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GREATVIEW ASEPTIC PACKAGING COMPANY LIMITED

紛美包裝有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 00468)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

HIGHLIGHTS

- Revenue for the year ended 31 December 2022 increased by 13.6% to RMB3,937.0 million.
- Net profit after tax of RMB182.4 million, compared with RMB285.1 million in 2021. Profit continues to be impacted by raw material costs.
- The Company's business in the PRC was steady. Sales volume and revenue increased by approximately 6.9% and 4.9% respectively.
- Strong growth for the international business. Sales volume and revenue increased by 33.5% and 33.5% respectively. Price increase in the international markets has partially offset higher raw material costs.

The board (the “**Board**”) of directors (the “**Directors**”) of Greatview Aseptic Packaging Company Limited (the “**Company**” or “**Greatview**”) is pleased to announce the consolidated financial statements of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2022 together with comparative figures for the year ended 31 December 2021 as follows:

The figures in respect of this announcement of the Group’s consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes (“**financial information**”) does not constitute the Group’s statutory financial statements for the year ended 31 December 2022, but represents an extract from those financial statements. The following financial information, including the comparative figures has been reviewed by the audit committee of the Company (the “**Audit Committee**”) and agreed by the Group’s external auditors, PricewaterhouseCoopers (“**PwC**”), Certified Public Accountants in Hong Kong, to the amounts set out in the Group’s draft consolidated financial statements for the year ended 31 December 2022. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Federation of Accountants and consequently no assurance has been expressed by PwC on this announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

Amounts expressed in thousands of RMB except for share data

	<i>Note</i>	Year ended 31 December	
		2022	2021
Revenue	3	3,937,011	3,464,333
Cost of sales	6	(3,349,048)	(2,766,669)
Gross profit		587,963	697,664
Other income	4	67,354	60,983
Other (losses)/gains – net	5	(546)	14,742
Impairment of losses on financial assets – net		(3,086)	(5,854)
Distribution expenses	6	(254,426)	(230,931)
Administrative expenses	6	(169,776)	(174,286)
Operating profit		227,483	362,318
Finance income	7	10,752	6,029
Finance costs	7	(5,443)	(8,455)
Finance income/(costs) – net		5,309	(2,426)
Profit before income tax		232,792	359,892
Income tax expense	8	(50,395)	(74,820)
Profit for the year		182,397	285,072

	<i>Note</i>	Year ended 31 December	
		2022	2021
Profit attributable to:			
Owners of the Company		182,397	285,072
Non-controlling interests		<u>–</u>	<u>–</u>
		<u>182,397</u>	<u>285,072</u>
Other comprehensive income:			
<i>Item that may be reclassified to profit or loss</i>			
Currency translation differences		<u>17,493</u>	<u>(68,941)</u>
Total comprehensive income for the year		<u>199,890</u>	<u>216,131</u>
Total comprehensive income attributable to:			
Owners of the Company		199,890	216,131
Non-controlling interests		<u>–</u>	<u>–</u>
		<u>199,890</u>	<u>216,131</u>
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)			
– Basic and diluted earnings per share	9	<u>0.14</u>	<u>0.21</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

Amounts expressed in thousands of RMB except for share data

		As at 31 December	
	Note	2022	2021
ASSETS			
Non-current assets			
Property, plant and equipment	10	1,195,950	1,223,700
Right-of-use assets	11	56,957	64,001
Intangible assets		61,411	87,265
Deferred income tax assets		41,853	33,807
Trade receivables	13	26,537	27,614
Prepayments	14	10,001	10,984
		<u>1,392,709</u>	<u>1,447,371</u>
Current assets			
Inventories	12	1,181,862	798,614
Trade and notes receivables	13	739,926	722,721
Prepayments	14	21,995	37,459
Other receivables	14	28,802	12,219
Cash and cash equivalents		607,439	425,242
Restricted cash		306,920	214,854
		<u>2,886,944</u>	<u>2,211,109</u>
Total assets		<u>4,279,653</u>	<u>3,658,480</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital, share premium and capital reserve	15	551,458	551,458
Statutory reserve		309,087	296,211
Retained earnings		1,839,556	1,670,035
Exchange reserve		(80,177)	(97,670)
		<u>2,619,924</u>	<u>2,420,034</u>

