



INTERIM REPORT

GREATVIEW ASEPTIC PACKAGING
COMPANY LIMITED

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

2021



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Protect the planet, stand with us

A carton instead of a bottle makes a big difference



Greatview Eco-packaging has **86%** ($\pm 2\%$)
less plastic compared to an equivalent PET bottle

*Greatview Eco-packaging, 330mL, Octagon, Pull-tab

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. BI Hua, Jeff (*Chief Executive Officer*)
Mr. CHANG Fuquan

Non-Executive Directors

Mr. HONG Gang (*Chairman*)
Mr. PANG Yiu Kai

Independent Non-Executive Directors

Mr. LUETH Allen Warren
Mr. BEHRENS Ernst Hermann
Mr. ZHU Jia

JOINT COMPANY SECRETARIES

Ms. QI Zhaohui
Ms. SO Lai Shan (resigned with effect from 26 April 2021)
Ms. WONG Sau Ping (appointed with effect from 26 April 2021)

AUTHORISED REPRESENTATIVES

Mr. BI Hua, Jeff
Ms. SO Lai Shan (resigned with effect from 26 April 2021)
Ms. WONG Sau Ping (appointed with effect from 26 April 2021)

AUDIT COMMITTEE

Mr. LUETH Allen Warren (*Chairman*)
Mr. BEHRENS Ernst Hermann
Mr. ZHU Jia
Mr. PANG Yiu Kai

REMUNERATION COMMITTEE

Mr. ZHU Jia (*Chairman*)
Mr. BI Hua, Jeff
Mr. LUETH Allen Warren
Mr. BEHRENS Ernst Hermann

NOMINATION COMMITTEE

Mr. HONG Gang (*Chairman*)
Mr. BEHRENS Ernst Hermann
Mr. ZHU Jia

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

OTHER PLACE OF BUSINESS IN HONG KONG

Unit 15, 36/F, China Merchants Tower
Shun Tak Centre
No. 168-200 Connaught Road
Central
Hong Kong

HEADQUARTER IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC" OR "CHINA")

14 Jiuxianqiao Road
Chaoyang District
Beijing 100015
The PRC

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISERS

Lu, Lai & Li Solicitors
Tian Yuan Law Firm

PRINCIPAL BANKERS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
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Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY WEBSITE

www.greatviewpack.com



GREATVIEW

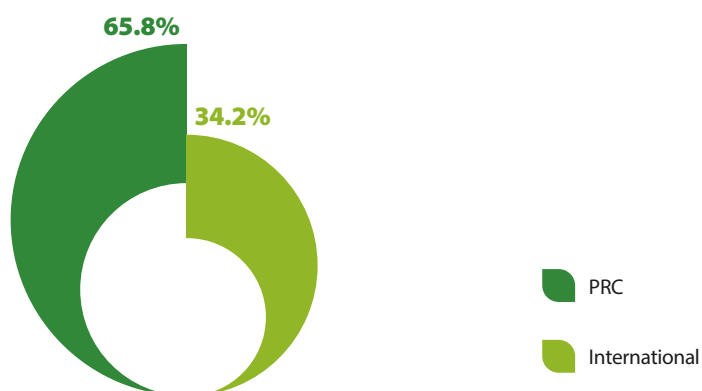
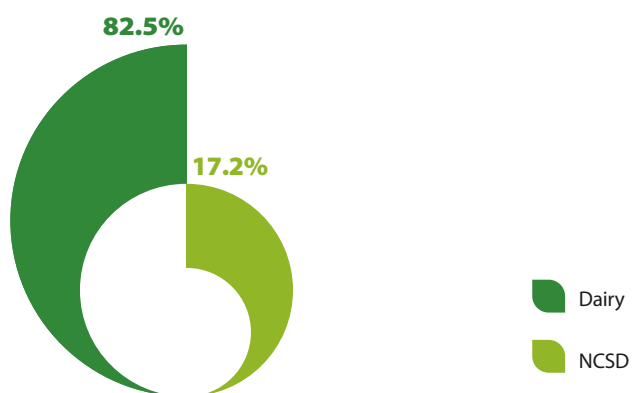
A PIN
A DAY
IS A Groat
A YEAR

FINANCIAL SUMMARY

For the six months ended 30 June

	2021 RMB million (Unaudited)	2020 RMB million (Unaudited)	Percentage %
Revenue	1,549.8	1,357.2	14.2
Gross Profit	354.6	356.0	-0.4
Net Profit	144.6	155.7	-7.1
Profit attributable to shareholders	144.6	155.7	-7.1
Earnings per share — basic and diluted (RMB)	0.108	0.116	-6.9
Proposed dividend per share (HK\$)	0.12	0.13	-7.7

REVENUE ANALYSIS



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

Our Group (Greatview Aseptic Packaging Company Limited, our “Company” or “Greatview” and its subsidiaries) 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 most of the dairy and non-carbonated soft drink (“NCSD”) producers in the PRC as well as a large range of international customers.

As COVID-19 pandemic (the “pandemic”) stretches into 2021, the spread of the pandemic has not only affected the economic growth, but also the food and beverage consumption in all aspects, which has evolved new habit and attitude of consumers. Consumers, while pursuing maximum convenience, focus more on long-term health and wellness through mindful eating. They proactively choose food related to preventive health, which has brought more market opportunities for the food manufacturers. At the same time, companies are also required to strengthen safety measures and improve food hygiene standards to eliminate consumers’ hygeian concerns. All of these factors are subtly changing and driving the development of the global food and beverage industry.

* For identification purpose only



Greatview® Shine

MANAGEMENT DISCUSSION AND ANALYSIS

The global economy is currently expected to grow by approximately 6.0% in 2021 after a sharp contraction of some 3.0% in 2020. Globally, the dairy market is still exposed to some risks and pressure in 2021. As the growth of global milk production capacity is limited, the supply is expected to increase by only approximately 1.0% in key regions. Under an environment where the global pandemic is gradually easing yet still posing risks, Greatview is committed to ensuring safety of its employees, and being at the forefront of supply with its customers in keeping essential food flowing from farms to the tables of individuals and families around the world.

