ANNUAL REPORT

GREATVIEW ASEPTIC PACKAGING COMPANY LIMITED

2021

Stock Code: 0468

(Incorporated in the Cayman Islands with limited liability)

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors

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

Non-Executive Directors

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

Independent Non-Executive Directors

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

JOINT COMPANY SECRETARIES

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

AUTHORISED REPRESENTATIVES

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

OTHER PLACE OF BUSINESS IN HONG KONG

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

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

14 Jiuxianqiao Road
Chaoyang District
Beijing 100015
The PRC

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and Registered Public Interest Entity Auditor
22/F Prince's Building
Central
Hong Kong

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

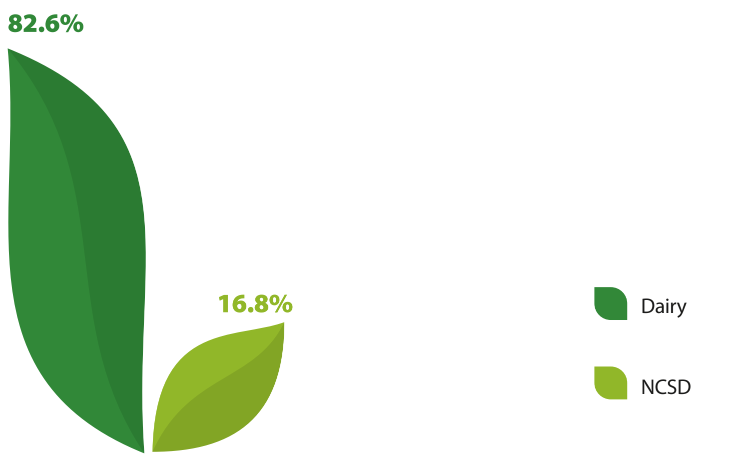
www.greatviewpack.com

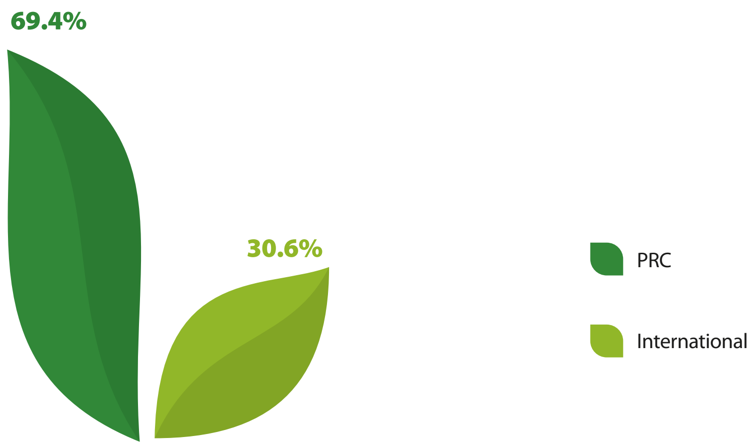

Greatview® Aseptic Brick
200mL Slim Ripple
GREATVIEW
RAWR
Banana Milk
200mL
COCONUT WATER
Low Calorie Nutrition
100% ORGANIC
SCAN AND PLAY

FINANCIAL SUMMARY

	Year ended 31 December		
	2021	2020	Percentage
	RMB million	RMB million	%
Revenue	**3,464.3**	3,038.9	14.0
Gross profit	**697.7**	805.6	-13.4
Net profit	**285.1**	342.8	-16.8
Profit attributable to shareholders	**285.1**	342.8	-16.8
Earnings per share — basic and diluted (RMB)	**0.21**	0.26	-19.2
Proposed dividend per share (HK$)	**–**	0.14	–

REVENUE ANALYSIS



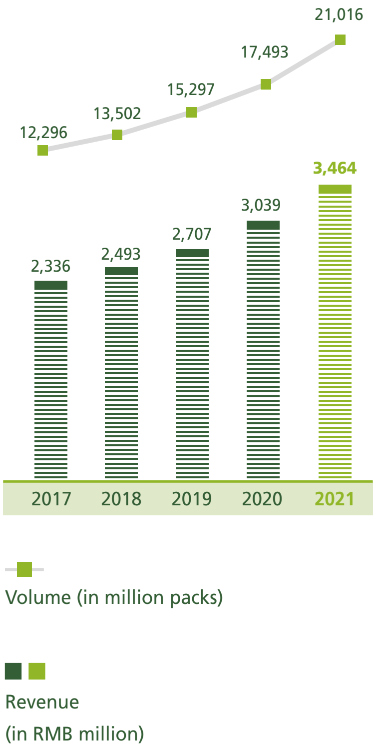


FROM FOSSIL FUEL-DERIVED TO BIO-ATTRIBUTED POLYMERS

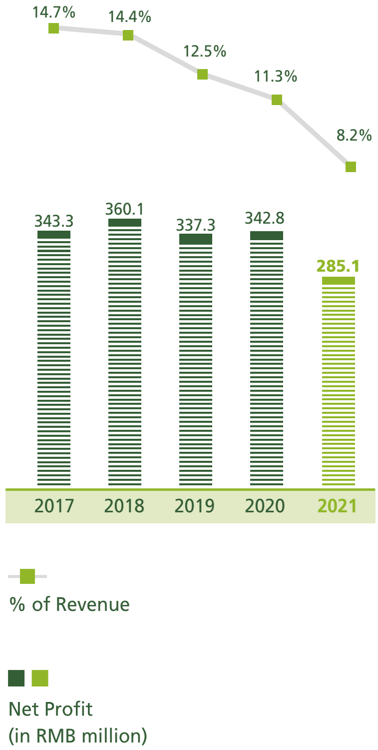
The bio-attributed polymer used in the packaging is linked to plant-based materials coming from sustainably managed forests. Greatview's German factory is certified by RSB (Roundtable on Sustainable Biomaterials) and produces under a mass balance approach.

FIVE YEARS FINANCIAL SUMMARY

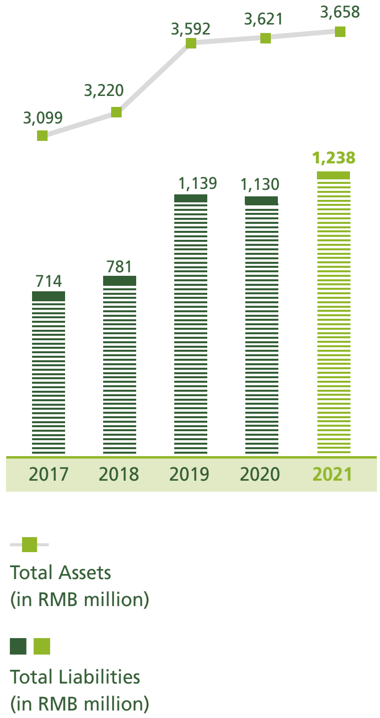
REVENUE TREND



PROFIT TREND



ASSET AND LIABILITY TRENDS



	2021	2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets					
Non-current assets	**1,447,371**	1,524,312	1,581,743	1,427,761	1,434,873
Current assets	**2,211,109**	2,097,081	2,010,630	1,792,699	1,663,875
Total assets	**3,658,480**	3,621,393	3,592,373	3,220,460	3,098,748
Liabilities					
Non-current liabilities	**96,434**	110,790	124,230	119,480	91,223
Current liabilities	**1,142,012**	1,018,848	1,014,973	661,621	622,492
Total liabilities	**1,238,446**	1,129,638	1,139,203	781,101	713,715
Total equity	**2,420,034**	2,491,755	2,453,170	2,439,359	2,385,033

CEO'S STATEMENT

EMBRACING A BRIGHT FUTURE AMID OPPORTUNITIES AND CHALLENGES

2021 was a particularly challenging year. The impact of new waves of COVID-19 pandemic, together with rising trends of trade protectionism and uncertainties in the labour market which gave rise to a significant challenge in global supply chains. Increased inflationary pressure is also posing significant obstacles to global economic recovery. Despite these factors, new opportunities also arose, such as the acceleration towards global digitalisation. With the change of people's consumption habits, business sectors such as social e-commerce, livestream-based commerce and new retail have seen significant development.

2021 was also a year in which the world was dedicated to overcoming the impacts of COVID-19 pandemic and endeavoured to get back on track. However, amid the continuation of constraints caused by the pandemic, supply chains were confronted with severe challenges, such as tight capacity provision and surging prices of raw materials, whilst transportation costs remained at a high level and there was a shortage of shipping containers. Faced with these difficulties, Greatview implemented a series of measures including strategic co-operations with suppliers and bolstering inventory in order to guarantee stable and sustained production and supply. Our sales volume exceeded 21.0 billion packs, representing an increase of approximately 20.1%.

Globally, Greatview continued to respond to market demands, providing more diverse product choices and customised services to customers all over the world. Despite the continuation of the pandemic and the stagnant growth in consumer products, we continue to deliver solid growth internationally in all regions, ahead of both the market and the competition.

Despite challenges caused by the global resurgence of the pandemic, in the PRC, the economy continued to recover. As consumers pay increasing attention to their health, considering nutrition, brand and safety in food products, the consumption demand for liquid dairy products has risen steadily. Consumers' demand for basic food items such as dairy products has gradually shifted towards "higher quality" segments, driving their attention towards liquid dairy products. This gradual shift in consumption habits is set to drive the future development of the dairy industry.