		As at 31 December	
	<i>Note</i>	2022	2021
LIABILITIES			
Non-current liabilities			
Deferred government grants		54,476	59,947
Lease liabilities	<i>11</i>	6,602	11,603
Deferred income tax liabilities		11,473	19,469
Borrowings	<i>16</i>	<u>–</u>	<u>5,415</u>
		<u>72,551</u>	<u>96,434</u>
Current liabilities			
Deferred government grants		6,844	7,933
Contract liabilities		111,478	27,663
Trade payables, other payables and accruals	<i>17</i>	1,205,531	792,283
Income tax liabilities		29,383	19,933
Borrowings	<i>16</i>	223,561	283,121
Lease liabilities	<i>11</i>	<u>10,381</u>	<u>11,079</u>
		<u>1,587,178</u>	<u>1,142,012</u>
Total liabilities		<u><u>1,659,729</u></u>	<u><u>1,238,446</u></u>
Total equity and liabilities		<u><u>4,279,653</u></u>	<u><u>3,658,480</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

Amounts expressed in thousands of RMB except for share data

	Share capital (Note 15)	Share premium (Note 15)	Capital reserve (Note 15)	Statutory reserve	Exchange reserve	Retained earnings	Total
As at 1 January 2021	<u>11,442</u>	<u>465,970</u>	<u>122,848</u>	<u>281,325</u>	<u>(28,729)</u>	<u>1,638,899</u>	<u>2,491,755</u>
Comprehensive income:							
Profit for the year	-----	-----	-----	-----	-----	285,072	285,072
Other comprehensive income:							
Currency translation differences	-----	-----	-----	-----	(68,941)	-----	(68,941)
Share based payments	-	-	750	-	-	-	750
Transfer to statutory reserve	-	-	-	14,886	-	(14,886)	-
Dividends (Note 18)	-----	(49,552)	-----	-----	-----	(239,050)	(288,602)
As at 31 December 2021 and 1 January 2022	<u>11,442</u>	<u>416,418</u>	<u>123,598</u>	<u>296,211</u>	<u>(97,670)</u>	<u>1,670,035</u>	<u>2,420,034</u>
Comprehensive income:							
Profit for the year	-----	-----	-----	-----	-----	182,397	182,397
Other comprehensive income:							
Currency translation differences	-----	-----	-----	-----	17,493	-----	17,493
Share based payments	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	12,876	-	(12,876)	-
Dividends (Note 18)	-----	-----	-----	-----	-----	-----	-----
As at 31 December 2022	<u>11,442</u>	<u>416,418</u>	<u>123,598</u>	<u>309,087</u>	<u>(80,177)</u>	<u>1,839,556</u>	<u>2,619,924</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

Amounts expressed in thousands of RMB except for share data

	Year ended 31 December	
	2022	2021
Cash flows from operating activities		
Cash generated from operations	407,616	229,687
Interest paid	(5,443)	(3,242)
Income tax paid	(56,987)	(92,618)
	<u>345,186</u>	<u>133,827</u>
Cash flows from investing activities		
Purchases of property, plant and equipment (“PP&E”)	(87,637)	(87,955)
Receipt of government grants	–	1,000
Proceeds from disposal of PP&E	195	63
Purchases of intangible assets	(948)	(331)
Purchases of financial assets at fair value through profit or loss	(448,300)	(490,000)
Disposals of financial assets at fair value through profit or loss	450,002	492,768
Interest received	8,227	6,029
	<u>(78,461)</u>	<u>(78,426)</u>
Cash flows from financing activities		
Proceeds from borrowings	294,778	547,142
Repayments of borrowings	(374,615)	(453,121)
Principal elements of lease payments	(7,216)	(7,602)
Dividends paid to equity holders	–	(288,602)
	<u>(87,053)</u>	<u>(202,183)</u>
Net (decrease)/increase in cash and cash equivalents	179,672	(146,782)
Cash and cash equivalents at beginning of year	425,242	577,237
Exchange losses on cash and cash equivalents	2,525	(5,213)
	<u>607,439</u>	<u>425,242</u>
Cash and cash equivalents at end of year	<u>607,439</u>	<u>425,242</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

Amounts expressed in thousands of RMB unless otherwise stated

1 GENERAL INFORMATION

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

(a) *Compliance with IFRS and HKCO*

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

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

(b) *Historical cost convention*

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

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

The Group has applied the following amendments or annual improvements for the first time for their annual reporting period commencing 1 January 2022:

- *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to HKAS 16*
- *Onerous Contracts – Cost of Fulfilling a Contract – Amendments to HKAS 37*
- *Reference to the Conceptual Framework – Amendments to HKFRS 3*
- *Amendments to AG 5 Merger Accounting for Common Control Combinations*

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 2022 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 the Group's 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.

