discount rate	12.0%	10.3%
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

Group	As at 31 December	
	2013	2012
Raw materials	318,247	365,148
Work in progress	26,746	32,063
Finished goods	101,334	87,459
	446,327	484,670
Less: Provision for obsolescence		
— Raw materials	(4,407)	(4,407)
— Finished goods	(5,147)	(5,168)
	436,773	475,095

The cost of inventories recognised as expense and included in 'cost of sales' amounted to approximately RMB1,570,000,000 (2012: RMB1,187,000,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

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	
	2013	2012
Trade receivables	433,038	282,545
Less: Provision for impairment	(3,827)	(4,578)
Trade receivables — net	429,211	277,967
Notes receivable	100,866	81,688
Value added tax deductible	22,357	40,106
Prepayments	34,377	19,133
Less: Provision for impairment	(8,681)	(8,681)
Prepayments — net	25,696	10,452
Other receivables	3,897	7,097
	582,027	417,310

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	
	2013	2012
Trade receivables — RMB	392,076	238,868
— EUR	31,834	27,880
— US\$	9,128	15,557
— GBP	-	240
	433,038	282,545
Notes receivable — RMB	100,866	81,688
Other receivables — RMB	3,401	6,050
— HK\$	349	658
— CHF	-	221
— US\$	-	113
— EUR	147	55
	3,897	7,097

The credit terms granted to customers by the Group were generally 0 to 90 days (2012: 0 to 90 days) during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

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 2013 and 2012 is as follows:

	As at 31 December 2013	2012
Trade receivables, gross		
0–30 days	303,133	169,041
31–90 days	105,098	85,071
91–365 days	21,106	24,859
Over 1 year	3,701	3,574
	433,038	282,545

As at 31 December 2013 and 2012, 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 RMB100,257,000 (2012: RMB61,163,000) 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 2013	2012
Up to 90 days	89,356	51,257
91 to 365 days	10,901	9,906
	100,257	61,163

Trade receivables of RMB3,827,000 (2012: RMB4,578,000) were impaired and provided for. The amount of the provision was RMB3,827,000 (2012: RMB4,578,000). 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 2013	2012
91 to 365 days	126	1,004
Over 365 days	3,701	3,574
	3,827	4,578

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

	As at 31 December 2013	2012
At beginning of the year	(4,578)	(4,619)
Provision for impairment	(259)	(1,271)
Reversed during the year	1,010	10
Receivables written off during the year	-	1,302
At end of the year	(3,827)	(4,578)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

11 CASH AND BANK BALANCES

(a) Cash and cash equivalents

Group	As at 31 December	
	2013	2012
Cash at bank and on hand	249,606	155,761
Bank deposits	45,000	139,454
	294,606	295,215

(b) Restricted cash

As at 31 December 2013, RMB91,364,000 (2012: RMB5,911,000) are restricted deposits held at bank as guarantee for bank loan and notes payables.

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

Group	As at 31 December	
	2013	2012
RMB	351,246	254,383
US\$	3,674	40,073
EUR	28,936	5,801
GBP	139	661
HK\$	117	137
CHF	1,858	71
	385,970	301,126

12 SHARE CAPITAL, SHARE PREMIUM AND CAPITAL RESERVE

	Note	Group		Company	
		As at 31 December 2013	2012	As at 31 December 2013	2012
Share capital	(a)	11,465	11,423	11,465	11,423
Share premium	(a)	813,417	786,857	813,417	786,857
Capital reserve	(b)	137,487	139,517	205,740	207,770
		962,369	937,797	1,030,622	1,006,050

(a) Share capital and share premium

Share capital — Group and Company

The total authorised number of ordinary shares is 3,000,000,000 shares (2012: 3,000,000,000 shares) with a par value of HK\$0.01 per share (2012: HK\$0.01 per share). The number of ordinary shares issued is 1,338,917,300 (2012: 1,333,600,000) with nominal value of HK\$0.01 per share (2012: 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 are listed on the Main Board of the Stock Exchange.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

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 *(continued)*

(b) Capital reserve

	Group		Company	
	2013	2012	2013	2012
As at 1 January	139,517	132,581	207,770	186,180
Issued employee share options	6,365	6,936	6,365	21,590
Share options exercised	(8,395)	–	(8,395)	–
As at 31 December	137,487	139,517	205,740	207,770

13 STATUTORY RESERVE

	2013	2012
As at 1 January	113,079	85,490
Transfer from retained earnings	32,366	27,589
As at 31 December	145,445	113,079

In accordance with PRC regulations and the Articles of Association of the PRC subsidiaries, the 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 their respective capital. Appropriation of the statutory reserve must be made before distribution of dividend to equity holders.

