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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 2020

HIGHLIGHTS

- Net profit up 1.6% to RMB342.8 million, revenue up 12.3% to RMB3,038.9 million.
- The Company's PRC business was resilient despite COVID-19.
- Substantial growth in the international business benefited by portfolio rationalisation and new customers' take-up.
- Proposed final dividend maintained at HK\$0.14 per share.

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 2020 together with comparative figures for the year ended 31 December 2019 as follows:

The figures in respect of this announcement of the Group’s 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 2020, but represents an extract from those financial statements. The following financial information, including the comparative figures has been reviewed by the audit committee of the Company (the “**Audit Committee**”) and agreed by the Group’s external auditors, PricewaterhouseCoopers (“**PwC**”), Certified Public Accountants in Hong Kong, to the amounts set out in the Group’s draft consolidated financial statements for the year ended 31 December 2020. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Federation of Accountants and consequently no assurance has been expressed by PwC on this announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

Amounts expressed in thousands of RMB except for share data

	<i>Note</i>	Year ended 31 December	
		2020	2019
Revenue	<i>3</i>	3,038,864	2,706,857
Cost of sales	<i>14</i>	<u>(2,233,301)</u>	<u>(2,038,702)</u>
Gross profit		805,563	668,155
Other income	<i>12</i>	37,291	41,300
Other (losses)/gains – net	<i>13</i>	(15,045)	38,413
Impairment of losses on financial assets – net		(11,681)	(59)
Distribution expenses	<i>14</i>	(177,713)	(163,026)
Administrative expenses	<i>14</i>	<u>(177,272)</u>	<u>(145,030)</u>
Operating profit		461,143	439,753
Finance income	<i>15</i>	10,465	8,341
Finance costs	<i>15</i>	<u>(15,693)</u>	<u>(6,399)</u>
Finance (costs)/income – net		<u>(5,228)</u>	<u>1,942</u>
Profit before income tax		455,915	441,695
Income tax expense	<i>16</i>	<u>(113,152)</u>	<u>(104,376)</u>
Profit for the year		<u>342,763</u>	<u>337,319</u>

	<i>Note</i>	Year ended 31 December	
		2020	2019
Profit attributable to:			
Owners of the Company		342,763	337,319
Non-controlling interests		<u>–</u>	<u>–</u>
		<u>342,763</u>	<u>337,319</u>
Other comprehensive income:			
<i>Item that may be reclassified to profit or loss</i>			
Currency translation differences		<u>17,738</u>	<u>(1,655)</u>
Total comprehensive income for the year		<u>360,501</u>	<u>335,664</u>
Total comprehensive income attributable to:			
Owners of the Company		360,501	335,664
Non-controlling interests		<u>–</u>	<u>–</u>
		<u>360,501</u>	<u>335,664</u>
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)			
– Basic and diluted earnings per share	<i>17</i>	<u>0.26</u>	<u>0.25</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

Amounts expressed in thousands of RMB except for share data

		As at 31 December	
	Note	2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,312,236	1,365,245
Right-of-use assets	5	49,851	48,714
Intangible assets		93,843	109,226
Deferred income tax assets		39,018	31,867
Trade receivables	7	18,957	9,805
Prepayments	8	10,407	16,886
		<u>1,524,312</u>	<u>1,581,743</u>
Current assets			
Inventories	6	710,735	627,138
Trade and notes receivables	7	573,051	577,326
Prepayments	8	40,556	24,593
Other receivables	8	11,871	18,815
Cash and cash equivalents		577,237	562,782
Restricted cash		183,631	199,976
		<u>2,097,081</u>	<u>2,010,630</u>
Total assets		<u>3,621,393</u>	<u>3,592,373</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital, share premium and capital reserve	10	600,260	651,247
Statutory reserve		281,325	256,855
Retained earnings		1,638,899	1,591,535
Exchange reserve		(28,729)	(46,467)
		<u>2,491,755</u>	<u>2,453,170</u>

		As at 31 December	
	<i>Note</i>	2020	2019
LIABILITIES			
Non-current liabilities			
Deferred government grants		73,173	78,337
Lease liabilities		2,316	4,233
Deferred income tax liabilities		21,257	20,167
Borrowings	<i>11</i>	<u>14,044</u>	<u>21,493</u>
		<u>110,790</u>	<u>124,230</u>
Current liabilities			
Deferred government grants		7,771	7,825
Contract liabilities		35	636
Trade payables, other payables and accruals	<i>9</i>	746,379	666,139
Income tax liabilities		41,154	33,639
Borrowings	<i>11</i>	191,525	299,268
Lease liabilities		5,206	7,466
Derivative financial instruments		<u>26,778</u>	<u>–</u>
		<u>1,018,848</u>	<u>1,014,973</u>
Total liabilities		<u><u>1,129,638</u></u>	<u><u>1,139,203</u></u>
Total equity and liabilities		<u><u>3,621,393</u></u>	<u><u>3,592,373</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

Amounts expressed in thousands of RMB except for share data

	Share capital (Note 10)	Share premium (Note 10)	Capital reserve (Note 10)	Statutory reserve	Exchange reserve	Retained earnings	Total
As at 1 January 2019	11,446	613,988	122,848	285,581	(44,812)	1,450,308	2,439,359
Comprehensive income:							
Profit for the year	-----	-----	-----	-----	-----	337,319	337,319
Other comprehensive income:							
Currency translation differences	-----	-----	-----	-----	(1,655)	-----	(1,655)
Transfer from statutory reserve	-----	-----	-----	(28,726)	-----	28,726	-----
Dividends (Note 18)	-----	(97,035)	-----	-----	-----	(224,818)	(321,853)
As at 31 December 2019 and 1 January 2020	<u>11,446</u>	<u>516,953</u>	<u>122,848</u>	<u>256,855</u>	<u>(46,467)</u>	<u>1,591,535</u>	<u>2,453,170</u>
Comprehensive income:							
Profit for the year	-----	-----	-----	-----	-----	342,763	342,763
Other comprehensive income:							
Currency translation differences	-----	-----	-----	-----	17,738	-----	17,738
Buy-back of shares	(4)	(997)	-----	-----	-----	-----	(1,001)
Transfer to statutory reserve	-----	-----	-----	24,470	-----	(24,470)	-----
Dividends (Note 18)	-----	(49,986)	-----	-----	-----	(270,929)	(320,915)
As at 31 December 2020	<u>11,442</u>	<u>465,970</u>	<u>122,848</u>	<u>281,325</u>	<u>(28,729)</u>	<u>1,638,899</u>	<u>2,491,755</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