3 REVENUE AND SEGMENT INFORMATION

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

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

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

	PRC	International	Total
2022			
Revenue	2,519,991	1,417,020	3,937,011
Inter-segment revenue	—	—	—
Revenue from external customers	2,519,991	1,417,020	3,937,011
Cost of sales	(2,127,865)	(1,221,183)	(3,349,048)
Segment results	<u>392,126</u>	<u>195,837</u>	<u>587,963</u>
Including: revenue recognized that was included in the contract liabilities balance at the beginning of the year	<u>16,622</u>	<u>9,053</u>	<u>25,675</u>
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	<u>530,270</u>	<u>167,394</u>	<u>697,664</u>
Including: revenue recognized that was included in the contract liabilities balance at the beginning of the year	<u>31</u>	<u>—</u>	<u>31</u>

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

	Year ended 31 December	
	2022	2021
Segment results for reportable segments	587,963	697,664
Other income	67,354	60,983
Other (losses)/gains – net	(546)	14,742
Impairment of losses on financial assets – net	(3,086)	(5,854)
Distribution expenses	(254,426)	(230,931)
Administrative expenses	(169,776)	(174,286)
Operating profit	<u>227,483</u>	<u>362,318</u>
Finance income	10,752	6,029
Finance costs	(5,443)	(8,455)
Finance income/(costs) – net	<u>5,309</u>	<u>(2,426)</u>
Profit before income tax	<u><u>232,792</u></u>	<u><u>359,892</u></u>
Income tax expense	(50,395)	(74,820)
Profit for the year	<u><u>182,397</u></u>	<u><u>285,072</u></u>
Depreciation and amortisation charges	<u><u>(142,421)</u></u>	<u><u>(146,776)</u></u>

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 RMB1,350,856,000 (2021: RMB1,413,564,000).

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

	Year ended 31 December	
	2022	2021
Packaging materials		
– Dairy products	3,115,165	2,861,575
– NCSD products	777,376	580,572
Filling machines	40,142	19,293
Digital services	<u>4,328</u>	<u>2,893</u>
	<u><u>3,937,011</u></u>	<u><u>3,464,333</u></u>

During the 2022 financial year, revenue from 2 (2021: 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	
	2022	2021
Customer A	1,195,665	1,230,569
Customer B	518,089	479,227
	<hr/>	<hr/>
Total	<u>1,713,754</u>	<u>1,709,796</u>

4 OTHER INCOME

	Year ended 31 December	
	2022	2021
Income from sales of scraps and other materials	46,788	31,856
Subsidy income from government	20,566	29,127
	<hr/>	<hr/>
	<u>67,354</u>	<u>60,983</u>

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

5 OTHER (LOSSES)/GAINS – NET

	Year ended 31 December	
	2022	2021
Net fair value gains on wealth management products at fair value through profit or loss	1,702	2,768
Net losses on disposal of assets	(98)	(29)
Realized net fair value losses on derivative financial instruments	–	(5,380)
Net foreign exchange gains	(3,502)	10,961
Others	1,352	6,422
	<hr/>	<hr/>
	<u>(546)</u>	<u>14,742</u>

6 EXPENSES BY NATURE

	Year ended 31 December	
	2022	2021
Raw materials and consumables used	2,823,569	2,299,322
Tax and levies on main operations	14,650	14,727
Provision for obsolescence on inventories	10,506	3,911
Depreciation and amortisation charges:	142,421	146,776
– Depreciation of PP&E	126,814	130,309
– Depreciation of right-of-use assets	8,561	8,612
– Amortisation of intangible assets	7,046	7,855
Employee benefit expenses	341,461	323,317
Impairment of goodwill and other intangible assets arising from acquisitions	19,983	–
Auditors' remuneration		
– Audit services	2,500	2,400
– Non-audit services	70	118
Transportation expenses	171,891	148,448
Electricity and utilities	73,170	49,156
Repair and maintenance expenses	34,209	35,503
Research and development expenses	20,334	18,063
Advertising and promotional expenses	25,566	26,107
Plating expenses	20,252	18,284
Professional fees	18,470	16,216
Travelling expenses	12,304	11,940
Bank charges	3,957	2,998
Rental expenses	3,201	2,310
Other expenses	34,736	52,290
	<u>3,773,250</u>	<u>3,171,886</u>

