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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 2021

HIGHLIGHTS

- Revenue for the year ended 31 December 2021 increased by 14.0% to RMB3,464.3 million.
- Net profit after tax of RMB285.1 million, compared with RMB342.8 million in 2020. Profit significantly impacted by raw material costs and international freight charges.
- The Company's business in the PRC was resilient. Sales volume and revenue increased by approximately 19.4% and 13.6% respectively.
- Solid progress in international expansion. Sales volume and revenue grew by 22.2% and 14.9% respectively. Revenue at constant currency up 18.1%.
- Global shortage in raw material, as well as the cost of international logistics will continue to impact the Group's operations. Management expects that if raw material costs continue to rise and international freight charges remain high, there will be a significant adverse effect on profitability in 2022.

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 2021 together with comparative figures for the year ended 31 December 2020 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, consolidated statement of cash flows and the related notes (“**financial information**”) does not constitute the Group’s statutory financial statements for the year ended 31 December 2021, 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 2021. 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 2021

Amounts expressed in thousands of RMB except for share data

	<i>Note</i>	Year ended 31 December	
		2021	2020
Revenue	3	3,464,333	3,038,864
Cost of sales	6	(2,766,669)	(2,233,301)
Gross profit		697,664	805,563
Other income	4	60,983	37,291
Other gains/(losses) – net	5	14,742	(15,045)
Impairment of losses on financial assets – net		(5,854)	(11,681)
Distribution expenses	6	(230,931)	(177,713)
Administrative expenses	6	(174,286)	(177,272)
Operating profit		362,318	461,143
Finance income	7	6,029	10,465
Finance costs	7	(8,455)	(15,693)
Finance (costs)/income – net		(2,426)	(5,228)
Profit before income tax		359,892	455,915
Income tax expense	8	(74,820)	(113,152)
Profit for the year		285,072	342,763

	<i>Note</i>	Year ended 31 December	
		2021	2020
Profit attributable to:			
Owners of the Company		285,072	342,763
Non-controlling interests		<u>–</u>	<u>–</u>
		<u>285,072</u>	<u>342,763</u>
Other comprehensive income:			
<i>Item that may be reclassified to profit or loss</i>			
Currency translation differences		<u>(68,941)</u>	<u>17,738</u>
Total comprehensive income for the year		<u>216,131</u>	<u>360,501</u>
Total comprehensive income attributable to:			
Owners of the Company		216,131	360,501
Non-controlling interests		<u>–</u>	<u>–</u>
		<u>216,131</u>	<u>360,501</u>
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)			
– Basic and diluted earnings per share	9	<u>0.21</u>	<u>0.26</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

Amounts expressed in thousands of RMB except for share data

		As at 31 December	
	Note	2021	2020
ASSETS			
Non-current assets			
Property, plant and equipment	10	1,223,700	1,312,236
Right-of-use assets	11	64,001	49,851
Intangible assets		87,265	93,843
Deferred income tax assets		33,807	39,018
Trade receivables	13	27,614	18,957
Prepayments	14	10,984	10,407
		<u>1,447,371</u>	<u>1,524,312</u>
Current assets			
Inventories	12	798,614	710,735
Trade and notes receivables	13	722,721	573,051
Prepayments	14	37,459	40,556
Other receivables	14	12,219	11,871
Cash and cash equivalents		425,242	577,237
Restricted cash		214,854	183,631
		<u>2,211,109</u>	<u>2,097,081</u>
Total assets		<u>3,658,480</u>	<u>3,621,393</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital, share premium and capital reserve	15	551,458	600,260
Statutory reserve		296,211	281,325
Retained earnings		1,670,035	1,638,899
Exchange reserve		(97,670)	(28,729)
Total equity		<u>2,420,034</u>	<u>2,491,755</u>

		As at 31 December	
	<i>Note</i>	2021	2020
LIABILITIES			
Non-current liabilities			
Deferred government grants		59,947	73,173
Lease liabilities	<i>11</i>	11,603	2,316
Deferred income tax liabilities		19,469	21,257
Borrowings	<i>16</i>	5,415	14,044
		<u>96,434</u>	<u>110,790</u>
Current liabilities			
Deferred government grants		7,933	7,771
Contract liabilities		27,663	35
Trade payables, other payables and accruals	<i>17</i>	792,283	746,379
Income tax liabilities		19,933	41,154
Borrowings	<i>16</i>	283,121	191,525
Lease liabilities	<i>11</i>	11,079	5,206
Derivative financial instruments		–	26,778
		<u>1,142,012</u>	<u>1,018,848</u>
Total liabilities		<u>1,238,446</u>	<u>1,129,638</u>
Total equity and liabilities		<u>3,658,480</u>	<u>3,621,393</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

Amounts expressed in thousands of RMB except for share data

	Share capital (Note 15)	Share premium (Note 15)	Capital reserve (Note 15)	Statutory reserve	Exchange reserve	Retained earnings	Total
As at 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 and 1 January 2021	<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>
Comprehensive income:							
Profit for the year	-----	-----	-----	-----	-----	285,072	285,072
Other comprehensive income:							
Currency translation differences	-----	-----	-----	-----	(68,941)	-----	(68,941)
Share based payments	-	-	750	-	-	-	750
Transfer to statutory reserve	-	-	-	14,886	-	(14,886)	-
Dividends (Note 18)	-----	(49,552)	-----	-----	-----	(239,050)	(288,602)
As at 31 December 2021	<u>11,442</u>	<u>416,418</u>	<u>123,598</u>	<u>296,211</u>	<u>(97,670)</u>	<u>1,670,035</u>	<u>2,420,034</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