14 RETAINED EARNINGS/(ACCUMULATED LOSS)

	Group		Company	
	2013	2012	2013	2012
As at 1 January	833,058	654,766	(62,792)	(58,001)
Profit for the year	317,276	314,877	80,245	104,205
Transfer to statutory reserve	(32,366)	(27,589)	–	–
Dividends paid	(106,316)	(108,996)	(106,316)	(108,996)
As at 31 December	1,011,652	833,058	(88,863)	(62,792)

The profit attributed to equity holders of the Company is dealt with in the financial statements of the Company to the extent of RMB80,245,000 (2012: RMB104,205,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

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.

On 28 March 2013, as approved by resolution of shareholders of the Company, total 3,236,000 options (3,164,000 among which are forfeit from options granted on 17 March 2011, together with 72,000 Options, out of the remaining 1,990,000 options granted to Liwei in the Pre-IPO Share Option Scheme) were granted to eligible participants. The Board approved Liwei to grant the options on 12 April 2013. Pursuant to the Pre-IPO Option Scheme, 193 employees were granted the Pre-IPO options to subscribe for up to 3,236,000 shares of the Company. The options will vest in two instalments on 1 June 2013, and 1 June 2014 with the exercise price of HK\$4.30.

The options are exercisable subject to the holders of these options 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)	
	2013	2012
At 1 January	16,251	18,408
Granted	3,236	-
Forfeit	(695)	(1,516)
Lapsed	(379)	(641)
Exercised	(5,317)	-
At 31 December	13,096	16,251

Out of the 13,096,000 (2012: 16,251,000) outstanding options, 7,571,000 (2012: 8,464,000) options were exercisable as at year end. Options exercised in 2013 resulted in 5,317,300 shares being issued at a weighted average price of HK\$4.30 each. The related weighted average share price at the time of exercise was HK\$4.88 per share. The related transaction costs amounting to HK\$53,000 have been netted off with the proceeds received.

Share options outstanding at the end of the year have the following expiry date:

Expiry Date	Vested Date	Options (thousands)	
		2013	2012
1 September 2013	1 September 2011	-	3,075
1 June 2014	1 June 2012	2,447	4,392
1 June 2015	1 June 2013	5,124	4,392
1 June 2016	1 June 2014	5,525	4,392
		13,096	16,251

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

15 SHARE-BASED PAYMENTS (continued)

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\$4.9 at the grant date, vesting period based on the terms stipulated in the Scheme, dividend yield of 2.04%, volatility of 48.04% to 48.14%, post forfeiture rate of the staff is 7% per annum, and risk free rate of 0.18% to 0.20%. Volatility is the average of the 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 2013 for share options amounted to RMB6,365,000 (2012: RMB6,936,000), with a corresponding amount credited in capital reserve.

16 DEFERRED GOVERNMENT GRANTS

Group	As at 31 December	
	2013	2012
Opening net amount at the beginning of the year	80,498	9,000
Addition	32,342	72,148
Amortisation	(5,225)	(650)
Closing net amount at the end of the year	107,615	80,498
At the end of the year		
Cost	114,490	82,148
Less: accumulated amortisation	(6,875)	(1,650)
Net book amount	107,615	80,498

The government grant amounting to RMB10 million and RMB15 million received by a subsidiary of the Group in 2008 and 2013 were for the construction of the subsidiary's factory in Gaotang County Liaocheng City Shandong Province. The government grants amounting to EUR8.7 million and EUR1.8 million were received by a subsidiary of the Group from the State of Saxony-Anhalt, Germany in 2012 and 2013 for the purchase of machinery and construction of building in Europe.

17 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2013	2012
Trade payables	191,585	158,737
Notes payables	4,508	7,630
Advances from customers	23,091	28,719
Accrued expenses	69,241	46,912
Salary and welfare payable	15,400	19,594
Other payables	17,954	17,721
Value added tax payable	15,905	6,309
	337,684	285,622

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

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

	As at 31 December	
	2013	2012
Within 30 days	132,334	54,879
31–90 days	57,154	94,785
91–365 days	937	7,237
Over 365 days	1,160	1,836
	191,585	158,737