7 FINANCE INCOME AND FINANCE COSTS

	Year ended 31 December	
	2022	2021
Interest income	8,227	6,029
Exchange gains – net	2,525	–
Finance income	<u>10,752</u>	<u>6,029</u>
Interest expenses – bank borrowings	(4,520)	(2,556)
Interest expenses – lease	(923)	(686)
Exchange losses – net	–	(5,213)
Finance costs	<u>(5,443)</u>	<u>(8,455)</u>

8 INCOME TAX EXPENSE

	Year ended 31 December	
	2022	2021
Current income tax:		
Enterprise income tax	66,437	71,397
Deferred income tax:	<u>(16,042)</u>	<u>3,423</u>
Income tax expense	<u>50,395</u>	<u>74,820</u>

The Group's subsidiaries established in the PRC except for Greatview Aseptic Packaging (Inner Mongolia) Co. Ltd. (“**GA Inner Mongolia**”) and Qingdao Likang Food Packaging Technology Co., LTD* (青島利康食品包裝科技有限公司) (“**Likang**”) are subject to the PRC statutory income tax rate of 25% (2021: 25%) on the taxable income for the year. Hong Kong profits tax rate is 16.5% up to 1 April 2018. When the two-tiered profits tax regime took effect on 1 April 2018, the applicable Hong Kong profits tax rate is 8.25% for assessable profits on the first HK\$2 million and 16.5% for any assessable profits in excess of HK\$2 million. The profits tax of Greatview Aseptic Packaging Manufacturing GmbH and Greatview Aseptic Packaging Service GmbH has been provided at rate of 30.83%. Greatview Aseptic Packaging Europe GmbH is subject to the Swiss statutory income tax rate of 12.80%.

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 2022.

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

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

	Year ended 31 December	
	2022	2021
Profit before tax	<u>232,792</u>	<u>359,892</u>
Tax calculated at domestic tax rates applicable to profits in the respective countries	62,433	80,228
Withholding tax on dividends	6,559	9,320
Effect of preferential tax treatments	(10,375)	(11,757)
Income not subject to tax	(35)	(88)
Super deduction of research and development expenses	(2,174)	(1,975)
Expenses not deductible for tax purposes	523	1,543
Tax losses for which no deferred tax asset was recognised	441	271
Utilisation of previously unrecognised tax losses for which no deferred income tax was recognised	(6,440)	(1,828)
Others	<u>(537)</u>	<u>(894)</u>
Income tax expense	<u>50,395</u>	<u>74,820</u>

9 EARNINGS PER SHARE

Basic and diluted earnings per share

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

	Year ended 31 December	
	2022	2021
Profit attributable to equity holders of the Company	182,397	285,072
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u>1,336,631</u>	<u>1,336,631</u>
Basic and diluted earnings per share (<i>RMB per share</i>)	<u>0.14</u>	<u>0.21</u>

Basic and diluted earnings per share are the same as the Group does not have any dilutive potential ordinary shares for the years ended 31 December 2022 and 2021.

10 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Machinery	Vehicles and office equipment	Construction in progress	Leasehold improvements	Total
Cost						
As at 1 January 2021	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	<u>696,748</u>	<u>1,575,782</u>	<u>65,745</u>	<u>130,740</u>	<u>1,607</u>	<u>2,470,622</u>
Acquisition of subsidiaries	2,415	37,197	746	206	–	40,564
Additions	–	–	722	47,052	–	47,774
Transfer upon completion	20,132	86,926	802	(107,860)	–	–
Disposals	–	(399)	(1,440)	–	–	(1,839)
Exchange differences	7,055	10,421	1,043	455	46	19,020
As at 31 December 2022	<u>726,350</u>	<u>1,709,927</u>	<u>67,618</u>	<u>70,593</u>	<u>1,653</u>	<u>2,576,141</u>
Accumulated depreciation						
As at 1 January 2021	(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	<u>(175,693)</u>	<u>(1,009,478)</u>	<u>(60,229)</u>	<u>–</u>	<u>(1,522)</u>	<u>(1,246,922)</u>
Charge for the year	(25,527)	(96,757)	(4,414)	–	(116)	(126,814)
Disposals	–	184	1,362	–	–	1,546
Exchange differences	(1,943)	(5,122)	(921)	–	(15)	(8,001)
As at 31 December 2022	<u>(203,163)</u>	<u>(1,111,173)</u>	<u>(64,202)</u>	<u>–</u>	<u>(1,653)</u>	<u>(1,380,191)</u>
Net book value						
As at 31 December 2022	<u>523,187</u>	<u>598,754</u>	<u>3,416</u>	<u>70,593</u>	<u>–</u>	<u>1,195,950</u>
As at 31 December 2021	<u>521,055</u>	<u>566,304</u>	<u>5,516</u>	<u>130,740</u>	<u>85</u>	<u>1,223,700</u>

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

	Year ended 31 December	
	2022	2021
Cost of sales	121,157	124,115
Distribution expenses	204	201
Administrative expenses	5,453	5,993
	<u>126,814</u>	<u>130,309</u>

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

As at 31 December 2022, the net book value of property, plant and equipment located in Europe was approximately RMB425,961,000 (as at 31 December 2021: RMB390,999,000).