Amounts expressed in thousands of RMB except for share data

	<i>Note</i>	Year ended 31 December	
		2021	2020
Cash flows from operating activities			
Cash generated from operations		229,687	636,513
Interest paid		(3,242)	(4,534)
Income tax paid		(92,618)	(111,698)
		<hr/>	<hr/>
Net cash generated from operating activities		133,827	520,281
Cash flows from investing activities			
Purchases of property, plant and equipment (“PP&E”)		(87,955)	(79,794)
Receipt of government grants		1,000	1,182
Proceeds from disposal of PP&E		63	4,287
Purchases of intangible assets		(331)	(521)
Purchase of right-of-use assets		–	(6,204)
Purchases of financial assets at fair value through profit or loss		(490,000)	(866,000)
Disposals of financial assets at fair value through profit or loss		492,768	871,301
Interest received		6,029	10,465
		<hr/>	<hr/>
Net cash used in investing activities		(78,426)	(65,284)
Cash flows from financing activities			
Proceeds from borrowings		547,142	302,815
Repayments of borrowings		(453,121)	(411,263)
Payments for shares buy-back		–	(1,001)
Principal elements of lease payments		(7,602)	(8,102)
Dividends paid to equity holders		(288,602)	(320,915)
		<hr/>	<hr/>
Net cash used in financing activities		(202,183)	(438,466)
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year		577,237	562,782
Exchange losses on cash and cash equivalents		(5,213)	(2,076)
		<hr/>	<hr/>
Cash and cash equivalents at end of year		425,242	577,237
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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 2021:

- *Interest Rate Benchmark Reform – Phase 2 -- amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16*

The Group also elected to adopt the following amendments early:

- *Annual Improvements to HKFRS Standards 2018-2020 Cycle,*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to HKAS 12, and*
- *Covid-19-Related Rent Concessions beyond 30 June 2021.*

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*

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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 of the Company (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
2021			
Revenue	2,402,848	1,061,485	3,464,333
Inter-segment revenue	—	—	—
Revenue from external customers	2,402,848	1,061,485	3,464,333
Cost of sales	(1,872,578)	(894,091)	(2,766,669)
Segment results	530,270	167,394	697,664
Including: revenue recognized that was included in the contract liabilities balance at the beginning of the year	<u>31</u>	<u>—</u>	<u>31</u>
2020			
Revenue	2,115,159	923,705	3,038,864
Inter-segment revenue	—	—	—
Revenue from external customers	2,115,159	923,705	3,038,864
Cost of sales	(1,490,203)	(743,098)	(2,233,301)
Segment results	624,956	180,607	805,563
Including: revenue recognized that was included in the contract liabilities balance at the beginning of the year	<u>563</u>	<u>—</u>	<u>563</u>

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

	Year ended 31 December	
	2021	2020
Segment results for reportable segments	697,664	805,563
Other income	60,983	37,291
Other (losses)/gains – net	14,742	(15,045)
Impairment of losses on financial assets – net	(5,854)	(11,681)
Distribution expenses	(230,931)	(177,713)
Administrative expenses	(174,286)	(177,272)
Operating profit	362,318	461,143
Finance income	6,029	10,465
Finance costs	(8,455)	(15,693)
Finance (costs)/income – net	(2,426)	(5,228)
Profit before income tax	359,892	455,915
Income tax expense	(74,820)	(113,152)
Profit for the year	285,072	342,763
Depreciation and amortisation charges	(146,776)	(159,848)

Information on segment assets and liabilities are not disclosed as this information is not presented to the Executive Directors as they do not assess performance of reportable segments using information on assets and liabilities. The non-current assets excluding deferred income tax assets (there is no employment benefit assets and rights arising under insurance contracts) amount to RMB1,413,564,000 (2020: RMB1,485,294,000).

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

	Year ended 31 December	
	2021	2020
Packaging materials		
– Dairy products	2,861,575	2,537,593
– NCSD products	580,572	481,923
Filling machines	19,293	14,760
Digital services	2,893	4,588
	3,464,333	3,038,864

During the 2021 financial year, revenue from 2 (2020: 2) customers each accounted for 10% or more of the Group's total external revenue. These revenues are all attributable to the revenue of dairy products. The revenue from these customers are summarised below:

	Year ended 31 December	
	2021	2020
Customer A	1,230,569	1,139,068
Customer B	479,227	342,118
	<hr/>	<hr/>
Total	<u>1,709,796</u>	<u>1,481,186</u>

4 OTHER INCOME

	Year ended 31 December	
	2021	2020
Income from sales of scraps	31,856	20,582
Subsidy income from government	29,127	16,709
	<hr/>	<hr/>
	<u>60,983</u>	<u>37,291</u>

5 OTHER GAINS/(LOSSES) – NET

	Year ended 31 December	
	2021	2020
Net fair value gains on wealth management products at fair value through profit or loss	2,768	5,301
Net losses on disposal of assets	(29)	(3,513)
Unrealized net fair value losses on derivative financial instruments	–	(26,778)
Realized net fair value losses on derivative financial instruments	(5,380)	(3,442)
Net foreign exchange gains	10,961	4,794
Others	6,422	8,593
	<hr/>	<hr/>
	<u>14,742</u>	<u>(15,045)</u>

6 EXPENSES BY NATURE

	Year ended 31 December	
	2021	2020
Raw materials and consumables used	2,299,322	1,819,176
Tax and levies on main operations	14,727	17,049
Provision for obsolescence on inventories	3,911	1,135
Depreciation and amortisation charges:	146,776	159,848
– Depreciation of PP&E	130,309	141,355
– Depreciation of right-of-use assets	8,612	8,991
– Amortisation of intangible assets	7,855	9,502
Employee benefit expenses	323,317	281,797
Impairment of goodwill	–	6,736
Auditors' remuneration		
– Audit services	2,400	2,480
– Non-audit services	118	200
Transportation expenses	148,448	97,989
Electricity and utilities	49,156	45,934
Repair and maintenance expenses	35,503	32,724
Research and development expenses	18,063	22,724
Advertising and promotional expenses	26,107	20,543
Plating expenses	18,284	16,124
Professional fees	16,216	11,585
Travelling expenses	11,940	9,196
Bank charges	2,998	6,136
Rental expenses	2,310	550
Other expenses	52,290	36,360
	<u>3,171,886</u>	<u>2,588,286</u>
Total cost of sales, distribution expenses and administrative expenses		