Amounts expressed in thousands of RMB except for share data

	Year ended 31 December	
	2020	2019
Cash flows from operating activities		
Cash generated from operations	636,513	446,915
Interest paid	(4,534)	(5,200)
Income tax paid	<u>(111,698)</u>	<u>(87,549)</u>
Net cash generated from operating activities	<u>520,281</u>	<u>354,166</u>
Cash flows from investing activities		
Purchases of property, plant and equipment (“PP&E”)	(79,794)	(27,689)
Receipt of government grants	1,182	358
Proceeds from disposal of PP&E	4,287	642
Purchases of intangible assets	(521)	(690)
Acquisition of subsidiaries, net of cash acquired	–	(92,860)
Purchase of right-of-use assets	(6,204)	–
Purchases of financial assets at fair value through profit or loss	(866,000)	(788,100)
Disposals of financial assets at fair value through profit or loss	871,301	792,559
Interest received	<u>10,465</u>	<u>8,341</u>
Net cash used in investing activities	<u>(65,284)</u>	<u>(107,439)</u>
Cash flows from financing activities		
Proceeds from borrowings	302,815	315,950
Repayments of borrowings	(411,263)	(228,432)
Payments for shares buy-back	(1,001)	–
Principal elements of lease payments	(8,102)	(6,427)
Dividends paid to equity holders	<u>(320,915)</u>	<u>(321,853)</u>
Net cash used in financing activities	<u>(438,466)</u>	<u>(240,762)</u>
Net increase in cash and cash equivalents	16,531	5,965
Cash and cash equivalents at beginning of year	562,782	556,391
Exchange (losses)/gains on cash and cash equivalents	<u>(2,076)</u>	<u>426</u>
Cash and cash equivalents at end of year	<u><u>577,237</u></u>	<u><u>562,782</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

Amounts expressed in thousands of RMB unless otherwise stated

1 GENERAL INFORMATION

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

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

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

The consolidated financial statements are presented in Renminbi (“**RMB**”) and rounded to nearest thousand yuan, unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

(a) Compliance with IFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards (“**IFRSs**”) and the disclosure requirements of Hong Kong Companies Ordinance (“**HKCO**”) Cap. 622.

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

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities – measured at fair value.

(c) *New and amended standards and annual improvements adopted by the Group*

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- *Definition of Material – amendments to IAS 1 and IAS 8*
- *Definition of a Business – amendments to IFRS 3*
- *Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7*
- *Revised Conceptual Framework for Financial Reporting*

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(d) *New standards, amendments and interpretations issued but not yet adopted*

The following new and amended standards have been issued but are mandatorily effective for the annual period beginning on or after 1 January 2021 and which the Group has not early adopted these new and amended standards during the reporting period.

	Effective for accounting periods beginning on or after
Amendments to IAS 1 on Classification of liabilities as current or non-current	1 January 2022
Amendments to IFRS 3 on Reference to the Conceptual Framework	1 January 2022
Amendment to IAS 37 on Cost of Fulfilling a Contract	1 January 2022
Amendment to IAS 16 on Proceeds before Intended Use	1 January 2022
Annual improvements to IFRS Standards 2018-2020 cycle (IFRS 1, IFRS 9, IFRS 16 and IAS 41)	1 January 2022
IFRS 17 Insurance contracts. The eligible insurers can still apply IFRS 9 alongside IFRS 17	1 January 2023

The directors of the Company have already commenced an assessment of the impact of these new or amended standards, certain of which is relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and position of the Group is expected when they become effective.

3 REVENUE AND SEGMENT INFORMATION

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision maker ("CODM").

The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors which are used for making strategic decisions.

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

	PRC	International	Total
2020			
Revenue	2,115,159	923,705	3,038,864
Inter-segment revenue	<u>—</u>	<u>—</u>	<u>—</u>
Revenue from external customers	2,115,159	923,705	3,038,864
Cost of sales	<u>(1,490,203)</u>	<u>(743,098)</u>	<u>(2,233,301)</u>
Segment results	<u>624,956</u>	<u>180,607</u>	<u>805,563</u>
2019			
Revenue	1,914,905	791,952	2,706,857
Inter-segment revenue	<u>—</u>	<u>—</u>	<u>—</u>
Revenue from external customers	1,914,905	791,952	2,706,857
Cost of sales	<u>(1,381,484)</u>	<u>(657,218)</u>	<u>(2,038,702)</u>
Segment results	<u>533,421</u>	<u>134,734</u>	<u>668,155</u>

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

	Year ended 31 December	
	2020	2019
Segment results for reportable segments	805,563	668,155
Other income	37,291	41,300
Other (losses)/gains – net	(15,045)	38,413
Impairment of losses on financial assets – net	(11,681)	(59)
Distribution expenses	(177,713)	(163,026)
Administrative expenses	(177,272)	(145,030)
Operating profit	461,143	439,753
Finance income	10,465	8,341
Finance costs	(15,693)	(6,399)
Finance (costs)/income – net	(5,228)	1,942
Profit before income tax	455,915	441,695
Income tax expense	(113,152)	(104,376)
Profit for the year	342,763	337,319
Depreciation and amortisation charges	(159,848)	(148,188)

Information on segment assets and liabilities are not disclosed as this information is not presented to the Executive Directors as they do not assess performance of reportable segments using information on assets and liabilities.