- (c) Construction in progress as at 31 December 2022 mainly comprises new equipment being constructed in Shandong, PRC and Inner Mongolia, PRC.

11 LEASE

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

The balance sheet shows the following amount relating to lease:

	As at 31 December	
	2022	2021
Right-of-use assets		
Land use rights	40,588	41,617
Buildings	15,889	21,695
Office equipment	480	689
	<u>56,957</u>	<u>64,001</u>
Lease liabilities		
- Current	10,381	11,079
- Non-current	6,602	11,603
	<u>6,602</u>	<u>11,603</u>

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

	Year ended 31 December	
	2022	2021
Depreciation charge of right-of-use assets (<i>Note 6</i>)	8,561	8,612
Interest expense on lease liability (<i>Note 7</i>)	923	686
Rental expense for short-term and low value leases (<i>Note 6</i>)	<u>3,201</u>	<u>2,310</u>

The total cash outflow for leases for the year ended 31 December 2022 was RMB8,139,000 (2021: RMB8,289,000).

(c) The movements during the years ended 31 December 2022 and 31 December 2021 are set out below

	Land use rights	Buildings	Office equipment	Total
Net book value at 1 January 2021	42,646	6,257	948	49,851
Additions	-	22,762	-	22,762
Depreciation	<u>(1,029)</u>	<u>(7,324)</u>	<u>(259)</u>	<u>(8,612)</u>
Net book value at 31 December 2021	<u>41,617</u>	<u>21,695</u>	<u>689</u>	<u>64,001</u>
Net book value at 1 January 2022	41,617	21,695	689	64,001
Additions	-	1,517	-	1,517
Depreciation	<u>(1,029)</u>	<u>(7,323)</u>	<u>(209)</u>	<u>(8,561)</u>
Net book value at 31 December 2022	<u>40,588</u>	<u>15,889</u>	<u>480</u>	<u>56,957</u>

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

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

12 INVENTORIES

	As at 31 December	
	2022	2021
Raw materials	980,114	601,465
Work in progress	35,343	33,018
Finished goods	<u>194,372</u>	<u>181,592</u>
	1,209,829	816,075
Less: Provision for obsolescence		
– Raw materials	(21,885)	(14,480)
– Finished goods	<u>(6,082)</u>	<u>(2,981)</u>
	<u>1,181,862</u>	<u>798,614</u>

The cost of inventories recognised as expense and included in cost of sales amounted to approximately RMB3,312,030,000 for the year ended 31 December 2022 (2021: RMB2,751,942,000).

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 2022 and 2021.

13 TRADE AND NOTES RECEIVABLES

	As at 31 December	
	2022	2021
Trade receivables – gross	769,777	726,262
Less: Provision for impairment of trade receivables	<u>(28,900)</u>	<u>(27,907)</u>
Trade receivables – net	740,877	698,355
Notes receivables	25,586	51,980
Less non-current portion: Trade receivables	<u>(26,537)</u>	<u>(27,614)</u>
	<u>739,926</u>	<u>722,721</u>

Customers are normally granted credit term within 90 days. As at 31 December 2022 and 2021, the aging analysis of the trade receivables based on invoice date is as follows:

	As at 31 December	
	2022	2021
Trade receivables – gross		
0-90 days	637,310	607,075
91-180 days	49,976	49,501
181-365 days	11,463	14,923
Over 365 days	71,028	54,763
	<u>769,777</u>	<u>726,262</u>

The Group does not hold any collateral as security.