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	
		2013	2012
Trade payables	— RMB	87,802	64,727
	— US\$	82,767	63,815
	— EUR	21,016	29,582
	— CHF	-	613
		191,585	158,737
Salary and welfare payable	— RMB	15,400	19,032
	— EUR	-	562
		15,400	19,594
Other payables	— RMB	17,262	15,467
	— HK\$	-	1,404
	— US\$	-	641
	— EUR	692	197
	— CHF	-	12
		17,954	17,721

18 BORROWINGS

Group		As at 31 December	
		2013	2012
Current			
Unsecured bank borrowing	— US\$	109,632	103,276
	— EUR	50,800	46,300
		160,432	149,576
Secured bank borrowing	— US\$	16,700	-
Total current borrowing		177,132	149,576
Total borrowings		177,132	149,576

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

18 BORROWINGS (continued)

Unsecured borrowings of RMB109,632,000 and RMB50,800,000 are denominated in US\$ and EUR respectively with a maturity date of 120 days from the date of each drawdown. It bears the interest rate of higher of 1.25% per annum over LIBOR or the Bank's Cost of Fund. The effective interest rate is 1.88% (2012: 2.59%) per annum.

Secured borrowings of RMB16,700,000 are denominated in US\$ with a maturity date of 120 days from the date of borrowing. It bears the interest rate of 1.23% per annum.

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

	As at 31 December	
	2013	2012
Within 1 year	177,132	149,576
	177,132	149,576

As of 31 December 2013, the Group has 2 borrowing facilities (31 December 2012: 2) with a total limit of US\$70,000,000 (31 December 2012: US\$65,000,000). The amounts of the undrawn borrowing facilities are as follows:

	As at 31 December	
	2013	2012
Floating rate	279,093	294,409
	279,093	294,409

19 DEFERRED INCOME TAXES

Group	As at 31 December	
	2013	2012
Deferred tax assets	29,455	20,147
Deferred tax liabilities	(3,000)	(4,591)
Deferred tax assets (net)	26,455	15,556

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

	As at 31 December	
	2013	2012
At beginning of the year	15,556	17,596
Recognised in the income statement (Note 26)	10,899	(2,040)
At end of the year	26,455	15,556

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

19 DEFERRED INCOME TAXES (continued)

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 2012	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
Recognised in the income statement	5,929	3,814	(435)	9,308
At 31 December 2013	14,039	5,979	9,437	29,455

Deferred tax liabilities	Withholding tax
At 31 December 2011	4,430
Recognised in the income statement	161
At 31 December 2012	4,591
Recognised in the income statement	(1,591)
At 31 December 2013	3,000

Deferred income tax assets are recognised for tax losses carried-forward 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 RMB85,609,000 (2012: RMB37,434,000).

20 LONG-TERM PREPAYMENT

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

21 REVENUE, OTHER INCOME AND OTHER GAINS — NET

	Year ended 31 December 2013	2012
Sales of products	2,159,533	1,744,049
Other income		
— Income from sales of scrap materials	17,282	12,227
— Subsidy income from government	30,153	23,917
	47,435	36,144
— Other gains — net		
— Gain/(loss) on disposal of assets	2	(400)
— Foreign exchange gain	9,021	5,605
— Others	(33)	617
	8,990	5,822

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

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	
	2013	2012
Raw materials and consumables used	1,337,102	1,052,043
Changes in inventories of finished goods and work in progress	(8,558)	(21,906)
Tax and levies on main operations	9,936	6,715
Provision for obsolescence on inventories	(21)	748
Depreciation and amortisation charges:	90,611	60,417
— Depreciation of property, plant and equipment	88,594	58,958
— Amortisation of intangible assets	1,915	1,400
— Amortisation of land use right	102	59
Provision for impairment of receivables and prepayment	(751)	2,940
Employee benefit expenses	160,764	117,307
Auditor's remuneration	2,040	2,000
Transportation expenses	54,305	49,871
Repair and maintenance expenses	18,502	17,884
Electricity and utilities	32,729	22,755
Rental expenses	8,122	7,519
Plating expenses	9,243	7,879
Professional fees	7,028	9,926
Travelling expenses	14,619	12,681
Advertising and promotional expenses	6,232	6,916
Other expenses	57,181	33,187
Total cost of goods sold, distribution expenses and administrative expenses	1,799,084	1,388,882

23 EMPLOYEE BENEFITS

The analysis of employee benefits is as follows:

	Year ended 31 December	
	2013	2012
Wages and salaries (including discretionary bonuses)	129,177	92,238
Employer's contribution to pension scheme and others	25,222	18,133
Share options granted to employees (Note 15)	6,365	6,936
	160,764	117,307