In 2021, Greatview continued to explore the global market in an active manner, providing more diverse product choices and customised services to customers all over the world. Following success in improving existing customer penetration and the take-up of new customers, sales volume in the international markets has increased by approximately 18.9%. This is particularly encouraging when most of the global markets are still affected by impact arising from the pandemic. Under the global pricing pressure, raw material and transportation costs remain at a high level, Greatview strives to control costs, reduce the impact of price fluctuation and improve production efficiency, to ensure steady and continuous production and supply.

As China's fast-moving consumer goods market has gradually recovered to its pre-pandemic level and showing signs of moderate recovery, sales volumes of beverage, dairy products and packaged food have steadily increased. Consumers are becoming increasingly demanding for food that is healthy, nutritious and high-quality when upgrading their consumption. In the current stage of the pandemic, consumers are more concerned about their mental health, and therefore, the proportion of consumers who select foods and beverages that consider psychological factors such as their own interests and consumption experience has increased. Greatview's business in the PRC achieved steady growth in the first half of 2021, with sales volume increased by approximately 23.3% as compared with the same period of last year.



Greatview[®] Aseptic Brick
1000mL Square

Management Discussion and Analysis

In terms of sustainability, Greatview, in order to help customers to achieve sustainable development goals and ease the burden of production and consumption on the environment, provides customers with new products such as paper straws and “Greatview Eco-packaging”, and offers more choices of environmentally-friendly products.

“Greatview Eco-packaging” uses pull-tabs to replace plastic caps, with 86% less plastic comparing with an equivalent plastic bottle. The product has been used for ready-to-drink water products, replacing the traditional plastic bottle packaging and 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 artwork to be exhibited in Hong Kong. In 2021, “Greatview Eco-packaging” won Silver in the Sustainable Innovation Award at the Packcon Star Awards 2021.

Since 2018, Greatview, as a founding member, has been actively participating in the Paper-based Composite Beverage 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 a paper-based beverage composite packaging recycling industry chain, actively exploring waste packaging recycling industry chain technology, and achieving the goal of a 40% resource utilisation rate of paper-based beverage composite packaging in China by 2025 with other members. In June 2021, Greatview participated in the Summit Forum on Sustainable Development of Paper-based Beverage Packaging in the 7th Industry Conference on Renewable Resource Recycling in China.

Markets and Products

We sold a total of approximately 9.4 billion packs during the first half of 2021, which represents an increase of approximately 21.9% as compared with the same period in 2020. Such increase was primarily due to the growth of sales volume in many markets around the world. “Greatview Brick 250mL Base” remained as our top selling product, followed by “Greatview Brick 1000mL Slim PLH”.

In markets around the world, consumers are increasingly concerned about environmental protection and sustainable development. As a more plastic-reducing material, aseptic paper packaging still has considerable room for development in the dairy and beverage industries due to also its safety, convenience, and ease of storage and transportation. In the Top 10 Global Consumer Trends 2021 published by Euromonitor, nearly 70% of professionals believed that consumers would be more concerned about sustainability when compared to the time before the pandemic. The report also indicated an increase in demands by consumers for digitalised products such as digital tools and virtual reality, due to staying at home during the pandemic. These factors have provided positive market dynamics for aseptic paper packaging materials.

In the PRC market, the dairy industry has reached a phase of maturity, and China is currently the world’s second largest dairy market. We believe that liquid room temperature dairy would still remain as the main choice for Chinese consumers in the long run. Meanwhile, more high-end liquid dairy products have flowed into the market, bringing new growth opportunities.

Management Discussion and Analysis

In response to the growing and subdivided market demand of aseptic packaging products, we will strive to step up research and development of new products, launch various formats and sizes of packaging products, and commit to the research and development of environmentally-friendly products, enrich our product portfolio, so as to widen our customer base, and to improve customer relationship management, thereby enhancing our brand image in the global market.

Digitalisation plays an increasingly important role in ensuring the efficient management of the Company and the rapid coordination of the organisation. The application of production big data provides accurate basic information and scientific analysis tools for product quality improvement and cost reduction. Greatview is stepping forward to lean management and intelligent production by means of digitalisation.

Greatview offers digitalisation services to upstream and downstream partners while implementing internal control. For example, Greatview's Smart Packaging Traceability Solution first applies variable traceability codes on the surface of product packaging through pre-printing methods, and then generates the connections such as those between packaging and batches, packaging and boxes through data collection, so as to achieve multi-level data management. The solution collects data in each node in the industrial chain, and eventually realise the visual traceability of the product life cycle. Through digitalisation services, we not only provide customers with powerful support of information technology, but also help customers expand their own markets and strengthen channel control.

Production Capacity and Utilisation

Our Group has a total annual production capacity of approximately 30.0 billion packs as of 30 June 2021 (30 June 2020: approximately 30.0 billion packs). Approximately 9.6 billion packs were produced for the six months ended 30 June 2021 which represented an utilisation rate of approximately 64.3% (30 June 2020: approximately 54.0%). The increase in the utilisation rate was mainly due to the increase in production volume.

Suppliers and Raw Materials

For the six months ended 30 June 2021, affected by the global pandemic, large-scale natural disasters, Suez Canal blockage, European trade protectionism and other factors, some upstream factories suspended work or production, and result in production capacities reduced. Prices of base paper, polyethylene, aluminum ingots and other raw materials continued to rise under the impact of supply and demand.

In the face of the above situation, the Company has actively responded by strengthening supply chain management, optimising raw materials and product structure, reducing costs and increasing efficiency, so as to maximise the overall interests of the Company.

Business Development

Greatview adheres to the spirit of continuous innovation, providing more packaging material product choices and end-to-end filling machine solutions to global customers.