The following table presents sales generated from packaging materials, filling machines and digital services:

	Year ended 31 December	
	2020	2019
Packing materials		
– Dairy products	2,537,593	2,220,331
– NCSD products	481,923	478,303
Filling machines	14,760	6,947
Digital services	4,588	1,276
	3,038,864	2,706,857

During the 2020 financial year, revenue from 2 (2019: 1) customers each accounted for 10% or more of the Group's total external revenue. These revenue are all attributable to the revenue of dairy products. The revenue from these customers are summarised below:

	Year ended 31 December	
	2020	2019
Customer A	1,139,068	1,123,549
Customer B	342,118	201,239
	<hr/>	<hr/>
Total	<u>1,481,186</u>	<u>1,324,788</u>

4 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Machinery	Vehicles and office equipment	Construction in progress	Leasehold improvements	Total
Cost						
As at 1 January 2019	579,097	1,527,036	64,016	34,594	1,749	2,206,492
Acquisition of subsidiaries	118,216	59,162	1,473	296	–	179,147
Additions	–	58	434	19,836	–	20,328
Transfer upon completion	11,426	21,302	4,302	(37,030)	–	–
Disposals	–	(896)	(2,568)	–	–	(3,464)
Exchange differences	(1,099)	(1,585)	(109)	(160)	(7)	(2,960)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2019	707,640	1,605,077	67,548	17,536	1,742	2,399,543
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Additions	7,379	11	355	75,029	–	82,774
Transfer upon completion	1,413	8,734	2,629	(12,776)	–	–
Disposals	–	(39,231)	(4,311)	(14)	–	(43,556)
Exchange differences	8,121	10,612	(145)	799	48	19,435
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2020	724,553	1,585,203	66,076	80,574	1,790	2,458,196
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation						
As at 1 January 2019	(106,663)	(749,309)	(45,596)	–	(1,165)	(902,733)
Charge for the year	(23,821)	(101,618)	(9,449)	–	(162)	(135,050)
Disposals	–	736	1,989	–	–	2,725
Exchange differences	187	493	76	–	4	760
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2019	(130,297)	(849,698)	(52,980)	–	(1,323)	(1,034,298)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Charge for the year	(25,853)	(106,503)	(8,832)	–	(167)	(141,355)
Disposals	–	31,886	3,870	–	–	35,756
Exchange differences	(1,417)	(4,015)	(594)	–	(37)	(6,063)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2020	(157,567)	(928,330)	(58,536)	–	(1,527)	(1,145,960)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value						
As at 31 December 2020	<u>566,986</u>	<u>656,873</u>	<u>7,540</u>	<u>80,574</u>	<u>263</u>	<u>1,312,236</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2019	<u>577,343</u>	<u>755,379</u>	<u>14,568</u>	<u>17,536</u>	<u>419</u>	<u>1,365,245</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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

	Year ended 31 December	
	2020	2019
Cost of sales	134,583	129,955
Distribution expenses	186	125
Administrative expenses	6,586	4,970
	<u>141,355</u>	<u>135,050</u>

- (b) The Group's property, plant and equipment are located in the PRC and Europe.

As at 31 December 2020, the net book value of property, plant and equipment located in Europe was approximately RMB448,838,957 (as at 31 December 2019: RMB474,361,826).

- (c) Construction in progress as at 31 December 2020 mainly comprises new equipment being constructed in Shandong, PRC and Inner Mongolia, PRC.

5 RIGHT-OF-USE ASSETS

This note provides information for leases where the Group is a lessee.

The Group has lease contracts for land and buildings and various items of machinery and equipment used in its operations. The movements during the year are set out below:

	Land use rights (a)	Buildings (b)	Office equipment (b)	Total
Net book value at 1 January 2020	37,430	10,866	418	48,714
Additions	6,204	2,977	947	10,128
Depreciation	<u>(988)</u>	<u>(7,586)</u>	<u>(417)</u>	<u>(8,991)</u>
Net book value at 31 December 2020	<u>42,646</u>	<u>6,257</u>	<u>948</u>	<u>49,851</u>

- (a) All of the Group's land use rights are located in the PRC with the leasehold period of 50 years.
- (b) The Group has leased several assets for buildings and office equipment. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. Tenures of the leases range from 1 to 5 years.

6 INVENTORIES

	As at 31 December	
	2020	2019
Raw materials	542,722	465,869
Work in progress	24,388	34,907
Finished goods	<u>157,175</u>	<u>138,777</u>
	724,285	639,553
Less: Provision for obsolescence		
– Raw materials	(11,824)	(10,369)
– Finished goods	<u>(1,726)</u>	<u>(2,046)</u>
	<u>710,735</u>	<u>627,138</u>

The cost of inventories recognised as expense and included in cost of sales amounted to approximately RMB2,216,251,000 for the year ended 31 December 2020 (2019: RMB2,023,218,000).

Inventory provision and the amount reversed have been included in cost of sales in the consolidated statement of comprehensive income for the years ended 31 December 2020 and 2019.

7 TRADE AND NOTES RECEIVABLES

	As at 31 December	
	2020	2019
Trade receivables – gross	562,084	560,583
Less: Provision for impairment of trade receivables	<u>(22,053)</u>	<u>(11,393)</u>
Trade receivables – net	540,031	549,190
Notes receivables	51,977	37,941
Less non-current portion: Trade receivables	<u>(18,957)</u>	<u>(9,805)</u>
	<u>573,051</u>	<u>577,326</u>

Customers are normally granted credit term within 90 days. At 31 December 2020 and 2019, the aging analysis of the trade receivables based on invoice date are as follows:

	As at 31 December	
	2020	2019
Trade receivables – gross		
0-90 days	436,414	460,883
91-180 days	72,148	53,746
181-365 days	12,394	21,472
Over 365 days	41,128	24,482
	<u>562,084</u>	<u>560,583</u>

The Group does not hold any collateral as security.

All non-current receivables are due over one year from the end of the year.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Movement in the allowance for impairment of trade receivables is as follows:

	Year ended 31 December	
	2020	2019
As at 1 January	11,393	14,477
Increase in loss allowance recognised in profit or loss during the year	11,737	113
Allowance reversed	(56)	(54)
Receivables written off during the year as uncollectible	(1,021)	(3,143)
At 31 December	<u>22,053</u>	<u>11,393</u>

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, default or delinquency in payments, and the failure of a debtor to engage in a repayment plan with the Group.