7 FINANCE INCOME AND FINANCE COSTS

	Year ended 31 December	
	2021	2020
Interest income	6,029	10,465
Finance income	<u>6,029</u>	<u>10,465</u>
Interest expenses – bank borrowings	(2,556)	(4,093)
Interest expenses – lease	(686)	(441)
Exchange losses – net	(5,213)	(11,159)
Finance costs	<u>(8,455)</u>	<u>(15,693)</u>

8 INCOME TAX EXPENSE

	Year ended 31 December	
	2021	2020
Current income tax:		
Enterprise income tax	71,397	119,213
Deferred income tax:	<u>3,423</u>	<u>(6,061)</u>
Income tax expense	<u>74,820</u>	<u>113,152</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 Packaging Technology Co. LTD ("Likang") are subject to the PRC statutory income tax rate of 25% (2020: 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%. Greaview Aseptic Packaging Europe GmbH is subject to the Swiss statutory 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 2021.

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	
	2021	2020
Profit before tax	<u>359,892</u>	<u>455,915</u>
Tax calculated at domestic tax rates applicable to profits in the respective countries	80,228	112,481
Withholding tax on dividends	9,320	16,955
Effect of preferential tax treatments	(11,757)	(19,599)
Income not subject to tax	(88)	(884)
Super deduction of research and development expenses	(1,975)	(2,665)
Expenses not deductible for tax purposes	1,543	6,124
Tax losses for which no deferred tax asset was recognised	271	86
Utilisation of previously unrecognised tax losses for which no deferred income tax was recognised	(1,828)	(129)
Others	<u>(894)</u>	<u>783</u>
Income tax expense	<u>74,820</u>	<u>113,152</u>

9 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	
	2021	2020
Profit attributable to equity holders of the Company	285,072	342,763
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u>1,336,631</u>	<u>1,336,917</u>
Basic and diluted earnings per share (<i>RMB per share</i>)	<u><u>0.21</u></u>	<u><u>0.26</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 2021 and 2020.

10 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Machinery	Vehicles and office equipment	Construction in progress	Leasehold improvements	Total
Cost						
As at 1 January 2020	707,640	1,605,077	67,548	17,536	1,742	2,399,543
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
As at 31 December 2020	<u>724,553</u>	<u>1,585,203</u>	<u>66,076</u>	<u>80,574</u>	<u>1,790</u>	<u>2,458,196</u>
Additions	–	86	791	86,021	–	86,898
Transfer upon completion	139	32,361	3,316	(35,816)	–	–
Disposals	–	(272)	(1,535)	–	–	(1,807)
Exchange differences	(27,944)	(41,596)	(2,903)	(39)	(183)	(72,665)
As at 31 December 2021	<u>696,748</u>	<u>1,575,782</u>	<u>65,745</u>	<u>130,740</u>	<u>1,607</u>	<u>2,470,622</u>
Accumulated depreciation						
As at 1 January 2020	(130,297)	(849,698)	(52,980)	–	(1,323)	(1,034,298)
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)
As at 31 December 2020	<u>(157,567)</u>	<u>(928,330)</u>	<u>(58,536)</u>	<u>–</u>	<u>(1,527)</u>	<u>(1,145,960)</u>
Charge for the year	(24,827)	(99,560)	(5,772)	–	(150)	(130,309)
Disposals	–	250	1,465	–	–	1,715
Exchange differences	6,701	18,162	2,614	–	155	27,632
As at 31 December 2021	<u>(175,693)</u>	<u>(1,009,478)</u>	<u>(60,229)</u>	<u>–</u>	<u>(1,522)</u>	<u>(1,246,922)</u>
Net book value						
As at 31 December 2021	<u>521,055</u>	<u>566,304</u>	<u>5,516</u>	<u>130,740</u>	<u>85</u>	<u>1,223,700</u>
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>

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

	Year ended 31 December	
	2021	2020
Cost of sales	124,115	134,583
Distribution expenses	201	186
Administrative expenses	5,993	6,586
	<u>130,309</u>	<u>141,355</u>

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

As at 31 December 2021, the net book value of property, plant and equipment located in Europe was approximately RMB390,999,484 (as at 31 December 2020: RMB448,838,957).

- (c) Construction in progress as at 31 December 2021 mainly comprises new equipment being constructed in Shandong, PRC and Inner Mongolia, PRC.

11 LEASE

- (a) **Amounts recognized in the balance sheet**

The balance sheet shows the following amount relating to lease:

	As at 31 December	
	2021	2020
Right-of-use assets		
Land use rights	41,617	42,646
Buildings	21,695	6,257
Office equipment	689	948
	<u>64,001</u>	<u>49,851</u>
Lease liabilities		
– Current	11,079	5,206
– Non-current	11,603	2,316
	<u>11,603</u>	<u>2,316</u>

(b) Amount recognized in the statement of profit or loss

	Year ended 31 December	
	2021	2020
Depreciation charge of right-of use assets (<i>Note 6</i>)	8,612	8,991
Interest expense on lease liability (<i>Note 7</i>)	686	441
Rental expense for short-term and low value leases (<i>Note 6</i>)	<u>2,310</u>	<u>550</u>

The total cash outflow for leases for the year ended 31 December 2021 was RMB8,289,000 (2020: RMB8,543,000).

(c) The movements during the year ended 31 December 2021 and 31 December 2020

	Land use rights	Buildings	Office equipment	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>
Net book value at 1 January 2021	42,646	6,257	948	49,851
Additions	–	22,762	–	22,762
Depreciation	<u>(1,029)</u>	<u>(7,324)</u>	<u>(259)</u>	<u>(8,612)</u>
Net book value at 31 December 2021	<u>41,617</u>	<u>21,695</u>	<u>689</u>	<u>64,001</u>

(d) The Group's leasing activities and how these accounted for

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.