Following the launch of the brand new "Greatview Brick 1000mL Square" format in 2020 with market attention and positive reviews received, the product sales volume reached a new high in 2021, and continuous orders received from customers all over the world.

Management Discussion and Analysis

In June 2021, Greatview's self-developed filling machine was installed and operated smoothly in the factory of a Southeast Asian customer, bringing professional and comprehensive filling machines, spare parts and technical support services to more global customers.

Greatview attaches great importance to customer experience and is committed to continuously optimising production and supply chains, while providing services including design and marketing to offer customers an enhanced experience and more added value.

In 2021, Greatview has launched supplier inventory management services based on customers' production conditions and needs, providing customised and flexible supply services to customers, greatly shortening the customers' receiving cycle as well as saving production and management costs. This service is being piloted to our customers in China.

In January 2021, Greatview developed a customised digital marketing platform for customers aiming to solve the daily operations and maintenance management as well as management and control problems of promotional activities existing in the Company's offline marketing process. The platform assists customers with achieving online distributors management, and improves the management and control ability of supply chains.

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.

FINANCIAL REVIEW

Overview

In the first half of 2021, top line was higher while bottom line was lower than the corresponding period in 2020. 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 interim 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 NCSD producers. Revenue of our Group increased by approximately 14.2% from approximately RMB1,357.2 million for the six months ended 30 June 2020 to approximately RMB1,549.8 million for the six months ended 30 June 2021. Such increase was primarily due to the increase of sales volume in many markets around the world.

With respect to the PRC segment, our revenue increased by approximately RMB126.5 million, or 14.2%, to approximately RMB1,020.4 million for the six months ended 30 June 2021 from approximately RMB893.9 million for the six months ended 30 June 2020. Such increase was primarily due to the growth of sales volume from existing customers.

With respect to the international segment, our revenue increased by approximately RMB66.1 million, or 14.3%, to approximately RMB529.4 million for the six months ended 30 June 2021 from approximately RMB463.3 million for the six months ended 30 June 2020. Such increase was primarily due to the growth of sales volume from existing customers and new customers.

* For identification purpose only

Management Discussion and Analysis

Our revenue from dairy customers increased by approximately RMB136.2 million, or 11.9%, to approximately RMB1,278.7 million for the six months ended 30 June 2021 from approximately RMB1,142.5 million for the six months ended 30 June 2020, and our revenue from NCS D customers increased by approximately RMB60.7 million, or 29.6%, to approximately RMB266.1 million for the six months ended 30 June 2021 from approximately RMB205.4 million for the six months ended 30 June 2020. It was mainly contributed by the increase in sales volume.

Cost of Sales

Our cost of sales increased by approximately RMB194.0 million, or 19.4%, to approximately RMB1,195.2 million for the six months ended 30 June 2021 from approximately RMB1,001.2 million for the six months ended 30 June 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 overhead.

Gross Profit and Gross Margin

As a result of the foregoing factors, our gross profit decreased by approximately RMB1.4 million, or 0.4% from approximately RMB356.0 million for the six months ended 30 June 2020 to approximately RMB354.6 million for the six months ended 30 June 2021. Our gross margin decreased by approximately 3.3 percentage points to approximately 22.9% for the six months ended 30 June 2021 from approximately 26.2% for the six months ended 30 June 2020. It was primarily due to the change of sales mix, decline of sales price and increase in cost of raw materials.

Other Income

Our other income increased by approximately RMB13.7 million, or 108.7%, to approximately RMB26.3 million for the six months ended 30 June 2021 from approximately RMB12.6 million for the six months ended 30 June 2020. It was primarily due to the increase in government subsidy and sales of materials.

Other Gains/(Losses) – Net

Our other gains increased by approximately RMB4.4 million, or 100.0%, to approximately RMB8.8 million for the six months ended 30 June 2021 from other gains of approximately RMB4.4 million for the six months ended 30 June 2020. It was primarily due to the fluctuation of foreign exchange.

Distribution Expenses

Our distribution expenses increased by approximately RMB22.2 million, or 27.1%, to approximately RMB104.2 million for the six months ended 30 June 2021 from approximately RMB82.0 million for the six months ended 30 June 2020. It was primarily due to the increase in freight costs and traveling expenses.

Administrative Expenses

Our administrative expenses increased by approximately RMB2.6 million, or 3.2%, to approximately RMB84.7 million for the six months ended 30 June 2021 from approximately RMB82.1 million for the six months ended 30 June 2020. The increase was primarily due to the increase in salary, welfare and research and development expenses.

Taxation

Our income tax expenses decreased by approximately RMB6.6 million, or 12.2%, to approximately RMB47.7 million for the six months ended 30 June 2021 from approximately RMB54.3 million for the six months ended 30 June 2020. Our effective tax rate decreased by approximately 1.1 percentage point to approximately 24.8% for the six months ended 30 June 2021 from approximately 25.9% for the corresponding period in 2020.

Management Discussion and Analysis

Profit for the Period and Net Profit Margin

Driven by the factors as aforementioned, our net profit decreased by approximately RMB11.1 million, or 7.1%, to approximately RMB144.6 million for the six months ended 30 June 2021 from approximately RMB155.7 million for the six months ended 30 June 2020. Our net profit margin decreased by 2.2 percentage points to approximately 9.3% for the six months ended 30 June 2021 from approximately 11.5% for the six months ended 30 June 2020.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2021, we had approximately RMB448.6 million (31 December 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. Our turnover days for inventory (inventories/cost of sales) increased from approximately 111.4 days as at 31 December 2020 to approximately 122.6 days as at 30 June 2021. Our turnover days for trade receivables (trade receivables/revenue) increased from approximately 65.7 days as at 31 December 2020 to approximately 65.8 days as at 30 June 2021. Our turnover days for trade payables (trade payables/cost of sales) increased from approximately 41.9 days as at 31 December 2020 to approximately 44.1 days as at 30 June 2021.