Adhering to the spirit of continuous innovation, Greatview is providing more choice of packaging material specifications and end-to-end packaging solutions, including filling machines, to global customers. Our abilities in digitalisation are propelling our operational efficiency and customer-oriented digital marketing service capabilities.

In the area of environmental sustainability, in order to render assistance for customers to achieve their sustainable development goals and ease the burden of production and consumption on environment, Greatview has provided customers with products such as paper straws and packaging material that incorporates bio-attributed polymers which are linked to plant-based sources – "Greatview® Planet". "Greatview® Planet" is Greatview's first packaging material offered with sustainability being the key purpose. As a founding member of the China Paper-based Beverage Composite Packaging Recycling Committee, we proactively promote and explore paper-based beverage composite packaging recycling industry chain and post-consumer packaging recycling industry chain technology, contributing to the creation of a sustainable circular economy model for the aseptic packaging industry. Meanwhile, through our membership in Association des Industries de Marque ("AIM") – European Brand Association's HolyGrail 2.0 Project, we are playing a key role in promoting the potential of digital watermarking as a method of maximising recycling efficiency across the whole packaging industrial chain.

Looking forward to the coming year, we will continue to promote our core competencies on the basis of maintaining sound development, construct an increasingly sustainable and resilient supply chain system, and go on to wield influence in carbon emission reduction and circular economy creation. By virtue of unremitting exploration, improvement and breakthroughs, Greatview and its partners can look forward to a future of success and prosperity.

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

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

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

* *For identification purposes only*

Management Discussion and Analysis

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

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

Management Discussion and Analysis

Markets and Products

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

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

Management Discussion and Analysis

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

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

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

Management Discussion and Analysis

Operation Management

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

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

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

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

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

Production Capacity and Utilisation

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

Management Discussion and Analysis

Suppliers and Raw Materials

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

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

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

Business Development

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

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

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

* *For identification purposes only*

Management Discussion and Analysis

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

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

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

Management Discussion and Analysis

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

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

Management Discussion and Analysis

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

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

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

Management Discussion and Analysis

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

Relationships with Stakeholders

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

Compliance with Applicable Laws and Regulations

For the year ended 31 December 2021, our Group's operations are mainly carried out by our Company's subsidiaries in mainland China, the Hong Kong Special Administrative Region, Germany and Switzerland. The Group, therefore complies with relevant laws and regulations in mainland China, the Hong Kong Special Administrative Region, Germany and Switzerland as well as the respective places of incorporation of our Company and our subsidiaries.

During the year and up to the date of this 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 2021, top line was higher while bottom line was lower than the year ended 31 December 2020. We continuously endeavoured to optimise the product portfolio and production efficiency, meanwhile, we strived to expand market share. Our management will continue to capture growth in the aseptic packaging industry as well as pursue potential business development opportunities to further enhance return to shareholders.

Management Discussion and Analysis

Revenue

We primarily derive revenue from the PRC and international sales of aseptic packaging and related services to dairy and NCSD producers. Revenue of our Group increased by approximately 14.0% from approximately RMB3,038.9 million for the year ended 31 December 2020 to approximately RMB3,464.3 million for the year ended 31 December 2021. The increase was primarily due to the increase in sales volume in both the PRC and international markets.

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

With respect to the international segment, our revenue increased by approximately RMB137.8 million, or 14.9%, to approximately RMB1,061.5 million for the year ended 31 December 2021 from approximately RMB923.7 million for the year ended 31 December 2020. Such increase was primarily due to the success in improving existing customer penetration and the take-up of new customers.

Our revenue from dairy customers increased by approximately RMB324.0 million, or 12.8%, to approximately RMB2,861.6 million for the year ended 31 December 2021 from approximately RMB2,537.6 million for the year ended 31 December 2020, and our revenue from NCSD customers increased by approximately RMB98.7 million, or 20.5%, to approximately RMB580.6 million for the year ended 31 December 2021 from approximately RMB481.9 million for the year ended 31 December 2020. It was mainly contributed by the increase in sales volume.

Cost of Sales

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

Gross Profit and Gross Margin

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

Management Discussion and Analysis

Other Income

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

Other Gains/(Losses) – Net

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

Distribution Expenses

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

Administrative Expenses

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

Taxation

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

Profit for the Year and Net Profit Margin

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

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2021, we had approximately RMB425.2 million (2020: approximately RMB577.2 million) in cash and cash equivalents. Our cash and cash equivalents consist primarily of cash on hand and bank balances which are primarily held in RMB denominated accounts with banks in the PRC.

Analysis of Turnover of Inventories, Trade Receivables and Payables

Our Group's inventories primarily consist of raw materials and finished goods. Turnover days for inventory (inventories/cost of sales) decreased from approximately 111.4 days as at 31 December 2020 to approximately 101.6 days as at 31 December 2021. Our turnover days for trade receivables (trade receivables/revenue) decreased from approximately 65.7 days as at 31 December 2020 to approximately 65.4 days as at 31 December 2021. Our turnover days for trade payables (trade payables/cost of sales) decreased from approximately 41.9 days as at 31 December 2020 to approximately 39.9 days as at 31 December 2021.

Borrowings and Finance Cost

Borrowings of our Group as at 31 December 2021 were bank borrowings which amounted to approximately RMB288.5 million (2020: approximately RMB205.6 million) and denominated in HKD, EUR and USD. Amongst the borrowings, approximately RMB283.1 million (2020: approximately RMB191.5 million) will be repayable within one year and approximately RMB5.4 million (2020: approximately RMB14.0 million) will be repayable after one year. For the year under review, the net finance cost of our Group was approximately RMB2.4 million (2020: net finance cost of approximately RMB5.2 million). For details of the borrowings of our Group, please refer to notes 19 and 25 to the consolidated financial statements contained in this annual report.

Gearing Ratio

As at 31 December 2021, the gearing ratio of our Group was approximately 0.12 (2020: approximately 0.08), which was in line with the growth of outstanding loans. The gearing ratio is calculated by dividing total loans and bank borrowings by total equity as at the end of the financial year.

Working Capital

Our working capital as at 31 December 2021 was approximately RMB1,069.1 million (2020: approximately RMB1,078.2 million). The working capital is calculated by the difference between the current assets and current liabilities.

Management Discussion and Analysis

Foreign Exchange Exposure

Our Group's sales and purchases were primarily denominated in RMB, EUR and USD. During the year under review, our Group recorded exchange gain of approximately RMB11.0 million (2020: exchange gain of approximately RMB4.8 million).

Capital Expenditure

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

Capital Commitments

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

Charge on Assets

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

Contingent Liabilities

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

Having considered all the facts of these matters, including legal advice when relevant, the Directors are of the view that there are no material contingent liabilities as at 31 December 2021 (2020: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2021, our Group employed approximately 1,754 employees (2020: approximately 1,673 employees). Our Group offered competitive salary package, as well as discretionary bonuses, cash subsidies and contribution to social insurance to our employees. Our total employee benefit expenses for the year ended 31 December 2021 amounted to approximately RMB323.3 million (2020: approximately RMB281.8 million). In general, we determine employee salaries based on each employee's qualifications, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis of our decisions with respect to salary raises, bonuses and promotions. In order to ensure that our Group's employees remain competitive in the industry, the Company has adopted training schemes for our employees managed by our human resources department. For details of the remuneration of our Group, please refer to note 24 to the consolidated financial statements contained in this annual report.

Management Discussion and Analysis

PROSPECTS

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

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

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

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. BI Hua, Jeff (畢樺)

Mr. BI Hua, Jeff (畢樺), aged 58, 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 Group's 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 24 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 2021, 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 34 of this annual report for details.

Mr. CHANG Fuquan (常福泉)

Mr. CHANG Fuquan (常福泉), aged 64, 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 32 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 Beijing McDonald's Food Co Ltd.* (北京麥當勞食品有限公司) 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 2021, 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 34 of this annual report for details.

* *For identification purposes only*

Board of Directors and Senior Management

Non-executive Directors

Mr. HONG Gang *(洪鋼)*

Mr. HONG Gang (洪鋼), aged 63, 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 33 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 2021, 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 34 of this annual report for details.

Mr. PANG Yiu Kai (彭耀佳)

Mr. PANG Yiu Kai (彭耀佳), *GBS, JP*, aged 61, was appointed as a non-executive Director on 30 March 2020. Mr. Pang 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 as the deputy managing director in 2016 and the 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 the chief executive of Hongkong Land Holdings Limited between 2007 and 2016, and the director of 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) from August 2016 to April 2021. He was also 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) from August 2016 to November 2021. He is currently the chairman of Jardine Pacific Limited, a deputy chairman of Jardine Matheson Limited, and a director of 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 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 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 53, 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 been serving as a chief executive 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 74, 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 electronic 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 59, 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 been serving 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 the 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 United States 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.

SENIOR MANAGEMENT

Mr. BI Hua, Jeff (畢樺)

Biographical details of Mr. BI Hua, Jeff are set out on page 25 of this annual report.

Mr. CHANG Fuquan (常福泉)

Biographical details of Mr. CHANG Fuquan are set out on page 25 of this annual report.

