GREATVIEW

2020

ANNUAL REPORT

Greatview Aseptic Packaging Company Limited

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

CONTENTS


Greatview® Luster
Carrots
Chocolate Power
250mL
GREATVIEW
Super Carrots
250mL
GREATVIEW
Super Carrots
250mL
GREATVIEW
Strawberry Rocks
250mL
GREATVIEW
GREATVIEW

CORPORATE INFORMATION

DIRECTORS

Executive Directors

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

Non-Executive Directors

Mr. HONG Gang *(Chairman)*
Mr. HSU David (resigned with effect from 30 March 2020)
Mr. PANG Yiu Kai (appointed with effect from 30 March 2020)

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

AUTHORISED REPRESENTATIVES

Mr. BI Hua, Jeff
Ms. SO Lai Shan

AUDIT COMMITTEE

Mr. LUETH Allen Warren *(Chairman)*
Mr. BEHRENS Ernst Hermann
Mr. HSU David (resigned with effect from 30 March 2020)
Mr. ZHU Jia
Mr. PANG Yiu Kai (appointed with effect from 30 March 2020)

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")

14 Jiuxianqiao Road
Chaoyang District
Beijing 100015
The PRC

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISERS

Iu, 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
Grand Cayman KY1-1111
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

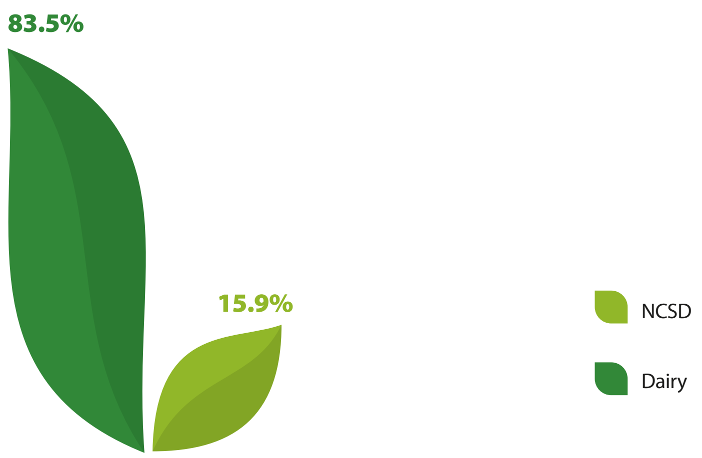
www.greatviewpack.com

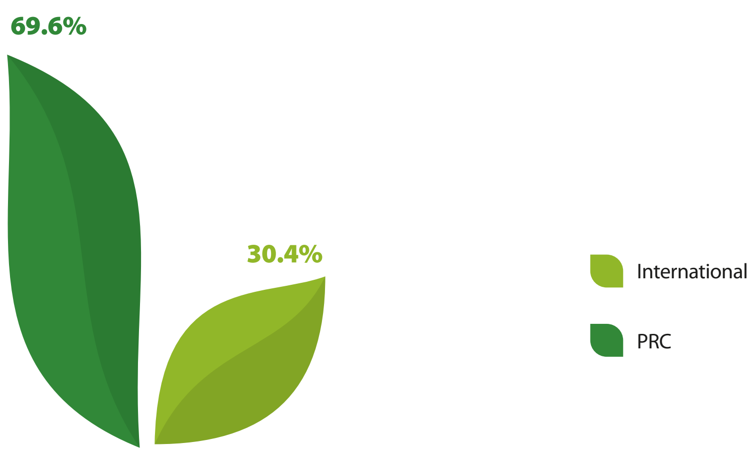

Greatview® Shine
GREATVIEW
Greatview® Shine
200mL

FINANCIAL SUMMARY

	Year ended 31 December		
	2020	2019	Percentage
	RMB (million)	RMB (million)	%
Revenue	**3,038.9**	2,706.9	12.3
Gross profit	**805.6**	668.2	20.6
Net profit	**342.8**	337.3	1.6
Profit attributable to shareholders	**342.8**	337.3	1.6
Earnings per share — basic and diluted (RMB)	**0.26**	0.25	4.0
Proposed dividend per share (HK$)	**0.14**	0.14	–

REVENUE ANALYSIS

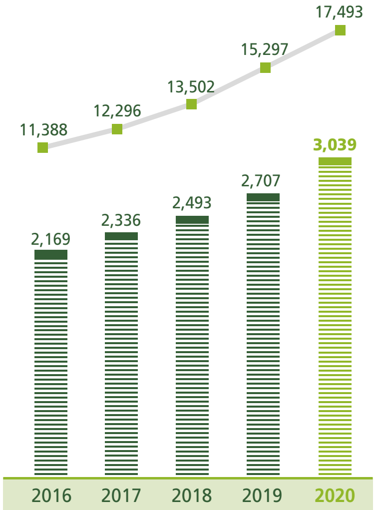





Greatview® Brilliance
Greatview® Brilliance
premium
Milk
200mL
Greatview® Brilliance
200mL
Greatview® Brilliance
premium
Milk
200mL

FIVE YEARS FINANCIAL SUMMARY

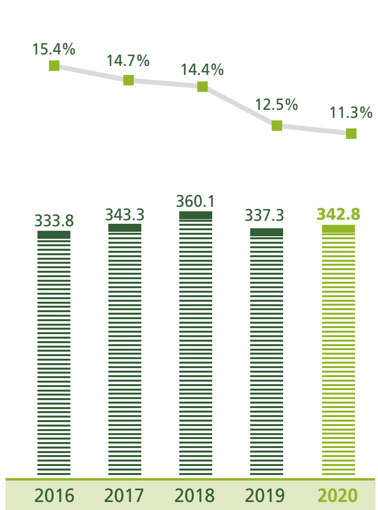
REVENUE TREND



Volume (in million packs)

Revenue
(in RMB million)

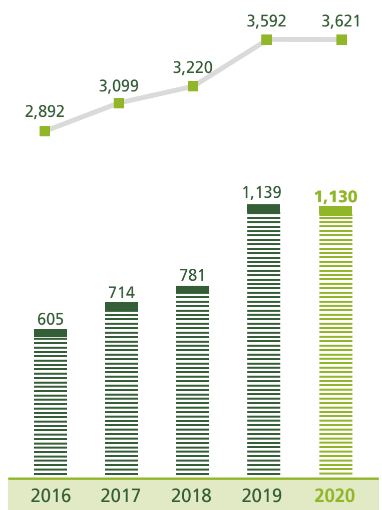
PROFIT TREND



% of Revenue

Net Profit
(in RMB million)

ASSET AND LIABILITY TRENDS



Total Assets
(in RMB million)

Total Liabilities
(in RMB million)

	2020 **RMB'000**	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000
Assets					
Non-current assets	**1,524,312**	1,581,743	1,427,761	1,434,873	1,368,351
Current assets	**2,097,081**	2,010,630	1,792,699	1,663,875	1,524,011
Total assets	**3,621,393**	3,592,373	3,220,460	3,098,748	2,892,362
Liabilities					
Non-current liabilities	**110,790**	124,230	119,480	91,223	91,674
Current liabilities	**1,018,848**	1,014,973	661,621	622,492	513,386
Total liabilities	**1,129,638**	1,139,203	781,101	713,715	605,060
Total equity	**2,491,755**	2,453,170	2,439,359	2,385,033	2,287,302

CEO'S STATEMENT

EMBRACING THE BRIGHT FUTURE OF DIGITAL INTELLIGENCE

2020 was a difficult year for many reasons. Looking around the world, both the market economy and consumer pre-ference have been impacted by COVID-19 and trade protectionism. In the consumer sector, consumer behaviour, marketing channels and technologies have also continued to evolve. "New Retail", such as online shopping, community marketing and livestream-based broadcasting have developed rapidly. Greatview's achievements and development were mainly due to the steady growth of our business in both international and domestic markets, resulting in a 12.3% increase in overall revenue.

In the PRC, the economy declined early in the year and then gradually recovered. COVID-19 has increased consumers' health consciousness which in a way brought benefits to major dairy companies and related enterprises in the industry. The market competition among domestic dairy companies is still fierce, and market concentration. Against this background, the PRC's liquid dairy product market recorded a growth of 3.1%, and Greatview achieved a growth rate matching that of the market.

In terms of international business, our high-quality products and service system have won us new customers and helped us enter new countries. Our own-brand filling machines and digitalisation services have successfully entered the international market.

Both in the PRC market and international market, great pressure has been placed on Greatview's supply chain logistics and raw material supply chain due to restrictions and impacts of COVID-19 on transportation. Greatview takes great pride in ensuring the safety of employees, overcoming adversities, maintaining production, and working closely with customers to keep milk products, which guarantee people's livelihoods, flowing from farms to the tables of people around the world. Greatview has maintained a stable service and this has been recognised and praised by many customers.

In the field of enterprise digitalisation, Greatview's factories already have a leading edge in the industry. On the client side, our smart packaging products have been used in cooperations with many customers, highlighting vitality of Greatview's innovative nature and enhancing our capacity to serve customers. Our project in co-operation with a leading brand in Central Asia, won in the "Best Marketing Campaign" category of the "World Beverage Innovation Awards" in 2020. At the same time, the project in co-operation with a world leading juice brand was shortlisted. We have been making unremitting efforts in the field of digital intelligence. In the future, based on big data, Internet of Things and artificial intelligence technologies, we will continue to improve our operational efficiency and build the core competitiveness of digitalisation products.

In 2020, sustainability has once again become hot topics globally. With the sustained rise of public awareness, consumers who "consume responsibly" will pay more attention to environmentally friendly packaging and products. As this trend continues to develop, Greatview has launched a low-plastic drinking water packaging solution, using aseptic paper-based packaging and pull-tabs. Compared with an equivalent plastic bottle packaging, a 330mL paper-based carton can reduce plastic used by 86%, thus advocating for reduced plastic usage and an environmentally friendly lifestyle. In the field of recycling, we actively participated in the work of the "Paper-based and Composite Beverage Packaging Recycling Committee", and worked alongside industry partners to create a sustainable circular economy model for the aseptic packaging industry.

In 2021, we will continue to explore environmentally sustainable circular economy business models through the 4R principles of Reuse, Replace, Reduce and Recreate. Focusing on the two development drivers of "Digital Intelligence" and "Sustainable Development", Greatview will continuously innovate and upgrade our packaging solutions, so as to create more value for customers.

BI Hua, Jeff
CEO and Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

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

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

Business Performance

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

* *For identification purpose only*

Management Discussion and Analysis

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

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

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

Product Development

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

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

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

Management Discussion and Analysis

Operations

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

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

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

Management Discussion and Analysis

Market Drivers

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

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

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

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

Management Discussion and Analysis

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

Production Capacity and Utilisation

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

Suppliers and Raw Materials

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

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

Key Achievements

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

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

Management Discussion and Analysis

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

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

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

* *For identification purpose only*

Management Discussion and Analysis

Relationships with Stakeholders

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

Compliance with Applicable Laws and Regulations

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

During the year and up to the date of this annual report, the board (the "Board") of directors (the "Directors") of the Company was not aware of any non-compliance with relevant laws and regulations that have a significant impact on the business and operations of our Group.

FINANCIAL REVIEW

Overview

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

Revenue

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

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

Management Discussion and Analysis

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

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

Cost of Sales

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

Gross Profit and Gross Margin

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

Other Income

Our other income decreased by approximately RMB4.0 million, or 9.7%, to approximately RMB 37.3 million for the year ended 31 December 2020 from approximately RMB41.3 million for the year ended 31 December 2019. It was primarily due to the decrease of government subsidy.

Other (Losses)/Gains

Our other losses increased by approximately RMB53.5 million, or 139.2%, to approximately RMB 15.0 million for the year ended 31 December 2020 from other gains approximately RMB38.4 million for the year ended 31 December 2019. It was primarily due to the net fair value losses on foreign currency forwards in 2020 and the bargain purchase arising from the acquisition of Likang occurred in 2019.

Management Discussion and Analysis

Distribution Expenses

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

Administrative Expenses

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

Taxation

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

Profit for the Year and Net Profit Margin

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

LIQUIDITY AND FINANCIAL RESOURCES

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

Analysis of Turnover of Inventories, Trade Receivables and Payables

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

Management Discussion and Analysis

Borrowings and Finance Cost

Borrowings of our Group as at 31 December 2020 were bank borrowings which amounted to approximately RMB205.6 million (2019: approximately RMB320.8 million) and denominated in Euro and US$. Amongst the borrwings, approximately RMB191.5 million (2019: approximately RMB299.3 million) will be repayable within one year and approximately RMB14.0 million (2019: approximately RMB21.5 million) will be repayable after one year. For the year under review, the net finance cost of our Group was approximately RMB5.2 million (2019: net finance income of approximately RMB1.9 million). For details of the borrowings of our Group, please refer to notes 20 and 26 to the consolidated financial statements contained in this annual report.

Gearing Ratio

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

Working Capital

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

Foreign Exchange Exposure

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

Capital Expenditure

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

Charge on Assets

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

Contingent Liabilities

The Company has identified certain contingent liabilities in the normal course of business.

Having considered all the facts of these matters, including legal advice when relevant, the Directors are of the view that there are no material contingent liabilities as at 31 December 2020 (2019: nil).

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2020, our Group employed approximately 1,673 employees (31 December 2019: approximately 1,590 employees). Our Group offered competitive salary packages, as well as discretionary bonuses, cash subsidies and contribution to social insurance to our employees. Total employee benefit expenses for the year ended 31 December 2020 amounted to approximately RMB281.8 million (2019: approximately RMB271.5 million). In general, we determine employee salaries based on each employee's qualifications, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis of our decisions with respect to salary raises, bonuses and promotions. In order to ensure that our Group's employees remain competitive in the industry, the Company has adopted training schemes for our employees managed by our human resources department. For details of the remuneration of our Group, please refer to note 25 to the consolidated financial statements contained in this annual report.

PROSPECTS

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

- Expanding our market share in the PRC through deepened cooperation with existing customers and growing our customer base;
- Further developing our international business;
- Broadening our product offering of packaging material and filling equipment, and improving after sales service;
- Increasing our capacities and sustainabilities; and
- Driving operational excellence.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

***Mr. BI Hua**, Jeff (畢樺)*

Mr. BI Hua, Jeff (畢樺), aged 57, joined our Group as chief executive officer of the Company (the "Chief Executive Officer") in March 2003 and was appointed as an executive Director on 29 July 2010. He is primarily responsible for our overall business strategy formulation, execution and organisational development. Mr. Bi is also a director of our subsidiaries, namely Partner One Enterprises Limited ("Partner One"), Falcon Eye Global Limited, Global Land International Industries Limited, Greatview Holdings Limited ("Greatview Holdings"), Esight Company Limited, Greatview Aseptic Packaging (Shandong) Co. Ltd. ("Greatview Shandong"), Greatview Aseptic Packaging (Inner Mongolia) Co. Ltd. ("Greatview Inner Mongolia"), Greatview Beijing Trading Co. Ltd. ("Greatview Beijing"), Greatview Aseptic Packaging Europe GmbH (formerly known as Tralin Pak Europe GmbH and GA Pack Europe GmbH), Greatview Aseptic Packaging Manufacturing GmbH (formerly known as GA Pack Property GmbH and GA Pack Manufacturing GmbH) and Likang. Mr. Bi has more than 23 years of experience in marketing development in the aseptic packaging industry as well as company management. From 1997 to 2003, he was a sales and marketing manager at a leading aseptic packaging producer. From 1992 to 1997, Mr. Bi was the Greater China manager of Echostar Corporation, a software and service provider for television companies worldwide. Mr. Bi graduated from the University of Denver with a Master of Arts degree in 1991. He did not hold any directorship in other listed public companies in the last three years. For the interests of Mr. Bi in the shares of the Company (the "Shares") or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("SFO") as at 31 December 2020, please refer to the paragraph headed "Interests and Short positions of the Directors and Chief Executive in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" of page 32 of this annual report for details.