12 INVENTORIES

	As at 31 December	
	2021	2020
Raw materials	601,465	542,722
Work in progress	33,018	24,388
Finished goods	<u>181,592</u>	<u>157,175</u>
	816,075	724,285
Less: Provision for obsolescence		
– Raw materials	(14,480)	(11,824)
– Finished goods	<u>(2,981)</u>	<u>(1,726)</u>
	<u>798,614</u>	<u>710,735</u>

The cost of inventories recognised as expense and included in cost of sales amounted to approximately RMB2,751,942,000 for the year ended 31 December 2021 (2020: RMB2,216,251,000).

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 2021 and 2020.

13 TRADE AND NOTES RECEIVABLES

	As at 31 December	
	2021	2020
Trade receivables – gross	726,262	562,084
Less: Provision for impairment of trade receivables	<u>(27,907)</u>	<u>(22,053)</u>
Trade receivables – net	698,355	540,031
Notes receivables	51,980	51,977
Less non-current portion: Trade receivables	<u>(27,614)</u>	<u>(18,957)</u>
	<u>722,721</u>	<u>573,051</u>

Customers are normally granted credit term within 90 days. At 31 December 2021 and 2020, the aging analysis of the trade receivables based on invoice date are as follows:

	As at 31 December	
	2021	2020
Trade receivables – gross		
0-90 days	607,075	436,414
91-180 days	49,501	72,148
181-365 days	14,923	12,394
Over 365 days	54,763	41,128
	<u>726,262</u>	<u>562,084</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	
	2021	2020
As at 1 January	22,053	11,393
Increase in loss allowance recognised in profit or loss during the year	10,086	11,737
Receivables written off during the year as uncollectible	–	(1,021)
Allowance reversed	(4,232)	(56)
At 31 December	<u>27,907</u>	<u>22,053</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 reorganization, default or delinquency in payments, and the failure of a debtor to engage in a repayment plan with the Group.

14 PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2021	2020
Prepayments		
–advances to suppliers	25,679	36,517
–other deferred expenses	7,914	6,548
–prepaid for land	7,898	7,898
–tariffs	6,952	–
	<u>48,443</u>	<u>50,963</u>
Less non-current portion: prepayments	<u>(10,984)</u>	<u>(10,407)</u>
	<u>37,459</u>	<u>40,556</u>
Other receivables		
–value added tax deductible	3,826	1,105
–staff advances and other payments for employees	2,974	3,071
–value added tax receivable	3,437	1,418
–income tax receivable due to the decrease of tax rate	–	3,632
–others	1,982	2,645
	<u>12,219</u>	<u>11,871</u>
	<u>49,678</u>	<u>52,427</u>

15 SHARE CAPITAL, SHARE PREMIUM AND CAPITAL RESERVE

	As at 31 December	
	2021	2020
Share capital (a)	11,442	11,442
Share premium (b)	416,418	465,970
Capital reserve	123,598	122,848
	<u>551,458</u>	<u>600,260</u>

(a) Share capital

The total authorised number of ordinary shares is 3,000,000,000 (2020: 3,000,000,000) with par value of HK\$0.01 per share (2020: HK\$0.01 per share).

The number of ordinary shares issued as of 31 December 2021 is 1,336,631,000 (2020: 1,336,631,000). 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.

16 BORROWINGS

		As at 31 December	
		2021	2020
Current			
Secured			
Bank borrowings (a)	-EUR	42,452	61,027
	-US\$	140,265	130,498
	-HK\$	100,404	–
		<u>283,121</u>	<u>191,525</u>
Non-Current			
Secured			
Bank borrowings (a)	-EUR	<u>5,415</u>	<u>14,044</u>
Total borrowings		<u><u>288,536</u></u>	<u><u>205,569</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	
	2021	2020
Bank Borrowings	<u>1.10%</u>	<u>1.42%</u>

All secured bank borrowings of RMB288,536,000 were guaranteed by the Company (2020: RMB205,569,000).

The Group's bank borrowings were repayable as follows:

	As at 31 December	
	2021	2020
Within 1 year	283,121	191,525
Between 1 and 2 years	5,415	8,025
Between 2 and 5 years	–	6,019
	<u>288,536</u>	<u>205,569</u>

As of 31 December 2021, the Group has 4 borrowing facilities (31 December 2020: 4) with a total limit of US\$105,000,000 (RMB669,449,000) and EUR25,000,000 (RMB180,493,000) (31 December 2020: US\$100,000,000 (RMB652,490,000) and EUR25,000,000 (RMB200,625,000)). The amounts of the unutilized borrowing facilities are as follows:

	As at 31 December	
	2021	2020
Floating rate:		
– Expiring within 1 year	<u>561,405</u>	<u>647,546</u>

17 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2021	2020
Trade payables	333,639	270,888
Notes payables	313,030	276,155
Accrued expenses	91,095	116,270
Salary and welfare payables	37,639	35,362
Advances from customers	–	29,894
Other tax payables	10,246	11,304
Other payables	<u>6,634</u>	<u>6,506</u>
	<u>792,283</u>	<u>746,379</u>

The normal credit period granted by the creditors generally ranged from 30 to 90 days. As at 31 December 2021 and 2020, the aging analysis of the trade payables based on invoice date is as follows:

	As at 31 December	
	2021	2020
Within 30 days	278,306	227,268
31-90 days	53,955	42,457
91-365 days	1,171	499
Over 365 days	<u>207</u>	<u>664</u>
	<u>333,639</u>	<u>270,888</u>

18 DIVIDENDS

The dividends paid in 2021 and 2020 were HK\$347,525,010 (2020 final dividend of HK\$0.14 per share, approximately RMB156,022,000, and 2021 interim dividend of HK\$0.12 per share, approximately RMB132,580,000, respectively) and HK\$360,991,230 (2019 final dividend of HK\$0.14 per share and 2020 interim dividend of HK\$0.13 per share, approximately RMB320,915,000 in total) respectively. The Board did not recommend the payment of final dividend for the year ended 31 December 2021 (2020: HK\$0.14 per share, approximately RMB157,487,000 in total).