Mr. CHEN Guining (陳桂寧)

Mr. CHEN Guining (陳桂寧), aged 66, is our Group's 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 29 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 58, is our Group's Sales Director. Mr. Yang joined our Group in September 2003. He is primarily responsible for domestic sales. Mr. Yang has over 22 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 53, 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 22 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 41, was appointed as our Group's 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 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the activities of its subsidiaries are set out in note 30 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 2021 are set out on pages 10 to 24 under Management Discussion and Analysis and pages 30 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 2021 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 2021 are set out in the section headed Management Discussion and Analysis on pages 10 to 24 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 pages 54 to 56 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 environmentally-friendly raw materials and reviewing production operations constantly to ensure that the production processes are effective and efficient.

In January 2021, Greatview's Shandong Factory added online waste gas monitoring device, which has been installed and officially put into operation.

In July 2021, Greatview Shandong donated and built ten "hope cottages" in Gaotang County, which are public welfare projects to promote growth for children aged 8 to 14 without independent living and learning environment.

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

In October 2021, Greatview donated to local associations in support of the greening construction of Harz National Park in Germany through the Brocken radio of Halle in Germany. The funding donated to associations by Greatview will be used for planting 256 trees in Harz Plateau.

In the same month, Greatview's German factory was successfully certified for the performance standard material management of International Aluminium Stewardship Initiative (ASI).

In November 2021, Greatview's German factory completed the installation of solar panels in order to reduce the carbon footprint produced by the use of electricity. The solar panels are expected to generate about 2.28 million kWh of electricity a year, equivalent to the annual electricity consumption of about 500 households, which will help reduce the annual carbon dioxide emissions of around 1,000 tonnes produced by German factory.

In the same month, Greatview launched a new packaging material that incorporates bio-attributed polymers which are linked to forest-based sources – "Greatview® Planet". Greatview's German factory has been certified by the RSB and successfully commenced production of "Greatview® Planet" materials.

In December 2021, Greatview's Inner Mongolia factory added online sewage monitoring device, which has currently entered operation trial stage.

For more details, please refer to the corporate sustainability report of the Group (the "Corporate Sustainability Report") 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 separate report is expected to be issued in May 2022.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2021, the aggregate purchases attributable to the Group's largest supplier and the five largest suppliers in aggregate accounted for approximately 8.2% and 37.5% 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 35.5% and 62.0% 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 Shares) had any interest in the Group's five largest customers and suppliers for the year ended 31 December 2021.

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 2021, the Company had reserves available for distribution of approximately RMB557.1 million (2020: approximately RMB576.5 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 *(Chief Executive Officer)*
Mr. CHANG Fuquan

Non-Executive Directors

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

Independent Non-Executive Directors

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

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the directors and senior management of the Group are set out on pages 25 to 29 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 2021 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

Pursuant 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 Act 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 notes 36 and 24 to the consolidated financial statements. None of the Directors waived or agreed to waive any emoluments during the year ended 31 December 2021.

Report of the Directors

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 2021, interests and 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) 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") as set out in Appendix 10 to the Listing Rules are as follows:

Interests and Short Position in the Shares and Underlying Shares

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

Notes:

(1) 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.

(2) 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.

(3) Goldmap Investments Limited ("Goldmap") is wholly-owned by Mr. CHANG Fuquan and he is therefore deemed to be interested in the 4,500,000 Shares held by Goldmap.

(4) As at 31 December 2021, the Company had 1,336,631,000 Shares in issue.

Save as disclosed above, as at 31 December 2021, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 December 2021, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Interests and Short Position in the Shares and Underlying Shares

Name of substantial shareholder	No. of Shares	Notes	Capacity	Nature of interest	Percentage of total number of Shares in issue (%) (Note 6)
JSH Venture Holdings Limited	377,132,584	1	Beneficial owner	Long position	28.22%
Jardine Strategic Limited	377,132,584	1	Interest of controlled corporation	Long position	28.22%
Jardine Matheson Holdings Limited	377,132,584	1	Interest of controlled corporation	Long position	28.22%
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%
Brown Brothers Harriman & Co.	90,676,400		Approved lending agent	Long position	6.78%
	90,676,400		Approved lending agent	Lending pool	6.78%
Phanron	78,141,966		Beneficial owner	Long position	5.85%
Madam XU Zhen	78,141,966	4	Interest of spouse	Long position	5.85%
Mittleman Investment Management, LLC (“Mittleman”)	67,176,252	5	Beneficial owner	Long position	5.03%
Aimia Inc.	67,176,252	5	Beneficial owner	Long position	5.03%
FMR LLC	66,802,000		Interest of controlled corporation	Long position	5.00%

Notes:

(1) JSH Venture Holdings Limited has a direct interest in 377,132,584 Shares. Jardine Strategic Limited is interested in 100% of JSH Venture Holdings Limited. JMH Investments Limited, which is interested in 83.63% of Jardine Strategic Limited, is wholly-owned by Jardine Matheson Holdings Limited. Therefore, Jardine Strategic Limited and Jardine Matheson Holdings Limited are deemed to be interested in 377,132,584 Shares.

(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) 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.

(5) Mittleman has a direct interest in 67,176,252 Shares. Master Control, LLC is interested in 100% of Mittleman, Aimia AM Holdings Inc. is interested in 100% of Master Control, LLC, Aimia Holdings US Inc. is interested in 100% of Aimia AM Holdings Inc., Aimia Holdings UK Limited is interested in 100% of Aimia Holdings US Inc., and Aimia Holdings UK Limited is wholly-owned by Aimia Inc. Therefore, Master Control, LLC, Aimia AM Holdings Inc., Aimia Holdings US Inc., Aimia Holdings UK Limited and Aimia Inc. are deemed to be interested in 67,176,252 Shares.

(6) As at 31 December 2021, the Company had 1,336,631,000 Shares in issue.

Save as disclosed above, as at 31 December 2021, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

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 2021.

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 2021.

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 AND RELATED PARTY TRANSACTIONS

During the year ended 31 December 2021, 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 32 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 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

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

During the year ended 31 December 2021, 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 2021, 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.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 31 December 2021, the aggregate amount of guarantees provided for the banking facilities granted to affiliated companies of the Group by the Company was approximately RMB849.9 million, 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** RMB'000	**Extent of guarantees utilised** RMB'000
Greatview Holding Ltd.	100%	669,449	240,669
Greatview Aseptic Packaging Europe GmbH	100%	180,493	28,879
Greatview Aseptic Packaging Manufacturing GmbH	100%	180,493	18,988

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 2021 is presented as follows:

	Proforma combined statement of financial position RMB'000
Non-current assets	984,211
Current assets	584,523
Current liabilities	(455,585)
Non-current liabilities	(706,563)
Net assets	406,586

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 2021.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2021 are set out in note 19 to the consolidated financial statements.

RETIREMENT SCHEMES

Information of the retirement schemes of the Group are set out in notes 2.21 and 24 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 the Model Code. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code and its code of conduct during the year ended 31 December 2021.

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 2021.

DONATIONS

During the year ended 31 December 2021, the Group donated approximately RMB121,000 for charitable purposes in total (2020: nil).

EQUITY-LINKED AGREEMENTS

For the year ended 31 December 2021, the Company has not entered into any equity-linked agreement, and there did not subsist any equity-linked agreement entered into by the Company as at 31 December 2021.

PUBLIC FLOAT

During the year ended 31 December 2021 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.

Report 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.

FINAL DIVIDEND

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

CHANGE OF INFORMATION IN RESPECT OF DIRECTORS

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

Mr. PANG Yiu Kai, a non-executive Director, has ceased to be a director of Jardine Strategic Holdings Limited, a company previously listed on the LSE, BSX and SGX (with stock codes JDS, JSHBD.BH and J37, respectively), with effect from 15 April 2021. Mr. Pang has also ceased to be 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), with effect from 30 November 2021.

EVENTS AFTER THE REPORTING PERIOD

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 20 May 2022 to 25 May 2022, both days inclusive, during which period no Share transfers can be registered. In order to be eligible for attending and voting at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 19 May 2022.

AUDITOR

PricewaterhouseCoopers has acted as auditor of the Company for the year ended 31 December 2021.

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, 28 March 2022

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 2021.

CORPORATE GOVERNANCE

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

During the year under review, the Company has adopted the Corporate Governance Code (formerly known as the Corporate Governance Code and Corporate Governance Report) (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 2021 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 as set out in Part 2 of the CG Code during the year ended 31 December 2021.

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 2021:

(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 "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 2021, 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. PANG Yiu Kai

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.