Mr. CHANG Fuquan (常福泉)

Mr. CHANG Fuquan (常福泉), aged 63, is our chief financial officer and was appointed as an executive Director on 27 March 2019. Mr. Chang joined our Group in June 2005 and was appointed as a director of our subsidiaries, namely Greatview Holdings and Partner One on 5 August 2019. Mr. Chang is also a director of our subsidiaries, namely Greatview Beijing, Greatview Shandong, Greatview Inner Mongolia and Likang. He was the joint company secretary of the Company from November 2010 to March 2019. He is primarily responsible for the overall accounting, financial management and treasury of our Group. Mr. Chang has over 31 years of experience in financial management. Prior to joining us, Mr. Chang was the chief finance officer of Fujian Nanping Nanfu Battery Co., Ltd. from 2002 to 2005, the finance controller of John Deere Jialian Harvester Co. Ltd. from 1999 to 2001, the deputy finance controller of China Automotive Components Corporation from 1997 to 1999, the chief financial officer of San Miguel Bada (Baoding) Brewery Co., Ltd. from 1995 to 1996 and the financial director of China Enterprise Culture Group from 1992 to 1994. Mr. Chang has also worked as the financial supervisor at 北京麥當勞食品有限公司 (Beijing McDonald's Food Co Ltd.) from 1994 to 1995 and as an accountant in each of Bohai Oil Corporation and Oil Drilling Service Co, both being subsidiaries of China National Offshore Oil Corporation from 1985 to 1992. Mr. Chang graduated from Xiamen University in the PRC in 1985, major in International Accounting. He completed a Master of Accounting Class in Xiamen University in the PRC in 1998. He did not hold any directorship in other listed public companies in the last three years. For the interests of Mr. Chang in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO as at 31 December 2020, please refer to the paragraph headed "Interests and Short positions of the Directors and Chief Executive in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" of page 32 of this annual report for details.

Board of Directors and Senior Management

Non-executive Directors

Mr. HONG Gang (洪鋼)

Mr. HONG Gang (洪鋼), aged 62, is our co-founder and chairman of the Board (the "Chairman"). Mr. Hong joined the Group in March 2003. He was appointed as an executive Director on 29 July 2010 and was re-designated as a non-executive Director on 29 August 2014. He is primarily responsible for the strategic development and supervision of investor relations of our Group. Mr. Hong has more than 32 years of experience in the packaging industry. From 1993 to 2002, he held various executive positions with a leading aseptic packaging producer. Mr. Hong graduated from Zhejiang University in the PRC with a Bachelor of Science degree in 1982 and obtained a Master of Philosophy (Development Studies) degree from Sussex University in the United Kingdom in 1987. He did not hold any directorship in other listed public companies in the last three years. For the interests of Mr. Hong in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO as at 31 December 2020, please refer to the paragraph headed "Interests and Short positions of the Directors and Chief Executive in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" of page 32 of this annual report for details.

Mr. PANG Yiu Kai (彭耀佳)

Mr. PANG Yiu Kai (彭耀佳), *GBS, JP*, aged 60, was appointed as a non-executive Director on 30 March 2020. He joined the board of Jardine Matheson Holdings Limited (Jardine Matheson Holdings Limited and its subsidiaries are referred as "Jardine Matheson Group") (a company which has a standard listing on the London Stock Exchange (the "LSE"), with secondary listings on the Bermuda Stock Exchange (the "BSX") and Singapore Exchange (the "SGX") with stock codes JAR, JMHBD.BH and J36, respectively) in 2011 and was appointed deputy managing director in 2016 and chairman of Hong Kong in October 2019. He has held a number of senior executive positions in the Jardine Matheson Group, which he joined in 1984, including chief executive of Hongkong Land Holdings Limited between 2007 and 2016. He is chairman of Jardine Pacific Limited. Mr. Pang is also deputy chairman of Jardine Matheson Limited, and a director of Dairy Farm International Holdings Limited (a company which has a standard listing on the LSE, with secondary listings on the BSX and SGX with stock codes DFI, DFIBD.BH and D01, respectively), Gammon China Limited, Hongkong Land Holdings Limited (a company which has a standard listing on the LSE, with secondary listings on the BSX and SGX with stock codes HKLD, HKLBD.BH and H78, respectively), Jardine Matheson (China) Limited, Jardine Strategic Holdings Limited (a company which has a standard listing on the LSE, with secondary listings on the BSX and SGX with stock codes JDS, JSHBD.BH and J37, respectively) and Mandarin Oriental International Limited (a company which has a standard listing on the LSE, with secondary listings on the BSX and SGX with stock codes MDO, MOIBD.BH and M04, respectively). Mr. Pang was a director of Yonghui Superstores Co., Ltd. (a company listed on the Shanghai Stock Exchange with stock code 601933) from August 2016 to December 2018. He was also a non-executive director of Zhongsheng Group Holdings Limited (a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with stock code 881) from August 2016 to October 2019. Save as disclosed above, he did not hold any directorship in other listed public companies in the last three years.

Mr. Pang graduated from the University of Nottingham with a Bachelor of Science Degree in Civil Engineering and a Master of Business Administration degree from the University of Edinburgh in the United Kingdom. He completed the Program for Global Leadership at Harvard Business School in 1998. He was conferred an Honorary Doctorate degree by the University of Edinburgh in July 2016 and an Honorary Doctorate degree in Education by the Education University of Hong Kong in November 2018.

Board of Directors and Senior Management

Independent Non-executive Directors

Mr. LUETH Allen Warren

Mr. LUETH Allen Warren, aged 52, was appointed as an independent non-executive Director on 15 November 2010. Mr. Lueth is primarily responsible for scrutinising and monitoring the performance of the Group. Mr. Lueth is currently an independent director of Fanhua Inc. (FANH NASDAQ), one of the largest independent financial service providers in the PRC primarily focused on insurance distribution. Since February 2021, Mr. Lueth has served as president and chief financial officer of Great Leap Brewing (Tianjin) Co., LTD, a company mainly engaged in producing and distributing beer in the PRC. From September 2019 to February 2021, Mr. Lueth served as a president and chief financial officer of International Institute of Education Group, a company mainly engaged in language education in the PRC. From 2017 to 2019 and 2010 to 2017, Mr. Lueth served as a chief financial officer for Asia-Pacific region and a vice president of finance for the PRC region for Cardinal Health, Inc., a Fortune 500 company engaged in the healthcare industry respectively. From 2005 to 2010, Mr. Lueth served as a vice president of finance and strategy formation for the PRC region for Zuellig Pharma China, which was then acquired by Cardinal Health, Inc. in 2010. Previously, Mr. Lueth worked for GE Capital from 1998 to 2004 in a variety of roles, including chief financial officer and chief executive officer for the Taiwan operations, and representative for the PRC. Earlier, he served with Coopers & Lybrand as an auditor. Mr. Lueth received his Bachelor of Science in business degree from the University of Minnesota and an MBA degree from the Kellogg School of Management at Northwestern University. Mr. Lueth obtained his certificate as a certified public accountant in 1991 and certified management accountant in 1994. Save as disclosed above, he did not hold any directorship in other listed public companies in the last three years.

Board of Directors and Senior Management

Mr. BEHRENS Ernst Hermann

Mr. BEHRENS Ernst Hermann, aged 73, was appointed as an independent non-executive Director on 15 November 2010. Mr. Behrens is primarily responsible for scrutinising and monitoring the performance of our Group. From 2005 to 2009, Mr. Behrens was a senior adviser of China business of Vermilion Partners Limited, which is a private equity and investment advisory firm based in the PRC offering a range of merchant banking and corporate advisory services to leading multinationals, Chinese companies and investors. Mr. Behrens was the non-executive chairman of European Aeronautic Defence and Space Company of China ("EADS China") from 2007 to 2009 and the president and chief executive officer of EADS China from 2005 to 2006. From 1997 to 2004, Mr. Behrens served as the president and chief executive officer of Siemens Ltd., China and from 1992 to 1997, he served as the president and chief executive officer of Siemens Inc. Philippines. Prior to joining Siemens Inc. Philippines, Mr. Behrens was an executive vice president of Electronic Telephone Systems, Industries Inc., Philippines from 1984 to 1992; a country representative for Siemens in Jebsen and Co. PRC from 1981 to 1984; a technical and administration manager of Nixdorf Computers, Hong Kong from 1976 to 1981; the head of field engineering of Nixdorf Computers, Germany from 1972 to 1976 and an electronics engineer of German Naval Air Force, Germany from 1968 to 1971. Mr. Behrens was the chairman of the Executive Committee of Foreign Investment Companies in China from 2002 to 2005; the president of the European Union Chamber of Commerce in China from 2002 to 2004; the president of the German Chamber of Commerce in China from 1999 to 2001; the president of the European Chamber of Commerce in Philippines from 1995 to 1997 and its treasurer from 1993 to 1994. Mr. Behrens was honored by Beijing Municipality with the Great Wall Friendship Award in 2004; awarded by Shanghai Municipality with the Magnolia Award Gold level in 2003 and decorated by the German government with the cross of the Order of Merit in 1993. Mr. Behrens was appointed as an independent non-executive director by Deutsche Bank (China) Co. Ltd. from March 2011 to July 2017 and a non-executive director by Nordex (Beijing) Wind Power Engineering & Technology Co. from the first half year of 2011 to December 2017. Save as disclosed above, he did not hold any directorship in other listed public companies in the last three years.

Mr. ZHU Jia (竺稼)

Mr. ZHU Jia (竺稼), aged 58, is an independent non-executive Director. Mr. Zhu joined the Group in 2006 and was appointed as a non-executive Director on 29 July 2010 until his re-designation as an independent non-executive Director on 15 March 2018. He is currently a managing director of Bain Capital Private Equity (Asia), LLC and an independent non-executive director of Sunac China Holdings Limited (stock code: 1918) ("Sunac China"), the shares of which are listed on the Main Board of the Stock Exchange. Since 4 January 2020, Mr. Zhu has served as a director of RISE Education Cayman Limited (REDU NASDAQ). He is also a director of Chindata Group Holdings Limited (CD NASDAQ) currently. From 1996 to 2006, Mr. Zhu was a managing director of Morgan Stanley Asia Limited and the chief executive officer of its China business. From November 2007 to March 2016, Mr. Zhu was an independent non-executive director of Youku Tudou Inc., which is listed on New York Stock Exchange. He also served as a non-executive director of GOME Electrical Appliances Holding Limited (currently known as Gome Retail Holdings Limited) (stock code: 493) from August 2009 to January 2015, the shares of which are listed on the Main Board of the Stock Exchange. From September 2009 to November 2016, Mr. Zhu was a non-executive director of Sunac China. From August 2011 to June 2020, Mr. Zhu was a non-executive director of Clear Media Limited (stock code: 100), the shares of which are listed on the Main Board of the Stock Exchange. Mr. Zhu graduated from Zhengzhou University with a Bachelor of Arts degree in 1982 and obtained a Master of Arts degree from Nanjing University in 1984. He obtained a Juris Doctor Degree from Cornell Law School in 1992. Mr. Zhu is a trustee of Cornell University in the U.S. and Nanjing University in the PRC. Save as disclosed above, he did not hold any directorship in other listed public companies in the last three years. Save as disclosed in this annual report, Mr. Zhu does not hold any other position with the Company or other members of the Group.

Board of Directors and Senior Management

SENIOR MANAGEMENT

Mr. BI Hua, Jeff (畢樺)

Biographical details of Mr. BI Hua, Jeff are set out on page 21 of this annual report.

Mr. CHANG Fuquan (常福泉)

Biographical details of Mr. CHANG Fuquan are set out on page 21 of this annual report.

Mr. LIU Jun (劉鈞)

Mr. LIU Jun (劉鈞), aged 59, is our Chief Operating Officer. Mr. Liu rejoined our Group in February 2020. He is primarily responsible for management and operations. He's also a director of our subsidiaries, Greatview Holdings, Partner One, Greatview Beijing, Greatview Shandong, Greatview Inner Mongolia and Likang. He was our executive Director from August 2014 to January 2019. Mr. Liu has nearly 30 years of experience in management and technology, including many years in high-tech industries. Mr. Liu was the general manager of the China branch of an international process control product producer for the semiconductor, mask, and related industries from 2006 to 2009. Prior to joining the aforesaid company, Mr. Liu was with an international producer of chemical vapor deposition (CVD), physical vapor deposition (PVD), electrochemical deposition (ECD), and surface preparation equipment used in the manufacturing of semiconductors. Mr. Liu graduated from Peking University in the PRC with a Bachelor of Science in Physics in 1983. He obtained a Doctor of Philosophy (Ph.D) in Materials Science from Cornell University in 1992 and an Executive MBA from the China Europe International Business School in the PRC in 2008.

Mr. CHEN Guining (陳桂寧)

Mr. CHEN Guining (陳桂寧), aged 65, is our Chief Technical Officer. Mr. Chen joined our Group in May 2003. He is primarily responsible for technical project of aseptic packaging and filling machine. Mr. Chen has over 28 years of experience in the aseptic packaging industry. Prior to joining us, Mr. Chen was a technical service engineer of a leading aseptic packaging materials producer from 1988 to 2001 and its field service manager from 2001 to 2003, respectively. Mr. Chen graduated from the Beijing Open University with a Bachelor of Science in Machinery Science in 1983.

Mr. YANG Jiuxian (楊久賢)

Mr. YANG Jiuxian (楊久賢) aged 57, is our Sales Director. Mr. Yang joined our Group in September 2003. He is primarily responsible for domestic sales. Mr. Yang has over 21 years of experience in dairy industry management and sales. Mr. Yang was the general manager of NIUMAMA Dairy Co., Ltd. in 2003. Prior to joining NIUMAMA Dairy Co., Ltd., Mr. Yang was a key account manager of Northeast China and Inner Mongolia for a leading aseptic packaging materials producer in Beijing from 2000 to 2003 and a key account manager of six provinces in southwest China for the aforesaid company's Shanghai office from 1998 to 2000. Mr. Yang graduated from the Beijing Union University with a Bachelor of Chinese Language and Literature degree in 1986.

Mr. CHEN Zuqing (陳祖慶)

Mr. CHEN Zuqing (陳祖慶), aged 52, is the Technical Services Director of our Group. Mr. Chen joined our Group in April 2014. He is primarily responsible for after-sales service and technical support for aseptic packaging materials and aseptic filling equipment. Mr. Chen has 21 years of experience in the aseptic packaging industry. Prior to joining our Group, Mr. Chen worked for a leading aseptic packaging materials producer in several positions in the area of technical services from 1997 to 2014. From 1991 to 1997, he worked in Sichuan Airlines and was engaged in management of electronic and electrical maintenance for aircraft. Mr. Chen graduated from the Department of Electrical Engineering of Harbin Institute of Technology in 1991, with a major in micro-motor and electrical control, and a Bachelor of Engineering.

Mr. LEE Victor (李協達)

Mr. LEE Victor (李協達), aged 40, was appointed as our International Business Director and Investor Relations Director in October 2018. He is responsible for the Company's business outside the PRC market and investor relationship management. Mr. Lee joined us from Dairy Farm Group where he was the Regional Finance Director of the IKEA franchise since 2013, covering 4 markets in Asia. Dairy Farm Group is an Asian retail conglomerate and a member of the Jardine Matheson Group. Mr. Lee started his career in PricewaterhouseCoopers in Hong Kong in 2002 where he received his chartered accountant qualification. Mr. Lee graduated from the University of Hong Kong with a Bachelor degree in Business Administration, and he subsequently received a law degree from the University of London.

REPORT OF THE DIRECTORS

The Board presents its report together with the audited consolidated financial statements of the Company and the Group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the activities of its subsidiaries are set out in note 31 to the consolidated financial statements. There were no significant changes in nature of the Group's activities during the year.

BUSINESS MODEL AND STRATEGY

Our mission is to create and add value to the liquid food industry and benefit consumers around the world. We are committed to provide to our customers with customised, high quality and competitively priced products. The Group always endeavours to enhance its enterprise value, ensure the Company's long-term and stable development and benefit its shareholders and other stakeholders. These were demonstrated by putting resources on innovation and research and development in order to continue improving the quality of products and services. The discussion and analysis of the Group's performance and the business review for the year ended 31 December 2020 are set out on pages 10 to 20 under Management Discussion and Analysis and pages 28 to 41 under the Report of the Directors of this annual report respectively.