Borrowings and Finance Cost

Borrowings of our Group as at 30 June 2021 were bank borrowings which amounted to approximately RMB148.6 million (31 December 2020: approximately RMB205.6 million) and denominated in Euro and USD. Amongst the borrowings, approximately RMB139.0 million (31 December 2020: approximately RMB191.5 million) will be repayable within one year and approximately RMB9.6 million (31 December 2020: approximately RMB14.0 million) will be repayable after one year. For the period under review, the net finance cost of our Group was approximately RMB2.7 million (for the six months ended 30 June 2020: net finance income of approximately RMB0.7 million). For details of the borrowings and finance cost of our Group, please refer to notes 15 and 6 to the consolidated financial statements contained in this interim report respectively.

Gearing Ratio

As at 30 June 2021, the gearing ratio of our Group was approximately 0.06 (31 December 2020: approximately 0.08), 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 or financial period.

Working Capital

Our working capital as at 30 June 2021 was approximately RMB1,071.6 million (31 December 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 were primarily denominated in RMB, Euro and USD. During the period under review, our Group recorded exchange gain of approximately RMB5.3 million (for the six months ended 30 June 2020: exchange loss of approximately RMB2.6 million).

Capital Expenditure

As at 30 June 2021, our Group's total capital expenditure amounted to approximately RMB57.6 million (31 December 2020: approximately RMB80.3 million), which was mainly used for purchasing production machines and equipment for the Group.

Management Discussion and Analysis

Capital Commitments

As at 30 June 2021, our Group had capital commitments of approximately RMB22.3 million (31 December 2020: approximately RMB28.0 million) in respect of acquisitions of property, plant and equipment.

Charge on Assets

As at 30 June 2021, our Group received certain banking facilities of approximately RMB130.0 million, through pledging properties with net book value of approximately RMB88.9 million (31 December 2020: approximately RMB90.9 million) and land use rights with net book value of approximately RMB24.8 million (31 December 2020: approximately RMB25.1 million) 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 of the Company (the “Directors”) are of the view that there are no material contingent liabilities as at 30 June 2021 (31 December 2020: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, our Group employed approximately 1,713 employees (31 December 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 six months ended 30 June 2021 amounted to approximately RMB151.0 million (for the six months ended 30 June 2020: approximately RMB134.1 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 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.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2021, interests and short positions in the shares of the Company (the “Shares”), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”) held by the Directors and chief executive of the Company which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) are as follows:

Interests and Short Position in the Shares and Underlying Shares

Name of Director/chief executive	No. of Shares	Notes	Capacity	Nature of interest	Percentage of total number of Shares in issue (%) (Note 3)
Mr. HONG Gang	78,141,966	1	Interest of controlled corporation	Long position	5.85%
Mr. BI Hua, Jeff	129,000,000	2	Founder of a discretionary trust	Long position	9.65%
Mr. CHANG Fuquan	4,500,000		Interest of controlled corporation	Long position	0.34%

Notes:

- (1) Phanron Holdings Limited (“Phanron”) is wholly-owned by Mr. HONG Gang and he is therefore deemed to be interested in the 78,141,966 Shares held by Phanron.
- (2) Foxing Development Limited (“Foxing”) is directly interested in 129,000,000 Shares. Foxing is wholly-owned by Hill Garden Limited (“Hill Garden”) and is therefore deemed to be interested in the same 129,000,000 Shares. Mr. BI Hua, Jeff is the founder of the trust that wholly-owns Hill Garden. Mr. BI Hua, Jeff, therefore, is deemed to be interested in the same 129,000,000 Shares.
- (3) As at 30 June 2021, the Company had 1,336,631,000 Shares in issue.

Save as disclosed above, as at 30 June 2021, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2021, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Interests and Short Position in the Shares and Underlying Shares

Name of substantial shareholder	No. of Shares	Notes	Capacity	Nature of interest	Percentage of total number of Shares in issue (%) (Note 5)
Phanron	78,141,966		Beneficial owner	Long position	5.85%
Madam XU Zhen	78,141,966	1	Interest of spouse	Long position	5.85%
Hill Garden	129,000,000	2	Interest of controlled corporation	Long position	9.65%
Foxing	129,000,000	2	Beneficial owner	Long position	9.65%
Madam BI Wei Li	129,000,000	3	Interest of spouse	Long position	9.65%
JSH Venture Holdings Limited	377,132,584	4	Beneficial owner	Long position	28.22%
Jardine Strategic Limited	377,132,584	4	Interest of controlled corporation	Long position	28.22%
Jardine Matheson Holdings Limited	377,132,584	4	Interest of controlled corporation	Long position	28.22%
FMR LLC	66,802,000		Interest of controlled corporation	Long position	5.00%

Notes:

- (1) Madam XU Zhen is interested in a long position of 78,141,966 Shares by virtue of her being the spouse of Mr. HONG Gang.
- (2) Foxing has a direct interest in 129,000,000 Shares. Hill Garden is interested in 100% of Foxing. Therefore, Hill Garden is deemed to be interested in 129,000,000 Shares. Mr. BI Hua, Jeff is the founder of the trust that wholly-owns Hill Garden.
- (3) Madam BI Wei Li is interested in a long position of 129,000,000 Shares by virtue of her being the spouse of Mr. BI Hua, Jeff.
- (4) JSH Venture Holdings Limited has a direct interest in 377,132,584 Shares. Jardine Strategic Limited is interested in 100% of JSH Venture Holdings Limited. JMH Investments Limited, which is interested in 83.63% of Jardine Strategic Limited, is wholly-owned by Jardine Matheson Holdings Limited. Therefore, Jardine Strategic Limited and Jardine Matheson Holdings Limited are deemed to be interested in 377,132,584 Shares.
- (5) As at 30 June 2021, the Company had 1,336,631,000 Shares in issue.