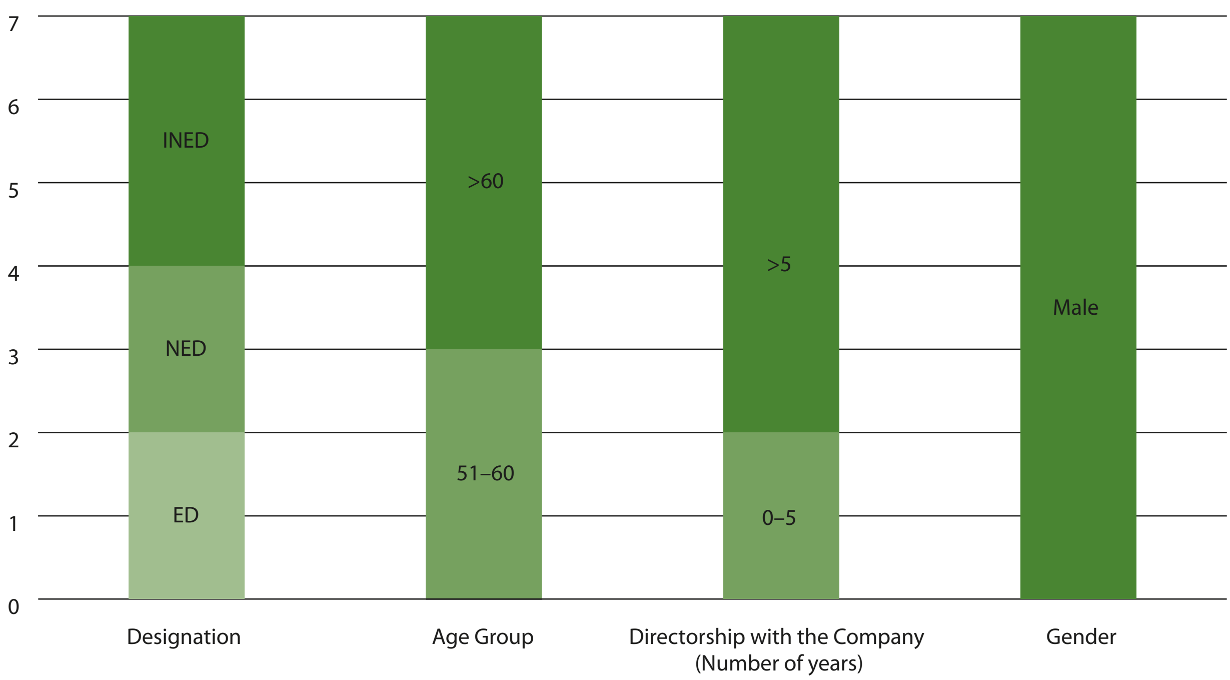
The Board adopted the board diversity policy (the "Board Diversity Policy") in accordance with the requirement as sets out in the CG Code.

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 Board Diversity Policy, and reviews, as appropriate, the policy to ensure its effectiveness. 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 25 to 28 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 members' appointments must be based on meritocracy having regard to the best interests of the Company and the shareholders.

Having regard to the aforesaid, the Board will continue to seek a pipeline of potential successors to the Board by identifying and nominating such candidates through the Nomination Committee to achieve greater gender diversity.

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

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 additional member 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.

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).

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 2021:

(1) reviewed the structure, size and composition of the Board, reviewed the Company's policies on nomination of Directors and made 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 one meeting of the Nomination Committee held during the year ended 31 December 2021. 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 C.1.4 (former 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 2021 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.

Corporate Governance Report

Board Meetings

Board Practices and Conduct of Meetings

Code provision C.5.3 (former 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 2021 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 Board Committees' 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 meetings and Board Committees' 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 Board Committees' 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 six Board meetings and one general meeting held during the year ended 31 December 2021. The attendance records of each Director at the Board meetings and general meeting during the year ended 31 December 2021 are set out below:

Name of Director	Attendance/Number of meetings held General meeting	Board meeting
Executive Directors		
Mr. BI Hua, Jeff	1/1	6/6
Mr. CHANG Fuquan	1/1	6/6
Non-Executive Directors		
Mr. HONG Gang	1/1	6/6
Mr. PANG Yiu Kai	1/1	6/6
Independent Non-Executive Directors		
Mr. LUETH Allen Warren	1/1	6/6
Mr. BEHRENS Ernst Hermann	0/1	5/6
Mr. ZHU Jia	1/1	5/6

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

The Company has adopted the Model Code.

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 2021.

Corporate Governance Report

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, the Remuneration Committee and the 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 2021:

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

(2) reviewed the remuneration of non-executive Directors and made proposal regarding Directors' fees to the Board for shareholders' approval at the 2021 annual general meeting.

There was one meeting of the Remuneration Committee held during the year ended 31 December 2021. 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 2021.

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. 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.

Corporate Governance Report

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 2021, the annual results and annual report for the year ended 31 December 2021, 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 two meetings of the Audit Committee held during the year ended 31 December 2021. 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	1/2
Mr. PANG Yiu Kai	2/2
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 59 to 63 of this annual report.

During the year ended 31 December 2021 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	2,400
Non-audit services	
– Tax filing service	118
Total	2,518

RISK MANAGEMENT AND INTERNAL CONTROL REPORT

Risk Management and Internal Control Systems of the Group's 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 considers its risk management and internal control systems are effective and adequate.

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 and the adequacy 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 systems, which are monitored by the Audit Committee.

"The First Line of Defence" – Risk Management

Management 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's companies, which conducts 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 evaluates the effectiveness of risk management and internal control on behalf of the Board.

2021 Risk Management Review

Summary of Risk Management Initiatives

Implementing effective risk management is a crucial step to achieve the strategic objectives of the Group's 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 2021 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 2022 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 markets, and enlarging the medium-sized customers base with significant achievements.

   By the end of 2021, although global markets have been adversely affected by the outbreak of COVID-19, we have made substantial progress on the back of the above measures. Both international and domestic medium-sized customers contributing to an increasing share in sales while maintaining growth in total sales volume.

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 2021, the exchange rate of Euro against USD, USD against RMB, and Euro 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.

3. *Risk of Instability in Global Raw Material Supply and Logistics Due to the Adverse Impact of COVID-19*
   There has been an increase in the risk level around the availability and pricing of certain raw materials and of both inbound and outbound transportation has become more unpredictable. The Company may not be able to pass cost increases in its pricing.

   The Company has been proactively searching for alternative sources of key raw materials while retaining reasonable levels of safety stock of both raw materials and finished products. The Company has multiple sources of inbound and outbound transportation options including routing. Additionally, the Company has the ability to rapidly transit the production of certain stock-keeping units to the Company's alternative facilities should circumstances require.

   The Company has taken various measures to ensure the supply of raw materials, delivery and reasonable inventory levels to sustain high quality products and services for our customers.

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. Tailor-made mitigation measures to reduce and control major risks were adopted with fruitful outcomes, such as risks and adverse effects of COVID-19 have been satisfactorily managed. 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 investor relations director, 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.

Whistleblowing Policy

The Company has a whistleblowing policy and system in place for employees and those who deal with the Company to raise concerns in confidence and anonymity. For further details, please refer to the Corporate Sustainability Report.

Anti-corruption Policy

The Company has established anti-corruption policy and system that promote and support anti-corruption laws and regulations. For further details, please refer to the Corporate Sustainability Report.

JOINT COMPANY SECRETARIES

Ms. QI Zhaohui was appointed as the joint company secretary of the Company on 27 March 2019. Ms. SO Lai Shan, another joint company secretary resigned on 26 April 2021, the Company appointed Ms. WONG Sau Ping as the joint company secretary in place of Ms. SO Lai Shan with effect from the same day. For further details, please refer to the announcement of the Company dated 26 April 2021.

In compliance with Rule 3.29 of the Listing Rules, each of Ms. QI Zhaohui and Ms. WONG Sau Ping has undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2021.

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 adopts a shareholders' communication policy (the "Shareholders' Communication Policy") which aims at establishing a two-way relationship and communication between the Company and the shareholders and 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 Company has conducted the annual review of the implementation and effectiveness of the Shareholders' Communication Policy and concluded that the policy was implemented effectively during the year ended 31 December 2021.

The 2022 annual general meeting of the Company ("AGM") will be held on 25 May 2022. 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

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 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 publicly 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

On 25 May 2021, the shareholders of the Company have approved the proposed amendments to the previous amended and restated Articles (the "Previous Articles") at the annual general meeting and adopted the second amended and restated Articles (the "Current Articles") in substitution for and to the exclusion of the Previous Articles with effect from 25 May 2021.

The Current Articles have been updated for the purposes of (i) allowing the Company to hold electronic and hybrid shareholder meetings and generally permitting certain acts to be carried out by electronic means; (ii) bringing the Previous Articles in line with the relevant requirements of the applicable laws of the Cayman Islands and the Listing Rules; and (iii) making some other housekeeping improvements. The full text of the Current Articles is available on both the websites of the Company and the Stock Exchange.

Save as disclosed above, there is no other change in the Company's constitutional documents during the year ended 31 December 2021 and up to the date of this annual report.

On behalf of the Board

Mr. HONG Gang
Chairman
Beijing, the PRC, 28 March 2022

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 64 to 126, which comprise:

- the consolidated statement of financial position as at 31 December 2021;
- 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 2021, 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.