RESULTS

The results of the Group for the year ended 31 December 2020 are set out in the consolidated income statement.

BUSINESS REVIEW AND FUTURE OUTLOOK

The business review and future outlook of the Group for the year ended 31 December 2020 are set out in the section headed Management Discussion and Analysis on pages 10 to 20 of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operation, business and prospects may be affected by a number of risks and uncertainties. Key risks and uncertainties identified by the Group are set out on page 53 to 54 under the corporate governance report (the "Corporate Governance Report") of this annual report.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT

The Group is committed to enhancing environmental protection to minimise the impact of its activities on the environment. It is the policy of the Group to promote clean operation and strives to making the most efficient use of resources in its operations, and minimising wastes and emission. The Group achieves this through actively re-designing its production activities and operation that encourage and promote recycling of resources, using environmental friendly raw materials and reviewing production operations constantly to ensure that the production processes are effective and efficient.

Since 1 January 2020, Greatview's German factory has been using 100% of green carbon-free electricity, which can reduce carbon dioxide emissions by 5,000 tons per year.

In September 2020, Greatview's German factory successfully passed the inspection of the Roundtable on Sustainable Biomaterials Association (RSB). It provides reliable tools and solutions for sustainability and biomaterial certification.

In December 2020, Greatview's German factory was certified for the use of bio-based LDPE for aseptic packaging of liquid food. Greatview Shandong accepted the Grade A corporate examination and verification for performance management in key environmental protection industries, and has passed in January 2021.

Report of the Directors

Greatview roots its own development in the mutual development of society and environment, strives to reduce energy consumption and carbon emissions. On the road of practicing sustainable development strategy, we have taken another solid step.

Since the outbreak of COVID-19 in 2020, Greatview's pandemic prevention effort has been carried out in an orderly manner, ensuring the health of Greatview's employees and product safety, securing the normal progress of production and operation activities, and providing strong support for the orderly operation of customers and the entire industry chain. Greatview has been affirmed by related parties such as the government and customers.

After the outbreak of COVID-19, in the PRC, Greatview established an emergency response team promptly to strictly implement various pandemic prevention measures. We monitor the body temperature of employees every day, and conduct orderly disinfection at production, office and personnel activity areas. The staff dining tables are equipped with isolation boards, and the employees eat in batches at different time, so as to minimise the gathering. At the same time, we strengthen the pandemic prevention publicity and education, guide employees and outsiders to recognise and understand the characteristics of the virus and prevention methods, and conduct self-protection scientifically and effectively. In addition, Greatview has implemented strict control over external vehicles and raw materials. All external vehicles must be disinfected in sequence before entering the factory. The warehouse staff will organise the disinfection before the raw materials are unloaded and put into the warehouse.

Since February 2020, Greatview's German factory has established an pandemic prevention and control team, released and implemented preventive measures and strict hygiene regulations, and held regular weekly meetings. We are the first factory to implement body temperature measurement, strict supplier management and delivery control of raw materials in the Star Industrial Park in Halle City.

In 2020, Greatview's global employees worked together to overcome numerous difficulties and did their job in an orderly manner to ensure product quality and timely delivery of orders, thereby safeguarding the interests of customers. In March, April and December 2020, Greatview received letters of appreication from international customers respectively, expressing gratitude for Greatview's guarantee of supply and support during this unprecedented period of uncertainty and difficulty. In May 2020, we also granted the honorary title of "Partner with Special Contribution" from China Mengniu Dairy Co., Ltd.

For more details, please refer to the corporate sustainability report of the Group prepared according to the "Environmental, Social and Governance Reporting Guide" pursuant to Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). A separated report is expected to be issued in May 2021.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2020, the aggregate purchases attributable to the Group's largest supplier and the five largest suppliers in aggregate accounted for approximately 11.5% and 41.0% respectively of the Group's total purchases for the year. Revenue attributable to the Group's largest customer and the five largest customers in aggregate accounted for approximately 37.5% and 61.2% respectively of the Group's total revenue for the year.

None of the Directors or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers for the year ended 31 December 2020.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year are set out in note 6 to the consolidated financial statements.

Report of the Directors

SHARE CAPITAL

Details of movements during the year under review in the share capital of the Company are also set out in note 13 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the year under review are set out in the consolidated statement of changes in equity.

As at 31 December 2020, the Company had reserves available for distribution of approximately RMB576.5 million (2019: approximately RMB615.7 million).

DIRECTORS

The Directors during the year under review and up to the date of this annual report were:

Executive Directors

Mr. BI Hua, Jeff
Mr. CHANG Fuquan

Non-Executive Directors

Mr. HONG Gang
Mr. HSU David (resigned with effect from 30 March 2020)
Mr. PANG Yiu Kai (appointed with effect from 30 March 2020)

Independent Non-Executive Directors

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

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the directors and senior management of the Group are set out on pages 21 to 27 of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent throughout the year ended 31 December 2020 and remain so as at the date of this annual report.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

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

None of the Directors, including those to be re-elected at the forthcoming annual general meeting, has a service contract or letter of appointment, which is not determinable by the Group within one year without the payment of compensation, other than statutory compensation.

EMOLUMENT POLICY

A remuneration committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the directors and senior management of the Group, having regard to the Group's operating results, individual performance of the directors and senior management and comparable market practices.

DIVIDEND POLICY

Prsuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO, Greatview and the Board have approved and adopted a dividend policy (the "Dividend Policy").

The Company considers stable and sustainable returns to the shareholders of the Company to be our goal. According to the Dividend Policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia:–

(i) the general financial condition of the Group;

(ii) the Group's actual and future operations and liquidity position;

(iii) the Group's expected working capital requirements and future expansion plans;

(iv) the Group's debt to equity ratios and the debt level;

(v) the retained earnings and distributable reserves of the Company and each of the members of the Group;

(vi) the shareholders' and the investors' expectation and industry's norm;

(vii) the general market conditions; and

(viii) any other factors that the Board deems appropriate.

The declaration and payment of dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands and the Company's articles of association (the "Articles") and any other applicable laws and regulations. The Board will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend, modify and/or cancel the Dividend Policy at any time. The Dividend Policy shall in no way constitute a legally binding commitment by the Group in respect of its future dividend and/or in no way obligate the Group to declare a dividend at any time or from time to time.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five individuals with highest emoluments are set out in note 37 and note 25 to the consolidated financial statements. None of the Directors waived or agreed to waive any emoluments during the year ended 31 December 2020.

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 31 December 2020, interests and short positions in the shares of the Company, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") are as follows:

Interests and Short Position in the Shares and Underlying Shares

Name of Director/ chief executive	No. of Shares	Notes	Capacity	Nature of interest	Percentage of total number of Shares in issue (%) (Note 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 31 December 2020, the Company had 1,336,631,000 Shares in issue.

Save as disclosed above, as at 31 December 2020, 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 31 December 2020, 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 6)
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 Holdings 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%
Janus Henderson Group PLC	66,707,000	5	Investment manager	Long position	4.99%
M&G Plc	79,961,200		Interest of controlled corporation	Long position	5.98%
Edgbaston Investment Partners LLP	65,917,000		Investment manager	Long position	4.93%
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 Holdings Limited is interested in 100% of JSH Venture Holdings Limited. JMH Investments Limited, which is interested in 83.63% of Jardine Strategic Holdings Limited, is whollyowned by Jardine Matheson Holdings Limited. Therefore, Jardine Strategic Holdings Limited and Jardine Matheson Holdings Limited are deemed to be interested in 377,132,584 Shares.

(5) Janus Henderson Group PLC is a listed company on the New York Stock Exchange.

(6) As at 31 December 2020, the Company had 1,336,631,000 Shares in issue.

Save as disclosed above, and as at 31 December 2020, 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.

DIRECTORS’ INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

No transaction, arrangement or contract of significance to the Company in which a Director or an entity connected with such Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the year ended 31 December 2020.

CONTROLLING SHAREHOLDERS’ INTERESTS IN CONTRACTS

Neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company’s controlling shareholders or their fellow subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Company’s controlling shareholders or their fellow subsidiaries during the year ended 31 December 2020.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year under review were rights to acquire benefits by means of the acquisition of Shares or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

DIRECTORS’ INDEMNITIES

Pursuant to article 164 of the Articles, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

CONNECTED TRANSACTIONS

During the year ended 31 December 2020, there was no connected transaction or continuing connected transaction of the Company under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules. Details of significant related party transactions undertaken in the usual course of business are set out in note 33 to the consolidated financial statements. None of these related party transactions constitute a discloseable connected transaction as defined under the Listing Rules.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

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

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

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

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

During the year ended 31 December 2020, there were no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company. As at the date of this annual report, the Group has no future plan to make any significant investment or acquisition of capital assets.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

During the year ended 31 December 2020, the Directors were not aware of any business or interest of the Directors or any substantial shareholder (as defined under the Listing Rules) of the Company and their respective associates that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

Report of the Directors

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 31 December 2020, the aggregate amount of guarantees provided for the banking facilities granted to affiliated companies of the Group by the Company was approximately RMB1,053,740, which exceeded 8% of the assets ratios as defined in Rule 14.07(1) of the Listing Rules. Details of which were 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%	652,490	130,498
Greatview Aseptic Packaging Europe GmbH	100%	200,625	45,940
Greatview Aseptic Packaging Manufacturing GmbH	100%	200,625	29,131

Pursuant to Rule 13.22 of the Listing Rules, a proforma combined statement of financial position of the aforementioned affiliated companies as at 31 December 2020 is presented as follows:

	Proforma combined statement of financial position
	RMB'000
Non-current assets	974,906
Current assets	543,493
Current liabilities	(393,788)
Non-current liabilities	(807,268)
Net assets	317,343

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 31 December 2020.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2020 are set out in note 20 to the consolidated financial statements.

RETIREMENT SCHEMES

Information of the retirement schemes of the Group are set out in notes 2.21 and 25 to the consolidated financial statements.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in Appendix 10 — Model Code under the Listing Rules. Specific enquiry has been made of all the Directors and the Directors have confirmed that they had complied with such code of conduct during the year ended 31 December 2020 and up to the date of this annual report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2020.

DONATIONS

During the year ended 31 December 2020, the Group did not make any donations to charity.

EQUITY-LINKED AGREEMENTS

Save for the share option schemes of the Company as disclosed in the section headed "Share Option Schemes" of this Report of the Directors, the Company has not entered into any equity-linked agreement for the year ended 31 December 2020.

SHARE OPTION SCHEMES

Pre-IPO Share Option Scheme

On 15 November 2010, the Pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") was adopted by resolution of shareholders of the Company. The main purpose of the scheme is, among others, to provide incentives to the employees of the Group with regard to their services and employment. Pursuant to the Pre-IPO Share Option Scheme, for a consideration of HK$1.00, Liwei Holdings (PTC) Limited ("Liwei") was granted options ("Pre-IPO Options") to subscribe for up to 22,000,000 Shares, and Liwei will grant (by way of transfer) the Pre-IPO Options to eligible participants who are (i) any individual who is an executive director or employee of our Group or any entity in which any member of our Group holds any equity interest in ("Invested Entity"); (ii) any non-executive director of any member of our Group or Invested Entity; (iii) any customer or supplier of goods or services of any member of our Group or Invested Entity; (iv) any person or entity that provides research, development or technological support to any member of our Group or Invested Entity; (v) any trustee or any company wholly-owned by any trustee, of a trust established for the benefit of the aforesaid persons; and (vi) any such other person as the Board may consider appropriate. Prior approval from the Board is required for Liwei to grant the Pre-IPO Options. Such approval covers key terms of the Pre-IPO Options including eligibility, performance target and share subscription price. There is no minimum period for which an option must be held before it can be exercised under the Pre-IPO Share Option Scheme, provided that in granting options under the Pre-IPO Share Option Scheme, the Board can determine whether there is any minimum holding period before an option granted under the Pre-IPO Share Option Scheme can be exercised.

The exercise price per Share under the Pre-IPO Share Option Scheme is HK$4.30, being the price per Share at the global offering of the Shares in December 2010. No further option was granted under the Pre-IPO Share Option Scheme on or after the day of the listing of the Shares on the Stock Exchange on 9 December 2010 ("Listing Date"). All options granted under the Pre-IPO Share Option Scheme may be exercised during the option period after the Listing Date to the date falling 10 years from the Listing Date subject to conditions imposed by the Board to the respective employees. The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Pre-IPO Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

The scheme expired on the Listing Date.

Set out below are the details of the outstanding options granted under the Pre-IPO Share Option Scheme:

Name of grantees	Note	Date of grant/ vesting	Exercise period	Exercise price (HK$)	Pre-IPO Options outstanding as at 1 January 2020	Pre-IPO Options vested during the period	Pre-IPO Options exercised during the period	Pre-IPO Options lapsed/ expired/ cancelled during the period	Pre-IPO Options outstanding as at 31 December 2020
Liwei	1	22/11/2010	09/12/2010-22/11/2020	4.30	2,673,000	–	–	(2,673,000)	–
Total					2,673,000	–	–	(2,673,000)	–

Notes:

(1) The Board approved Liwei to grant (by way of transfer) the Pre-IPO Options on 17 March 2011. Pursuant to the Pre-IPO Share Option Scheme, 284 employees were granted the Pre-IPO Options to subscribe for up to 20,010,000 Shares on 17 March 2011. Such 20,010,000 Pre-IPO Options will only be transferred to the employees upon vesting. The Pre-IPO Options vested in four instalments on 1 September 2011, 1 June 2012, 1 June 2013 and 1 June 2014. On 12 April 2013, 3,236,000 Pre-IPO Options which were previously lapsed were taken back by Liwei and would be reallocated to 193 employees of the Group upon vesting. These Pre-IPO Options vested in two installments on 1 June 2013 and 1 June 2014, respectively.

(2) During the year ended 31 December 2020, no Pre-IPO Options were granted, exercised or cancelled, and the remaining 2,673,000 Pre-IPO Share Options were lapsed on 22 November 2020.

Share Option Scheme

Pursuant to the disclosure requirement under Rule 17.09 of the Listing Rules, particulars in relation to the share option scheme of the Company are shown below.

The Company adopted a share option scheme ("Share Option Scheme") with the purpose of providing an incentive for Qualified Participants (as defined below) to work with commitment towards enhancing the value of the Company and the Shares for the benefit of our shareholders, to compensate such employees for their contribution based on their individual performance and that of the Group and to retain and attract high calibre working partners whose contribution are or may be beneficial to the growth and development of the Group.

There is no minimum period for which an option must be held before it can be exercised under the Share Option Scheme, provide that in granting options under the Share Option Scheme, the Board can determine whether there is any minimum holding period, and whether there is any performance target which must be achieved, before an option granted under the Share Option Scheme can be exercised. The Board will also determine the price per Share upon the exercise of an option according to the terms of the Share Option Scheme, provided that it shall be at the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the options; and (iii) the nominal value of the Shares on the date of grant of the options.

The Board may from time to time grant options to (i) any executive Director, or employee (whether full time or part time) of our Company, any member of our Group or any entity in which any member of our Group holds an equity interest; (ii) any non-executive Director (including independent non-executive Directors), any non-executive director of any member of our Group or any Invested Entity; and (iii) any such other person as the Board may consider appropriate (collectively "Qualified Participants").

The Share Option Scheme shall be valid and effective for a period of ten years commencing on 15 November 2010. The amount payable by each grantee of options to the Company on acceptance of the offer for the grant of options is HK$1.00. An option may be exercised at any time during a period which shall not exceed ten years from the date of grant subject to the provisions of early termination under the Share Option Scheme.

The Company shall be entitled to issue options, provided that the total number of Shares which may be issued upon exercise of all outstanding options to be granted under the Share Option Scheme and any other share option scheme of the Company does not exceed 10% of the Shares in issue at the Listing Date, and therefore is currently capped at 133,360,000 Shares. The Company may at any time refresh such limit, subject to compliance with the Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Company does not exceed 30% of the Shares in issue from time to time. The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

The Share Option Scheme expired on 14 November 2020 (the "Expiry Date").