8 PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2020	2019
Prepayments		
–tariffs	–	176
–advances to suppliers	36,517	19,093
–other deferred expenses	6,548	8,351
–prepayment for land use rights	7,898	13,859
	<u>50,963</u>	<u>41,479</u>
Less non-current portion: prepayments	<u>(10,407)</u>	<u>(16,886)</u>
	<u>40,556</u>	<u>24,593</u>
Other receivables		
– income tax receivable due to decrease of tax rate	3,632	–
– staff advances and other payments for employees	3,071	3,881
– value added tax deductible	1,105	2,266
– value added tax receivable	1,418	9,301
– others	2,645	3,367
	<u>11,871</u>	<u>18,815</u>
	<u>52,427</u>	<u>43,408</u>

9 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2020	2019
Trade payables	270,888	241,263
Notes payables	276,155	257,930
Advances from customers	29,894	9,958
Accrued expenses	116,270	86,372
Salary and welfare payables	35,362	27,706
Other tax payables	11,304	10,483
Other payables	6,506	32,427
	<u>746,379</u>	<u>666,139</u>

The normal credit period granted by the creditors generally ranged from 30 to 90 days. As at 31 December 2020 and 2019, the aging analysis of the trade payables based on invoice date is as follows:

	As at 31 December	
	2020	2019
Within 30 days	227,268	176,726
31-90 days	42,457	63,033
91-365 days	499	1,029
Over 365 days	664	475
	<u>270,888</u>	<u>241,263</u>

10 SHARE CAPITAL, SHARE PREMIUM AND CAPITAL RESERVE

	As at 31 December	
	2020	2019
Share capital (a)	11,442	11,446
Share premium (b)	465,970	516,953
Capital reserve	122,848	122,848
	<u>600,260</u>	<u>651,247</u>

(a) Share capital

The total authorised number of ordinary shares is 3,000,000,000 (2019: 3,000,000,000) with par value of HK\$0.01 per share (2019: HK\$0.01 per share).

The number of ordinary shares issued as of 31 December 2020 is 1,336,631,000 (2019: 1,337,019,000). All issued shares are fully paid.

(b) Share premium

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 Stock Exchange.

11 BORROWINGS

		As at 31 December	
		2020	2019
Current			
Secured			
Bank borrowings(a)	-EUR	61,027	94,872
	-US\$	<u>130,498</u>	<u>202,366</u>
		<u>191,525</u>	<u>297,238</u>
Unsecured			
Borrowings from a third party	-RMB	<u>-</u>	<u>2,030</u>
		<u>191,525</u>	<u>299,268</u>
Non-Current			
Secured			
Bank borrowings(a)	-EUR	<u>14,044</u>	<u>21,493</u>
Total borrowings		<u><u>205,569</u></u>	<u><u>320,761</u></u>

(a) Bank Borrowings

The weighted average effective interest rates at the balance sheet dates are set out as follows:

	As at 31 December	
	2020	2019
Bank Borrowings	<u>1.42%</u>	<u>2.44%</u>

All secured bank borrowings of RMB205,569,000 were guaranteed by the Company (2019: RMB318,731,000).

The Group's bank borrowings were repayable as follows:

	As at 31 December	
	2020	2019
Within 1 year	191,525	297,238
Between 1 and 2 years	8,025	7,816
Between 2 and 5 years	<u>6,019</u>	<u>13,677</u>
	<u><u>205,569</u></u>	<u><u>318,731</u></u>

As of 31 December 2020, the Group has 4 borrowing facilities (31 December 2019: 4) with a total limit of US\$100,000,000 (RMB652,490,000) and EUR25,000,000 (RMB200,625,000) (31 December 2019: US\$95,000,000 (RMB662,739,000) and EUR25,000,000 (RMB195,388,000)). The amounts of the unutilized borrowing facilities are as follows:

	As at 31 December	
	2020	2019
Floating rate:		
– Expiring within 1 year	<u>647,546</u>	<u>539,396</u>

12 OTHER INCOME

	Year ended 31 December	
	2020	2019
Income from sales of scraps	20,582	14,465
Subsidy income from government	<u>16,709</u>	<u>26,835</u>
	<u>37,291</u>	<u>41,300</u>

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

13 OTHER (LOSSES)/GAINS – NET

	Year ended 31 December	
	2020	2019
Net fair value gains on wealth management products at fair value through profit or losses	5,301	4,459
Net losses on disposal of assets	(3,513)	(97)
Unrealized net fair value losses on derivatives financial instruments	(26,778)	–
Realized net fair value losses on derivatives financial instruments	(3,442)	–
Net foreign exchange gain/(loss)	4,794	(976)
Gains from a bargain purchase	–	25,558
Others	<u>8,593</u>	<u>9,469</u>
	<u>(15,045)</u>	<u>38,413</u>

14 EXPENSES BY NATURE

	Year ended 31 December	
	2020	2019
Raw materials and consumables used	1,723,815	1,593,960
Changes in inventories of finished goods and work in progress	95,361	36,512
Tax and levies on main operations	17,049	15,486
Provision/(write-back) for obsolescence on inventories	1,135	(121)
Depreciation and amortisation charges:	159,848	148,188
– Depreciation of PP&E	141,355	135,050
– Depreciation of right-of-use assets	8,991	7,702
– Amortisation of intangible assets	9,502	5,436
Employee benefit expenses	281,797	271,536
Impairment of goodwill	6,736	–
Auditors' remuneration		
– Audit services	2,480	2,930
– Non-audit services	200	1,483
Transportation expenses	97,989	89,119
Electricity and utilities	45,934	46,406
Repair and maintenance expenses	32,724	31,644
Research and development expenses	22,724	6,974
Advertising and promotional expenses	20,543	27,834
Plating expenses	16,124	15,305
Professional fees	11,585	13,032
Travelling expenses	9,196	15,203
Bank charges	6,136	1,784
Other expenses	36,910	29,483
	<u>2,588,286</u>	<u>2,346,758</u>

15 FINANCE INCOME AND FINANCE COSTS

	Year ended 31 December	
	2020	2019
Interest income	10,465	8,341
Finance income	<u>10,465</u>	<u>8,341</u>
Interest expenses – bank borrowings	(4,093)	(4,525)
Interest expenses – lease	(441)	(675)
Exchange losses – net	(11,159)	(1,199)
Finance costs	<u>(15,693)</u>	<u>(6,399)</u>

16 INCOME TAX EXPENSE

	Year ended 31 December	
	2020	2019
Current income tax:		
Enterprise income tax	119,213	103,388
Deferred income tax:	<u>(6,061)</u>	<u>988</u>
Income tax expense	<u>113,152</u>	<u>104,376</u>

The Group's subsidiaries established in the PRC except for Greatview Aseptic Packaging (Inner Mongolia) Co. Ltd. ("**GA Inner Mongolia**") and Qingdao Likang Food Packing Technology Co. LTD.* ("**Likang**") are subject to the PRC statutory income tax rate of 25% (2019: 25%) on the taxable income for the year. Hong Kong profits tax rate is 16.5% up to 1 April 2018. When the two-tiered profits tax regime took effect on 1 April 2018, the applicable Hong Kong profits tax rate is 8.25% for assessable profits on the first HK\$2 million and 16.5% for any assessable profits in excess of HK\$2 million. The profits tax of Greatview Aseptic Packaging Manufacturing GmbH and Greatview Aseptic Packaging Service GmbH has been provided at rate of 30.83%. Greatview Aseptic Packaging Europe GmbH is subject to the Swiss corporate income tax rate of 11.35%.