Independent Auditor's Report

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 related to 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. For the purpose of the annual impairment assessment of goodwill, management determined the recoverable amounts of all the Group's goodwill based on value in use ("VIU"), which is the present value of the future cash flows expected to be derived from the Group's cash generating units ("CGUs"). We focus on this area due to the magnitude of the carrying amount of the asset (RMB58 million as at December 31,2021) 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: • Assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud. • Understood and evaluated the key controls relating to management's assessment on the impairment of goodwill. • Evaluated the competency, capabilities and objectivity of the independent external valuer by checking the valuer's related qualification and credentials in similar impairment assessment projects. • Tested the consistency and reasonableness of the data used and challenged management's key assumptions adopted in the future cash flow forecasts, mainly in relation to: – 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.– the discount rate, by assessing the cost of capital for the Company and comparable companies, as well as considering territory specific factors. • Evaluated the historical estimation accuracy of the cash flow forecast by comparing the forecast used in the prior year to the actual performance of the subsidiaries' businesses in the current year. • Use internal experts to assist in assessing the valuation models, certain assumptions and testing of the mathematical accuracy of the valuation model. • Evaluated management's sensitivity calculation over the recoverable amounts of these CGUs. Focusing on those few key assumptions to which the calculation was most sensitive, we calculated the degree to which each of these key assumptions would need to change before an impairment conclusion was triggered and discussed the likelihood of such a movement with management. Based on the above, we considered that management's judgements and assumptions applied in the impairment assessment of goodwill were supportable by the evidence obtained and procedures performed.

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, 28 March 2022

Consolidated Statement of Financial Position

As at 31 December 2021
Amounts expressed in thousands of RMB except for share data

	Note	As at 31 December 2021	2020
ASSETS			
Non-current assets			
Property, plant and equipment	6	**1,223,700**	1,312,236
Right-of-use assets	7	**64,001**	49,851
Intangible assets	8	**87,265**	93,843
Deferred income tax assets	20	**33,807**	39,018
Trade receivables	10	**27,614**	18,957
Prepayments	11	**10,984**	10,407
		1,447,371	1,524,312
Current assets			
Inventories	9	**798,614**	710,735
Trade and notes receivables	10	**722,721**	573,051
Prepayments	11	**37,459**	40,556
Other receivables	11	**12,219**	11,871
Cash and cash equivalents	12(a)	**425,242**	577,237
Restricted cash	12(b)	**214,854**	183,631
		2,211,109	2,097,081
Total assets		**3,658,480**	3,621,393

Consolidated Statement of Financial Position

As at 31 December 2021

Amounts expressed in thousands of RMB except for share data

	Note	As at 31 December 2021	2020
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital, share premium and capital reserve	13	**551,458**	600,260
Statutory reserve	14	**296,211**	281,325
Retained earnings	15	**1,670,035**	1,638,899
Exchange reserve		**(97,670)**	(28,729)
Total equity		**2,420,034**	2,491,755
LIABILITIES			
Non-current liabilities			
Deferred government grants	16	**59,947**	73,173
Lease liabilities	7	**11,603**	2,316
Deferred income tax liabilities	20	**19,469**	21,257
Borrowings	19	**5,415**	14,044
		96,434	110,790
Current liabilities			
Deferred government grants	16	**7,933**	7,771
Contract liabilities		**27,663**	35
Trade payables, other payables and accruals	17	**792,283**	746,379
Income tax liabilities		**19,933**	41,154
Borrowings	19	**283,121**	191,525
Lease liabilities	7	**11,079**	5,206
Derivative financial instruments	18	**–**	26,778
		1,142,012	1,018,848
Total liabilities		**1,238,446**	1,129,638
Total equity and liabilities		**3,658,480**	3,621,393

The notes on pages 69 to 126 are an integral part of these consolidated financial statements.

The financial statements on pages 64 to 126 were approved by the Board on 28 March 2022 and were signed on its behalf.

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

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021
Amounts expressed in thousands of RMB except for share data

	Note	Year ended 31 December 2021	2020
Revenue	5	**3,464,333**	3,038,864
Cost of sales	23	**(2,766,669)**	(2,233,301)
Gross profit		**697,664**	805,563
Other income	21	**60,983**	37,291
Other gains/(losses) – net	22	**14,742**	(15,045)
Impairment of losses on financial assets – net		**(5,854)**	(11,681)
Distribution expenses	23	**(230,931)**	(177,713)
Administrative expenses	23	**(174,286)**	(177,272)
Operating profit		**362,318**	461,143
Finance income	25	**6,029**	10,465
Finance costs	25	**(8,455)**	(15,693)
Finance costs – net		**(2,426)**	(5,228)
Profit before income tax		**359,892**	455,915
Income tax expense	26	**(74,820)**	(113,152)
Profit for the year		**285,072**	342,763
Profit attributable to:			
Owners of the Company		**285,072**	342,763
Non-controlling interests		**–**	–
		285,072	342,763
Other comprehensive income:			
Item that may be reclassified to profit or loss			
Currency translation differences		**(68,941)**	17,738
Total comprehensive income for the year		**216,131**	360,501
Total comprehensive income attributable to:			
Owners of the Company		**216,131**	360,501
Non-controlling interests		**–**	–
		216,131	360,501
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)			
– Basic and diluted earnings per share	27	**0.21**	0.26

The notes on pages 69 to 126 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021
Amounts expressed in thousands of RMB except for share data

	Share capital (Note 13)	Share premium (Note 13)	Capital reserve (Note 13)	Statutory reserve (Note 14)	Exchange reserve	Retained earnings (Note 15)	Total
As at 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 28)	–	(49,986)	–	–	–	(270,929)	(320,915)
As at 31 December 2020 and 1 January 2021	11,442	465,970	122,848	281,325	(28,729)	1,638,899	2,491,755
Comprehensive income:							
Profit for the year	–	–	–	–	–	285,072	285,072
Other comprehensive income:							
Currency translation differences	–	–	–	–	(68,941)	–	(68,941)
Share based payments	–	–	750	–	–	–	750
Transfer to statutory reserve	–	–	–	14,886	–	(14,886)	–
Dividends (Note 28)	–	(49,552)	–	–	–	(239,050)	(288,602)
As at 31 December 2021	**11,442**	**416,418**	**123,598**	**296,211**	**(97,670)**	**1,670,035**	**2,420,034**

The notes on pages 69 to 126 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2021
Amounts expressed in thousands of RMB except for share data

	Note	Year ended 31 December 2021	2020
Cash flows from operating activities			
Cash generated from operations	29	**229,687**	636,513
Interest paid		**(3,242)**	(4,534)
Income tax paid		**(92,618)**	(111,698)
Net cash generated from operating activities		**133,827**	520,281
Cash flows from investing activities			
Purchases of property, plant and equipment ("PP&E")		**(87,955)**	(79,794)
Receipt of government grants		**1,000**	1,182
Proceeds from disposal of PP&E		**63**	4,287
Purchases of intangible assets		**(331)**	(521)
Purchase of right-of-use assets		**–**	(6,204)
Purchases of financial assets at fair value through profit or loss		**(490,000)**	(866,000)
Disposals of financial assets at fair value through profit or loss		**492,768**	871,301
Interest received		**6,029**	10,465
Net cash used in investing activities		**(78,426)**	(65,284)
Cash flows from financing activities			
Proceeds from borrowings		**547,142**	302,815
Repayments of borrowings		**(453,121)**	(411,263)
Payments for shares buy-back		**–**	(1,001)
Principal elements of lease payments		**(7,602)**	(8,102)
Dividends paid to equity holders		**(288,602)**	(320,915)
Net cash used in financing activities		**(202,183)**	(438,466)
Net (decrease)/increase in cash and cash equivalents		**(146,782)**	16,531
Cash and cash equivalents at beginning of year		**577,237**	562,782
Exchange losses on cash and cash equivalents		**(5,213)**	(2,076)
Cash and cash equivalents at end of year		**425,242**	577,237

The notes on pages 69 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.

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 2021:

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

The Group also elected to adopt the following amendments early:

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

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

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

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

2.2 Principles of consolidation and equity accounting

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.

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 – net". All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income on a net basis within "other gains/(losses) – 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 gains/(losses) – net" in the consolidated statement of comprehensive income.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets *(continued)*

(c) Trademarks, patents 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 business 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.

2.10 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Investments and other financial assets *(continued)*

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.

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 gains/(losses) – 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 gains/(losses) – 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 gains/(losses) – net".

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 labour, 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 2.9 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Current and deferred income tax *(continued)*

(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.

2.22 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Leases *(continued)*

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.

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Leases *(continued)*

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 revalue 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.

2.24 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.26 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets, see note 22 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 25 below. Any 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 software) 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 2021, if RMB had weakened/strengthened by 5% (2020: 5%) against US$ with all other variables held constant, post-tax profit for the year then ended would have been RMB611,000 (2020: RMB5,373,000) higher/lower, 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 RMB-nil (2020: RMB22,176,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US$-denominated derivative financial instruments.

At 31 December 2021, if RMB had weakened/strengthened by 5% (2020: 5%) against EUR with all other variables held constant, post-tax profit for the year then ended would have been RMB913,000 (2020: RMB1,785,000) 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 2021, if RMB had weakened/strengthened by 5% (2020: 5%) against HK$ with all other variables held constant, post-tax profit for the year then ended would have been RMB5,105,000 (2020: RMB19,000 lower/higher) lower/higher, 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 2021, approximately RMB240,669,000 (2020: RMB130,498,000) of the borrowings of the Group was at floating rates, and approximately RMB47,867,000 (2020: RMB75,071,000) of the borrowings of the Group was at fixed rates. The interest rates and maturities of the Group's borrowings are disclosed in note 19.

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

At 31 December 2021, if interest rates on the variable borrowings had been 10 basis points higher/lower with all other variables held constant, post tax profit for the year would have been RMB240,000 (2020: RMB170,000) 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.