No option has been granted, cancelled or lapsed pursuant to the Share Option Scheme from 1 January 2020 to the Expiry Date.

PUBLIC FLOAT

During the year ended 31 December 2020 and up to the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the best knowledge of the Directors.

PRE-EMPTIVE RIGHT

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

TAX RELIEF AND EXEMPTION

The Board is not aware of any relief or exemption from taxation available to our shareholders by reason of their holdings in the Shares.

Report of the Directors

FINAL DIVIDEND

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

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

CHANGE OF INFORMATION IN RESPECT OF DIRECTORS

Mr. HSU David has resigned as a non-executive Director and a member of the audit committee of the Company (the "Audit Committee") as a consequence of assuming new responsibilities in the Jardine Matheson Group with effect from 30 March 2020. For further details, please refer to the announcement of the Company dated 30 March 2020.

Mr. PANG Yiu Kai has been appointed as a non-executive Director and a member of the Audit Committee with effect from 30 March 2020. For further details, please refer to the announcement of the Company dated 30 March 2020.

Mr. ZHU Jia, an independent non-executive Director, has resigned as a non-executive director of Clear Media Limited, a company listed on the Main Board of the Stock Exchange (stock code: 100), with effect from 3 June 2020.

Mr. LUETH Allen Warren, an independent non-executive Director, has been appointed as a president and chief financial 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.

EVENTS AFTER THE REPORTING PERIOD

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

CLOSURE OF REGISTER OF MEMBERS

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

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

AUDITOR

PricewaterhouseCoopers has acted as auditor of the Company for the year ended 31 December 2020.

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

On behalf of the Board

Mr. HONG Gang
Chairman
Beijing, the PRC, 30 March 2021

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this corporate governance report in the annual report of the Company for the year ended 31 December 2020.

CORPORATE GOVERNANCE

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

During the year under review, the Company has adopted the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the 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 year ended 31 December 2020 and up to the date of this annual 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 year ended 31 December 2020.

The following is a summary of work performed by the Board in determining the policy for the corporate governance of the Company during the year ended 31 December 2020:

(1) developed and reviewed the Company's policies and practices on corporate governance;

(2) reviewed and monitored the training and continuous professional development of Directors and senior management;

(3) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;

(4) developed, reviewed and monitored the code of conduct and compliance manual applicable to employees and Directors; and

(5) reviewed the Company's compliance with the CG Code and disclosure in the corporate governance report.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") (together, the "Board Committees"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders at all times.

Corporate Governance Report

Board Composition

As of 31 December 2020, the Board comprises seven members, consisting of two executive Directors, two non-executive Directors and three independent non-executive Directors.

The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

The Board comprises the following Directors:

DIRECTORS

Executive Directors

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

Non-Executive Directors

Mr. HONG Gang *(Chairman)*
Mr. HSU David (resigned with effect from 30 March 2020)
Mr. PANG Yiu Kai (appointed with effect from 30 March 2020)

Independent Non-Executive Directors

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

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

There is no relationship (including financial, business, family or other material relationship) among members of the Board.

In compliance with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules, the Company has appointed three independent non-executive Directors, representing not less than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

Corporate Governance Report

Board Diversity Policy

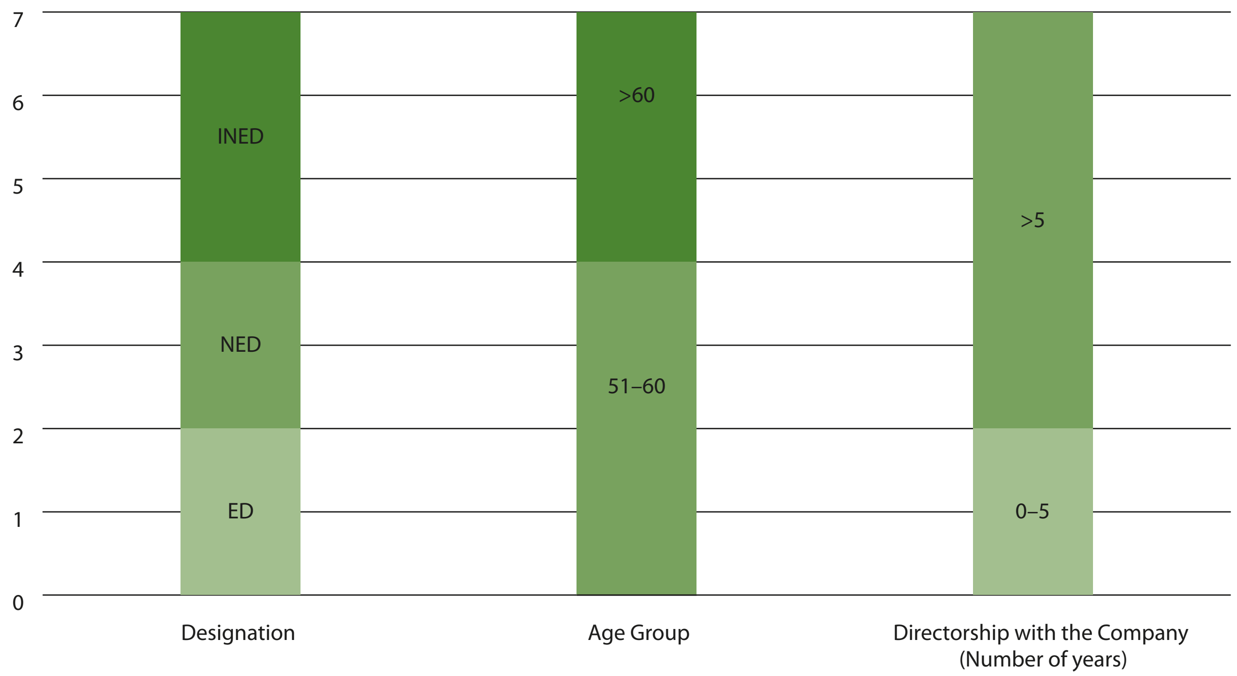
The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance.

The Board adopted the board diversity policy (the "Board Diversity Policy") in accordance with the requirement as sets out in the CG Code.

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

The Nomination Committee monitors, from time to time, the implementation of the policy, and reviews, as appropriate, the policy to ensure the effectiveness of the policy. The Nomination Committee will continue to give adequate consideration to these measurable objectives when making recommendations of candidates for appointment to the Board. The biographical details of the Directors are set out on pages 21 to 27 of this report. In implementing the Board Diversity Policy, the Board aims to have a balanced composition in each of the following areas in the graph below, but recognising at the same time that all Board appointments must be based on meritocracy having regard to the best interests of the Company and the shareholders.

The following graph provides an analysis on the composition of the Board as at the date of this report:



Chairman and Chief Executive Officer

The Company fully supports the division of responsibility between the Chairman and the Chief Executive Officer to ensure a balance of power and authority. The positions of Chairman and Chief Executive Officer are held by Mr. HONG Gang and Mr. BI Hua, Jeff respectively. Their respective responsibilities are clearly defined and set out in writing. The Chairman provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practice. The Chief Executive Officer focuses on implementing objectives, policies and strategies approved and delegated by the Board.

Appointment and Re-Election of Directors

Mr. PANG Yiu Kai was appointed as non-executive Director for a term of two years commencing from 30 March 2020, terminable by not less than three months' written notice and is subject to retirement in accordance with the Articles.

None of the Directors has a service contract or letter of appointment which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

In accordance with the Articles, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a causal vacancy shall submit himself for re-election by shareholders at the first general meeting of the Company after appointment and new Directors appointed as an addition to the Board shall submit himself for re-election by shareholders at the next following annual general meeting of the Company after appointment.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles. The Nomination Committee is responsible for reviewing the Board composition, monitoring the appointment, re-election and succession planning of Directors.

Nomination Committee

As at the date of this annual report, the Nomination Committee comprises three members, namely Mr. HONG Gang (chairman of the Nomination Committee), Mr. BEHRENS Ernst Hermann and Mr. ZHU Jia. Mr. HONG Gang is the non-executive Director and Mr. BEHRENS Ernst Hermann and Mr. ZHU Jia are the independent non-executive Directors.

The nomination procedure and process involve the Nomination Committee identifying individuals who are suitably qualified to become Board members through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Nomination Committee will then make recommendations to the Board on the selection of such individuals nominated for directorships. In identifying suitable candidates, the Nomination Committee shall consider candidates on merit and objectively against a variety of criteria, having due regard for the benefits of diversity on the Board.

The following are the roles and functions of the Nomination Committee:

(a) to review the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships. In identifying suitable candidates, the Nomination Committee shall consider candidates on merit and against the objective criteria, with due regard for the benefits of diversity on the Board;

(c) to review the Board Diversity Policy, as appropriate; and review the measurable objectives that the Board has set for implementing the Board Diversity Policy, and the progress on achieving the objectives; and make disclosure of its review results annually in the Corporate Governance Report as set out in the Company's annual report;

(d) to assess the independence of the independent non-executive Directors and to review the independent non-executive Directors' annual confirmations on their independence;

(e) taking into account the Company's corporate strategy and mix of skills, knowledge, experience and diversity needed in the future, to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive;

(f) to seek independent professional advice to perform its responsibilities where necessary; and

(g) to report back to the Board on its decisions or recommendations (unless there are legal or regulatory restrictions on its ability to do so) and to prepare a summary of its work during the year for inclusion in the Corporate Governance Report (including a report the policies, procedures, process and criteria it has adopted to select and recommend candidates for directorship during the year).

Please refer to the terms of reference of the Nomination Committee published by the Company on 28 December 2018 for further details.

The following is a summary of work performed by the Nomination Committee during the year ended 31 December 2020:

(1) reviewed the structure, size and composition of the Board, reviewed the Company's policies on nomination of Directors and make recommendations regarding any proposed changes;

(2) made recommendations to the Board on appointment or re-appointment of and succession planning for Directors; and

(3) assessed the independence of independent non-executive Directors.

There was 1 meeting of the Nomination Committee held during the year ended 31 December 2020. The attendance records of each member of the Nomination Committee are set out below:

Members	Attendance/ Number of meeting held
Mr. HONG Gang *(Chairman)*	1/1
Mr. BEHRENS Ernst Hermann	1/1
Mr. ZHU Jia	1/1

Induction and Continuing Development of Directors

Each newly appointed Director receives formal, comprehensive and tailored induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Pursuant to the code provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

During the year ended 31 December 2020 and up to the date of this annual report, all Directors namely Mr. BI Hua, Jeff, Mr. CHANG Fuquan, Mr. HONG Gang, Mr. PANG Yiu Kai, Mr. LUETH Allen Warren, Mr. BEHRENS Ernst Hermann and Mr. ZHU Jia have participated in continuous professional development to develop and refresh their knowledge and skills in relation to their contribution to the Board.

Board Meetings

Board Practices and Conduct of Meetings

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

Certain regular Board meetings held during the year ended 31 December 2020 were convened with at least 14 days' notice. The Company adopted a flexible approach in convening Board meetings and ensuring that sufficient time and adequate information were given to Directors in advance.

Agenda and board papers together with all necessary information are sent to all Directors at least three days before each Board meeting or committee meeting to keep Directors apprised of the latest developments and financial position of the Company in order to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management where necessary.

The senior management attended all regular Board meetings and where necessary, other Board and committee meetings, to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company.

The board secretary and the joint company secretaries are responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and final versions are open for Directors' inspection.

The Articles contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

Directors' Attendance Records

There were 4 Board meetings and one general meeting held during the year ended 31 December 2020. The attendance records of each Director at the Board meetings and general meeting during the year ended 31 December 2020 are set out below:

	Attendance/Number of meetings held	
Name of Director	**General meeting**	**Board meeting**
Executive Directors		
Mr. BI Hua, Jeff	1/1	4/4
Mr. CHANG Fuquan	1/1	4/4
Non-Executive Directors		
Mr. HONG Gang	1/1	4/4
Mr. HSU David (resigned with effect from 30 March 2020)	0/0	1/1
Mr. PANG Yiu Kai (appointed with effect from 30 March 2020)	1/1	3/3
Independent Non-Executive Directors		
Mr. LUETH Allen Warren	1/1	4/4
Mr. BEHRENS Ernst Hermann	1/1	3/4
Mr. ZHU Jia	1/1	4/4

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

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 annual report.

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

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

Delegation by the Board

The Board reserves for its decision on all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, risk management and internal control systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. All Directors have full and timely access to all relevant information as well as the advice and services of the joint company secretaries, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director may seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

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

The Board has established three committees, namely, the Nomination Committee, Remuneration Committee and Audit Committee, for overseeing particular aspects of the Company's affairs. All Board Committees are established with defined written terms of reference which are available on both the Company's website and the website of the Stock Exchange.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

The Remuneration Committee comprises three independent non-executive Directors, namely, Mr. ZHU Jia (chairman of the Remuneration Committee), Mr. LUETH Allen Warren and Mr. BEHRENS Ernst Hermann and one executive Director, namely, Mr. BI Hua, Jeff.

The primary functions and duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for remuneration of all Directors and senior management and to determine the terms of specific remuneration packages of the executive Directors and the senior management. The Remuneration Committee is also responsible for establishing formal and transparent procedures for formulating such remuneration policy and structure to ensure that no Director or any of his associates will participate in deciding his own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

The following is a summary of work performed by the Remuneration Committee during the year ended 31 December 2020:

(1) assessed performance, reviewed and approved the remuneration packages (including year-end bonuses) and service contracts of our executive Directors and senior management; and

(2) reviewed the remuneration of non-executive Directors and made proposal regarding Directors' fees to the Board for shareholder approval at the 2020 annual general meeting.

There was 1 meeting of the Remuneration Committee held during the year ended 31 December 2020. The attendance records of each member of the Remuneration Committee are set out below:

Members	Attendance/ Number of meeting held
Mr. ZHU Jia *(Chairman)*	1/1
Mr. BI Hua, Jeff	1/1
Mr. LUETH Allen Warren	1/1
Mr. BEHRENS Ernst Hermann	1/1

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2020.

The Board, with support of the finance and legal teams, is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other applicable statutory and regulatory requirements.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

Audit Committee

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

The main duties of the Audit Committee include the following:

(1) to review the financial statements and reports and consider any significant or unusual items raised by the internal audit division or external auditor before submission to the Board;

(2) to review the relationship with the external auditor by reference to the work performed by the auditor, its fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditor; and

(3) to review the adequacy and effectiveness of the Company's financial reporting system, risk management and internal control systems and associated procedures.

During the year under review and up to the date of this annual report, the Audit Committee reviewed the Group's interim results and interim report for the six months ended 30 June 2020, the annual results and annual report for the year ended 31 December 2020, the financial reporting and compliance procedures, the Group's risk management and internal control systems and processes (including financial, operational and compliance controls), and the re-appointment of the external auditor.

There were 2 meetings of the Audit Committee held during the year ended 31 December 2020. The attendance records of each member of the Audit Committee are set out below:

Members	**Attendance/ Number of meetings held**
Mr. LUETH Allen Warren *(Chairman)*	2/2
Mr. BEHRENS Ernst Hermann	2/2
Mr. PANG Yiu Kai (appointed with effect from 30 March 2020)	1/2
Mr. ZHU Jia	2/2

External Auditor and Auditor's Remuneration

The statement of the external auditor of the Company about its reporting responsibilities for the consolidated financial statements is set out in the "Independent Auditor's Report" on pages 57 to 61 of this annual report.

During the year ended 31 December 2020, the remuneration for the audit and non-audit services provided to the Group by the external auditor of the Company, PricewaterhouseCoopers, is set out as follows:

Services rendered	**Fee amount**
	RMB'000
Audit services	
– Annual audit and related services	2,480
Non-audit services	
– Tax filing service	200
Total	2,680

RISK MANAGEMENT AND INTERNAL CONTROL REPORT

Risk Management and Internal Control Systems of the Group Companies

The Board is aware that it is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving its strategic objectives, maintaining adequate risk management and internal control systems to safeguard the investments of our shareholders and the assets of the Company, and reviewing the effectiveness of these systems annually.