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

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

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

	Year ended 31 December	
	2022	2021
As at 1 January	27,907	22,053
Increase in loss allowance recognised in profit or loss during the year	3,176	10,086
Receivables written off during the year as uncollectible	(2,093)	–
Allowance reversed	(90)	(4,232)
As at 31 December	<u>28,900</u>	<u>27,907</u>

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

14 PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2022	2021
Prepayments		
– advances to suppliers	16,477	25,679
– other deferred expenses	7,621	7,914
– prepaid for land	7,898	7,898
– tariffs	–	6,952
	<u>31,996</u>	<u>48,443</u>
Less non-current portion: prepayments	<u>(10,001)</u>	<u>(10,984)</u>
	<u>21,995</u>	<u>37,459</u>
Other receivables		
– value added tax deductible	–	3,826
– staff advances and other payments for employees	1,778	2,974
– value added tax receivable	26,252	3,437
– others	772	1,982
	<u>28,802</u>	<u>12,219</u>
	<u>50,797</u>	<u>49,678</u>

15 SHARE CAPITAL, SHARE PREMIUM AND CAPITAL RESERVE

	As at 31 December	
	2022	2021
Share capital (a)	11,442	11,442
Share premium (b)	416,418	416,418
Capital reserve	<u>123,598</u>	<u>123,598</u>
	<u>551,458</u>	<u>551,458</u>

(a) Share capital

The total authorised number of ordinary shares is 3,000,000,000 (2021: 3,000,000,000) with per value of HK\$0.01 per share (2021: HK\$0.01 per share).

The number of ordinary shares issued as of 31 December 2022 is 1,336,631,000 (2021: 1,336,631,000). All issued shares are fully paid.

(b) Share premium

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

16 BORROWINGS

		As at 31 December	
		2022	2021
Current			
Secured			
Bank borrowings	– EUR	91,748	42,452
	– US\$	83,575	140,265
	– HK\$	48,238	100,404
		<u>223,561</u>	<u>283,121</u>
Non-Current			
Secured			
Bank borrowings	– EUR	<u>–</u>	<u>5,415</u>
Total borrowings		<u>223,561</u>	<u>288,536</u>

Bank Borrowings

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

	As at 31 December	
	2022	2021
Bank borrowings	<u>2.10%</u>	<u>1.10%</u>

All secured bank borrowings of RMB223,561,000 were guaranteed by the Company (2021: RMB288,536,000).

The Group's bank borrowings were repayable as follows:

	As at 31 December	
	2022	2021
Within 1 year	223,561	283,121
Between 1 and 2 years	<u>–</u>	<u>5,415</u>
	<u>223,561</u>	<u>288,536</u>

As of 31 December 2022, the Group has 4 borrowing facilities (31 December 2021: 4) with a total limit of US\$105,000,000 (RMB731,283,000) and EUR25,000,000 (RMB185,573,000) (31 December 2021: US\$105,000,000 (RMB669,449,000) and EUR25,000,000 (RMB180,493,000)). The amounts of the unutilized borrowing facilities are as follows:

	As at 31 December	
	2022	2021
Floating rate:		
– Expiring within 1 year	<u>693,295</u>	<u>561,406</u>

17 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2022	2021
Trade payables	496,987	333,639
Notes payables	468,428	313,030
Accrued expenses	174,594	91,095
Salary and welfare payables	40,664	37,639
Other tax payables	9,795	10,246
Other payables	<u>15,063</u>	<u>6,634</u>
	<u>1,205,531</u>	<u>792,283</u>

The normal credit period granted by the creditors generally ranged from 30 to 90 days. As at 31 December 2022 and 2021, the aging analysis of the trade payables based on invoice date is as follows:

	As at 31 December	
	2022	2021
Within 30 days	413,875	278,306
31-90 days	71,473	53,955
91-365 days	8,285	1,171
Over 365 days	<u>3,354</u>	<u>207</u>
	<u>496,987</u>	<u>333,639</u>

18 DIVIDENDS

No dividends have been paid or declared by the Company during the year ended 31 December 2022.

	Year ended 31 December	
	2022	2021
Proposed and paid interim dividend of HK\$0.00 (2021: HK\$0.12) per ordinary share	<u>–</u>	<u>132,580</u>

19 COMMITMENTS

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

	As at 31 December	
	2022	2021
Contracted but not provided for – Property, plant and equipment	<u>72,464</u>	<u>16,815</u>

20 RELATED PARTY TRANSACTIONS

Key management compensation

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

	Year end 31 December	
	2022	2021
Salaries and other short-term employees' benefits	8,167	11,942
Contribution to pension scheme	304	308
Bonuses	1,813	1,407
Social security cost	<u>320</u>	<u>354</u>
	<u>10,604</u>	<u>14,011</u>

BUSINESS REVIEW

Overview

Our Group provides integrated packaging solutions, which include aseptic packaging materials, filling machines, spare parts, technical services, digital marketing and product traceability solutions to the liquid food industry. We are the leading supplier of aseptic packaging materials in the liquid food industry. 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”. Our wholly-owned subsidiary, Qingdao Likang Food Packaging Technology Co., LTD.* (青島利康食品包裝科技有限公司), 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 (“NCS D”) producers in countries around the world.