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.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors *(continued)*

(b) Credit risk *(continued)*

(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 2021 or 1 January 2021 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, Producer Price Index and Gross Domestic Product 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 2021 and 31 December 2020 was determined as follows for trade receivables:

	Lifetime expected credit loss rate	**Gross carrying amount of certain debtor(s)**	**Lifetime expected certain loss**	**Net carrying amount**
As at 31 December 2021				
Receivable from PRC Client				
Provision on individual basis	**100%**	**9,047**	**(9,047)**	**–**
Provision on collective basis	**0.70%**	**446,897**	**(3,116)**	**443,781**
Receivable from Overseas Client				
Provision on individual basis	**100%**	**7,744**	**(7,744)**	**–**
Provision on collective basis	**3.05%**	**262,574**	**(8,000)**	**254,574**
		726,262	**(27,907)**	**698,355**

	Lifetime expected credit loss rate	Gross carrying amount of certain debtor(s)	Lifetime expected certain loss	Net carrying amount
As at 31 December 2020				
Receivable from PRC Client				
Provision on individual basis	100%	8,868	(8,868)	–
Provision on collective basis	1.59%	330,810	(5,268)	325,542
Receivable from Overseas Client				
Provision on individual basis	100%	4,562	(4,562)	–
Provision on collective basis	1.54%	217,844	(3,355)	214,489
		562,084	(22,053)	540,031

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.

Amounts expressed in thousands of RMB unless otherwise stated

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors *(continued)*

(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 19).

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 RMB-nil (2020: RMB26,778,000) 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 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total contractual cash flows	Carrying amount liabilities
Borrowings	283,917	5,501	–	289,418	288,536
Trade and other payables	744,398	–	–	744,398	744,398
Lease liabilities	8,066	6,492	10,082	24,640	22,682
Total	**1,036,381**	**11,993**	**10,082**	**1,058,456**	**1,055,616**

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 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total contractual cash flows	Carrying amount liabilities
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	828,026	10,024	6,725	844,775	843,200
Derivatives					
Derivative financial liabilities (Note 18)	26,778	–	–	26,778	26,778

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 2020 is to maintain gearing ratio of less than 50%. The gearing ratio at 31 December 2021 and 2020 were as follows:

	As at 31 December	
	2021	2020
Total debt	**288,536**	205,569
Total equity	**2,420,034**	2,491,755
Gearing ratio	**12%**	8%

The total debt to equity ratio increased from 8% to 12% due to the proceeds from borrowings. See note 19 for further information.

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. The Group has no balance of financial instruments as at 31 December 2021.

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.

Amounts expressed in thousands of RMB unless otherwise stated

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation *(continued)*

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.

The following table presents the changes in level 3 items for the year ended 31 December 2021 and 31 December 2020:

	Wealth management product
As at 1 January 2020	–
Additions	866,000
Settlements	(871,301)
Changes in fair value	5,301
As at 31 December 2020	–
Additions	490,000
Settlements	(492,768)
Changes in fair value	2,768
As at 31 December 2021	–
Changes in unrealised gains or (losses) recognised in profit or loss for assets held at the end of the reporting period	
2021	–
2020	–

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

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.

Amounts expressed in thousands of RMB unless otherwise stated

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.

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

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

Amounts expressed in thousands of RMB unless otherwise stated

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

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

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 non-current assets excluding deferred income tax assets (there is no employment benefit assets and rights arising under insurance contracts) amount to RMB1,413,564,000 (2020: RMB1,485,294,000).

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

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

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

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

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 2020	707,640	1,605,077	67,548	17,536	1,742	2,399,543
Additions	7,379	11	355	75,029	–	82,774
Transfer upon completion	1,413	8,734	2,629	(12,776)	–	–
Disposals	–	(39,231)	(4,311)	(14)	–	(43,556)
Exchange differences	8,121	10,612	(145)	799	48	19,435
As at 31 December 2020	724,553	1,585,203	66,076	80,574	1,790	2,458,196
Additions	–	86	791	86,021	–	86,898
Transfer upon completion	139	32,361	3,316	(35,816)	–	–
Disposals	–	(272)	(1,535)	–	–	(1,807)
Exchange differences	(27,944)	(41,596)	(2,903)	(39)	(183)	(72,665)
As at 31 December 2021	**696,748**	**1,575,782**	**65,745**	**130,740**	**1,607**	**2,470,622**
Accumulated depreciation						
As at 1 January 2020	(130,297)	(849,698)	(52,980)	–	(1,323)	(1,034,298)
Charge for the year	(25,853)	(106,503)	(8,832)	–	(167)	(141,355)
Disposals	–	31,886	3,870	–	–	35,756
Exchange differences	(1,417)	(4,015)	(594)	–	(37)	(6,063)
As at 31 December 2020	(157,567)	(928,330)	(58,536)	–	(1,527)	(1,145,960)
Charge for the year	(24,827)	(99,560)	(5,772)	–	(150)	(130,309)
Disposals	–	250	1,465	–	–	1,715
Exchange differences	6,701	18,162	2,614	–	155	27,632
As at 31 December 2021	**(175,693)**	**(1,009,478)**	**(60,229)**	**–**	**(1,522)**	**(1,246,922)**
Net book value						
As at 31 December 2021	**521,055**	**566,304**	**5,516**	**130,740**	**85**	**1,223,700**
As at 31 December 2020	566,986	656,873	7,540	80,574	263	1,312,236

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	
	2021	2020
Cost of sales	**124,115**	134,583
Distribution expenses	**201**	186
Administrative expenses	**5,993**	6,586
	130,309	141,355

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

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

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

7 LEASE

(a) Amounts recognized in the balance sheet

The balance sheet shows the following amount relating to lease:

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

Amounts expressed in thousands of RMB unless otherwise stated

7 LEASE (CONTINUED)

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

	Year ended 31 December	
	2021	2020
Depreciation charge of right-of use assets (Note 23)	**8,612**	8,991
Interest expense on lease liability (Note 25)	**686**	441
Rental expense for short-term and low value leases (Note 23)	**2,310**	550

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

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

	Land use rights	Buildings	Office equipment	Total
Net book value at 1 January 2020	37,430	10,866	418	48,714
Additions	6,204	2,977	947	10,128
Depreciation	(988)	(7,586)	(417)	(8,991)
Net book value at 31 December 2020	42,646	6,257	948	49,851
Net book value at 1 January 2021	42,646	6,257	948	49,851
Additions	–	22,762	–	22,762
Depreciation	(1,029)	(7,324)	(259)	(8,612)
Net book value at 31 December 2021	**41,617**	**21,695**	**689**	**64,001**

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

The Group has leased several assets for buildings and office equipment. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. Tenures of the leases range from 1 to 5 years.

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 2020	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
Additions	–	2,360	–	–	2,360
Exchange differences	–	(2,321)	–	–	(2,321)
As at 31 December 2021	**64,721**	**47,753**	**428**	**22,697**	**135,599**
Accumulated amortisation and impairment					
As at 1 January 2020	–	(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)
Amortisation	–	(4,697)	(22)	(3,136)	(7,855)
Exchange differences	–	1,238	–	–	1,238
As at 31 December 2021	**(6,736)**	**(34,378)**	**(428)**	**(6,792)**	**(48,334)**
Net book value					
As at 31 December 2021	**57,985**	**13,375**	**–**	**15,905**	**87,265**
As at 31 December 2020	57,985	16,795	22	19,041	93,843

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:

	As at 31 December 2021
Packaging business – GA Shandong, GA Beijing and GA Inner Mongolia (i)	**47,773**
Greatdata (ii)	**10,212**
	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 Aseptic Packaging (Shandong) Co., Ltd. ("GA Shandong") in January 2005. The goodwill is monitored by the Group at the level of cash-generated units ("CGUs") which contain GA Shandong, Greatview Beijing Trading Co.,Ltd. ("GA Beijing") and Greatview Aseptic Packaging (Inner Mongolia) Co., Ltd. ("GA Inner Mongolia"), as GA Shandong's business was partially transferred to GA Beijing and GA 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 – GA Shandong, GA Beijing and GA Inner Mongolia	Greatdata
2021		
Revenue growth rate for next 5 years	**3.7%**	**5.0%-25.0%**
Perpetuity growth rate	**2.0%**	**3.0%**
Pre-tax discount rate	**14.9%**	**23.1%**
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%

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 forecast 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) Impact of possible changes in key assumptions

Packaging business – GA Shandong, GA Beijing and GA Inner Mongolia CGU:

As at 31 December 2021, the recoverable amount of GA Shandong, GA Beijing and GA Inner Mongolia CGU is estimated exceed the carrying amount of the CGU by RMB516,000,000. The recoverable amount of this CGU would equal its carrying amount of the key assumptions were to change as follows:

	2021	
	From	**To**
Revenue growth rate for next 5 years	**3.7%**	**(2.2%)**
Perpetuity growth rate	**2.0%**	**(3.1%)**
Pre-tax discount rate	**14.9%**	**19.1%**

Greatdata CGU:

As at 31 December 2021, the recoverable amount of Greatdata CGU is estimated exceed the carrying amount of the CGU by RMB16,000,000. The recoverable amount of this CGU would equal its carrying amount of the key assumptions were to change as follows:

	2021	
	From	**To**
Revenue growth rate for next 5 years	**5.0%-25.0%**	**3.4%-23.4%**
Perpetuity growth rate	**3.0%**	**1.4%**
Pre-tax discount rate	**23.1%**	**24.2%**

9 INVENTORIES

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

Amounts expressed in thousands of RMB unless otherwise stated

9 INVENTORIES (CONTINUED)

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

Inventory provision and the amount reversed have been included in cost of sales in the consolidated statement of comprehensive income for the years ended 31 December 2021 and 2020.