The Board oversees the management in designing, implementing and monitoring the risk management and internal control systems, and the management confirms with the Board on the effectiveness of these systems.

The management allocates resources to the risk management and internal control systems with reference to the Committee of Sponsoring Organisations of the Treadway Commission (COSO) standards, manages rather than eliminates the risk of failing to achieve business objectives and only provides reasonable, but not absolute, assurance against material misstatement or loss.

Procedures for Identifying, Evaluating and Managing Significant Risks

- Risk context establishment: formulating general risk management policies and division of roles to ensure that the Group carries out and adheres to consistent procedures and criteria for risk identification, evaluation, management, as well as supervision and reporting.

- Risk identification: identifying potential risks in various business segments and key procedures.

- Risk evaluation: evaluating and rating the impact on business and the likelihood of the risks identified.

- Risk response: evaluating the risk management solutions and the effectiveness of risk management.

- Supervision and reporting: supervising and reviewing the policies and assessment procedures of risk management, and the management measures and control effectiveness regarding significant risks, and reporting the findings to the Board.

The “Three Lines of Defence” Risk Management Model

The risk management of the Group is structured on a “three lines of defence” model so as to establish a comprehensive risk management and internal control system, which is monitored by the Audit Committee.

“The First Line of Defence” — Risk Management

Managers at all levels constitute the first line of defence with appropriate internal control policies, procedures and business standards formulated according to the operational needs of the business to effectively delineate management duties and provide training sessions and guidelines to the staff, and to ensure that the policies are effectively implemented. In case of any changes to the business operation or the managing environment of the Company, such policies will be reviewed and updated accordingly.

“The Second Line of Defence” — Risk Control

The Group has formulated risk management policies, established a risk management group and conducted risk assessment and appraisal activities on a regular basis, which could timely identify and reduce the likelihood and impacts of potential risks on operation management. For any material exposure which may arise, a risk alert and response mechanism has been set up to mitigate potential risks and their impacts.

“The Third Line of Defence” — Independent Assurance

An internal audit department has been set up for the Group companies, which will conduct independent comprehensive reviews on risk management and internal control of the Group at least once per year and report the result to the Audit Committee. By reviewing the audit work procedures and audit findings performed by the internal audit department, the Audit Committee will evaluate the effectiveness of risk management and internal control on behalf of the Board.

2020 Risk Management Review

Summary of Risk Management Initiatives

Implementing effective risk management is a crucial step to achieve the strategic objectives of the Group companies. In order to maintain the Company’s long-term sustainable development capacity, advance the implementation of strategic objectives and secure stakeholders’ trust, the Group manages its risks in various business areas, including but not limited to finance, operation, strategy, market, laws and regulation risks. The significant internal control and risk management activities for the year 2020 include:

- Reviewing and enhancing internal control policies and business procedures;
- Reviewing, updating and implementing risk management plans and assessment procedures;
- Identifying, reviewing and analysing the potential risk items in the Group’s business areas, and evaluating their impacts on the business and likelihood of occurrence;
- Reviewing whether the measures and actions taken to control and mitigate key risks are appropriate and achieve expected results;
- Collecting and analysing the results of risk identification, evaluation and management, including risk distribution matrix, risk change analysis chart, control of significant risk items and their expected impacts on business;
- Evaluating overall effectiveness of risk management; and
- The risk management report was submitted to the Board in January 2021 for review and approval.

Principal Risks and Risk Management

The Group faces a number of principal risks and uncertainties that if not properly managed could create an exposure for the Group. Thorough risk assessment and mitigation help ensure these risks are well managed and governed effectively.

1. *The Risk of High Customer Concentration*

   The landscape of domestic UHT liquid milk market in which the Company’s key customers are engaged has maintained stable for years, with the top five liquid milk manufacturers accounting for over 70% of the sales in the market, and such feature is expected to persist for some time.

   The Company has adopted a number of measures, for which concrete progress has been achieved, to facilitate the diversification of customers in order to reduce the impacts on the business caused by such risk:

   - Maintaining stable strategic cooperative relationships with key customers through excellent supply chain services, technological innovation and project cooperation in the market; and

- Providing quality products and excellent services, actively expanding domestic and international market, and enlarging the medium-sized customers base with significant achievements.

By the end of 2020, even global market have been adversely affected by the COVID-19 outbreak, we had made substantial progress on the back of the above measures. Both international and domestic medium-sized customers contributed to an increasing share in sales while maintaining growth in total sales.

2. *The Risk of Exchange Rate Fluctuations in Capital and Procurement and Sales Businesses*

The significant fluctuations of exchange rate will result in major impacts on the foreign exchange business of the Company. In 2020, the exchange rate of Euro against USD and Euro against RMB increased, while the exchange rate of USD against RMB dropped slightly, generating little impact on the Company's foreign exchange business.

In addition, the Company has also adopted various measures to mitigate the adverse impact on profit and loss caused by exchange rate fluctuations, thereby reducing the risk to an acceptable level, including:

- Optimising management of international sales business to mitigate the risk caused by exchange rate fluctuations;

- Adjusting the financing strategies properly to lower corporate financial leverage;

- Reducing the impacts of exchange rate by purchasing foreign exchange products from financial institutions to lock in forward exchange rates; and

- Adopting stringent capital management plan, closely monitoring the changes in exchange rates and adjusting business strategies and bank balance of foreign exchange in response to exchange rate fluctuations.

Evaluation of Risk Review

Operating an appropriate and effective risk management and internal control system is essential to achieving the Group's strategic objectives and maintaining product and service delivery targets. The Company has established and continuously optimised its risk management and internal control mechanisms, and the awareness of risk management among all staff has been enhanced. The risk identification and control capacity have been improved.

The optimisation of the Company's management strategy, technological and service advances, and the effectiveness of internal controls have all contributed well to the overall risk management. The COVID-19 outbreak in 2020 brings risks to the Company's operational management, including personnel health, logistics, supply chain, plant production and international market, but effective control measures have been taken and the Company's management operations have not been impacted. Tailor-made mitigation measures to reduce and control major risks were adopted with fruitful outcomes. For specific risk factors unlikely to be eliminated through management and control, their residual risks were maintained at an acceptable level.

Inside Information Processing Procedures and Internal Control Measures

The Company has formulated corresponding policies for the procedures for handling and publishing inside information and internal control measures. These policies stipulate the responsibilities for the disclosure of inside information, restrictions on non-public information, handling of rumours, non-intentional selective disclosure, exemption and waiver of disclosure of inside information, as well as compliance and reporting procedures.

Among them, any employee of the Company who knows that any project, transaction or event may constitute inside information should immediately notify the chief financial officer or the director of investor relations, who will report to the Company's management and the Board, and they will determine whether it constitutes inside information, and determine whether to disclose to the public in accordance with the SFO. These policies and its effectiveness are reviewed regularly in accordance with established procedures.

JOINT COMPANY SECRETARIES

Ms. QI Zhaohui and Ms. SO Lai Shan were appointed as the joint company secretaries of the Company on 27 March 2019 and 29 August 2018 respectively. In compliance with Rule 3.29 of the Listing Rules, each of Ms. QI Zhaohui and Ms. SO Lai Shan has undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2020.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

To promote effective communication, the Company maintains the website at www.greatviewpack.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Latest information on the Group including annual and interim reports, announcements and press releases are updated on the Company's website in a timely fashion.

The 2021 annual general meeting of the Company ("AGM") will be held on 25 May 2021. The notice of AGM will be sent to shareholders at least 20 clear business days before the AGM.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene an Extraordinary General Meeting ("EGM")

Pursuant to article 58 of the Articles, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

Such a requisition must be signed by the shareholders.

Procedures for Putting Forward Proposals at Shareholders' Meeting

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at shareholders' meeting. Proposal shall be sent to the Board or the company secretary by written requisition to the company secretary at the Company's principal place of business in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong or at the Company's headquarters in the PRC at 14 Jiuxianqiao Road, Chaoyang District, Beijing 100015, the PRC.

Corporate Governance Report

Shareholders' Enquiries

Shareholders should direct their questions about their shareholdings to the Company's share registrar. Shareholders and the investment community may at any time make a request for the Company's information to the extent that such information is publically available. Shareholders may also make enquiries to the Board by writing to the company secretary at the Company's principal place of business office in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong or at the Company's headquarters in the PRC at 14 Jiuxianqiao Road, Chaoyang District, Beijing 100015, the PRC.

CONSTITUTIONAL DOCUMENTS

There are no changes in the Company's constitutional documents during the year ended 31 December 2020.

On behalf of the Board

Mr. HONG Gang
Chairman
Beijing, the PRC, 30 March 2021

Independent Auditor's Report

To the shareholders of Greatview Aseptic Packaging Company Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Greatview Aseptic Packaging Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 62 to 126, which comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is Impairment assessment of goodwill.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of goodwill Please refer to note 4 'Critical accounting estimates and judgements' and note 8 'Intangible assets' to the consolidated financial statements. The Group recognised goodwill in an aggregate of RMB58.0 million (Note 8) as at 31 December 2020 (2019: RMB64.7 million). An impairment loss of goodwill amounting RMB6.7 million from Greatdata Technology Co. Ltd, cash-generated units ("CGU"), was recognised for the year ended 31 December 2020. We focus on this area due to the magnitude of the carrying amount of the asset and the fact that significant judgements were required by the management to make key estimation, including forecast revenue growth rate, terminal growth rate, and discount rate used in the future cash flow forecast for the determination of recoverable amount.	In response to this key audit matter, we performed the following procedures: • We obtained an understanding of the management's internal control and assessment process on goodwill impairment and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors. • We discussed with the management and assessed the appropriateness of the Group's identification of CGUs to which the goodwill was allocated. • We evaluated the composition of management's future cash flow forecasts, and the process by which they were prepared. • We compared the current year actual results with the figures for the year ended 31 December 2020 included in the prior year forecast, if applicable, to consider whether management's forecasts included assumptions that, with hindsight, had been reasonable. • We evaluated management's estimations in the forecasts for: – revenue growth rate, by comparing them to industry historical growth rate and economic forecasts; and – the discount rate, by assessing the cost of capital for the Company and comparable companies, as well as considering territory specific factors. • We evaluated management's sensitivity analysis around the key assumptions for revenue growth rate and discount rate, if relevant. We calculated the degree to which these assumptions would need to move before an impairment conclusion was triggered. We discussed the likelihood of such a movement with management and agreed with their conclusion that it was unlikely. Based on the procedures performed, the significant estimations and judgements made by management in relation to impairment assessment of goodwill are supportable.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ng Ping Fai.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 March 2021

Consolidated Statement of Financial Position

As at 31 December 2020
Amounts expressed in thousands of RMB except for share data

	Note	As at 31 December 2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	6	**1,312,236**	1,365,245
Right-of-use assets	7	**49,851**	48,714
Intangible assets	8	**93,843**	109,226
Deferred income tax assets	21	**39,018**	31,867
Trade receivables	10	**18,957**	9,805
Prepayments	11	**10,407**	16,886
		1,524,312	1,581,743
Current assets			
Inventories	9	**710,735**	627,138
Trade and notes receivables	10	**573,051**	577,326
Prepayments	11	**40,556**	24,593
Other receivables	11	**11,871**	18,815
Cash and cash equivalents	12(a)	**577,237**	562,782
Restricted cash	12(b)	**183,631**	199,976
		2,097,081	2,010,630
Total assets		**3,621,393**	3,592,373

Consolidated Statement of Financial Position

As at 31 December 2020

Amounts expressed in thousands of RMB except for share data

	Note	As at 31 December 2020	2019
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital, share premium and capital reserve	13	**600,260**	651,247
Statutory reserve	14	**281,325**	256,855
Retained earnings	15	**1,638,899**	1,591,535
Exchange reserve		**(28,729)**	(46,467)
Total equity		**2,491,755**	2,453,170
LIABILITIES			
Non-current liabilities			
Deferred government grants	16	**73,173**	78,337
Lease liabilities	19	**2,316**	4,233
Deferred income tax liabilities	21	**21,257**	20,167
Borrowings	20	**14,044**	21,493
		110,790	124,230
Current liabilities			
Deferred government grants	16	**7,771**	7,825
Contract liabilities		**35**	636
Trade payables, other payables and accruals	17	**746,379**	666,139
Income tax liabilities		**41,154**	33,639
Borrowings	20	**191,525**	299,268
Lease liabilities	19	**5,206**	7,466
Derivative financial instruments	18	**26,778**	–
		1,018,848	1,014,973
Total liabilities		**1,129,638**	1,139,203
Total equity and liabilities		**3,621,393**	3,592,373

The notes on pages 67 to 126 are an integral part of these consolidated financial statements.

The financial statements on pages 62 to 126 were approved by the Board on 30 March 2021 and were signed on its behalf.

Director	*Director*
Bi Hua, Jeff	**Chang Fuquan**

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020
Amounts expressed in thousands of RMB except for share data

	Note	Year ended 31 December **2020**	2019
Revenue	5	**3,038,864**	2,706,857
Cost of sales	24	**(2,233,301)**	(2,038,702)
Gross profit		**805,563**	668,155
Other income	22	**37,291**	41,300
Other (losses)/gains – net	23	**(15,045)**	38,413
Impairment of losses on financial assets – net		**(11,681)**	(59)
Distribution expenses	24	**(177,713)**	(163,026)
Administrative expenses	24	**(177,272)**	(145,030)
Operating profit		**461,143**	439,753
Finance income	26	**10,465**	8,341
Finance costs	26	**(15,693)**	(6,399)
Finance (costs)/income – net		**(5,228)**	1,942
Profit before income tax		**455,915**	441,695
Income tax expense	27	**(113,152)**	(104,376)
Profit for the year		**342,763**	337,319
Profit attributable to:			
Owners of the Company		**342,763**	337,319
Non-controlling interests		**–**	–
		342,763	337,319
Other comprehensive income:			
Item that may be reclassified to profit or loss			
Currency translation differences		**17,738**	(1,655)
Total comprehensive income for the year		**360,501**	335,664
Total comprehensive income attributable to:			
Owners of the Company		**360,501**	335,664
Non-controlling interests		**–**	–
		360,501	335,664
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)			
– Basic and diluted earnings per share	28	**0.26**	0.25

The notes on pages 67 to 126 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020
Amounts expressed in thousands of RMB except for share data

	Share capital (Note 13)	Share premium (Note 13)	Capital reserve (Note 13)	Statutory reserve (Note 14)	Exchange reserve	Retained earnings (Note 15)	Total
As at 1 January 2019	11,446	613,988	122,848	285,581	(44,812)	1,450,308	2,439,359
Comprehensive income:							
Profit for the year	–	–	–	–	–	337,319	337,319
Other comprehensive income:							
Currency translation differences	–	–	–	–	(1,655)	–	(1,655)
Transfer from statutory reserve	–	–	–	(28,726)	–	28,726	–
Dividends (Note 29)	–	(97,035)	–	–	–	(224,818)	(321,853)
As at 31 December 2019 and 1 January 2020	11,446	516,953	122,848	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
Buy-back of shares	(4)	(997)	–	–	–	–	(1,001)
Transfer to statutory reserve	–	–	–	24,470	–	(24,470)	–
Dividends (Note 29)	–	(49,986)	–	–	–	(270,929)	(320,915)
As at 31 December 2020	**11,442**	**465,970**	**122,848**	**281,325**	**(28,729)**	**1,638,899**	**2,491,755**

The notes on pages 67 to 126 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2020
Amounts expressed in thousands of RMB except for share data

	Note	Year ended 31 December 2020	2019
Cash flows from operating activities			
Cash generated from operations	30	**636,513**	446,915
Interest paid		**(4,534)**	(5,200)
Income tax paid		**(111,698)**	(87,549)
Net cash generated from operating activities		**520,281**	354,166
Cash flows from investing activities			
Purchases of property, plant and equipment ("PP&E")		**(79,794)**	(27,689)
Receipt of government grants		**1,182**	358
Proceeds from disposal of PP&E		**4,287**	642
Purchases of intangible assets		**(521)**	(690)
Acquisition of subsidiaries, net of cash acquired		**–**	(92,860)
Purchase of right-of-use assets		**(6,204)**	–
Purchases of financial assets at fair value through profit or loss		**(866,000)**	(788,100)
Disposals of financial assets at fair value through profit or loss		**871,301**	792,559
Interest received		**10,465**	8,341
Net cash used in investing activities		**(65,284)**	(107,439)
Cash flows from financing activities			
Proceeds from borrowings		**302,815**	315,950
Repayments of borrowings		**(411,263)**	(228,432)
Payments for shares buy-back		**(1,001)**	–
Principal elements of lease payments		**(8,102)**	(6,427)
Dividends paid to equity holders		**(320,915)**	(321,853)
Net cash used in financing activities		**(438,466)**	(240,762)
Net increase in cash and cash equivalents		**16,531**	5,965
Cash and cash equivalents at beginning of year		**562,782**	556,391
Exchange (losses)/gains on cash and cash equivalents		**(2,076)**	426
Cash and cash equivalents at end of year		**577,237**	562,782

The notes on pages 67 to 126 are an integral part of these consolidated financial statements.