Save as disclosed above, as at 30 June 2021, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

Other Information

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES, FUTURE PLANS FOR MATERIAL INVESTMENT OR ACQUISITION OF CAPITAL ASSETS

During the six months ended 30 June 2021, there were no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company. As at the date of this interim report, the Group has no future plan to make any significant investment or acquisition of capital assets.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code under Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code and its code of conduct during the six months ended 30 June 2021.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 30 June 2021, the aggregate amount of guarantees provided for the banking facilities granted to affiliated companies of the Group by the Company was approximately RMB1,030,320,000, which exceeded 8% of the assets ratios as defined in Rule 14.07(1) of the Listing Rules. Details of which are set out below:

Name of affiliated company	The Group's attributable interest in affiliated company	Amount of guarantees given for the banking facilities granted to affiliated company	Extent of guarantees utilised
	%	RMB'000	RMB'000
Greatview Holding Ltd.	100	646,010	94,317
Greatview Aseptic Packaging Europe GmbH	100	192,155	30,260
Greatview Aseptic Packaging Manufacturing GmbH	100	192,155	24,059

Other Information

Pursuant to Rule 13.22 of the Listing Rules, a proforma combined statement of financial position of the aforementioned affiliated companies as at 30 June 2021 is presented as follows:

	Proforma combined statement of financial position
	RMB'000
Non-current assets	955,103
Current assets	748,212
Current liabilities	(337,677)
Non-current liabilities	(956,502)
Net assets	409,136

The proforma combined statement of financial position of the affiliated companies is prepared by combining their statements of financial position, after making adjustment to confirm with the Group's significant accounting policies and re-grouping into significant classification in the statement of financial position, as at 30 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 period under review, the Company has adopted the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the CG Code during the six months ended 30 June 2021 and up to the date of this interim report.

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 six months ended 30 June 2021.

INTERIM DIVIDEND

The board of Directors of the Company (the "Board") has resolved to declare an interim dividend of HK\$0.12 per Share (30 June 2020: HK\$0.13 per Share), amounting to a total of approximately HK\$160,396,000 (30 June 2020: approximately HK\$173,812,000) for the six months ended 30 June 2021 which shall be payable on or about 18 October 2021 to shareholders whose names appear on the register of members of the Company (the "Register of Members") on 23 September 2021.

Other Information

CLOSURE OF THE REGISTER OF MEMBERS

The Register of Members will be closed from 20 September 2021 to 23 September 2021, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 17 September 2021.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS AND INTERIM REPORT

The audit committee of the Company (the "Audit Committee") comprises all the three independent non-executive Directors namely, Mr. LUETH Allen Warren (chairman of the Audit Committee), Mr. BEHRENS Ernst Hermann and Mr. ZHU Jia, and one non-executive Director, Mr. PANG Yiu Kai.

The Audit Committee has adopted the terms of reference which are in line with the CG Code. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system, risk management system and internal control procedures, review of the Group's financial information and review of the relationship with the external auditor of the Company. The Group's interim report and the unaudited consolidated interim financial statements for the six months ended 30 June 2021 have been reviewed by the Audit Committee.

CHANGE OF INFORMATION IN RESPECT OF DIRECTORS

Mr. LUETH Allen Warren, an independent non-executive Director, has been appointed as the chief executive officer of Great Leap Brewing (Tianjin) Co., Ltd., a company mainly engaged in producing and distributing beer in the PRC, with effect from 1 February 2021. Mr. Lueth has resigned as a president and chief financial officer of International Institute of Education Group, a company mainly engaged in language education in the PRC, with effect from 28 February 2021.

Mr. PANG Yiu Kai, a non-executive Director, has ceased to be a director of Jardine Strategic Holdings Limited, a company previously listed on the London Stock Exchange, Bermuda Stock Exchange and Singapore Exchange (with stock codes JDS, JSHBD.BH and J37, respectively), with effect from 15 April 2021.

EVENTS AFTER THE REPORTING PERIOD

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

On behalf of the Board

Mr. HONG Gang

Chairman

Beijing, the PRC, 27 August 2021

Condensed Consolidated Income Statement

For the six months ended 30 June 2021

	Note	Six Months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	3	1,549,787	1,357,208
Cost of sales	5	(1,195,202)	(1,001,200)
Gross profit		354,585	356,008
Other income	4	26,276	12,626
Other gains/(losses) – net	4	8,791	4,378
(Impairment)/reversal of losses on financial assets – net		(5,851)	327
Distribution expenses	5	(104,206)	(81,989)
Administrative expenses	5	(84,665)	(82,125)
Operating profit		194,930	209,225
Finance income	6	3,047	2,881
Finance costs	6	(5,773)	(2,151)
Finance (costs)/income – net		(2,726)	730
Profit before income tax		192,204	209,955
Income tax expense	7	(47,653)	(54,286)
Profit for the period		144,551	155,669
Profit attributable to:			
Owners of the Company		144,551	155,669
Non-controlling interests		–	–
		144,551	155,669
Other comprehensive income:			
Item that may be reclassified to profit or loss		–	–
Currency translation differences		–	–
Total comprehensive income for the period		144,551	155,669
Total comprehensive income attributable to:			
Owners of the Company		144,551	155,669
Non-controlling interests		–	–
		144,551	155,669
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)			
– Basic and diluted earnings per share	8	RMB0.108	RMB0.116

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	Six Months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period	144,551	155,669
Other comprehensive income:		
Currency translation differences	(25,612)	12,221
Total comprehensive income for the period	118,939	167,890
Attributable to:		
– Equity holders of the Company	118,939	167,890
Total comprehensive income for the period	118,939	167,890

Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Note	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	9	1,280,325	1,312,236
Right-of-use assets	10	45,835	49,851
Intangible assets		91,170	93,843
Deferred income tax assets		39,928	39,018
Trade receivables	12	15,899	18,957
Prepayments	13	9,752	10,407
		1,482,909	1,524,312
Current assets			
Inventories	11	868,230	710,735
Trade and notes receivables	12	582,307	573,051
Prepayments	13	69,015	40,556
Other receivables	13	13,301	11,871
Financial assets at fair value through profit or loss ("FVPL")		5,200	–
Cash and bank equivalents		448,575	577,237
Restricted cash		168,261	183,631
		2,154,889	2,097,081
Total assets		3,637,798	3,621,393
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital, share premium and capital reserve	14	600,260	600,260
Statutory reserve		281,325	281,325
Exchange reserve		(54,341)	(28,729)
Retained earnings		1,627,742	1,638,899
Total equity		2,454,986	2,491,755

Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Note	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Deferred government grants		70,953	73,173
Lease liabilities		1,606	2,316
Deferred income tax liabilities		17,336	21,257
Borrowings	15	9,608	14,044
		99,503	110,790
Current liabilities			
Deferred government grants		3,615	7,771
Contract liabilities		11	35
Trade and other payables and accruals	16	875,844	746,379
Income tax liabilities		43,561	41,154
Borrowings	15	139,028	191,525
Lease liabilities		2,122	5,206
Derivative financial instruments		19,128	26,778
		1,083,309	1,018,848
Total liabilities		1,182,812	1,129,638
Total equity and liabilities		3,637,798	3,621,393
Net current assets		1,071,580	1,078,233
Total assets less current liabilities		2,554,489	2,602,545

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to equity owners (unaudited)				
	Share capital, share premium and capital reserve	Statutory reserve	Exchange reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 14)				
As at 31 December 2019 (Audited)	651,247	256,855	(46,467)	1,591,535	2,453,170
Comprehensive income					
Profit for the year	-	-	-	342,763	342,763
Other comprehensive income					
Currency translation differences	-	-	17,738	-	17,738
Shares repurchased	(1,001)	-	-	-	(1,001)
Transfer to statutory reserve	-	24,470	-	(24,470)	-
Dividend	(49,986)	-	-	(270,929)	(320,915)
As at 31 December 2020 (Audited)	600,260	281,325	(28,729)	1,638,899	2,491,755
Comprehensive income					
Profit for the period	-	-	-	144,551	144,551
Other comprehensive income					
Currency translation differences	-	-	(25,612)	-	(25,612)
Dividend	-	-	-	(155,708)	(155,708)
As at 30 June 2021 (Unaudited)	600,260	281,325	(54,341)	1,627,742	2,454,986

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Six Months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash generated from operations	40,061	158,182
Interest paid	(1,232)	(2,664)
Income tax paid	(50,076)	(41,107)
Net cash (used in)/generated from operating activities	(11,247)	114,411
Cash flows from investing activities		
Property, plant and equipment ("PPE")	(55,840)	(30,655)
Proceeds from disposal of PPE	15	764
Acquisition of right-of-use assets	-	(6,204)
Purchase of intangible assets	(1,791)	(115)
Purchases of financial assets at FVPL	(361,200)	(552,000)
Disposals of financial assets at FVPL	358,410	463,988
Interest received	3,047	2,881
Net cash used in investing activities	(57,359)	(121,341)
Cash flows from financing activities		
Proceeds from borrowings	81,370	110,424
Repayments of borrowings	(133,091)	(159,042)
Principal elements of lease payments	(3,794)	(3,419)
Net cash used in financing activities	(55,515)	(52,037)
Net increase in cash and cash equivalents	(124,121)	(58,967)
Cash and cash equivalents at beginning of year	577,237	562,782
Exchange gains on cash and cash equivalents	(4,541)	513
Cash and cash equivalents at end of period	448,575	504,328

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

1 GENERAL INFORMATION

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

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

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

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

2.1 Basis of preparation

The unaudited condensed consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with International Financial Reporting Standards issued by International Accounting Standard Board (“IASB”) 34 Interim Financial Reporting. The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2020.

2.2 Principal accounting policies

The accounting policies used in the preparation of the condensed consolidated financial statements are consistent with those used in the financial statements contained in the 2020 annual report except for the adoption of the new standards, amendments or interpretations issued by the IASB which are mandatory for the annual period beginning on or after 1 January 2021. The adoption of these standards, amendments or interpretations has no material effect on the Group’s financial position or results of operations. The Group has not early adopted the new standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company (the “Directors”) anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Fair value estimation

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows as follows:

- The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the groups is the current bid price. These instruments are included in level 1.
- The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Financial assets at FVPL are wealth management products.

Recurring fair value measurements				
At 30 June 2021	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets				
— Wealth management products	–	–	5,200	5,200
Total assets	–	–	5,200	5,200

The Group has a team that manages the valuation of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of investments on a case by case basis. At least once every year, the team would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

3 SEGMENT REPORT

Management has determined the operating segments based on the reports reviewed by the board of Directors of the Company (the "Board") which are used for making strategic decisions.

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

	PRC RMB'000 (Unaudited)	International RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
For the six months ended 30 June 2021			
Sales – Revenue from external customers	1,020,373	529,414	1,549,787
Inter-segment revenue	–	–	–
Revenue from external customers	1,020,373	529,414	1,549,787
Cost of sales	(778,124)	(417,078)	(1,195,202)
Segment result	242,249	112,336	354,585
For the six months ended 30 June 2020			
Sales – Revenue from external customers	893,864	463,344	1,357,208
Inter-segment revenue	–	–	–
Revenue from external customers	893,864	463,344	1,357,208
Cost of sales	(639,233)	(361,967)	(1,001,200)
Segment result	254,631	101,377	356,008

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

3 SEGMENT REPORT (continued)

A reconciliation of total segment results to total profits for the periods is provided as follows:

	Six Months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Segment result for reportable segments	354,585	356,008
Other income	26,276	12,626
Other gains/(losses) – net	8,791	4,378
(Impairment)/reversal of losses on financial assets – net	(5,851)	327
Distribution expenses	(104,206)	(81,989)
Administrative expenses	(84,665)	(82,125)
Operating profit	194,930	209,225
Finance income	3,047	2,881
Finance costs	(5,773)	(2,151)
Finance (costs)/income – net	(2,726)	730
Profit before income tax	192,204	209,955
Income tax expenses	(47,653)	(54,286)
Profit for the period	144,551	155,669