	Year ended 31 December	
	2021	2020
Proposed and paid interim dividend of HK\$0.12 (2020: HK\$0.13) per ordinary share	132,580	151,099
Proposed final dividend of HK\$0.00 (2020: HK\$0.14) per ordinary share	<u>–</u>	<u>157,487</u>
	<u>132,580</u>	<u>308,586</u>

19 COMMITMENTS

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

	As at 31 December	
	2021	2020
Contracted but not provided for – Property, plant and equipment	<u>16,815</u>	<u>27,967</u>

20 RELATED PARTY TRANSACTIONS

Key management compensation

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

	Year end 31 December	
	2021	2020
Salaries and other short-term employees' benefits	11,942	11,328
Contribution to pension scheme	308	273
Bonuses	1,407	1,900
Social security cost	<u>354</u>	<u>461</u>
	<u>14,011</u>	<u>13,962</u>

BUSINESS REVIEW

Overview

Our Group provides integrated packaging solutions, which include aseptic packaging materials, filling machines, spare parts, technical services, digital marketing and product traceability solutions to the liquid food industry. We are the second largest supplier of roll-fed aseptic 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 many dairy and non-carbonated soft drink (“**NCSD**”) producers in countries around the world.

The global economic recovery is facing strong challenges due to new waves of COVID-19 pandemic (the “**pandemic**” or “**COVID-19**”), continuous labour market challenges, unresolved supply chain issues and higher inflationary pressures. The Report on the World Economic Situation and Prospects 2022 forecasts that following the economic growth of 5.5% in 2021, global production value is expected to grow by only 4.0% in 2022 and 3.5% in 2023. Amidst a complex and severe global economic situation, Greatview’s supply chain also faced great challenges, however, we continued to adhere to a variety of safeguarding measures to stabilise the normal supply of products to all parts of the world.

The continuous spread of the pandemic has not only affected economic growth, but also all aspects of food and beverage consumption, which has caused consumers to develop new habits and attitudes. Consumers, while pursuing maximum convenience, focus more on long-term health and wellness through mindful eating. They proactively choose preventive nutrition, which has brought a range of market opportunities for food manufacturers. At the same time, companies are also required to strengthen safety measures and improve food hygiene standards to eliminate consumers’ hygiene concerns. All of these factors are subtly changing and driving the development of the global food and beverage industry.

* *For identification purposes only*

In 2021, Greatview continued to expand globally. Having growth in both existing and new customers, sales volume in Greatview’s international division increased by approximately 22.2%. There were significant challenges in the global supply chain, tight supply of raw material production capacity and rising raw material prices. Transportation costs remaining at a high level and a shortage of containers caused by the ongoing impact of the pandemic, Greatview strived to control costs through strategic cooperation with suppliers, entering into long-term contracts and increasing inventory, so as to maintain the stability of basic prices and to ensure steady and continuous production and supply.

In the People’s Republic of China (the “**PRC**” or “**China**”), social consumption has recovered well after the pandemic. Influenced by the pandemic, consumers are paying more attention to their health and are becoming increasingly demanding for food products that fulfill their expectations in nutrition, brand and safety. The product categories and market segments related to the improvement of quality of life grew rapidly. Greatview’s business in the PRC grew steadily in 2021, with sales volume increased by approximately 19.4%. With the gradual recovery of the economy, the Company’s business in China has also shown a healthy uptrend.

Markets and Products

We sold a total of approximately 21.0 billion packs during the year ended 31 December 2021 which represents an increase of approximately 20.1% as compared to 2020. Such increase was primarily due to the growth of sales volume in both the PRC and international markets. “Greatview Brick 250mL Base” remained as our top selling product, followed by “Greatview Brick 250mL Slim”. In order to meet the constantly evolving needs of customers and consumers, we have launched two new packaging product specifications during the year, namely “Greatview Brick 200mL Slim Ripple” and “Greatview Brick 180mL Slim”.

In markets around the world, under the influence of the pandemic, many markets favour low sugar and plant-based healthy food. Meanwhile, consumers are more aware of the impact of individual actions on climate change, and ecological anxiety has prompted people to pay more attention to environmental protection actions and purchase decisions. Resultantly, pollution-free and renewable environmentally-friendly packaging materials have attracted increasing attention. About 55% of consumers around the world say they consciously purchase products with environmentally-friendly packaging or less overall packaging. The World Business Outlook Report highlights the increase in plant-based food and beverage consumption resulting from increased demand for sustainable products, and this trend provides market impetus for aseptic packaging materials.

The consumption upgrading trend in the PRC market is still continuing, the dairy product market has increased both in terms of the number of purchasers and purchase volume, and the demand has increased steadily. From the perspective of per capita consumption of dairy products, China's per capita consumption of dairy products is less than half of that of Japan and South Korea, which leaves high potential for growth. As Generation Z emerges into adulthood, the impact on business is becoming increasingly apparent, and this facilitates the evolution of new consumption trends in China and triggers new consumption opportunities. Enterprises should, therefore, adapt to the rapid and diversified consumption demands. An increasing number of consumers hope to supplement nutrition and boost their immunity through healthy food, including dairy products. The dairy product market in China still has sizeable space for growth as well as sufficient development potential from a long-term perspective.