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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

(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.

Amounts expressed in thousands of RMB unless otherwise stated

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation *(continued)*

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

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

(b) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker ("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") that make strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Company and the presentation currency of the Group.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings and cash are presented in the consolidated statement of comprehensive income within "finance (costs)/income – net". All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income on a net basis within "other (losses)/gains – net".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency translation *(continued)*

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.7 Property, plant and equipment

Except for the freehold land with indefinite useful life and construction in progress, all other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses (if any). Freehold land with indefinite useful life is stated at historical cost less impairment losses (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised when replaced. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment *(continued)*

Freehold land in Europe is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual value over their estimated useful lives, as follows:

Buildings	15-33 years
Machinery	5-15 years
Vehicles and office equipment	4-8 years
Leasehold improvements	Shorter of remaining lease term or useful life

Construction in progress is property, plant and equipment on which construction work has not been completed and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, costs of plant and machinery installation, testing and other direct costs. Depreciation is not provided on construction in progress until such time as the relevant assets are completed and ready for intended use. When the assets being constructed are ready for their intended use, the costs are transferred to the appropriate categories of property, plant and equipment and depreciated in accordance with the policy as stated above.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other (losses)/gains – net" in the consolidated statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets

(a) Goodwill

Goodwill is measured as described in note 2.3. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 5).

(b) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 4 to 10 years.

(c) Trademarks, pantents and other intangible assets

Separately acquired trademarks, patents and other intangible assets are shown at historical cost. Trademarks, patents and other intangible assets acquired in a busiess combination are recognised at fair value at the acquisition date. They have a finite useful life and are carried at cost less accumulated amortisation and impairment losses (if any). Amortisation is calculated using the straight-line method to allocate the cost of trademarks, patents and other intangible assets over their estimated useful lives of 5 to 10 years.

2.9 Impairment of non-financial assets

Goodwill and freehold land with infinite useful life are not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstance indicate that it might be impaired. Other assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Investments and other financial assets

2.10.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.10.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2.10.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Investments and other financial assets *(continued)*

2.10.3 Measurement *(continued)*

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other (losses)/gains – net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within "other (losses)/gains – net" in the period in which it arises.

2.10.4 Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.12 Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in "other (losses)/gains – net".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost is assigned to individual items of inventory on the basis of weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.14 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade receivables and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less provision for impairment. See note 2.10 and note 3.1 for a description of the Group's impairment policies.

2.15 Cash and cash equivalents

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Borrowings *(continued)*

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.19 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.20 Current and deferred income tax

The income tax expenses or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Current and deferred income tax *(continued)*

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

(c) Offsetting

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred income tax is recognised in profit or loss, expect to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the income tax is also recognised in other comprehensive income or directly in equity, respectively.

2.21 Employee benefits

Pension obligations

All eligible employees of the Group's subsidiaries which operate in the PRC participate in a central pension scheme operated by the local municipal government. In connection with pension obligations, the Group operates defined contribution plans in accordance with the local conditions and practices in the countries and provinces in which they operate. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a publicly administered pension insurance plan. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plan prior to vesting fully in the contributions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Leases *(continued)*

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Leases *(continued)*

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

2.23 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.25 Revenue recognition

(a) Sales of goods

The Group produces and sells liquid food aseptic packaging materials and filling machines in the market. Sales are recognised when control of the products has transferred, being when the products are delivered to the customers, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customers, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The products are often sold with volume rebates based on aggregate sales over a specific period as defined in the contracts. Revenue from sales are based on the price specified in the sales contracts, net of the estimated volume rebates at the time of sale. Accumulated experience is used to estimate and provide for the rebates, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. Expected rebates payable to customer (included in trade payables, other payables and accruals) in relation to sales made until the end of reporting period are assessed based on anticipated annual purchases.

As receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Financing components

The Group does not expect to have any contact containing financing components. As a consequence, the Group does not adjust any of the transition prices for the time value of money.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets, see note 23 below.

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see note 26 below. All other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.27 Research and development expenses

Research expenditure is recognized as an expense as incurred.

Costs incurred on development projects (relating to the design and testing of new or improved softwares) are capitalized as intangible assets when recognition criteria are fulfilled and tests for impairment are performed annually. Other development expenditures that do not meet those criteria are recognized as expenses as incurred.

Development costs previously recognized as expenses are not recognized as assets in subsequent periods. Capitalized development costs are amortized from the point at which the assets are ready for use on a straight-line basis over their estimated useful lives.

2.28 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.29 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose to a variety of financial risks: market risks (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

(a) Market risk

(i) Foreign exchange risk

The Group's exposure to foreign exchange risk mainly arises from various currency exposures, primarily with respect to the United States Dollars ("US$"), Hong Kong Dollars ("HK$") and Euro ("EUR"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities denominated in a currency other than RMB.

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures. The Group also entered into foreign currency forwards in relation to projected purchases for the next 12 months that do not qualify as 'highly probable' forecast transactions and hence do not satisfy the requirements for hedge accounting (economic hedges). The foreign currency forwards are subject to the same risk management policies are all other derivative contracts. However, they are accounted for as held for trading with gains/(losses) recognised in profit or loss.

At 31 December 2020, if RMB had weakened/strengthened by 5% (2019: 5%) against US$ with all other variables held constant, post-tax profit for the year then ended would have been RMB5,373,000 (2019: RMB563,000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of US$-denominated trade payables and borrowings and foreign exchange gains/losses on translation of US$-denominated trade receivables, cash and cash equivalents. If RMB had weakened/strengthened by 5% against US$ with all other variables held constant, post-tax profit for the year then ended would have been RMB22,176,000 (2019: nil) higher/lower, mainly as a result of fair value change of foreign exchange derivative financial instruments.

At 31 December 2020, if RMB had weakened/strengthened by 5% (2019: 5%) against EUR with all other variables held constant, post-tax profit for the year then ended would have been RMB1,785,000 (2019: RMB1,650,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of EUR-denominated trade receivables, cash and cash equivalents and foreign exchange losses/gains on translation of EUR-denominated trade payables.

At 31 December 2020, if RMB had weakened/strengthened by 5% (2019: 5%) against HK$ with all other variables held constant, post-tax profit for the year then ended would have been RMB19,000 (2019: RMB8,418,000 lower/higher) higher/lower, mainly as a result of foreign exchange gains/losses on translation of HK$-denominated trade receivables, cash and cash equivalents and foreign exchange losses/gains on translation of HK$-denominated trade payables.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(ii) Interest rate risk

The Group's exposure to interest rate risk arises mainly from cash at bank, restricted cash and borrowings. Cash at bank, restricted cash and borrowings at fixed rates expose the Group to fair value interest-rate risk, and those at floating rates expose the Group to cash flow interest-rate risk.

As at 31 December 2020, approximately RMB130,498,000 (2019: RMB202,366,000) of the borrowings of the Group was at floating rates, and approximately RMB75,071,000 (2019: RMB118,395,000) of the borrowings of the Group was at fixed rates. The interest rates and maturities of the Group's borrowings are disclosed in note 20.

The Group regularly monitors its interest rate risk to ensure there is undue exposure to significant interest rate movements.

At 31 December 2020, if interest rates on the variable borrowings had been 10% higher/lower with all other variables held constant, post tax profit for the year would have been RMB170,000 (2019: RMB265,000) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

The Group is exposed to credit risk primarily in relation to its cash and cash equivalents, restricted cash, trade receivables, notes receivables and other receivables. The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

(i) Risk management

To manage risk arising from cash and cash equivalents and restricted cash, the Group only transacts with state-owned, or reputable financial institutions in mainland China and reputable international financial institutions outside of mainland China. There has been no recent history of default in relation to these financial institutions.

To manage risk arising from notes receivables, the Group only accepts bank acceptance notes issued by reputable banks located in PRC, and the Group believes the credit risk of these banks is relatively low.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors *(continued)*

(b) Credit risk *(continued)*

(i) Risk management (continued)

To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The Group assesses the credit quality of its customers by taking into account various factors including their financial position, past experience and other factors. In view of the sound collection history of receivables due from them, management believes that the credit risk inherent in the Group's outstanding trade receivables balances due from them is not significant.

(ii) Impairment of financial assets

The Group has several types of financial assets that are subject to the expected credit loss model:

- trade receivables, and
- other receivables.

While cash and cash equivalents, restricted cash and notes receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables

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

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 24-36 months before 31 December 2020 or 1 January 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Consumer Price Index (CPI), Producer Price Index (PPI) and Gross Domestic Product (GDP) of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Amounts expressed in thousands of RMB unless otherwise stated

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors *(continued)*

(b) Credit risk *(continued)*

(ii) Impairment of financial assets (continued)

Trade receivables (continued)

On that basis, the loss allowance as at 31 December 2020 and 31 December 2019 was determined as follows for trade receivables:

At 31 December 2020	**0-90 days**	**91-365 days**	**Over 365 days**	**Total**
Provision on individual basis				
Lifetime expected credit loss rate	**100%**	**100%**	**100%**	
Gross carrying amount of certain debtor(s)	**47**	**237**	**13,145**	**13,429**
Loss allowance of certain debtor(s)	**(47)**	**(237)**	**(13,145)**	**(13,429)**
Provision on collective basis				
Lifetime expected credit loss rate	**0.2%**	**1.9%**	**22.1%**	
Gross carrying amount excluding certain debtor(s)	**436,367**	**84,305**	**27,983**	**548,655**
Loss allowance excluding certain debtor(s)	**(795)**	**(1,640)**	**(6,189)**	**(8,624)**
Total loss allowance	**(842)**	**(1,877)**	**(19,334)**	**(22,053)**

At 31 December 2019	0-90 days	91-365 days	Over 365 days	Total
Provision on individual basis				
Lifetime expected credit loss rate	100%	100%	100%	
Gross carrying amount of certain debtor(s)	–	415	7,116	7,531
Loss allowance of certain debtor(s)	–	(415)	(7,116)	(7,531)
Provision on collective basis				
Lifetime expected credit loss rate	0.2%	1.7%	10.8%	
Gross carrying amount excluding certain debtor(s)	460,883	74,803	17,366	553,052
Loss allowance excluding certain debtor(s)	(751)	(1,235)	(1,876)	(3,862)
Total loss allowance	(751)	(1,650)	(8,992)	(11,393)

Amounts expressed in thousands of RMB unless otherwise stated

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors *(continued)*

(b) Credit risk *(continued)*

(ii) Impairment of financial assets (continued)

Other receivables

For other receivables, management makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience and forward looking information. In view of the sound collection history of receivables due from them, management believes that the credit risk inherent in the Group's outstanding other receivables balances due from them is not significant.

(c) Liquidity risk

Liquidity risk management is to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. The Group finances its working capital requirements through a combination of funds generated from operations and bank borrowings. The Group maintains unutilised banking facilities to manage its working capital requirements (Note 20).

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date for:

(i) all non-derivative financial liabilities, and

(ii) all derivative financial liabilities, including net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

The Group's trading portfolio of derivative instruments has been included at their fair value of RMB26,778,000 (2019 – nil) within the "less than 1 year" time bucket. This is because the contractual maturities are not essential for an understanding of the timing of the cash flows. These contracts are managed on a net fair value basis rather than by maturity date.

At 31 December 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total contractual cash flows	Carrying amount liabilities
Non Derivatives					
Borrowings	**192,507**	**8,153**	**6,187**	**206,847**	**205,569**
Trade and other payables	**630,109**	**–**	**–**	**630,109**	**630,109**
Lease liabilities	**5,410**	**1,871**	**538**	**7,819**	**7,522**
Total non-derivatives	**828,026**	**10,024**	**6,725**	**844,775**	**843,200**
Derivatives					
Derivative financial liabilities (Note 18)	**26,778**	**–**	**–**	**26,778**	**26,778**

Amounts expressed in thousands of RMB unless otherwise stated

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors *(continued)*

(c) Liquidity risk *(continued)*

At 31 December 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total contractual cash flows	Carrying amount liabilities
Borrowings	301,497	7,941	14,498	323,936	320,761
Trade and other payables	617,992	–	–	617,992	617,992
Lease liabilities	7,862	3,916	404	12,182	11,699
Total	927,351	11,857	14,902	954,110	950,452

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new share or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The ratio is calculated as total debt divided by total capital. Total debt is calculated as interest bearing "borrowings" as shown in the consolidated statement of financial position. Total capital is calculated as "equity" as shown in the consolidated statement of financial position.

The Group's general strategy which was unchanged from 2019 is to maintain gearing ratio of less than 50%. The gearing ratio at 31 December 2020 and 2019 were as follows:

	As at 31 December	
	2020	2019
Total debt	**205,569**	320,761
Total equity	**2,491,755**	2,453,170
Gearing ratio	**8%**	13%

The total debt to equity ratio decreased from 13% to 8% due to the repayment of borrowings. See note 20 for further information.

Amounts expressed in thousands of RMB unless otherwise stated

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

The Group did not have any financial assets that were measured at fair value as at 31 December 2020 and 2019. The table below shows the fair value of financial liabilities as at 31 December 2020 (2019: Nil).

At 31 December 2020	Level 1	Level 2	Level 3	Total
Financial liabilities				
Derivative financial instruments (Note 18)	–	26,778	–	26,778

There were no transfers among each level for recurring fair value measurements during the year.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as the end of the reporting period.

Level 1: 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 Group is the current bid price. These instruments are included in level 1.

Level 2: 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.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Valuation techniques used to determine fair values

The fair values of derivative financial instruments have been determined based on the observable prices as at the balance sheet date.

Financial assets at fair value through profit or loss are wealth management products. Specific valuation techniques used to value these financial instruments include discounted cash flow analysis and quoted market prices of dealer quotes for similar instruments.

Amounts expressed in thousands of RMB unless otherwise stated

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation *(continued)*

The following table presents the changes in level 3 items for the year ended 31 December 2020 and 31 December 2019:

	Wealth management product	Total
As at 1 January 2019	–	–
Additions	788,100	788,100
Settlements	(792,559)	(792,559)
Changes in fair value	4,459	4,459
As at 31 December 2019	–	–
Additions	866,000	866,000
Settlements	(871,301)	(871,301)
Changes in fair value	5,301	5,301
As at 31 December 2020	–	–
Changes in unrealised gains or (losses) recognised in profit or loss for assets held at the end of the reporting period		
2020	–	–
2019	–	–

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 lease 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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimated impairment of goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amounts of cash-generating units ("CGUs") is determined based on value-in-use calculations, which requires the use of assumptions.

The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using the growth rates as estimated by management by reference to certain internal and external market data. Details of key assumptions are disclosed in note 8.

(b) Recoverability of non-financial assets

Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgments and estimates.

Judgement is required to determine key assumptions adopted in the valuation models for impairment review purpose. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the key assumptions applied, it may be necessary to take impairment charge to the consolidated statement of comprehensive income or loss.