	Six Months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue		
Dairy products	1,278,674	1,142,524
NCSD products	266,078	205,365
Filling machines	3,143	6,830
Digital services	1,892	2,489
	1,549,787	1,357,208

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

4 REVENUE AND OTHER INCOME AND OTHER GAINS/(LOSSES) – NET

	Six Months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Sales of products	1,549,787	1,357,208
Other income – net:		
– Income from sales of scrap materials	13,485	8,267
– Subsidy income from government	12,791	4,359
	26,276	12,626
Other gains/(losses) – net:		
– Net fair value gains on wealth management products at FVPL	2,411	3,219
– Loss/(gain) on disposal of assets	(34)	(101)
– Unrealised net fair value gains on derivative financial instruments	7,650	–
– Realised net fair value losses on derivative financial instruments	(11,197)	–
– Foreign exchange gain/(loss)	5,314	(2,615)
– Others	4,647	3,875
	8,791	4,378

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

5 EXPENSES BY NATURE

	Six Months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Raw materials and consumables used	975,702	796,115
Taxes and Surcharges	6,799	7,845
Provision for obsolescence on inventories	–	3,658
Depreciation and amortisation charges	76,790	85,147
– Depreciation of PPE	68,765	75,859
– Depreciation of right-of-use assets	4,016	4,417
– Amortisation of intangible assets	4,009	4,871
Employee benefit expenses	151,003	134,148
Auditors' remuneration		
– Audit services	1,240	1,233
– Non-audit services	–	–
Transportation expenses	63,441	46,718
Repair and maintenance expenses	13,587	13,843
Research and development expenses	8,306	6,661
Electricity and utilities	23,403	21,612
Rental expenses	1,086	222
Plating expenses	8,591	6,935
Professional fees	8,472	5,320
Travelling expenses	5,158	2,944
Advertising and promotional expenses	11,740	9,645
Other expenses	28,755	23,268
Total cost of sales, distribution expenses and administrative expenses	1,384,073	1,165,314

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

6 FINANCE INCOME AND FINANCE COSTS

	Six Months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Interest income	3,047	2,881
Finance income	3,047	2,881
Interest expense – bank borrowings	(1,138)	(2,419)
Interest expense – lease	(94)	(245)
Exchange loss – net	(4,541)	513
Finance costs	(5,773)	(2,151)

7 INCOME TAX EXPENSE

	Six Months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Current income tax:		
Enterprise income tax ("EIT")	52,412	56,977
Deferred income tax:	(4,759)	(2,691)
Income tax expense	47,653	54,286

The Group's subsidiaries established in the PRC except for Greatview Aseptic Packaging (Inner Mongolia) Co., Ltd. and Qingdao Likang Food Packaging Technology Co., LTD. are subject to the PRC statutory income tax rate of 25% (2020: 25%) on the taxable income for the year. Hong Kong profits tax has been provided at rate of 16.5% for the current year (2020: 16.5%). The profits tax of Greatview Aseptic Packaging Manufacturing GmbH and Greatview Aseptic Packaging Service GmbH has been provided at rate of 30.8%. Greatview Aseptic Packaging Europe GmbH is subject to the Swiss statutory income tax rate of 11.35%.

Greatview Aseptic Packaging (Inner Mongolia) Co., Ltd. is located in a special economic zone with 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

7 INCOME TAX EXPENSE (continued)

Qingdao Likang Food Packaging Technology Co., LTD. 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 EIT.

	Six Months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Profit before tax	192,204	209,955
Tax calculated at domestic tax rates applicable to profits in the respective countries	41,957	52,938
Withholding tax on dividends	6,620	8,775
Preferential tax treatment for a subsidiary	(7,607)	(4,789)
Income not subject to tax	(37)	(644)
Expenses not deductible for tax purposes	5,064	(1,488)
Tax losses for which no deferred income tax asset is recognised	3,519	2,447
Utilisation of previously unrecognised tax losses	(76)	–
Others	(1,787)	(2,953)
Income tax expense	47,653	54,286

8 EARNINGS PER SHARE

	Six Months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Profit attributable to equity holders of the Company (RMB'000)	144,551	155,669
Weighted average number of ordinary shares in issue (thousands)	1,336,631	1,337,019
Basic and diluted earnings per share (RMB per share)	0.108	0.116

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 period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

9 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RMB'000	Machinery RMB'000	Vehicles and office equipment RMB'000	Construction in progress RMB'000	Leasehold improvement RMB'000	Total RMB'000
Cost						
As at 1 January 2020 (Audited)	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 adjustment	8,121	10,612	(145)	799	48	19,435
As at 31 December 2020 (Audited)	724,553	1,585,203	66,076	80,574	1,790	2,458,196
Additions	-	-	239	55,601	-	55,840
Transfer upon completion	96	10,273	4,488	(14,857)	-	-
Disposals	-	(272)	(681)	-	-	(953)
Exchange adjustment	(11,799)	(17,457)	(1,221)	(11)	(77)	(30,565)
As at 30 June 2021	712,850	1,577,747	68,901	121,307	1,713	2,482,518
Accumulated depreciation						
As at 1 January 2020 (Audited)	(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 (Audited)	(157,567)	(928,330)	(58,536)	-	(1,527)	(1,145,960)
Charge for the year	(12,689)	(52,716)	(3,280)	-	(80)	(68,765)
Disposals	-	250	654	-	-	904
Exchange differences	2,826	7,637	1,100	-	65	11,628
As at 30 June 2021	(167,430)	(973,159)	(60,062)	-	(1,542)	(1,202,193)
Net book value						
As at 31 December 2020 (Audited)	566,986	656,873	7,540	80,574	263	1,312,236
As at 30 June 2021 (Unaudited)	545,420	604,588	8,839	121,307	171	1,280,325

As at 30 June 2021, our Group received certain banking facilities of approximately RMB130.0 million, through pledging properties with net book value of approximately RMB88.9 million (31 December 2020: approximately RMB90.9 million) and land use rights with net book value of approximately RMB24.8 million (31 December 2020: approximately RMB25.1 million) to banks.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

10 RIGHT-OF-USE ASSETS

	Land use rights (a) RMB'000	Buildings (b) RMB'000	Office equipment (b) RMB'000	Total RMB'000
Net book value at 1 January 2021	42,646	6,257	948	49,851
Additions	–	–	–	–
Depreciation	(515)	(3,396)	(105)	(4,016)
Net book value at 30 June 2021 (Unaudited)	42,131	2,861	843	45,835

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 period are set out below:

- (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.