After experiencing a rapid rebound in 2021, the global economy showed a significant slowdown in recovery in 2022, and continued to be in the midst of uncertainty. The continuous spread of new variants of COVID-19 pandemic (the “**pandemic**” or “**COVID-19**”), high inflation, the continued trade weakness and the disruption to international energy and food markets from the political tension in Ukraine are among many uncertainties that have seriously slowed down the pace of world economic recovery. According to the forecast from the International Monetary Fund (“**IMF**”), the global economic growth rate will decline from 6.0% in 2021 to 3.4% in 2022, and the global economic growth rate is expected to be 2.9% in 2023. In the face of many uncertain risks in the global economy, Greatview continued to put “Customer-Oriented” service mindset and the “Quality-Based” quality standard in the core of our value, with strict control of all aspects of procurement, production and sales, and provided stable and high-quality product supply to customers.

Apart from the long-term disruptions and uncertainties in the macro environment, consumers were deeply affected by inflation and rising food prices. According to the IMF’s estimation, the global average annual inflation rate in 2022 was 8.8%, up by 4.0 percentage points from 2021. Although the affordability in consumption is still the key consideration for food and beverage consumption, consumers are becoming more and more conscious of food health and food safety nowadays, under the influence of COVID-19 in recent years, and the traceability of food and beverages can raise consumers’ willingness to purchase. On the other hand, with the increasing awareness of eco-conservation among consumers, improving packaging to reduce the ecological footprint of products has become one of the social responsibilities that companies must take on.

* *For identification purposes only*

In 2022, Greatview continued to deepen its global market strategy, consolidate and strengthen its cooperative relationship with the liquid dairy and NCSD producers, and its sales volume in the international business increased by approximately 33.5%. Under the influence of the spread of the pandemic and the Russia-Ukraine conflict, the energy crisis broke out in Europe, and the global industrial supply chain continued to face greater pressure under a series of impacts such as soaring prices of bulk raw materials, high labour costs, obstructed logistics and high transportation costs. Under the circumstances of many difficulties, Greatview has risen to the challenge. As a trusted partner, we have not only ensured the security of our customers' supply chains, but we also acquired a factory in Italy to upgrade our supply chains again, aiming to respond to the wider global market demand.

The overall consumer market in the People's Republic of China (the "PRC" or "China") was hit hard by the pandemic in 2022, particularly aggregate consumption and contact consumption are restricted, which resulted in a decline in consumers' willingness to spend. However, with the gradual liberalisation of the pandemic prevention and control policies at the end of the year, and the continued rise in public concern on proper diet and improved immunity, dairy consumption is also in the process of recovering. According to the report of "China Nutritious Dietary Guidelines 2022", 82.2% of the public agreed with the effect of drinking milk to improve immunity, and were particularly concerned about the effectiveness of lactoferrin in boosting immunity, dairy consumption also showing a trend towards high-end consumption. With the increasing frequency of intake, improving category awareness and purchasing habits of Chinese consumers, Greatview's China business achieved an increase in sales volume of approximately 6.9% in 2022.

As an early pioneer of digital solutions in aseptic beverage packaging, Greatview will continue to provide powerful information technology support for customers through digital services, and help customers to expand their markets and strengthen channel controls. At the same time, we will also step up research and development of new products, launch various formats and sizes of packaging products, and commit to the research and development of environmentally-friendly products, enriching our product portfolio, so as to widen our customer base, and to improve customer relationship management, thereby enhancing our brand image in markets globally.

Markets and Products

We sold a total of approximately 24.0 billion packs during the year ended 31 December 2022 which represents an increase of approximately 14.2% as compared to 2021. 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 200mL Slim".

In order to continuously meet the new demands of our customers and consumers, this year, we launched the "Greatview Brick 180mL Slim" to consumers in North America for the first time. At the same time, we continued to expand our smart packaging solutions to customers in Southeast Asia, offering highly differentiated services in highly competitive regions to increase the penetration of existing customers and expand new customers. In addition, we have also expanded the production of "Greatview Octagon 200mL Square" and "Greatview Octagon 250mL Square" to our German factory, enriching Greatview's

packaging solutions in Europe and providing more options for our customers. By continuing to expand the range of formats and options available to liquid dairy and beverage producers, such solutions are perfectly-suited to the dynamic environmental development needs of the modern food and beverage industry.