Nonetheless, competition in the PRC market has become more intense following the advancement of aseptic packaging technologies in recent years. A number of enterprises expanded into the aseptic packaging industry in succession through investments as well as through mergers and acquisitions, and increased their competitiveness by enlarging the business scale. Meanwhile, under the pressure arising from global supply chain constraints, numerous small-scale enterprises were eliminated through heavy market competition, further increasing industry concentration.

To meet the growing and diverse market demand for aseptic packaging materials, we will not only strive to step up our research and development of new products, launching a range of formats and sizes of packaging material products, but also commit to the research and development of environmentally-friendly products. During the reporting period, we launched a more environmentally-friendly aseptic packaging material "Greatview® Planet", by enhancing the sustainable performance of our products, enriching our product portfolio, so as to widen our customer base, and improving customer relationship management, thereby enhancing our brand image globally.

Operation Management

In terms of supply chain management and production management, Greatview actively maintain a well-coordinated cooperation with suppliers, increasing inventories and integrating logistical resources to guarantee the stable supply of products. Through keen market foresight and forward-looking decision making, we have decreased costs of procurement of raw materials and strive to guarantee price stability.

Digitalisation plays an increasingly important role in ensuring the efficient management of the Company and the rapid coordination of the organisation. The digitalisation of the Company has always adhered to the dual-driven principle of technology and business. By upgrading our digital technology, we have realised user-centricity and reconstructed the user experience. The application of production big data provides accurate basic information and scientific analysis tools for product quality improvement and cost reduction. Greatview is progressing towards to lean management and intelligent production by means of digitalisation.

Greatview also offers digitalisation services to upstream and downstream partners while implementing internal controls, which means that we provide strong information support for improving supply chain efficiency and raw material traceability. Meanwhile, it also helps our customers to expand within their respective markets and strengthen channel control. Through digitalisation services, Greatview has strengthened strategic partnership with our customers.

In terms of quality control, we have established an effective quality assurance system to improve the quality management level, from raw material supply, manufacturing, storage, transportation, after-sales service and each links to ensure product safety and quality.

Regarding sustainable development, we have actively embraced producer responsibility in reducing carbon emissions and product weight whilst promoting recycling rates and responding to market demands for sustainable development and a circular economy.

Production Capacity and Utilisation

Our Group has a total annual production capacity of approximately 30.0 billion packs as at 31 December 2021 (2020: approximately 30.0 billion packs). Approximately 21.2 billion packs were produced for the year ended 31 December 2021 which represented an utilisation rate of approximately 70.6% (2020: approximately 59.0%). The increase in the utilisation rate was mainly due to the increase in sales volume.

Suppliers and Raw Materials

During the year ended 31 December 2021, the purchase prices of our Company's key raw materials showed a significant upward trend, the reasons for this include the continuing global pandemic, large-scale natural disasters, congestion in the Suez Canal, trade protectionism in Europe, inflation, as well as other factors. Against this challenging backdrop, some suppliers halted production, which caused insufficient volume of supply. At the same time, with the intensification of international trade imbalances, international freight rates continued to soar, especially for sea freight and China-Europe freight trains, which both increased by more than 10 times over the year. The situation described has brought pressures to our supply chain.

Facing these challenges, we have actively communicated with suppliers in relation to production capacity, supply and substitution of similar products to ensure the normal operation of supply of products and production. In addition, by strengthening supply chain management, optimising the use of raw materials, strictly controlling non-urgent production procurement, saving energy and reducing consumption, increasing revenue and reducing expenditure, it has been possible to maximise the Company's overall interest.

In terms of supplier management, we have established an effective supplier management system, which not only reviews the basic information and qualifications of suppliers, but also conducts risk assessment on suppliers according to the management needs of environment, quality, food safety and social responsibility. We also conduct the annual performance evaluation and audit on all suppliers to ensure that the materials, services and its operation meet Greatview's requirements.

Business Development

Adhering to the spirit of continuous innovation, Greatview has provided ever increasing variety of packaging material specifications and end-to-end packaging solutions, including filling machines, to global customers.

In 2021, Greatview launched two new packaging product specifications, namely "Greatview Brick 200mL Slim Ripple" and "Greatview Brick 180mL Slim", in order to help customers enrich product types and increase product differentiation and competitiveness. Regarding filling machines, we are actively expanding the variety of packaging specifications that are compatible with Greatview ABM 125N Brick Aseptic Filling Machines and Greatview AOM 100N Octagon Aseptic Filling Machines.

In April 2021, Greatview with its wholly-owned subsidiary, Beijing Greatdata Technology Co., Ltd.* (北京數碼通科技有限公司), appeared at the 104th China Food & Drinks Fair to bring smart packaging, product traceability solutions and production testing equipment to Chinese food and beverage companies.

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In November 2021, at the Gulfood Manufacturing Exhibition, the largest and most important industry event in the Middle East and North Africa region, Greatview, with the theme of “Sustainable Development and a Smart Future”, presented its innovative product range at the German Manufacturers Pavilion. With the help of this international platform, Greatview has deepened its communication with both the local market and other international liquid food enterprises, and further conveyed Greatview’s commitment to being a partner in value creation for our customers.

Meanwhile, Greatview also attaches great importance to offering customers an enhanced experience and more added value. Since 2021, Greatview has launched supplier inventory management services based on customers’ unique production conditions and needs, providing customised and flexible supply services to global customers, which greatly shorten customers’ receiving cycles as well as saving production and management costs.

In 2021, the value provided by Greatview in the form on our comprehensive range of products and services has also been recognised by many customers. In September, Greatview received the “Best Resource Support Award” from China Mengniu Dairy Co., Ltd. and the “Most Commercially Valuable Prize” from Yunnan New Hope Dengchuan Diequan Dairy Co., Ltd.

In terms of sustainability, in order to support customers in meeting sustainable development goals and easing the burden of production and consumption on the environment, we provide customers with products such as paper straws, “Greatview® Eco-packaging” and “Greatview® Planet” packaging that incorporates bio-attributed polymers and offers a broader range of more environmentally-friendly products.