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

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 2012:							
Executive directors							
Mr Bi Hua, Jeff	-	2,464	522	-	167	14	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	-	-	-	-	-	-	-
Ms Shang Xiaojun	-	-	-	-	-	-	-
Mr Lee Lap, Danny	-	-	-	-	-	-	-
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	190	47	5,191
Year ended 31 December 2013:							
Executive directors							
Mr Bi Hua, Jeff	160	2,420	307	-	213	31	3,131
Mr Hong Gang	160	1,125	151	12	24	36	1,508
Non-executive directors							
Mr Hildebrandt James Henry	-	-	-	-	-	-	-
Mr Zhu Jia	-	-	-	-	-	-	-
Ms Shang Xiaojun	-	-	-	-	-	-	-
Mr Danny Lee	-	-	-	-	-	-	-
Independent non-executive Directors							
Mr Lueth Allen Warren	160	-	-	-	-	-	160
Mr Behrens Ernst Hermann	160	-	-	-	-	-	160
Mr Chen Weishu	160	-	-	-	-	-	160
	800	3,545	458	12	237	67	5,119

In year 2013 and 2012, 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 2013

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 (2012: 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	
	2013	2012
Basic salaries, housing allowances, other allowances and benefits in kind	3,687	3,615
Discretionary bonuses	553	702
Pension	65	–
	4,305	4,317

The emoluments fell within the following bands:

	Year ended 31 December	
	2013	2012
Emolument bands		
HK\$0–HK\$1,000,000	–	–
HK\$1,000,001–HK\$1,500,000	1	–
HK\$1,500,001–HK\$2,500,000	2	3
	3	3

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 agreed to waive any remuneration during the year.

(c) Senior management remuneration by band

The number of individuals emoluments fell within the following bands:

	Year ended 31 December	
	2013	2012
Emolument bands		
HK\$0–HK\$1,000,000	1	–
HK\$1,000,001–HK\$1,500,000	3	3
HK\$1,500,001–HK\$2,500,000	2	3
	6	6

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

25 FINANCE INCOME AND FINANCE EXPENSES

	Year ended 31 December	
	2013	2012
Interest income — cash and cash equivalents	3,867	6,235
Finance income	3,867	6,235
Interest expense — bank borrowings	(3,873)	(4,021)
Exchange loss on cash and cash equivalents	(105)	(2,339)
Finance expenses	(3,978)	(6,360)

Interest expense of 0 (2012: RMB5,037,000) has been capitalised into cost of property, plant and equipment.

26 INCOME TAX EXPENSE

	Year ended 31 December	
	2013	2012
Current income tax:		
Enterprise income tax ("EIT")	110,386	80,091
Deferred tax:		
Origination and reversal of temporary differences	(10,899)	2,040
Taxation	99,487	82,131

The Group's subsidiaries established in the PRC are subject to the PRC statutory income tax of 25% (2012: 25%) on the assessable income for the year. Hong Kong profits tax has been provided at rate of 16.5% for the current year (2012: 16.5%). Germany profit tax has been provided at the rate of 31% (2012: 31%). Switzerland subsidiary was in loss position and no income tax has been provided.

Another subsidiary, Greatview Aseptic Packaging (Inner Mongolia) Co., Ltd., is located in a special economic zone with an applicable tax rate of 15%, which is subject to annual approval from the local tax bureau. The local tax bureau has approved this preferential tax rate of 15% for this subsidiary in year 2013.

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	
	2013	2012
Profit before tax	416,763	397,008
Tax calculated at domestic tax rates applicable to profits in the respective countries	112,338	99,019
Withholding tax on dividend	3,000	4,591
Preferential tax treatment for subsidiaries	(24,811)	(21,116)
Income not subject to tax	(142)	(58)
Expenses not deductible for taxation purposes	433	647
Tax losses for which no deferred tax asset was recognised	10,952	3,850
Utilisation of previously unrecognised tax losses for which no deferred income tax was recognised	(367)	(7,378)
Others	(1,916)	2,576
Tax charge	99,487	82,131

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

27 EARNINGS PER SHARE

(a) Basic earnings per share

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

	Year ended 31 December	
	2013	2012
Profit attributable to equity holders of the Company	317,276	314,877
Weighted average number of ordinary shares in issue (thousands)	1,335,933	1,333,600
Basic earnings per share (RMB per share)	0.24	0.24

(b) Diluted earnings per share

Dilutive earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Year ended 31 December	
	2013	2012
Profit attributable to equity holders of the Company	317,276	314,877
Weighted average number of ordinary shares in issue (thousands)	1,335,933	1,333,600
Adjustments for share options (thousands)	702	-
Weighted average number of ordinary shares for diluted earnings per share (thousands)	1,336,635	1,333,600
Diluted earnings per share (RMB per share)	0.24	0.24