GA Inner Mongolia is located in a special economic zone with a preferential statutory income 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 2020.

Likang obtains a high technology enterprise certificate which is valid for 3 years from 2020 to 2022 and subjects to a preferential statutory income tax rate of 15% according to the law of People's Republic of China on Enterprise income tax.

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	
	2020	2019
Profit before tax	<u>455,915</u>	<u>441,695</u>
Tax calculated at domestic tax rates applicable to profits in the respective countries	112,481	102,046
Withholding tax on dividends	16,955	12,131
Effect of preferential tax treatments	(19,599)	(12,012)
Income not subject to tax	(884)	(201)
Super deduction of research and development expenses	(2,665)	–
Expenses not deductible for tax purposes	6,124	1,202
Others	<u>740</u>	<u>1,210</u>
Income tax expense	<u>113,152</u>	<u>104,376</u>

* For identification purpose only

17 EARNINGS PER SHARE

Basic and diluted earnings per share

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

	Year ended 31 December	
	2020	2019
Profit attributable to equity holders of the Company	342,763	337,319
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u>1,336,917</u>	<u>1,337,019</u>
Basic and diluted earnings per share (<i>RMB per share</i>)	<u><u>0.26</u></u>	<u><u>0.25</u></u>

Basic and diluted earnings per share are the same as the Group does not have any dilutive potential ordinary shares for the years ended 31 December 2020 and 2019.

18 DIVIDENDS

The dividends paid in 2020 and 2019 were HK\$360,991,230 (2019 final dividend of HK\$0.14 per share, approximately RMB169,816,000, and 2020 interim dividend of HK\$0.13 per share, approximately RMB151,099,000, respectively) and HK\$360,955,130 (2018 final dividend of HK\$0.14 per share and 2019 interim dividend of HK\$0.13 per share, approximately RMB321,853,000 in total) respectively. A final dividend in respect of the year ended 31 December 2020 of HK\$0.14 per share, amounting to a total dividend of HK\$187,128,340 (approximately RMB157,487,000 in total) is to be proposed by the Board at the forthcoming annual general meeting to be partly paid out of the share premium account of the Company and partly paid out of the distributable profits of the Company. These financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2020	2019
Proposed and paid interim dividend of HK\$0.13 (2019: HK\$0.13) per ordinary share	151,099	156,732
Proposed final dividend of HK\$0.14 (2019: HK\$0.14) per ordinary share	<u>157,487</u>	<u>167,678</u>
	<u><u>308,586</u></u>	<u><u>324,410</u></u>

BUSINESS REVIEW

Overview

Our Group (Greatview Aseptic Packaging Company Limited, our “**Company**” or “**Greatview**” and its subsidiaries) provides integrated packaging solutions, which includes aseptic packaging materials, filling machines, spare parts, technical services, digital marketing and product traceability solution to the liquid food industry. We are the second largest supplier of roll-fed packaging materials globally. Our aseptic packaging materials are branded under the trademark of “GREATVIEW”, which includes “Greatview Brick”, “Greatview Pillow”, “Greatview Crown”, “Greatview Octagon” and “Greatview Blank-Fed”. In March 2019, we completed the acquisition of Qingdao Likang Food Packaging Technology Co., LTD.* (青島利康食品包裝科技有限公司) (“**Likang**”), which sells its aseptic packaging materials under the trademark of “Century Pack”, including “Century Pack” Aseptic Brick, “Century Pack” Aseptic Pillow, etc. Our aseptic packaging materials are fully compatible with industry-standard roll-fed and blank-fed aseptic carton filling machines, which has benefited most of the dairy and non-carbonated soft drink (“**NCS D**”) producers in the People’s Republic of China (the “**PRC**”) as well as a large range of international customers.

2020 brought great challenges to Greatview in epidemic prevention and control, customer relationship management, production management, and supply chain control. During this unprecedented period of uncertainty and difficulty, we have tried our utmost to respond to the need of our partners, customers and employees. Greatview overcome numerous difficulties to guarantee smooth production, and made every effort to deliver packaging materials to customers’ factories in a timely manner. This is to ensure customers could continue with their production, safeguarding the supply chain of people’s daily necessities.

Business Performance

In 2020, the economy of the PRC declined initially then recovered subsequently. The sustained and stable recovery of the economy is largely due to the successful control of COVID-19. Consumers’ health consciousness have also increased, thereby promoting consumption and motivating purchase, which brought benefits to major dairy companies. The market competition among domestic dairy companies is still fierce, and market shares are trending towards greater concentration.

According to Kantar Worldpanel, the sales of UHT dairy products through traditional channels such as hypermarkets and supermarkets have declined, while the growth rate of sales through online channels has increased. Benefiting from the increase in customer orders, the Company’s business in the PRC showed good resilience. Volume and revenue increased by approximately 13.9% and 10.5% respectively.

Regarding our international business, Greatview has developed a strong momentum to expand outside of the PRC. Volume delivered to the international markets has increased by approximately 15.5% and revenue has increased by approximately 16.6%, following success in improving existing customer penetration and the take-up of new customers. Margin has increased as well, following last year’s successful market and customer portfolio rationalisation which has resulted in an improvement in average selling price. Product and supply chain costs have both decreased and the utilisation and production efficiency of the production facility in Germany have also continued to improve.

* For identification purpose only

During 2020, Greatview has made progress in extending its value chain for the international customers. Greatview offered systematic solutions to customers involving filling machine installation, after sale technical services and operation support, and the supply of technical services.

