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GREATVIEW ASEPTIC PACKAGING COMPANY LIMITED

紛美包裝有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 00468)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013 AND RESIGNATION OF NON-EXECUTIVE DIRECTORS

The board (the “Board”) of directors (the “Directors”) of Greatview Aseptic Packaging Company Limited (the “Company” or “Greatview”) is pleased to announce the consolidated financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2013 together with comparative figures for the year ended 31 December 2012 as follows:

The figures in respect of this announcement of the Group’s consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and the related notes (“financial information”) does not constitute the Group’s statutory financial statements for the year ended 31 December 2013, but represents an extract from those financial statements. The following financial information, including the comparative figures has been reviewed by the Audit Committee of the Company (the “Audit Committee”) and agreed by the Group’s external auditor, PricewaterhouseCoopers (“PwC”), Certified Public Accountants in Hong Kong, to the amounts set out in the Group’s draft consolidated financial statements for the year ended 31 December 2013. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Federation of Accountants and consequently no assurance has been expressed by PwC on the announcement.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

Amounts expressed in thousands of RMB unless otherwise stated

		Year ended 31 December	
	Note	2013	2012
Revenue	4	2,159,533	1,744,049
Cost of sales		<u>(1,580,305)</u>	<u>(1,193,555)</u>
Gross profit		579,228	550,494
Other income	4	47,435	36,144
Other gains — net	4	8,990	5,822
Distribution expenses		(105,227)	(87,177)
Administrative expenses		<u>(113,552)</u>	<u>(108,150)</u>
Operating profit		416,874	397,133
Finance income	6	3,867	6,235
Finance expenses	6	<u>(3,978)</u>	<u>(6,360)</u>
Profit before income tax		416,763	397,008
Taxation	7	<u>(99,487)</u>	<u>(82,131)</u>
Profit for the year		<u>317,276</u>	<u>314,877</u>
Profit attributable to:			
Equity holders of the Company		<u>317,276</u>	<u>314,877</u>
Earnings per share for profit attributable to equity holders of the Company			
— Basic earnings per share (RMB)	8	0.24	0.24
— Diluted earnings per share (RMB)	8	0.24	0.24
Dividends		<u>105,270</u>	<u>215,312</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

Amounts expressed in thousands of RMB unless otherwise stated

	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	<u>1,406</u>	<u>6,748</u>
Total comprehensive income for the year	<u>318,682</u>	<u>321,625</u>
Attributable to:		
— Equity holders of the Company	<u>318,682</u>	<u>321,625</u>
Total comprehensive income for the year	<u>318,682</u>	<u>321,625</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

Amounts expressed in thousands of RMB unless otherwise stated

	<i>Note</i>	As at 31 December 2013	2012
ASSETS			
Non-current assets			
Property, plant and equipment		1,251,395	1,031,636
Land use rights		4,926	2,588
Intangible assets		54,214	54,158
Deferred income tax assets		29,455	20,147
Long-term prepayment		9,551	103,206
		<u>1,349,541</u>	<u>1,211,735</u>
Current assets			
Inventories		436,773	475,095
Trade and other receivables	<i>10</i>	582,027	417,310
Cash and cash equivalents		294,606	295,215
Restricted cash		91,364	5,911
		<u>1,404,770</u>	<u>1,193,531</u>
Total assets		<u>2,754,311</u>	<u>2,405,266</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital, share premium and capital reserve		962,369	937,797
Statutory reserve		145,445	113,079
Exchange reserve		(22,684)	(24,090)
Retained earnings		1,011,652	833,058
		<u>2,096,782</u>	<u>1,859,844</u>
Total equity		<u>2,096,782</u>	<u>1,859,844</u>
LIABILITIES			
Non-current liabilities			
Deferred government grants		107,615	80,498
Deferred income tax liabilities		3,000	4,591
		<u>110,615</u>	<u>85,089</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2013

Amounts expressed in thousands of RMB unless otherwise stated

	<i>Note</i>	As at 31 December 2013	2012
Current liabilities			
Trade payables, other payables and accruals	<i>11</i>	337,684	285,622
Income tax liabilities		32,098	25,135
Borrowings		177,132	149,576
		<u>546,914</u>	<u>460,333</u>
Total liabilities		<u>657,529</u>	<u>545,422</u>
Total equity and liabilities		<u>2,754,311</u>	<u>2,405,266</u>
Net current assets		<u>857,856</u>	<u>733,198</u>
Total assets less current liabilities		<u>2,207,397</u>	<u>1,944,933</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

Amounts expressed in thousands of RMB unless otherwise stated

	Attributable to equity owners						Total
	Share capital	Share premium	Capital reserve	Statutory reserve	Exchange Reserve	Retained earnings	
As at 31 December 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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

Amounts expressed in thousands of RMB unless otherwise stated

	Year ended 31 December	
	2013	2012
Cash flows from operating activities		
Cash generated from operations	340,574	486,521
Interest paid	(3,873)	(4,021)
Income tax paid	(103,423)	(74,785)
	<u>233,278</u>	<u>407,715</u>
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
	<u>(173,229)</u>	<u>(200,223)</u>
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)
	<u>(60,553)</u>	<u>(165,702)</u>
Net increase in cash and cash equivalents	(504)	41,790
Cash and cash equivalents at beginning of year	295,215	253,860
Exchange loss on cash and cash equivalents	(105)	(435)
	<u>294,606</u>	<u>295,215</u>
Cash and cash equivalents at end of year	294,606	295,215

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

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.