11 INVENTORIES

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Raw materials	670,227	542,722
Work in progress	28,661	24,388
Finished goods	182,885	157,175
	881,773	724,285
Less: Provision for obsolescence		
Raw materials	(11,824)	(11,824)
Finished goods	(1,719)	(1,726)
	868,230	710,735

The cost of inventories recognised as expense and included in cost of sales amounted to approximately RMB1,188,403,000 (30 June 2020: RMB993,355,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

12 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Trade receivables – gross	591,157	562,084
Less: Provision for impairment of trade receivables	(27,682)	(22,053)
Trade receivables – net	563,475	540,031
Note receivables	34,731	51,977
Less non-current portion: Trade receivables	(15,899)	(18,957)
	582,307	573,051

The credit terms granted to customers by the Group were usually 0 to 90 days during the period (31 December 2020: 0 to 90 days).

The ageing analysis of the Group's trade receivables based on invoice date are as follows:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
0-90 days	477,370	436,414
91-180 days	53,151	72,148
181-365 days	21,838	12,394
Over 365 days	38,798	41,128
	591,157	562,084

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

13 PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Prepayments		
— advances to suppliers	69,015	36,517
— others deferred expenses	1,854	6,548
— prepayment for land use rights	7,898	7,898
	78,767	50,963
Less non-current portion: Prepayments	(9,752)	(10,407)
	69,015	40,556
Other receivables		
— income tax receivable due to the decrease of tax rate	—	3,632
— staff advances and other payments for employees	4,616	3,071
— value added tax deductible	5,990	1,105
— value added tax receivable	2,674	1,418
— others	21	2,645
	13,301	11,871
	82,316	52,427

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

14 SHARE CAPITAL, SHARE PREMIUM AND CAPITAL RESERVE

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Share capital	11,442	11,442
Share premium	465,970	465,970
Capital reserve	122,848	122,848
	600,260	600,260

(a) Share capital and share premium

Share capital

Authorised:

3,000,000,000 ordinary shares of HK\$0.01 each

Issued and fully paid:

1,336,631,000 ordinary shares of HK\$0.01 each

The total authorised number of ordinary shares is 3,000,000,000 shares (31 December 2020: 3,000,000,000 shares) with a par value of HK\$0.01 per share (31 December 2020: HK\$0.01 per share). The number of ordinary shares issued is 1,336,631,000 (31 December 2020: 1,336,631,000) with nominal value of HK\$0.01 per share (31 December 2020: HK\$0.01 per share).

Share premium

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
As at 1 January	465,970	516,953
Share buyback	–	(997)
Share premium make up for loss	–	–
Transfer (to)/from retained earnings	–	–
Dividends	–	(49,986)
As at the end of period/year	465,970	465,970

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

14 SHARE CAPITAL, SHARE PREMIUM AND CAPITAL RESERVE *(continued)*

(b) Capital reserve

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
As at 1 January	122,848	122,848
Share options – value of employee services	–	–
Capitalisation as issued shares as part of the Reorganisation	–	–
As at the end of period/year	122,848	122,848

15 BORROWINGS

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Current		
Secured		
Bank borrowings – EUR	44,711	61,027
– USD	94,317	130,498
	139,028	191,525
Non-Current		
Secured		
Bank borrowings – EUR	9,608	14,044
Total borrowing	148,636	205,569

All secured bank borrowings of RMB148,636,000 were guaranteed by the Company (2020: RMB205,569,000 were guaranteed by the Company).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

15 BORROWINGS (continued)

Payment schedule

The Group's borrowings as at each of balance sheet date are repayable as follows:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Within 1 year	139,028	191,525
Between 1 and 2 years	7,686	8,025
Between 2 and 5 years	1,922	6,019
	148,636	205,569

16 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Trade payables	307,079	270,888
Notes payables	239,383	276,155
Advance from customers	12,409	29,894
Accrued expenses	130,565	116,270
Salary and welfare payable	23,632	35,362
Other tax payables	4,700	11,304
Other payables	158,076	6,506
	875,844	746,379

As at 30 June 2021, the ageing analysis of the Group's trade payables based on invoice date are as follows:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Within 30 days	255,399	227,268
31-90 days	48,260	42,457
91-365 days	1,050	499
Over 365 days	2,370	664
	307,079	270,888

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

17 DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.12 per share (30 June 2020: HK\$0.13 per share), amounting to a total of approximately HK\$160,396,000 (30 June 2020: HK\$173,812,000) for the six months ended 30 June 2021.

18 COMMITMENTS

The Group's capital commitments at the balance sheet date are as follows:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Contracted but not provided for – Property, plant and equipment	22,335	27,967

19 RELATED-PARTY TRANSACTIONS

The following transactions took place between the Group and related parties at terms agreed between and parties:

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:

	Six Months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Salaries and other short-term employees benefits	6,424	5,561
Social security cost	399	161
	6,823	5,722

20 APPROVAL OF THE PUBLICATION OF THE INTERIM FINANCIAL STATEMENTS

The unaudited condensed interim financial statements were approved and authorised for issue by the Board on 27 August 2021.