Product Development

Being dedicated to innovation and new product development, Greatview has been constantly launching environmentally friendly packaging materials. In order to promote recycling and circular economy, Greatview has further optimised the performance of its 330mL “Greatview Eco-packaging”, which contains 86% less plastic than an equivalent plastic bottle. Announcing the availability of paper-straw products in the first half of 2020, Greatview has received official customer orders in the second half of the year.

In response to market demand, Greatview has developed the “Greatview Brilliance” product with its eye-catching shimmer for better shelf-appeal for high-end customers. “Greatview Brilliance” has received sales orders from leading customers in the PRC.

“Greatview Blank-Fed” has gained more traction among new and existing customers. Our new product “Greatview Aseptic Brick 1000mL Square”, launched in our factory in Germany, has high customer acceptance from international customers.

Operations

Digitalisation remains a key strategy. In the second half of 2020, Greatview has developed its production data collection system to better integrate its enterprise resource planning (ERP), manufacturing execution system (MES) and quality management system (QMS) into one platform. We expect that these efforts will enable us to provide even better quality products to our customers.

In addition, Greatview has been executing its World Class Manufacturing (WCM) initiative in order to continue to improve quality and lower cost of production.

In general, the impact of COVID-19 has gradually diminished with the joint efforts of the Group. We will continue to deepen our cooperation with existing customers, further develop the international market, open up new customers, strengthen our digital capabilities, expanding production capacity, and focus on cost control. On the premises of safe production and safe products, we will provide customers with more high-quality services and contribute to the fight against the epidemic, thus repay shareholders’ support with good performance.

Market Drivers

We sold a total of approximately 17.5 billion packs during the year ended 31 December 2020 which represents an increase of approximately 14.4% as compared to 2019. Such increase was primarily due to the growth of sales volume in both the PRC and international market. “Greatview Brick 250mL Base” remained as our top selling product, followed by “Greatview Pillow 250mL”.

In the international market, consumers preferred long shelf life products because of stay-at-home restrictions against COVID-19, and the development of online shopping. In addition, international organisations and governments of various countries successively issued bans on single-use plastics, prompting industries and consumers to pay more attention to the environmental protection and recyclability of packaging materials. As a more environmentally-friendly and plastic-reducing choice, aseptic paper packaging still has considerable room for development in the dairy and beverage industries due to its safety, convenience, and ease of storage and transportation.

In the Chinese market, people’s consumption demand on dairy products continues to develop. According to the 2020 dairy product trend report released by China Dairy magazine, through the effective control of the domestic epidemic, the consumption of liquid dairy products, especially room temperature dairy products, has increased significantly. At the same time, the liquid dairy consumption channels and market consumption structure have changed. New retail and online shopping channels of room temperature dairy products have developed rapidly; in terms of consumption structure, the market has gradually divided towards two different orientations: high-end products and basic products. The dairy product market still has sufficient room for growth and development.

In order to meet the growing market demand for aseptic packaging products, we will devote ourselves to the research and development of new products, launch diversified packaging categories and sizes, and commit to the research and development of environmentally-friendly products, enrich product lines and coverage, and conduct in-depth strategic cooperation with customers.

Greatview has been making efforts in digitalising our operations. In the future, we will continue to improve our operational efficiency and build the core competitiveness of digital products based on big data, Internet of Things and artificial intelligence technologies.

Production Capacity and Utilisation

Our Group has a total annual production capacity of approximately 30.0 billion packs as at 31 December 2020 (2019: approximately 30.0 billion packs). Approximately 17.7 billion packs were produced for the year ended 31 December 2020 which represented an utilisation rate of approximately 59.0% (2019: approximately 50.7%). The increase in the utilisation rate was mainly due to the increase of sales volume.

Suppliers and Raw Materials

During the year ended 31 December 2020, the cost of raw materials remained stable with the support of effective supply chain management.

We continued to select quality suppliers to maintain the stability of the cost of raw materials.

Key Achievements

In August 2020, the “Greatview Smart Packaging Traceability Project” won the 2020 Ringier Technology Innovation Award – Food and Beverage Industry.

In September 2020, “Greatview Eco-packaging”, with the packaging design theme of “less plastics and more environmental protection”, won the third prize at the 2020 China Packaging Creative Design Competition.

In October 2020, Greatview took a pioneering position by successfully launching environmentally-friendly paper straw products in the aseptic packaging industry, and received the first order from a customer in South America. Under the global background of reducing and banning plastics, Greatview is actively working with customers to fulfill social responsibilities. While providing high-quality and safe food packaging, Greatview achieves sustainable development in environmental protection.

In November 2020, Greatview’s smart packaging marketing campaign in cooperation with a leading brand in Central Asia, won the Best Marketing Award of the 18th World Beverage Innovation Awards. At the same time, Greatview’s scratch-away pack marketing campaign in cooperation with a world leading juice brand, was shortlisted for the best marketing award. In the same month, “Greatview Eco-packaging” won the Bronze Award for Green Packaging in the 2020 Packon Star Awards. Greatview was listed on the “Top Brands List 2020”.

In November 2020, Mr. BI Hua, Jeff, our Company’s CEO, was invited to attend the 2020 Sino-Swiss Economic Forum and exchanged insights with Chinese and Swiss business leaders and politicians on the topic of “Together for a better future – smart & sustainable”. He also expressed his eagerness to promote the circular economic model and achieve win-win results. In the same month, the digital product smart code platform and traceability system of Beijing Greatdata Technology Co., Ltd.* (北京數碼通科技有限公司) were implemented for important customers, creating a new benchmark for digital channel management for customers.

* *For identification purpose only*

Relationships with Stakeholders

Our Group is committed to operating in a sustainable manner while balancing the interests of our various stakeholders including customers, suppliers, employees, shareholders and social communities. Providing customers with high quality products, with timely and relevant pre- & post- sales services is always our focus. Similarly, we view our suppliers not just as vendors but strategic partners and an important component of our supply chain. We aim at providing long-term and sustainable returns to our shareholders. Our employees are the key to sustainable business growth, therefore workplace safety is a key priority. We uphold our spirit of social responsibility and actively carry out volunteer activities to the best of our ability.

Compliance with Applicable Laws and Regulations

For the year ended 31 December 2020, our Group's operations are mainly carried out by our Company's subsidiaries in mainland China, Hong Kong SAR, Germany and Switzerland. The Group, therefore complies with relevant laws and regulations in mainland China, Hong Kong SAR, Germany and Switzerland and the respective places of incorporation of our Company and our subsidiaries.