In 2021, “Greatview® Eco-packaging” won a series of industry awards including Silver in the Sustainable Innovation Award at the Packcon Star Awards 2021, the 2021 Ringier Technology Innovation Award in the food & beverage category, and the 2021 M. Success China Packaging Innovation and Sustainable Development Award. “Greatview® Eco-packaging” uses pull-tabs to replace the traditional plastic caps, with 86% less plastic comparing with an equivalent plastic bottle. This product has been used for ready-to-drink water products, helping customers to promote the product concepts of environmental protection and plastic reduction. The packaging of the drinking water product is recyclable after use and has been made into an environmentally-friendly art piece to be exhibited in Hong Kong.

In the same year, Greatview worked with suppliers to innovate and launch a new packaging option that incorporates bio-attributed polymers which are linked to forest-based sources – “Greatview® Planet”. Greatview’s German factory has been certified by the Roundtable on Sustainable Biomaterials (“**RSB**”) and successfully commenced production of “Greatview® Planet” materials under a mass balance approach. Unlike traditional aseptic packaging which uses non-renewable petroleum-based polyethylene as the sole polymer in its production process, the polyethylene mix used in the production of this new packaging substitutes a proportion of the fossil-based polymers with bio-attributed polymers which are certified by RSB, reducing the use of fossil-based raw materials and supporting the packaging industry’s transition towards more sustainable materials. This represents a significant step in Greatview’s sustainable development and innovation journey.

Since 2018, Greatview, as a founding member, has been actively participating in the Paper-based Beverage Composite Packaging Recycling Committee in China with industry members. The committee is the first organisation in China to perform producer responsibilities through industry self-discipline and self-planning. Greatview, as one of the initiators, is committed to promoting the establishment of an effective paper-based beverage composite packaging recycling industry chain, actively exploring waste packaging recycling industry chain technology, and achieving the goal of reaching a 40% resource utilisation rate of paper-based beverage composite waste packaging in China by 2025 alongside other members.

In June 2021, Greatview participated in the Summit Forum on Sustainable Development of Paper-based Beverage Packaging of the 7th Industry Conference on Renewable Resource Recycling, and witnessed the establishment of the sustainability development collaboration in paper-based composite beverage packaging.

In September 2021, Greatview joined the HolyGrail 2.0 Project initiated by the international organisation, Association des Industries de Marque – European Brands Association, which is dedicated to promoting packaging recycling and realising a circular economy through intelligent sorting technology.

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 the communities in which we operate. 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 as strategic partners and an important component of our supply chain. We aim to provide 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 2021, our Group's operations are mainly carried out by our Company's subsidiaries in mainland China, the Hong Kong Special Administrative Region, Germany and Switzerland. The Group, therefore complies with relevant laws and regulations in mainland China, the Hong Kong Special Administrative Region, Germany and Switzerland as well as 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 2021, top line was higher while bottom line was lower than the year ended 31 December 2020. We continuously endeavoured to optimise the product portfolio and production efficiency, meanwhile, we strived to expand market share. 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 NCSD producers. Revenue of our Group increased by approximately 14.0% from approximately RMB3,038.9 million for the year ended 31 December 2020 to approximately RMB3,464.3 million for the year ended 31 December 2021. The increase was primarily due to the increase in sales volume in both the PRC and international markets.

With respect to the PRC segment, our revenue increased by approximately RMB287.6 million, or 13.6%, to approximately RMB2,402.8 million for the year ended 31 December 2021 from approximately RMB2,115.2 million for the year ended 31 December 2020. Such increase was mainly contributed by the growth of sales volume.

With respect to the international segment, our revenue increased by approximately RMB137.8 million, or 14.9%, to approximately RMB1,061.5 million for the year ended 31 December 2021 from approximately RMB923.7 million for the year ended 31 December 2020. 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 RMB324.0 million, or 12.8%, to approximately RMB2,861.6 million for the year ended 31 December 2021 from approximately RMB2,537.6 million for the year ended 31 December 2020, and our revenue from NCSD customers increased by approximately RMB98.7 million, or 20.5%, to approximately RMB580.6 million for the year ended 31 December 2021 from approximately RMB481.9 million for the year ended 31 December 2020. It was mainly contributed by the increase in sales volume.

Cost of Sales

Our cost of sales increased by approximately RMB533.4 million, or 23.9%, to approximately RMB2,766.7 million for the year ended 31 December 2021 from approximately RMB2,233.3 million for the year ended 31 December 2020. The growth in cost of sales was mainly due to the increase in sales volume and raw material price while higher production volume diluted the unit labour cost and fixed production overhead.

Gross Profit and Gross Margin

As a result of the foregoing factors, our gross profit decreased by approximately RMB107.9 million, or 13.4% from approximately RMB805.6 million for the year ended 31 December 2020 to approximately RMB697.7 million for the year ended 31 December 2021. Our gross margin decreased by approximately 6.4 percentage points to approximately 20.1% for the year ended 31 December 2021 from approximately 26.5% for the year ended 31 December 2020. It was primarily due to the decline of sales price, increase in cost of raw materials and change of sales mix.

Other Income

Our other income increased by approximately RMB23.7 million, or 63.5%, to approximately RMB61.0 million for the year ended 31 December 2021 from approximately RMB37.3 million for the year ended 31 December 2020. It was primarily due to the increase in government subsidy and sales of materials.

Other Gains/(Losses) – Net

Our other gains – net increased by approximately RMB29.7 million, or 198.0%, to approximately RMB14.7 million for the year ended 31 December 2021 from other losses - net of approximately RMB15.0 million for the year ended 31 December 2020. It was primarily due to the fluctuation of foreign exchange and the net fair value losses on foreign currency forwards occurred in 2020.