(c) Current and deferred income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.1 Critical accounting estimates and assumptions *(continued)*

(d) Allowance for impairment of trade receivables

The Group makes allowance for impairment of receivables based on assumptions about risk of default and expected credit loss rates. The Group uses judgements in making these assumptions and selecting the inputs to impairments calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(e) Useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment, and reviews the useful lives and residual values periodically to ensure that the method and rates of depreciation are consistent with the expected pattern of realisation of economic benefits from property, plant and equipment. This estimate is based on the historical experience of the actual residual values and useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. If there are significant changes from previously estimated useful lives and residual values, the amount of depreciation expenses may change.

(f) Estimated provision for slow moving inventories

Provisions for declines in the value of inventories are determined on an item-by-item basis when the carrying value of the inventories is higher than their net realisable value. The estimation of net realisable values requires the use of judgements and estimates. Where the expectation is different from the original estimate, such difference will impact carrying values of inventories and provisions of inventories in the period which estimate has been charged.

(g) Estimation of the fair value of certain financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see note 3.3.

5 REVENUE AND SEGMENT INFORMATION

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the CODM.

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

Amounts expressed in thousands of RMB unless otherwise stated

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

	PRC	International	Total
2020			
Revenue	**2,115,159**	**923,705**	**3,038,864**
Inter-segment revenue	**–**	**–**	**–**
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**
2019			
Revenue	1,914,905	791,952	2,706,857
Inter-segment revenue	–	–	–
Revenue from external customers	1,914,905	791,952	2,706,857
Cost of sales	(1,381,484)	(657,218)	(2,038,702)
Segment results	533,421	134,734	668,155

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

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

Amounts expressed in thousands of RMB unless otherwise stated

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

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

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

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

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

Amounts expressed in thousands of RMB unless otherwise stated

6 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Machinery	Vehicles and office equipment	Construction in progress	Leasehold improvements	Total
Cost						
As at 1 January 2019	579,097	1,527,036	64,016	34,594	1,749	2,206,492
Acquisition of subsidiaries	118,216	59,162	1,473	296	–	179,147
Additions	–	58	434	19,836	–	20,328
Transfer upon completion	11,426	21,302	4,302	(37,030)	–	–
Disposals	–	(896)	(2,568)	–	–	(3,464)
Exchange differences	(1,099)	(1,585)	(109)	(160)	(7)	(2,960)
As at 31 December 2019	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	**724,553**	**1,585,203**	**66,076**	**80,574**	**1,790**	**2,458,196**
Accumulated depreciation						
As at 1 January 2019	(106,663)	(749,309)	(45,596)	–	(1,165)	(902,733)
Charge for the year	(23,821)	(101,618)	(9,449)	–	(162)	(135,050)
Disposals	–	736	1,989	–	–	2,725
Exchange differences	187	493	76	–	4	760
As at 31 December 2019	(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	**(157,567)**	**(928,330)**	**(58,536)**	**–**	**(1,527)**	**(1,145,960)**
Net book value						
As at 31 December 2020	**566,986**	**656,873**	**7,540**	**80,574**	**263**	**1,312,236**
As at 31 December 2019	577,343	755,379	14,568	17,536	419	1,365,245

Amounts expressed in thousands of RMB unless otherwise stated

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

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

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

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

7 RIGHT-OF-USE ASSETS

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

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

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

(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.

Amounts expressed in thousands of RMB unless otherwise stated

8 INTANGIBLE ASSETS

	Goodwill	Computer Software	Trademarks	Patent and others	Total
Cost					
As at 1 January 2019	47,773	42,714	428	–	90,915
Acquisition of subsidiaries	16,948	3,277	–	22,697	42,922
Additions	–	690	–	–	690
Exchange differences	–	(93)	–	–	(93)
As at 31 December 2019	64,721	46,588	428	22,697	134,434
Additions	–	521	–	–	521
Exchange differences	–	605	–	–	605
As at 31 December 2020	**64,721**	**47,714**	**428**	**22,697**	**135,560**
Accumulated amortisation and impairment					
As at 1 January 2019	–	(19,491)	(312)	–	(19,803)
Amortisation	–	(4,867)	(47)	(522)	(5,436)
Exchange differences	–	31	–	–	31
As at 31 December 2019	–	(24,327)	(359)	(522)	(25,208)
Amortisation	–	(6,321)	(47)	(3,134)	(9,502)
Impairment	(6,736)	–	–	–	(6,736)
Exchange differences	–	(271)	–	–	(271)
As at 31 December 2020	**(6,736)**	**(30,919)**	**(406)**	**(3,656)**	**(41,717)**
Net book value					
As at 31 December 2020	**57,985**	**16,795**	**22**	**19,041**	**93,843**
As at 31 December 2019	64,721	22,261	69	22,175	109,226

Amortisation of the Group's intangible assets has been charged to administrative expense in the consolidated statement of comprehensive income.

(a) Impairment tests for goodwill

Goodwill is monitored by management at the level of the following two CGUs:

Packaging business – Greatview Shandong, Greatview Beijing and Greatview Inner Mongolia (i)	47,773
Greatdata (ii)	10,212
Total	57,985

Amounts expressed in thousands of RMB unless otherwise stated

8 INTANGIBLE ASSETS (CONTINUED)

(a) Impairment tests for goodwill *(continued)*

(i) The goodwill arose from acquisition of Greatview Shandong in January 2005. The goodwill is monitored by the Group at the level of cash-generated units ("CGUs") which contain Greatview Shandong, Greatview Beijing and Greatview Inner Mongolia, as Greatview Shandong's business was partially transferred to Greatview Beijing and Greatview Inner Mongolia after acquisition, all these entities are included in the PRC operating segment.

(ii) The goodwill arose from the acquisition of Greatdata On 1 November 2019.

The recoverable amount of cash-generated units ("CGUs") is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period using estimated growth rates which are based on past performance and their expectations of future development. Cash flows within the five-year period are extrapolated using the estimated growth rates stated below.

The following table sets out the key assumptions for those CGUs with goodwill allocated to them:

	Packaging business – Greatview Shandong, Greatview Beijing and Greatview Inner Mongolia	**Greatdata**
2020		
Revenue growth rate for next 5 years	**3.0%-3.5%**	**3.0%-83.3%**
Perpetuity growth rate	**2.0%**	**3.0%**
Pre-tax discount rate	**16.6%**	**22.5%**
2019		
Revenue growth rate for next 5 years	3.0%-3.5%	3.0%-330.0%
Perpetuity growth rate	2.0%	3.0%
Pre-tax discount rate	15.8%	23.0%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumptions	**Approach used to determine values**
Revenue growth rate for next 5 years	Revenue growth rate is for the five-year forecast period. It is based on past performance and management's expectations of market development.
Perpetuity growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Pre-tax discount rate	The discount rate reflects specific risks relating to the relevant CGUs in which they operate.

Amounts expressed in thousands of RMB unless otherwise stated

8 INTANGIBLE ASSETS (CONTINUED)

(b) Impairment charge

The impairment charge of RMB6,736,000 arose in the Greatdata CGU. As at 31 December 2020, the Group performed annual impairment test of the goodwill based on the 5-year cashflow forecast approved by the management of Group. As at 31 December 2020, the recoverable amount of the goodwill of Greatdata CGU was RMB10,212,000. No class of asset other than goodwill was impaired.

(c) Impact of possible changes in key assumptions

Packaing business – Greatview Shangdong, Greatview Beijing and Greatview Inner Mongolia CGU:

As at 31 December 2020, the recoverable amount of Greatview Shangdong, Greatview Beijing and Greatview Inner Mongolia CGU is estimated exceed the carrying amount of the CGU by RMB464,000,000. The recoverable amount of this CGU would equal its carrying amount of the key assumptions were to change as follows:

	2020	
	From	**To**
Revenue growth rate for next 5 years	**3.0%–3.5%**	**(4.4%)-(3.9%)**
Perpetuity growth rate	**2.0%**	**(3.5%)**
Pre-tax discount rate	**16.6%**	**21.9%**

Amounts expressed in thousands of RMB unless otherwise stated

9 INVENTORIES

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

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

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

10 TRADE AND NOTES RECEIVABLES

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

Amounts expressed in thousands of RMB unless otherwise stated

10 TRADE AND NOTES RECEIVABLES (CONTINUED)

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

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

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. Note 3.1 provides for details about the calculation of the allowance.

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

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

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

Information about the impairment of trade receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 3.1.

Amounts expressed in thousands of RMB unless otherwise stated

11 PREPAYMENTS AND OTHER RECEIVABLES

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

Amounts expressed in thousands of RMB unless otherwise stated

12 CASH AND BANK BALANCES

(a) Cash and cash equivalents

	As at 31 December 2020	2019
Cash at bank and in hand	**518,123**	485,507
Bank deposits with initial terms within three months	**59,114**	77,275
	577,237	562,782

(b) Restricted cash

At 31 December 2020, RMB183,631,000 (2019: RMB199,976,000) are restricted deposits held at bank as guarantee for notes payables.

The carrying amounts of cash and cash equivalents and restricted cash of the Group are denominated in the following currencies:

	As at 31 December 2020	2019
RMB	**619,489**	638,100
US$	**70,407**	56,353
EUR	**69,065**	66,133
HK$	**175**	71
CHF	**621**	1,222
GBP	**1,111**	879
	760,868	762,758

Amounts expressed in thousands of RMB unless otherwise stated

13 SHARE CAPITAL, SHARE PREMIUM AND CAPITAL RESERVE

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

(a) Share capital

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

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

(b) Share premium

On 9 December 2010, the Company completed its initial public offering by issuing 233,600,000 shares of HK$0.01 each at a price of HK$4.30 per share. The Company's shares are listed on the Stock Exchange.

14 STATUTORY RESERVE

	Year ended 31 December	
	2020	2019
As at 1 January	**256,855**	285,581
Transfer from/(to) retained earnings	**24,470**	(28,726)
As at 31 December	**281,325**	256,855

In accordance with PRC's regulations and the Articles of Association of those subsidiaries of the Group, which incorporated in the PRC ("PRC subsidiaries"), the PRC subsidiaries of the Group appropriate 10% of their net profits as shown in the accounts prepared under PRC generally accepted accounting principles to statutory reserve, until the reserve reaches 50% of their respective registered capital. Appropriation of the statutory reserve must be made before distribution of dividend to equity holders.

Pursuant to the resolution of the Board of Greatview Inner Mongolia on 30 May 2019, Greatview Inner Mongolia reversed the portion of its statutory reserve which exceeded 50% of its registered capital to retained earnings.

Amounts expressed in thousands of RMB unless otherwise stated

15 RETAINED EARNINGS

	Year ended 31 December	
	2020	2019
As at 1 January	**1,591,535**	1,450,308
Profit for the year	**342,763**	337,319
Transfer (to)/from statutory reserve	**(24,470)**	28,726
Dividends paid	**(270,929)**	(224,818)
As at 31 December	**1,638,899**	1,591,535

16 DEFERRED GOVERNMENT GRANTS

	Year ended 31 December	
	2020	2019
As at 1 January	**86,162**	93,765
Additions	**1,182**	358
Acquisition of subsidiaries	**–**	168
Amortisation	**(8,185)**	(7,775)
Exchange adjustments	**1,785**	(354)
As at 31 December	**80,944**	86,162
At the end of the year		
Cost	**143,539**	142,283
Acquisition of subsidiaries	**–**	83
Less: accumulated amortisation	**(65,402)**	(55,778)
Exchange adjustments	**2,807**	(426)
Net book amount	**80,944**	86,162

	As at 31 December	
	2020	2019
Current portion of deferred government grant	**7,771**	7,825
Non-current portion of deferred government grant	**73,173**	78,337

During the year ended 31 December 2020, the Group received government grants relating to costs. The amounts are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Amounts expressed in thousands of RMB unless otherwise stated

17 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

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

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

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

18 DERIVATIVE FINANCIAL INSTRUMENTS

The Group purchases derivative financial instruments, mainly US$ forward contracts, to mitigate risks on the fluctuation of foreign exchange rate.

As at 31 December, 2020, derivative financial instruments are accounted for at fair value through profit or losses and recognised as a liability with net unrealised losses of RMB26,778,000.

	As at 31 December	
	2020	2019
Derivative financial instruments	**26,778**	–

Amounts expressed in thousands of RMB unless otherwise stated

19 LEASE LIABILITIES

	As at 31 December	
	2020	2019
Lease liabilities	**7,522**	11,699
Less: Current portion of non-current liabilities	**(5,206)**	(7,466)
	2,316	4,233

As at 31 December 2020, the Group had no events that were not included in the lease liabilities, but would result in potential future cash outflows.

20 BORROWINGS

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

(a) Bank Borrowings

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

	As at 31 December	
	2020	2019
Bank Borrowings	**1.42%**	2.44%

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

Amounts expressed in thousands of RMB unless otherwise stated

20 BORROWINGS (CONTINUED)

(a) Bank Borrowings *(continued)*

The Group's bank borrowings were repayable as follows:

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

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

	As at 31 December	
	2020	2019
Floating rate:		
– Expiring within 1 year	**647,546**	539,396

21 DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	As at 31 December	
	2020	2019
Deferred income tax assets		
– Deferred income tax asset to be recovered after more than 12 months	**13,116**	11,678
– Deferred income tax asset to be recovered within 12 months	**25,902**	20,189
	39,018	31,867
Deferred income tax liabilities		
– Deferred tax liability to be recovered after more than 12 months	**(11,898)**	(11,314)
– Deferred income tax liability to be recovered within 12 months	**(9,359)**	(8,853)
	(21,257)	(20,167)

Amounts expressed in thousands of RMB unless otherwise stated

21 DEFERRED INCOME TAX (CONTINUED)

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

	Year ended 31 December	
	2020	2019
At beginning of the year	**11,700**	18,086
Credited/(charged) to profit or loss (Note 27)	**6,061**	(988)
Acquisition of subsidiaries	**–**	(5,398)
At end of the year	**17,761**	11,700

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets	**Accrued expenses**	**Government grants**	**Impairments and provisions**	**Leases**	**Total**
At 1 January 2019	7,592	4,533	9,661	4,201	25,987
Acquisition of subsidiaries	13	–	772	267	1,052
Credited/(charged) to profit or loss	10,059	(392)	(3,296)	(1,543)	4,828
At 31 December 2019	17,664	4,141	7,137	2,925	31,867
Credited/(charged) to profit or loss	7,026	(504)	1,674	(1,045)	7,151
At 31 December 2020	**24,690**	**3,637**	**8,811**	**1,880**	**39,018**

Deferred income tax liabilities	**Unremitted earnings (Note 21 (b))**	**Other tax differences**	**Leases**	**Total**
At 1 January 2019	3,700	–	4,201	7,901
Acquisition of subsidiaries	–	6,159	291	6,450
Charged/(credited) to profit or loss	3,300	4,187	(1,671)	5,816
At 31 December 2019	7,000	10,346	2,821	20,167
Charged/(credited) to profit or loss	1,130	980	(1,020)	1,090
At 31 December 2020	**8,130**	**11,326**	**1,801**	**21,257**

Amounts expressed in thousands of RMB unless otherwise stated

21 DEFERRED INCOME TAX (CONTINUED)

(a) Deferred income tax assets are recognised for tax losses carried-forward to the extent that the realisation of the related tax benefits through the future taxable profits is probable. The amount of tax losses for which no deferred income tax asset was recognised was approximately RMB41,165,000 (2019: RMB45,101,000). As at 31 December 2020 and 2019, the expiry dates of the unrecognised tax losses can be carried forward against future taxable income are analysed as below:

Expiring in year ending:

	2020	2019
2020	**–**	3,059
2021	**3,084**	3,600
2022	**6,869**	6,869
2023	**17,193**	17,193
2024	**13,025**	13,025
2025	**343**	–
Losses without expiry date	**651**	1,355
	41,165	45,101

(b) In accordance with the corporate income tax law in the PRC, a 5% withholding tax will be levied on the dividend declared by the subsidiaries which was established in the PRC to its foreign investor. Considering the dividend policies of the PRC subsidiaries and the Group's business plan, the directors are of the view that only a portion of the unremitted earnings of the PRC subsidiaries of approximately RMB162,600,000 (2019: RMB140,000,000) may be distributed to their foreign parent company in the foreseeable future and the related deferred income tax liabilities of approximately RMB8,130,000 (2019: RMB7,000,000) have been recognised accordingly.