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

FINANCIAL REVIEW

Overview

For the year ended 31 December 2020, both top line and bottom line were higher than the year ended 31 December 2019 as the economy declined early in the year and gradually recovered. We continuously endeavored to optimise the product portfolio and production efficiency, meanwhile, we strived to expand market share. We were taking measures to cope with the difficult situation and maintained free cash flow for final dividend. Our management will continue to capture growth in the aseptic packaging industry as well as pursue potential business development opportunities to further enhance return to shareholders.

Revenue

We primarily derive revenue from the PRC and international sales of aseptic packaging and related services to dairy and NCS D producers. Revenue of our Group increased by approximately 12.3% from approximately RMB2,706.9 million for the year ended 31 December 2019 to approximately RMB3,038.9 million for the year ended 31 December 2020. The increase was primarily due to the increase of sales volume in both the PRC and international market.

With respect to the PRC segment, our revenue increased by approximately RMB200.3 million, or 10.5%, to approximately RMB2,115.2 million for the year ended 31 December 2020 from approximately RMB1,914.9 million for the year ended 31 December 2019. Such increase was mainly contributed by the growth of sales volume.

With respect to the international segment, our revenue increased by approximately RMB131.7 million, or 16.6%, to approximately RMB923.7 million for the year ended 31 December 2020 from approximately RMB792.0 million for the year ended 31 December 2019. Such increase was primarily due to the success in improving existing customer penetration and the take-up of new customers.

Our revenue from dairy customers increased by approximately RMB317.3 million, or 14.3%, to approximately RMB2,537.6 million for the year ended 31 December 2020 from approximately RMB2,220.3 million for the year ended 31 December 2019, and our revenue from NCSD customers increased by approximately RMB3.6 million, or 0.8%, to approximately RMB481.9 million for the year ended 31 December 2020 from approximately RMB478.3 million for the same period in 2019. It was mainly contributed by the increase of sales volume.

Cost of Sales

Our cost of sales increased by approximately RMB194.6 million, or 9.5%, to approximately RMB2,233.3 million for the year ended 31 December 2020 from approximately RMB2,038.7 million for the year ended 31 December 2019. The growth in cost of sales was lower than the growth in total sales volume.

Gross Profit and Gross Margin

As a result of the foregoing factors, our gross profit increased by approximately RMB137.4 million, or 20.6% from approximately RMB668.2 million for the year ended 31 December 2019 to approximately RMB805.6 million for the year ended 31 December 2020. Our gross margin increased by approximately 1.8 percentage points to approximately 26.5% for the year ended 31 December 2020 from approximately 24.7% for the year ended 31 December 2019. It was primarily due to the growth of sales volume and the reduction of average cost.

Other Income

Our other income decreased by approximately RMB4.0 million, or 9.7%, to approximately RMB37.3 million for the year ended 31 December 2020 from approximately RMB41.3 million for the year ended 31 December 2019. It was primarily due to the decrease of government subsidy.

Other (Losses)/Gains

Our other losses increased by approximately RMB53.5 million, or 139.2%, to approximately RMB15.0 million for the year ended 31 December 2020 from other gains of approximately RMB38.4 million for the year ended 31 December 2019. It was primarily due to the net fair value losses on foreign currency forwards in 2020 and the bargain purchase arising from the acquisition of Likang occurred in 2019.

Distribution Expenses

Our distribution expenses increased by approximately RMB14.7 million, or 9.0%, to approximately RMB177.7 million for the year ended 31 December 2020 from approximately RMB163.0 million for the year ended 31 December 2019. The increase was primarily due to the increase in transportation expenses and salary and welfare.

Administrative Expenses

Our administrative expenses increased by approximately RMB32.3 million, or 22.3%, to approximately RMB177.3 million for the year ended 31 December 2020 from approximately RMB145.0 million for the year ended 31 December 2019. The increase was primarily due to the increase in salary, welfare and research and development expenses.

Taxation

Our tax expenses increased by approximately RMB8.8 million, or 8.4%, to approximately RMB113.2 million for the year ended 31 December 2020 from approximately RMB104.4 million for the year ended 31 December 2019. Our effective tax rate increased by approximately 1.2 percentage points to approximately 24.8% for the year ended 31 December 2020 from approximately 23.6% for the previous financial year.

Profit for the Year and Net Profit Margin

Driven by the factors as aforementioned, our net profit increased by approximately RMB5.5 million, or 1.6%, to approximately RMB342.8 million for the year ended 31 December 2020 from approximately RMB337.3 million for the year ended 31 December 2019. Our net profit margin decreased by approximately 1.2 percentage points to approximately 11.3% for the year ended 31 December 2020 from approximately 12.5% for the year ended 31 December 2019, primarily due to other losses and exchange losses.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2020, we had approximately RMB577.2 million (2019: approximately RMB562.8 million) in cash and cash equivalents. Our cash and cash equivalents consist primarily of cash on hand and bank balances which are primarily held in RMB denominated accounts with banks in the PRC.

Analysis of Turnover of Inventories, Trade Receivables and Payables

Our Group's inventories primarily consist of raw materials and finished goods. Turnover days for inventory (inventories/cost of sales) increased from approximately 109.5 days as at 31 December 2019 to approximately 111.4 days as at 31 December 2020. Turnover days for trade receivables (trade receivables/revenue) increased from approximately 65.6 days as at 31 December 2019 to approximately 65.7 days as at 31 December 2020. Turnover days for trade payables (trade payables/cost of sales) decreased from approximately 42.0 days as at 31 December 2019 to approximately 41.9 days as at 31 December 2020.

Borrowings and Finance Cost

Borrowings of our Group as at 31 December 2020 were bank borrowings which amounted to approximately RMB205.6 million (2019: approximately RMB320.8 million) and denominated in Euro and US\$. Amongst the borrowings, approximately RMB191.5 million (2019: approximately RMB299.3 million) will be repayable within one year and approximately RMB14.0 million (2019: approximately RMB21.5 million) will be repayable after one year. For the year under review, the net finance cost of our Group was approximately RMB5.2 million (2019: net finance income of approximately RMB1.9 million).