(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.

3 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	<u>(1,259,925)</u>	<u>(320,380)</u>	<u>(1,580,305)</u>
Segment result	<u>599,075</u>	<u>(19,847)</u>	<u>579,228</u>
2012			
Sales — Revenue from external customers	1,586,999	157,050	1,744,049
Cost	<u>(1,068,737)</u>	<u>(124,818)</u>	<u>(1,193,555)</u>
Segment result	<u>518,262</u>	<u>32,232</u>	<u>550,494</u>

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	<u>(113,552)</u>	<u>(108,150)</u>
Operating profit	416,874	397,133
Finance income	3,867	6,235
Finance expenses	<u>(3,978)</u>	<u>(6,360)</u>
Profit before income tax	416,763	397,008
Income tax expense	<u>(99,487)</u>	<u>(82,131)</u>
Profit for the year	<u>317,276</u>	<u>314,877</u>

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).

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
	<u>2,159,533</u>	<u>1,744,049</u>

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.

4 REVENUE, OTHER INCOME AND GAINS — NET

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

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

5 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	<u>1,799,084</u>	<u>1,388,882</u>

6 FINANCE INCOME AND FINANCE EXPENSES

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

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

7 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
	<u>99,487</u>	<u>82,131</u>
Taxation	<u>99,487</u>	<u>82,131</u>

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	<u>416,763</u>	<u>397,008</u>
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
	<u>99,487</u>	<u>82,131</u>
Tax charge	<u>99,487</u>	<u>82,131</u>

8 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)	<u>0.24</u>	<u>0.24</u>

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)	<u>0.24</u>	<u>0.24</u>

9 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 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
	<u>105,270</u>	<u>215,312</u>

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
	<u>582,027</u>	<u>417,310</u>

The Group does not hold any collateral as security.

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

The aging 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
	<u>433,038</u>	<u>282,545</u>

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.

11 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
	<u>337,684</u>	<u>285,622</u>

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

	As at 31 December	
	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

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 Helingeer 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.

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 increase 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.

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 the revenue increase from 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.

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 is 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.

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 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.

FINAL 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.

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.

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 Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) 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.

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 announcement.

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

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the year ended 31 December 2013.

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.

PRE-EMPTIVE RIGHT

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

REVIEW BY THE AUDIT COMMITTEE

The Audit Committee comprises all the three independent non-executive Directors namely, Mr. LUETH Allen Warren (chairman of the Audit Committee), Mr. BEHRENS Ernst Hermann and Mr. 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.

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

The Audit Committee has reviewed the accounting principles and practices adopted by the Company, the annual results of our Group during the year ended 31 December 2013 as well as auditing, internal control and financial reporting matters, including the consolidated financial statements for the year ended 31 December 2013. The Audit Committee is of the view that our Group's consolidated financial statements for the year under review are prepared in accordance with the applicable accounting standards, laws and regulations, and appropriate disclosures have already been made.

ANNUAL GENERAL MEETING AND PUBLICATION OF ANNUAL REPORT

The annual general meeting of the Company is expected to be held on Friday, 30 May 2014. The annual report together with the notice of the annual general meeting will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.greatviewpack.com), and despatched to the shareholders in due course.

RESIGNATION OF NON-EXECUTIVE DIRECTORS

The Board further announces that Ms. SHANG Xiaojun ("Ms. Shang") and Mr. HILDEBRANDT James Henry ("Mr. Hildebrandt") have tendered their resignations as non-executive Directors with effect from 27 March 2014, due to their intention to focus on other business commitments.

Each of Ms. Shang and Mr. Hildebrandt confirmed that she/he has no disagreement with the Board and there is no matter relating to her/his resignation that needs to be brought to the attention of the shareholders of the Company or the Stock Exchange.

The Board would like to take this opportunity to express its gratitude and appreciation to Ms. Shang and Mr. Hildebrandt for their valuable contribution and support to the Company, and their efforts in safeguarding the interests of the Company and its shareholders during their term of services.

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

Beijing, 27 March 2014

As at the date of this announcement, the Board comprises two executive Directors, namely BI Hua, Jeff and HONG Gang; two non-executive Directors, namely ZHU Jia and LEE Lap, Danny; and three independent non-executive Directors, namely LUETH Allen Warren, BEHRENS Ernst Hermann and CHEN Weishu.