Distribution Expenses

Our distribution expenses increased by approximately RMB53.2 million, or 29.9%, to approximately RMB230.9 million for the year ended 31 December 2021 from approximately RMB177.7 million for the year ended 31 December 2020. It was primarily due to the increase in freight cost.

Administrative Expenses

Our administrative expenses decreased by approximately RMB3.0 million, or 1.7%, to approximately RMB174.3 million for the year ended 31 December 2021 from approximately RMB177.3 million for the year ended 31 December 2020. The decrease was primarily due to effective expenses control.

Taxation

Our income tax expenses decreased by approximately RMB38.4 million, or 33.9%, to approximately RMB74.8 million for the year ended 31 December 2021 from approximately RMB113.2 million for the year ended 31 December 2020. Our effective tax rate decreased by approximately 4.0 percentage points to approximately 20.8% for the year ended 31 December 2021 from approximately 24.8% for the previous financial year.

Profit for the Year and Net Profit Margin

Driven by the factors as aforementioned, our net profit decreased by approximately RMB57.7 million, or 16.8%, to approximately RMB285.1 million for the year ended 31 December 2021 from approximately RMB342.8 million for the year ended 31 December 2020. Our net profit margin decreased by approximately 3.1 percentage points to approximately 8.2% for the year ended 31 December 2021 from approximately 11.3% for the year ended 31 December 2020.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2021, we had approximately RMB425.2 million (2020: approximately RMB577.2 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 raw materials and finished goods. Turnover days for inventory (inventories/cost of sales) decreased from approximately 111.4 days as at 31 December 2020 to approximately 101.6 days as at 31 December 2021. Our turnover days for trade receivables (trade receivables/revenue) decreased from approximately 65.7 days as at 31 December 2020 to approximately 65.4 days as at 31 December 2021. Our turnover days for trade payables (trade payables/cost of sales) decreased from approximately 41.9 days as at 31 December 2020 to approximately 39.9 days as at 31 December 2021.

Borrowings and Finance Cost

Borrowings of our Group as at 31 December 2021 were bank borrowings which amounted to approximately RMB288.5 million (2020: approximately RMB205.6 million) and denominated in HKD, EUR and USD. Amongst the borrowings, approximately RMB283.1 million (2020: approximately RMB191.5 million) will be repayable within one year and approximately RMB5.4 million (2020: approximately RMB14.0 million) will be repayable after one year. For the year under review, the net finance cost of our Group was approximately RMB2.4 million (2020: net finance cost of approximately RMB5.2 million). For details of the borrowings of our Group, please refer to notes 7 and 16 to the consolidated financial statements contained in this announcement.

Gearing Ratio

As at 31 December 2021, the gearing ratio of our Group was approximately 0.12 (2020: approximately 0.08), which was in line with the growth 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 2021 was approximately RMB1,069.1 million (2020: approximately RMB1,078.2 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, EUR and USD. During the year under review, our Group recorded exchange gain of approximately RMB11.0 million (2020: exchange gain of approximately RMB4.8 million).

Capital Expenditure

As at 31 December 2021, our Group's total capital expenditure amounted to approximately RMB88.3 million (2020: approximately RMB80.3 million), which was mainly used for purchasing production machines and equipment for the Group.

Capital Commitments

As at 31 December 2021, our Group had capital commitments of approximately RMB16.8 million (2020: approximately RMB28.0 million) in respect of acquisitions of property, plant and equipment.

Charge on Assets

As at 31 December 2021, our Group neither pledged any property, plant and equipment (2020: approximately RMB90.9 million) nor land use right (2020: approximately RMB25.1 million).

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 2021 (2020: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2021, our Group employed approximately 1,754 employees (2020: approximately 1,673 employees). Our Group offered competitive salary package, as well as discretionary bonuses, cash subsidies and contribution to social insurance to our employees. Our total employee benefit expenses for the year ended 31 December 2021 amounted to approximately RMB323.3 million (2020: approximately RMB281.8 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

Since 2021, the Group has faced certain pressures in the aspects of pandemic prevention and control and supply chain management with the continuous spread of the global pandemic, rising prices of bulk commodities, frequent natural disasters and exacerbated imbalances in the development of the global economy. However, despite the difficulties, Greatview has actively responded to various difficulties. While making every effort to fight the pandemic and ensure production and operation, Greatview has actively undertaken corporate social responsibilities, and consistently provided high-quality and diversified products to customers around the world.

In the future, Greatview will continue to focus on the PRC and global markets, and always adhere to the four principles of pragmatism, innovation, collaboration and sharing. We intend to execute the following plans to support our future development:

- Deepening the cooperation with existing customers through digital intelligence, and expanding the customer base and our market share in the PRC;
- Adhering to the international development strategy, and steadily developing international business by strengthening localised operation, promoting new product research and development, and enriching product structure;
- Strengthening technological and application innovation, broadening the application of packaging material and filling equipment, and improving after-sales service;
- Increasing the utilisation rate of production capacity, and at the same time paying more attention to the impact on the environment, society and economy, and continuously enhancing sustainability; and
- Continuing to strictly control product quality and cost, and to promote operational excellence. Building the core competitiveness of digital intelligence products based on big data, Internet of Things and artificial intelligence technologies.

FINAL DIVIDEND

The Board did not recommend the payment of final dividend for the year ended 31 December 2021 (2020: HK\$0.14 per share, approximately RMB157.5 million in total).

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any material events after the reporting period and up to the date of this announcement which requires disclosure.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 20 May 2022 to 25 May 2022, 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 19 May 2022.

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 (formerly known as the Corporate Governance Code and Corporate Governance Report) (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 2021 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 as set out in Part 2 of the CG Code during the year ended 31 December 2021.

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 2021.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries had 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 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. 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 system, 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 2021 as well as auditing, internal control and financial reporting matters, including the consolidated financial statements for the year ended 31 December 2021. 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 10:00 a.m. on 25 May 2022. 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, 28 March 2022

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.