28 DIVIDENDS

The dividends paid in 2013 and 2012 were HK\$133,513,000 (HK\$0.10 per share, approximately RMB106,316,000 in total) and HK\$133,360,000 (HK\$0.10 per share, approximately RMB108,996,000 in total) respectively. A dividend in respect of the year ended 31 December 2013 of HK\$0.10 per share, amounting to a total dividend of HK\$133,892,000 (approximately RMB105,270,000 in total) is to be proposed by the Board at the forthcoming annual general meeting. These financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2013	2012
Dividends proposed and paid during the year	-	108,996
Proposed final dividend of HK\$0.10 (2012: HK\$0.10) per ordinary share	105,270	106,316
	105,270	215,312

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

29 CASH GENERATED FROM OPERATIONS

	Year ended 31 December	
	2013	2012
Profit before income tax	416,763	397,008
Adjustments for:		
— Amortisation of intangible assets and land use right	2,017	1,459
— Amortisation of deferred revenue	(5,225)	(650)
— Depreciation of property, plant and equipment	88,594	58,958
— Impairment provision for trade and other receivables	(751)	2,940
— Provision for obsolescence on inventories	(21)	748
— (Gain)/loss on disposal of property, plant and equipment	(2)	400
— Share-based payment	6,365	6,936
— Finance expense — net	111	125
— Foreign exchange gains on operating activities	(9,021)	(3,700)
Changes in working capital:		
— Inventories	38,343	(121,209)
— Trade receivables, other receivables and prepayments	(245,624)	54,368
— Trade payables, other payables and accruals	49,025	89,138
Cash generated in operations	340,574	486,521

Non-cash transaction

In 2012 and 2013, there was no significant non-cash transaction.

30 INVESTMENT IN SUBSIDIARIES

	As at 31 December	
	2013	2012
Unlisted shares, at cost	223,552	217,188

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

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 2013 are set out below:

Name	Place of incorporation/ establishment/ operation	Principal activities	Legal status	Issued or registered/ paid up capital	Effective interest held as at 31 December 2013
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	Limited liability company	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	Limited liability company	US\$44,000,000	100%
Greatview Beijing Packaging Equipment Co., Ltd.	PRC	Production and sale of filling machines	Limited liability company	RMB10,000,000	100%
Greatview Aseptic Packaging (Inner Mongolia) Co., Ltd.	PRC	Production and sale of packaging products	Limited liability company	US\$20,000,000	100%
Greatview Aseptic Packaging Europe GmbH	Switzerland	Sale of packaging products	Limited liability company	CHF50,000	100%
Greatview Beijing Trading Co.,Ltd.	PRC	Sale of packaging products and equipment and related technical development services	Limited liability company	US\$750,000	100%
Greatview Aseptic Packaging Manufacturing GmbH	Germany	Production and sale of packaging products	Limited liability company	EUR25,000	100%
Greatview Aseptic Packaging Service GmbH	Germany	Sale of packaging products	Limited liability company	EUR25,000	100%

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

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 date of each statement of financial position date are as follows:

	As at 31 December	
	2013	2012
Contracted but not provided for		
— Property, plant and equipment	25,303	78,476

(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	
	2013	2012
No later than 1 year	1,548	5,863
Later than 1 year and no later than 5 years	4,464	5,645
Later than 5 years	303	2,258
	6,315	13,766

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 ended 31 December	
	2013	2012
Salaries and other short-term employees benefits	10,280	11,587
Social security cost	247	307
	10,527	11,894

33 AMOUNT DUE FROM A SUBSIDIARY

The amount due from a Group's subsidiary is unsecured and interest free. The amount of approximately RMB19,059,000 is repayable on demand, and no repayment schedule for the remaining RMB700,700,000 in the foreseeable future.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

Prepared in accordance with International Financial Reporting Standards

Amounts expressed in thousands of RMB unless otherwise stated

34 FINANCIAL GUARANTEE

The nominal value of the financial guarantee issued by the Company as at 31 December 2013 is analysed as below:

	As at 31 December	
	2013	2012
Outstanding guarantee		
— Subsidiary	61,433	147,509

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 ("Tetra Pak") 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. However, Tetra Pak has filed an appeal on 17 April 2013 against the first instance decision. On 23 December 2013, the Company had filed a reply in response to Tetra Pak's appeal.

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.