Gearing Ratio

As at 31 December 2020, the gearing ratio of our Group was approximately 0.08 (2019: approximately 0.13), which was in line with the reduction of outstanding loans. The gearing ratio is calculated by dividing total loans and bank borrowings by total equity as at the end of the financial year.

Working Capital

Our working capital as at 31 December 2020 was approximately RMB1,078.2 million (2019: approximately RMB995.7 million). The working capital is calculated by the difference between the current assets and current liabilities.

Foreign Exchange Exposure

Our Group's sales and purchases were primarily denominated in RMB, Euro and US\$. During the year under review, our Group recorded exchange gain of approximately RMB4.8 million (2019: exchange loss of approximately RMB1.0 million).

Capital Expenditure

As at 31 December 2020, our Group's total capital expenditure amounted to approximately RMB80.3 million (2019: approximately RMB121.2 million), which was mainly used for purchasing production machines and equipment for the Group.

Charge on Assets

As at 31 December 2020, our Group received certain banking facilities of approximately RMB130.0 million, through pledging properties with net book value of approximately RMB90.9 million (31 December 2019: nil) and land use rights with net book value of approximately RMB25.1 million (31 December 2019: nil) to banks.

Contingent Liabilities

The Company has identified certain contingent liabilities in the normal course of business. Having considered all the facts of these matters, including legal advice when relevant, the Directors are of the view that there are no material contingent liabilities as at 31 December 2020.(2019: nil).

EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2020, our Group employed approximately 1,673 employees (31 December 2019: approximately 1,590 employees). Our Group offered competitive salary packages, as well as discretionary bonuses, cash subsidies and contribution to social insurance to our employees. Total employee benefit expenses for the year ended 31 December 2020 amounted to approximately RMB281.8 million (2019: approximately RMB271.5 million). 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. In order to ensure that our Group's employees remain competitive in the industry, the Company has adopted training schemes for our employees managed by our human resources department.

PROSPECTS

Greatview focuses on the PRC and international markets. We intend to execute the following plans to support our future development:

- Expanding our market share in the PRC through deepened cooperation with existing customers and growing our customer base;
- Further developing our international business;

- Broadening our product offering of packaging material and filling equipment, and improving after sales service;
- Increasing our capacities and sustainabilities; and
- Driving operational excellence.

FINAL DIVIDEND

The Board recommends the payment of a final dividend amounting to approximately HK\$187.1 million (HK\$0.14 per share, approximately RMB157.5 million in total) to be partly paid out of the share premium account of the Company and partly paid out of the distributable profits of the Company, for the year ended 31 December 2020 (2019: HK\$0.14 per Share, approximately RMB167.7 million in total). The proposed final dividend, if approved by shareholders at the forthcoming annual general meeting, shall be paid on or around 7 July 2021 to the shareholders whose names appear on the register of members of the Company on 11 June 2021.

There is no arrangement under which a shareholder of the Company has waived or agreed to waive any dividends.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any material events after the reporting period that requires disclosure.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 20 May 2021 to 25 May 2021, both days inclusive, during which period no share transfers can be registered. In order to be eligible for attending and voting at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 18 May 2021.

In addition, the register of members of the Company will be closed from 9 June 2021 to 11 June 2021, both days inclusive, during which period no transfer of shares will be registered. In order to ascertain shareholders' entitlement to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 8 June 2021.

CORPORATE GOVERNANCE

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

During the year under review, the Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as its own code of corporate governance. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the CG Code during the year ended 31 December 2020 and up to the date of this announcement.

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 2020.

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

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

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

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

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the year ended 31 December 2020.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2020, the Company purchased a total of 388,000 shares of the Company at an aggregate purchase price before expenses of HK\$1,149,087.80 on the Stock Exchange. Details of the purchases of such shares were as follows:

Month of purchase	Number of shares purchased	Price per share		Aggregate purchase price (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
July 2020	30,000	2.93	2.92	87,812.38
September 2020	297,000	2.99	2.92	882,583.07
October 2020	<u>61,000</u>	2.93	2.92	<u>178,692.35</u>
Total	<u>388,000</u>			<u>1,149,087.80</u>

All the 388,000 purchased shares were cancelled during the year under review. The above repurchases were effected by the Directors pursuant to the mandate from shareholders, with a view to benefit shareholders as a whole in enhancing the net assets and earnings per share. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020.

PRE-EMPTIVE RIGHT

There are no provisions for pre-emptive rights under the articles of association or the laws of the Cayman Islands that would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

REVIEW BY THE AUDIT COMMITTEE

The Audit Committee comprises four members, namely, Mr. LUETH Allen Warren (chairman of the Audit Committee), Mr. BEHRENS Ernst Hermann, Mr. PANG Yiu Kai and Mr. ZHU Jia. Mr. PANG Yiu Kai is the non-executive Director, and Mr. LUETH Allen Warren, Mr. BEHRENS Ernst Hermann and Mr. ZHU Jia are the independent non-executive Directors. Mr. PANG Yiu Kai has been appointed as a non-executive Director and a member of the Audit Committee with effect from 30 March 2020. Mr. LUETH Allen Warren possesses the appropriate professional qualifications or accounting or related financial management expertise. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The primary duties of the Audit Committee are to assist the Board to provide an independent view of the adequacy and effectiveness of the financial reporting process, risk management and internal control systems and associated procedures 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 2020 as well as auditing, internal control and financial reporting matters, including the consolidated financial statements for the year ended 31 December 2020. The Audit Committee is of the view that our Group's consolidated financial statements for the year under review are prepared in accordance with the applicable accounting standards, laws and regulations, and appropriate disclosures have already been made.

ANNUAL GENERAL MEETING AND PUBLICATION OF ANNUAL REPORT

The annual general meeting of the Company is expected to be held at 11:00 a.m., on 25 May 2021. This results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.greatviewpack.com). The annual report of the Company together with the notice of annual general meeting will be despatched to the shareholders of the Company and available at the aforesaid websites in due course.

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

Beijing, the PRC, 30 March 2021

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. BI Hua, Jeff and Mr. CHANG Fuquan; two non-executive Directors, namely Mr. HONG Gang and Mr. PANG Yiu Kai; and three independent non-executive Directors, namely Mr. LUETH Allen Warren, Mr. BEHRENS Ernst Hermann and Mr. ZHU Jia.