10 TRADE AND NOTES RECEIVABLES

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

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

	As at 31 December	
	2021	2020
Trade receivables – gross		
0-90 days	**607,075**	436,414
91-180 days	**49,501**	72,148
181-365 days	**14,923**	12,394
Over 365 days	**54,763**	41,128
	726,262	562,084

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.

Amounts expressed in thousands of RMB unless otherwise stated

10 TRADE AND NOTES RECEIVABLES (CONTINUED)

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

	Year ended 31 December	
	2021	2020
As at 1 January	**22,053**	11,393
Increase in loss allowance recognised in profit or loss during the year	**10,086**	11,737
Receivables written off during the year as uncollectible	**–**	(1,021)
Allowance reversed	**(4,232)**	(56)
As at 31 December	**27,907**	22,053

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

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.

11 PREPAYMENTS AND OTHER RECEIVABLES

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

Amounts expressed in thousands of RMB unless otherwise stated

12 CASH AND BANK BALANCES

(a) Cash and cash equivalents

	As at 31 December	
	2021	2020
Cash at bank and in hand	**425,242**	518,123
Bank deposits with initial terms within three months	**–**	59,114
	425,242	577,237

(b) Restricted cash

At 31 December 2021, RMB214,854,000 (2020: RMB183,631,000) 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	
	2021	2020
RMB	**544,855**	619,489
US$	**62,312**	70,407
EUR	**29,510**	69,065
HK$	**277**	175
CHF	**2,792**	621
GBP	**350**	1,111
	640,096	760,868

Amounts expressed in thousands of RMB unless otherwise stated

13 SHARE CAPITAL, SHARE PREMIUM AND CAPITAL RESERVE

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

(a) Share capital

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

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

(b) Share premium

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

14 STATUTORY RESERVE

	Year ended 31 December	
	2021	2020
As at 1 January	**281,325**	256,855
Transfer from retained earnings	**14,886**	24,470
As at 31 December	**296,211**	281,325

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.

Amounts expressed in thousands of RMB unless otherwise stated

15 RETAINED EARNINGS

	Year ended 31 December	
	2021	2020
As at 1 January	**1,638,899**	1,591,535
Profit for the year	**285,072**	342,763
Transfer to statutory reserve	**(14,886)**	(24,470)
Dividends paid	**(239,050)**	(270,929)
As at 31 December	**1,670,035**	1,638,899

16 DEFERRED GOVERNMENT GRANTS

	Year ended 31 December	
	2021	2020
As at 1 January	**80,944**	86,162
Additions	**1,000**	1,182
Amortisation	**(7,794)**	(8,185)
Exchange adjustments	**(6,270)**	1,785
As at 31 December	**67,880**	80,944
At the end of the year		
Cost	**145,846**	143,539
Additions	**1,000**	–
Less: accumulated amortisation	**(68,177)**	(65,402)
Exchange adjustments	**(10,789)**	2,807
Net book amount	**67,880**	80,944

	As at 31 December	
	2021	2020
Current portion of deferred government grant	**7,933**	7,771
Non-current portion of deferred government grant	**59,947**	73,173

During the year ended 31 December 2021, 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	
	2021	2020
Trade payables	**333,639**	270,888
Notes payables	**313,030**	276,155
Accrued expenses	**91,095**	116,270
Salary and welfare payables	**37,639**	35,362
Advance from customer	**–**	29,894
Other tax payables	**10,246**	11,304
Other payables	**6,634**	6,506
	792,283	746,379

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

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

18 DERIVATIVE FINANCIAL INSTRUMENTS

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

During the year ended 31 December 2021, derivative financial instruments accounted at fair value through profit or loss were fully settled, with net realised losses of RMB5,380,000.

	As at 31 December	
	2021	2020
Derivative financial instruments	**–**	26,778

Amounts expressed in thousands of RMB unless otherwise stated

19 BORROWINGS

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

(a) Bank Borrowings

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

	As at 31 December	
	2021	2020
Bank Borrowings	**1.10%**	1.42%

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

Amounts expressed in thousands of RMB unless otherwise stated

19 BORROWINGS (CONTINUED)

(a) Bank Borrowings *(continued)*

The Group's bank borrowings were repayable as follows:

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

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

	As at 31 December	
	2021	2020
Floating rate:		
– Expiring within 1 year	**561,406**	647,546

20 DEFERRED INCOME TAX

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

	As at 31 December	
	2021	2020
Deferred income tax assets		
– Deferred income tax asset to be recovered after more than 12 months	**15,754**	13,116
– Deferred income tax asset to be recovered within 12 months	**18,053**	25,902
	33,807	39,018
Deferred income tax liabilities		
– Deferred tax liability to be recovered after more than 12 months	**(14,362)**	(11,898)
– Deferred income tax liability to be recovered within 12 months	**(5,107)**	(9,359)
	(19,469)	(21,257)

Amounts expressed in thousands of RMB unless otherwise stated

20 DEFERRED INCOME TAX (CONTINUED)

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

	Year ended 31 December	
	2021	2020
At beginning of the year	**17,761**	11,700
Credited/(charged) to profit or loss (Note 26)	**(3,423)**	6,061
At end of the year	**14,338**	17,761

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 2020	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
Credited/(charged) to profit or loss	(8,739)	(261)	(1)	3,790	(5,211)
At 31 December 2021	**15,951**	**3,376**	**8,810**	**5,670**	**33,807**

Deferred income tax liabilities	**Unremitted earnings (Note 20(b))**	**Long-term assets arising from business combination**	**Other tax differences**	**Leases**	**Total**
At 1 January 2020	7,000	6,039	4,307	2,821	20,167
Charged/(credited) to profit or loss	1,130	(529)	1,509	(1,020)	1,090
At 31 December 2020	8,130	5,510	5,816	1,801	21,257
Charged/(credited) to profit or loss	(4,980)	(696)	–	3,888	(1,788)
At 31 December 2021	**3,150**	**4,814**	**5,816**	**5,689**	**19,469**

Amounts expressed in thousands of RMB unless otherwise stated

20 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 RMB35,304,000 (2020: RMB41,165,000). As at 31 December 2021 and 2020, the expiry dates of the unrecognised tax losses can be carried forward against future taxable income are analysed as below:

Expiring in year ending:

	2021	2020
2021	**24**	3,084
2022	**3,119**	6,869
2023	**17,131**	17,193
2024	**12,618**	13,025
2025	**1,317**	343
2026	**1,095**	–
Losses without expiry date	**–**	651
	35,304	41,165

(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 RMB63,000,000 (2020: RMB162,600,000) may be distributed to their foreign parent company in the foreseeable future and the related deferred income tax liabilities of approximately RMB3,150,000 (2020: RMB8,130,000) have been recognised accordingly.

Amounts expressed in thousands of RMB unless otherwise stated

21 OTHER INCOME

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

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

22 OTHER GAINS/(LOSSES) – NET

	Year ended 31 December	
	2021	2020
Net fair value gains on wealth management products at FVPL (Note 3.3)	**2,768**	5,301
Net losses on disposal of assets	**(29)**	(3,513)
Unrealized net fair value losses on derivative financial instruments	**–**	(26,778)
Realized net fair value losses on derivative financial instruments	**(5,380)**	(3,442)
Net foreign exchange gains	**10,961**	4,794
Others	**6,422**	8,593
	14,742	(15,045)

Amounts expressed in thousands of RMB unless otherwise stated

23 EXPENSES BY NATURE

	Year ended 31 December	
	2021	2020
Raw materials and consumables used	**2,299,322**	1,819,176
Tax and levies on main operations	**14,727**	17,049
Provision for obsolescence on inventories	**3,911**	1,135
Depreciation and amortisation charges:	**146,776**	159,848
– *Depreciation of PP&E*	**130,309**	141,355
– *Depreciation of right-of-use assets*	**8,612**	8,991
– *Amortisation of intangible assets*	**7,855**	9,502
Employee benefit expenses (Note 24)	**323,317**	281,797
Impairment of goodwill	**–**	6,736
Auditors' remuneration		
– Audit services	**2,400**	2,480
– Non-audit services	**118**	200
Transportation expenses	**148,448**	97,989
Electricity and utilities	**49,156**	45,934
Repair and maintenance expenses	**35,503**	32,724
Research and development expenses	**18,063**	22,724
Advertising and promotional expenses	**26,107**	20,543
Plating expenses	**18,284**	16,124
Professional fees	**16,216**	11,585
Travelling expenses	**11,940**	9,196
Bank charges	**2,998**	6,136
Rental expenses	**2,310**	550
Other expenses	**52,290**	36,360
Total cost of sales, distribution expenses and administrative expenses	**3,171,886**	2,588,286