Amounts expressed in thousands of RMB unless otherwise stated

22 OTHER INCOME

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

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

23 OTHER (LOSSES)/GAINS – NET

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

Amounts expressed in thousands of RMB unless otherwise stated

24 EXPENSES BY NATURE

	Year ended 31 December	
	2020	2019
Raw materials and consumables used	**1,723,815**	1,593,960
Changes in inventories of finished goods and work in progress	**95,361**	36,512
Tax and levies on main operations	**17,049**	15,486
Provision/(write-back) for obsolescence on inventories	**1,135**	(121)
Depreciation and amortisation charges:	**159,848**	148,188
– *Depreciation of PP&E*	**141,355**	135,050
– *Depreciation of right-of-use assets*	**8,991**	7,702
– *Amortisation of intangible assets*	**9,502**	5,436
Employee benefit expenses (Note 25)	**281,797**	271,536
Impairment of goodwill	**6,736**	–
Auditors' remuneration		
– Audit services	**2,480**	2,930
– Non-audit services	**200**	1,483
Transportation expenses	**97,989**	89,119
Electricity and utilities	**45,934**	46,406
Repair and maintenance expenses	**32,724**	31,644
Research and development expenses	**22,724**	6,974
Advertising and promotional expenses	**20,543**	27,834
Plating expenses	**16,124**	15,305
Professional fees	**11,585**	13,032
Travelling expenses	**9,196**	15,203
Bank charges	**6,136**	1,784
Other expenses	**36,910**	29,483
Total cost of sales, distribution expenses and administrative expenses	**2,588,286**	2,346,758

25 EMPLOYEE BENEFITS

The analysis of employee benefits is as follows:

	Year ended 31 December	
	2020	2019
Wages and salaries (including discretionary bonuses)	**241,972**	223,878
Employer's contributions to pension scheme and others	**39,825**	47,658
	281,797	271,536

Amounts expressed in thousands of RMB unless otherwise stated

25 EMPLOYEE BENEFITS (CONTINUED)

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 2 directors (2019: 2), whose emoluments were reflected in the analysis presented in note 37. All of these individuals have not received any emolument from the Group as an inducement to join or leave the Group or compensation for loss of office during the year ended December 31, 2020 and 2019.The aggregate amounts of emoluments for the remaining 3 (2019:3) individuals for the years are as follows:

	Year ended 31 December	
	2020	2019
Salaries and other short-term employees' benefit	**3,079**	3,232
Contribution to pension scheme	**110**	100
Bonuses	**696**	582
Social security cost	**124**	87
	4,009	4,001

The emoluments fell within the following bands:

	Year ended 31 December	
	2020	2019
Emolument bands		
HK$1,000,001 – HK$1,500,000	**2**	2
HK$1,500,001 – HK$2,000,000	**1**	1
	3	3

(b) Senior management remuneration by band (excluded 2 directors (2019: 2), whose emoluments were reflected in the analysis presented in Note 37)

The number of individuals emoluments fell within the following bands:

	Year ended 31 December	
	2020	2019
Emolument bands		
HK$500,001 – HK$1,000,000	**1**	1
HK$1,000,001 – HK$1,500,000	**3**	3
HK$1,500,001 – HK$2,000,000	**1**	–
	5	4

Amounts expressed in thousands of RMB unless otherwise stated

26 FINANCE INCOME AND FINANCE COSTS

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

27 INCOME TAX EXPENSE

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

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

Greatview Inner Mongolia is located in a special economic zone with a preferential statutory income tax rate of 15%, which is subject to annual approval from the local tax bureau. The local tax bureau has approved this preferential tax rate of 15% for this subsidiary in year 2020.

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

Amounts expressed in thousands of RMB unless otherwise stated

27 INCOME TAX EXPENSE (CONTINUED)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Group companies is as follows:

	Year ended 31 December	
	2020	2019
Profit before tax	**455,915**	441,695
Tax calculated at domestic tax rates applicable to profits in the respective countries	**112,481**	102,046
Withholding tax on dividends	**16,955**	12,131
Effect of preferential tax treatments	**(19,599)**	(12,012)
Income not subject to tax	**(884)**	(201)
Super deduction of research and development expenses	**(2,665)**	–
Expenses not deductible for tax purposes	**6,124**	1,202
Others	**740**	1,210
Income tax expense	**113,152**	104,376

28 EARNINGS PER SHARE

Basic and diluted earnings per share

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

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

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

Amounts expressed in thousands of RMB unless otherwise stated

29 DIVIDENDS

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

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

30 CASH GENERATED FROM OPERATIONS

	Year ended 31 December	
	2020	2019
Profit before income tax	**455,915**	441,695
Adjustments for:		
– Amortisation of intangible assets	**9,502**	5,436
– Amortisation of deferred government grants	**(8,185)**	(7,775)
– Depreciation of property, plant and equipment	**141,355**	135,050
– Depreciation of right-of-use assets	**8,991**	7,702
– Impairment for trade and other receivables	**11,681**	59
– Provision/(write-back) for obsolescence on inventories	**1,135**	(121)
– Impairment of goodwill	**6,736**	–
– Loss on disposal of property, plant and equipment	**3,513**	97
– Interest income from financial assets at FVPL	**(5,301)**	(4,459)
– Gain from a bargain purchase	**–**	(25,558)
– Finance costs/(income) – net	**5,228**	(1,942)
– Fair value adjustment to derivatives	**26,778**	–
– Foreign exchange (gains)/losses on operating activities	**(15,826)**	7,458
Changes in working capital:		
– Inventories	**(84,732)**	4,307
– Trade and notes receivables	**(10,740)**	(92,579)
– Other receivables and prepayments	**(2,540)**	14,168
– Restricted cash	**16,345**	(9,086)
– Trade payables, other payables and accruals	**77,259**	(27,352)
– Contract liabilities	**(601)**	(185)
Cash generated from operations	**636,513**	446,915

Amounts expressed in thousands of RMB unless otherwise stated

30 CASH GENERATED FROM OPERATIONS (CONTINUED)

Non-cash transaction

In 2019 and 2020, there was no significant non-cash transaction.

	Liabilities from financing activities			
	Borrowings due after 1 year	Borrowings due within 1 year	Leases	Total
Net debt as at 1 January 2019	(29,427)	(160,999)	(16,803)	(207,229)
Cash flows	–	(87,518)	7,102	(80,416)
Acquisition of subsidiary	–	(33,734)	–	(33,734)
Addition – leases principle	–	–	(1,323)	(1,323)
Addition – leases interests	–	–	(675)	(675)
Foreign exchange adjustments	217	(9,300)	–	(9,083)
Other non-cash movement	7,717	(7,717)	–	–
Net debt as at 31 December 2019	(21,493)	(299,268)	(11,699)	(332,460)
Cash flows	–	108,448	8,575	117,023
Addition – leases principle	–	–	(3,925)	(3,925)
Addition – leases interests	–	–	(473)	(473)
Foreign exchange adjustments	(439)	7,183	–	6,744
Other non-cash movement	7,888	(7,888)	–	–
Net debt as at 31 December 2020	**(14,044)**	**(191,525)**	**(7,522)**	**(213,091)**

Amounts expressed in thousands of RMB unless otherwise stated

31 SUBSIDIARIES

Particulars of the subsidiaries of the Group as at 31 December 2020 are set out below: Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued share and paid-in capital/ registered capital/ debt securities	Ownership interest held by the Group (%)	
				2020	2019
Directly held by the Company					
Partner One Enterprises Ltd.	British Virgin Island, Limited liability company	Investment holding in British Virgin Island	US$2	**100%**	100%
Falcon Eye Global Ltd.	British Virgin Island, Limited liability company	Investment holding in British Virgin Island	US$2	**100%**	100%
Indirectly held by the Company					
Global Land International Industries Limited	Hong Kong, Limited liability company	Investment holding in Hong Kong	HK$10,000	**100%**	100%
Greenone Co., Ltd.	PRC, Limited liability company	Research and development of multi-layers food packaging materials in PRC	RMB10,000,000	**100%**	100%
Greatview Holdings Ltd.	Hong Kong, Limited liability company	Investment holding in Hong Kong	HK$10,000	**100%**	100%
Greatview Aseptic Packaging (Shandong) Co., Ltd.	PRC, Limited liability company	Production and sale of packaging products in PRC	US$48,040,000	**100%**	100%
Greatview Aseptic Packaging (Inner Mongolia) Co., Ltd.	PRC, Limited liability company	Production and sale of packaging products in PRC	US$20,000,000	**100%**	100%
Greatview Aseptic Packaging Europe GmbH	Switzerland, Limited liability company	Sale of packaging products in Switzerland	CHF50,000	**100%**	100%
Greatview Beijing Trading Co., Ltd.	PRC, Limited liability company	Sale of packaging products and equipment and related technical development services in PRC	US$750,000	**100%**	100%

Amounts expressed in thousands of RMB unless otherwise stated

31 SUBSIDIARIES (CONTINUED)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued share and paid-in capital/ registered capital/ debt securities	Ownership interest held by the Group (%) 2020	2019
Indirectly held by the Company (continued)					
Greatview Aseptic Packaging Manufacturing GmbH	Germany, Limited liability company	Production and sale of packaging products in Germany	EUR25,000	**100%**	100%
Greatview Aseptic Packaging Service GmbH	Germany, Limited liability company	Sale of packaging products in Germany	EUR25,000	**100%**	100%
Langfang XinCeHeng Plastic Co., Ltd.	PRC, Limited liability company	Production of rubber and plastic films in PRC	RMB10,000,000	**100%**	100%
Qingdao Likang Food Packaging Technology Co.,LTD.	PRC, Limited liability company	Production and sale of packaging products in PRC	RMB100,000,000	**100%**	100%
Esight Company Limited	Hong Kong, Limited liability company	Investment holding in Hong Kong	HK$1	**100%**	100%
Beijing Greatdata Technology Co., Ltd.	PRC, Limited liability company	Technical research and development, software research and development, technical services in PRC	RMB10,000,000	**100%**	100%
Controlled by the Company pursuant to the Contractual Agreements					
Beijing Esight Innovation Co., Ltd.	PRC, Limited liability company	Technical research and development, software research and development, technical services in PRC	RMB1,000,000	**100%**	100%
Beijing Esight Digital Innovation Co., Ltd	PRC, Limited liability company	Technical research and development, software research and development, technical services in PRC	RMB10,000,000	**100%**	100%

Amounts expressed in thousands of RMB unless otherwise stated

31 SUBSIDIARIES (CONTINUED)

Debt securities

None of the subsidiaries had any debt securities outstanding as at 31 December 2020, or at any time during the year.

Significant restrictions

Cash and bank balances of RMB627,540,000 (2019: RMB619,946,000) are held in China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

32 COMMITMENTS

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

	As at 31 December	
	2020	2019
Contracted but not provided for		
– Property, plant and equipment	**27,967**	2,091

33 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	
	2020	2019
Salaries and other short-term employees benefits	**11,328**	10,263
Contribution to pension scheme	**273**	321
Bonuses	**1,900**	1,633
Social security cost	**461**	450
	13,962	12,667

34 CONTINGENT LIABILITIES

The Company has identified certain contingent liabilities in the normal course of business.

Having considered all the facts of these matters, including legal advice when relevant, the Directors are of the view that there are no material contingent liabilities as at 31 December 2020.(2019:nil).

35 EVENTS OCCURRING AFTER THE RPORTING PERIOD

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

Amounts expressed in thousands of RMB unless otherwise stated

36 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	As at 31 December	
	2020	2019
ASSETS		
Non-current assets		
Investment in a subsidiary	**221,801**	221,801
Amount due from a subsidiary	**458,457**	503,724
	680,258	725,525
Current assets		
Amount due from a subsidiary	**92,663**	93,580
Prepayments	**5,562**	–
Cash and cash equivalents	**13**	11
	98,238	93,591
Total assets	**778,496**	819,116
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	**11,442**	11,446
Other reserves and retained earnings (a)	**766,212**	806,443
Total equity	**777,654**	817,889
LIABILITIES		
Current liabilities		
Trade payables, other payables and accruals	**842**	1,227
Total liabilities	**842**	1,227
Total equity and liabilities	**778,496**	819,116

The balance sheet of the Company was approved by the Board of Directors on 30 March 2021 and was signed on its behalf:

Director
Bi Hua, Jeff

Director
Chang Fuquan

Amounts expressed in thousands of RMB unless otherwise stated

36 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(a) Reserve movement of the Company

	2020	2019
As at 1 January	**806,443**	907,817
Profit for the year	**281,681**	220,479
Buy-back of ordinary shares	**(997)**	–
Dividends	**(320,915)**	(321,853)
As at 31 December	**766,212**	806,443

37 DIRECTORS' EMOLUMENTS

(a) The remuneration of directors was as follows:

Name of Director	Fees	Salary	Discretionary bonuses	Allowance and benefits in kind	Employer's contribution to pension scheme	Total
Year ended 31 December 2019:						
Executive directors						
Mr. Bi Hua, Jeff	176	2,631	377	212	66	3,462
Mr. Liu Jun (resigned on 31 January 2019)	28	103	–	3	5	139
Mr. Chang Fuquan (appointed on 27 March 2019)	124	873	124	8	–	1,129
Non-executive directors						
Mr. Hong Gang	–	–	–	–	–	–
Mr. Hsu David (resigned on 30 March 2020)	–	–	–	–	–	–
Mr. Pang Yiu Kai (appointed on 30 March 2020)	–	–	–	–	–	–
Independent non-executive directors						
Mr. Lueth Allen Warren	175	–	–	–	–	175
Mr. Behrens Ernst Hermann	176	–	–	–	–	176
Mr. Zhu Jia	176	–	–	–	–	176
	855	3,607	501	223	71	5,257

Amounts expressed in thousands of RMB unless otherwise stated

37 DIRECTORS' EMOLUMENTS (CONTINUED)

(a) The remuneration of directors was as follows: *(continued)*

Name of Director	Fees	Salary	Discretionary bonuses	Allowance and benefits in kind	Employer's contribution to pension scheme	Total
Year ended 31 December 2020:						
Executive directors						
Mr. Bi Hua, Jeff	**178**	**2,762**	**420**	**211**	**55**	**3,626**
Mr. Chang Fuquan	**178**	**949**	**140**	**8**	**–**	**1,275**
Non-executive directors						
Mr. Hong Gang	**–**	**–**	**–**	**–**	**–**	**–**
Mr. Hsu David (resigned on 30 March 2020)	**–**	**–**	**–**	**–**	**–**	**–**
Mr. Pang Yiu Kai (appointed on 30 March 2020)	**–**	**–**	**–**	**–**	**–**	**–**
Independent non-executive directors						
Mr. Lueth Allen Warren	**178**	**–**	**–**	**–**	**–**	**178**
Mr. Behrens Ernst Hermann	**178**	**–**	**–**	**–**	**–**	**178**
Mr. Zhu Jia	**178**	**–**	**–**	**–**	**–**	**178**
	890	**3,711**	**560**	**219**	**55**	**5,435**

37 DIRECTORS' EMOLUMENTS (CONTINUED)

(b) Directors' retirement benefits

During the year, no retirement benefits were paid to or receivable by the directors in respect of their services as directors of the Company and its subsidiaries or other services in connection with the management of the affairs of the Company or its subsidiary undertaking (2019: Nil).

(c) Directors' termination benefits

During the year, no payment or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable (2019: Nil).

(d) Consideration provided to third parties for making available directors' services

During the year, no consideration was provided to or receivable by third parties for making available directors' services (2019: Nil).

(e) Information about loans, quasi-loans and other dealings in favour of directors, their controlled bodies corporate and connected entities with such directors

During the year, there are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2019: Nil).

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of year or at any time during the year (2019: Nil).