24 EMPLOYEE BENEFITS

The analysis of employee benefits is as follows:

	Year ended 31 December	
	2021	2020
Wages and salaries (including discretionary bonuses)	**267,881**	241,972
Employer's contributions to pension scheme and others	**55,436**	39,825
	323,317	281,797

Amounts expressed in thousands of RMB unless otherwise stated

24 EMPLOYEE BENEFITS (CONTINUED)

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 2 directors (2020: 2), whose emoluments were reflected in the analysis presented in note 36. 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 years ended 31 December 2021 and 2020.The aggregate amounts of emoluments for the remaining 3 (2020: 3) individuals for the years are as follows:

	Year ended 31 December	
	2021	2020
Salaries and other short-term employees' benefits	**3,480**	3,079
Contribution to pension scheme	**135**	110
Bonuses	**489**	696
Social security cost	**127**	124
	4,231	4,009

The emoluments fell within the following bands:

	Year ended 31 December	
	2021	2020
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 (2020: 2), whose emoluments were reflected in the analysis presented in note 36)

The number of individuals emoluments fell within the following bands:

	Year ended 31 December	
	2021	2020
Emolument bands		
HK$500,001 – HK$1,000,000	**1**	1
HK$1,000,001 – HK$2,000,000	**3**	4
Over HK$2,000,000	**1**	–
	5	5

Amounts expressed in thousands of RMB unless otherwise stated

25 FINANCE INCOME AND FINANCE COSTS

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

26 INCOME TAX EXPENSE

	Year ended 31 December	
	2021	2020
Current income tax:		
Enterprise income tax	**71,397**	119,213
Deferred income tax:	**3,423**	(6,061)
Income tax expense	**74,820**	113,152

The Group's subsidiaries established in the PRC except for Greatview Aseptic Packaging (Inner Mongolia) Co. Ltd. ("GA Inner Mongolia") and Qingdao Likang Food Packaging Technology Co. LTD ("Likang") are subject to the PRC statutory income tax rate of 25% (2020: 25%) on the taxable income for the year. Hong Kong profits tax rate is 16.5% up to 1 April 2018. When the two-tiered profits tax regime took effect on 1 April 2018, the applicable Hong Kong profits tax rate is 8.25% for assessable profits on the first HK$2 million and 16.5% for any assessable profits in excess of HK$2 million. The profits tax of Greatview Aseptic Packaging Manufacturing GmbH and Greatview Aseptic Packaging Service GmbH has been provided at rate of 30.83%. Greaview Aseptic Packaging Europe GmbH is subject to the Swiss statutory income tax rate of 11.35%.

GA Inner Mongolia is located in a special economic zone with a preferential statutory income tax rate of 15%, which is subject to annual approval from the local tax bureau. The local tax bureau has approved this preferential tax rate of 15% for this subsidiary in year 2021.

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

Amounts expressed in thousands of RMB unless otherwise stated

26 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	
	2021	2020
Profit before tax	**359,892**	455,915
Tax calculated at domestic tax rates applicable to profits in the respective countries	**80,228**	112,481
Withholding tax on dividends	**9,320**	16,955
Effect of preferential tax treatments	**(11,757)**	(19,599)
Income not subject to tax	**(88)**	(884)
Super deduction of research and development expenses	**(1,975)**	(2,665)
Expenses not deductible for tax purposes	**1,543**	6,124
Tax losses for which no deferred tax asset was recognised	**271**	86
Utilisation of previously unrecognised tax losses for which no deferred income tax was recognised	**(1,828)**	(129)
Others	**(894)**	783
Income tax expense	**74,820**	113,152

27 EARNINGS PER SHARE

Basic and diluted earnings per share

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

	Year ended 31 December	
	2021	2020
Profit attributable to equity holders of the Company	**285,072**	342,763
Weighted average number of ordinary shares in issue (thousands)	**1,336,631**	1,336,917
Basic and diluted earnings per share (RMB per share)	**0.21**	0.26

Basic and diluted earnings per share are the same as the Group does not have any dilutive potential ordinary shares for the years ended 31 December 2021 and 2020.

Amounts expressed in thousands of RMB unless otherwise stated

28 DIVIDENDS

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

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

29 CASH GENERATED FROM OPERATIONS

	Year end 31 December	
	2021	2020
Profit before income tax	**359,892**	455,915
Adjustments for:		
– Amortisation of intangible assets	**7,855**	9,502
– Amortisation of deferred government grants	**(7,794)**	(8,185)
– Depreciation of property, plant and equipment	**130,309**	141,355
– Depreciation of right-of-use assets	**8,612**	8,991
– Share-based payments	**750**	–
– Impairment for trade and other receivables	**5,854**	11,681
– Provision for obsolescence on inventories	**3,911**	1,135
– Impairment of goodwill	**–**	6,736
– Loss on disposal of property, plant and equipment	**29**	3,513
– Interest income from financial assets at FVPL	**(2,768)**	(5,301)
– Finance costs	**2,426**	5,228
– Fair value adjustment to derivatives	**–**	26,778
– Foreign exchange gains on operating activities	**(40,150)**	(15,826)
Changes in working capital:		
– Inventories	**(91,790)**	(84,732)
– Trade and notes receivables	**(164,181)**	(10,740)
– Other receivables and prepayments	**2,172**	(2,540)
– Restricted cash	**(31,223)**	16,345
– Trade payables, other payables and accruals	**18,155**	77,259
– Contract liabilities	**27,628**	(601)
Cash generated from operations	**229,687**	636,513

Amounts expressed in thousands of RMB unless otherwise stated

29 CASH GENERATED FROM OPERATIONS (CONTINUED)

Non-cash transaction

In 2020 and 2021, 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 2020	(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)
Cash flows	–	(94,021)	8,289	(85,732)
Addition – leases principle	–	–	(22,763)	(22,763)
Addition – leases interests	–	–	(686)	(686)
Foreign exchange adjustments	1,014	10,040	–	11,054
Other non-cash movement	7,615	(7,615)	–	–
Net debt as at 31 December 2021	**(5,415)**	**(283,121)**	**(22,682)**	**(311,218)**

Amounts expressed in thousands of RMB unless otherwise stated

30 SUBSIDIARIES

Particulars of the subsidiaries of the Group as at 31 December 2021 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 (%) 2021	2020
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$57,540,000	**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%

Amounts expressed in thousands of RMB unless otherwise stated

30 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 (%) 2021	2020
Indirectly held by the Company (continued)					
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%
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

30 SUBSIDIARIES (CONTINUED)

Debt securities

None of the subsidiaries had any debt securities outstanding as at 31 December 2021, or at any time during the year.

Significant restrictions

Cash and bank balances of RMB581,932,000 (2020: RMB627,540,000) 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.

31 COMMITMENTS

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

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

32 RELATED PARTY TRANSACTIONS

Key management compensation

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

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

33 CONTINGENT LIABILITIES

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

Having considered all the facts of these matters, including legal advice when relevant, the Directors are of the view that there are no material contingent liabilities as at 31 December 2021 (2020: nil).

34 EVENTS OCCURRING AFTER THE REPORTING 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

35 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	As at 31 December	
	2021	2020
ASSETS		
Non-current assets		
Investment in a subsidiary	**221,801**	221,801
Amount due from a subsidiary	**454,666**	458,457
	676,467	680,258
Current assets		
Amount due from a subsidiary	**82,534**	92,663
Prepayments	**–**	5,562
Cash and cash equivalents	**77**	13
	82,611	98,238
Total assets	**759,078**	778,496
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	**11,442**	11,442
Other reserves and retained earnings(a)	**746,801**	766,212
Total equity	**758,243**	777,654
LIABILITIES		
Current liabilities		
Trade payables, other payables and accruals	**835**	842
Total liabilities	**835**	842
Total equity and liabilities	**759,078**	778,496

The balance sheet of the Company was approved by the Board on 28 March 2022 and was signed on its behalf:

Director
Bi Hua, Jeff

Director
Chang Fuquan

Amounts expressed in thousands of RMB unless otherwise stated

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

(a) Reserve movement of the Company

	2021	2020
As at 1 January	**766,212**	806,443
Profit for the year	**269,191**	281,681
Buy-back of ordinary shares	**–**	(997)
Dividends	**(288,602)**	(320,915)
As at 31 December	**746,801**	766,212

36 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 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

Amounts expressed in thousands of RMB unless otherwise stated

36 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 2021:						
Executive directors						
Mr. Bi Hua, Jeff	**166**	**2,927**	**345**	**122**	**68**	**3,628**
Mr. Chang Fuquan	**166**	**1,006**	**58**	**6**	**–**	**1,236**
Non-executive directors						
Mr. Hong Gang	**–**	**–**	**–**	**–**	**–**	**–**
Mr. Pang Yiu Kai	**–**	**–**	**–**	**–**	**–**	**–**
Independent non-executive directors						
Mr. Lueth Allen Warren	**166**	**–**	**–**	**–**	**–**	**166**
Mr. Behrens Ernst Hermann	**166**	**–**	**–**	**–**	**–**	**166**
Mr. Zhu Jia	**166**	**–**	**–**	**–**	**–**	**166**
	830	**3,933**	**403**	**128**	**68**	**5,362**

(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 (2020: 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 (2020: 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 (2020: 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 (2020: 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 (2020: Nil).