The global aseptic packaging market has become highly competitive and has maintained its growth momentum in recent years. According to WK Research's report "The Global Aseptic Packaging Professional Survey 2022", the global aseptic packaging market is expected to grow at a compound annual growth rate (CAGR) of 10.62% from 2022 to 2027. The rapid growth rate was partly due to the increasing demand for ready-to-eat food; on the other hand, increasing urbanisation and the growth in the packaging industry have led to increased demand for aseptic packaging, especially in the emerging economies of Asia Pacific and South America. As the Asia-Pacific region accounts for the largest share of the global packaging industry, producers from developed economies will likely to increase their production facilities in the region and further expand their production capacity to meet growing end-user demand in the future.

In recent years, the global trend towards environmental protection and sustainable development has brought new opportunities for the development of the packaging industry, with environmentally-friendly and green packaging becoming the consensus for industry development. Especially for millennials and Generation Z being the largest consumer group in the future, they will use a variety of tools to ensure minimising their impact on the climate and believing that their choices can bring about changes. Therefore, for brands, the more they launch products and services that meet the expectations of environmentalists, the more they will resonate with such consumers.

In 2022, as an industry-leading provider of sustainable aseptic packaging solutions, Greatview officially announced the launch of our first pack specifically designed to put sustainability at its core, "Greatview® Planet", which empowers liquid dairy and beverage producers to live up to their positioning on sustainable development and responsible sourcing, and helps our Company to enhance its brand image. The incorporation of bio-attributed polymers under a mass balance approach certified by the Roundtable on Sustainable Biomaterials ("RSB") allows customers to adopt "Greatview® Planet" materials on their existing filling lines without necessitating any equipment changes, validations or loss of efficiency. At present, both Greatview's Halle Factory in Germany and Greatview's Shandong Factory have been successfully certified by RSB and the International Sustainability & Carbon Certificate (ISCC) respectively to produce packaging materials that incorporate bio-attributed polymers under a mass-balance approach. In addition, we also launched a more environmentally-friendly aluminum-free packaging product, which replaces the aluminum foil layer used in ordinary aseptic packaging with a high-performance polymer barrier material. While ensuring product quality and safety, it makes the packaging can be heated by microwave, which is more convenient for the recycling and reuse of the packaging after use.

In the post-epidemic era, consumers are demanding more traceability of food products. More transparent and detailed product information on product packaging can increase consumers' purchase intention. In order to provide consumers with more confidence in their purchases, food and beverage producers have also started to incorporate digital solutions such as traceable QR codes on their packaging.

In 2022, Greatview closely followed the development of the industry, and developed a print manuscript management system for the brand supply chain based on years of advanced experience in brand supply chain services, packaging design manuscript processing and enterprise digital intelligence management. The system was successfully delivered to a well-known dairy brand in China, helping the brand to improve its packaging supply chain efficiency through a digital platform. Through the integration of “one-code-per-pack” and Internet of Things (“IoT”) technology, Greatview has helped another leading dairy brand to complete projects including product traceability solutions consultation, production line transformation and system construction. Greatview’s “Traceability System” has assisted them to complete the product life cycle monitoring. At the same time, Greatview launched a “Marketing Cloud” platform, bringing more marketing methods to our customers. With a simple set-up, the marketing activities of brand owners can be made simple and diversified, thus enhancing the added value of our products and services.

As an early pioneer of digital solutions in aseptic beverage packaging, Greatview will continue to provide powerful information technology support for customers through digital services, and help customers to expand their markets and strengthen channel controls. At the same time, we will also step up research and development of new products, launch various formats and sizes of packaging products, and commit to the research and development of environmentally-friendly products, enriching our product portfolio, so as to widen our customer base, and to improve customer relationship management, thereby enhancing our brand image in markets globally.

Operation Management

In terms of operation and production, the Company continued to promote the development of digital operation. Through technologies such as the IoT and mobile internet, Greatview’s digital construction maintains the connection with customers, employees, products and partners, as well as the connection between business and production, so as to ensure a real-time perception of enterprise-related behaviours and status.

In 2022, we invested a lot of effort in data collection and data governance. With a well-established data system, on the one hand, enterprises can gain insights into their own entire business chain; on the other hand, such data system can also provide overall operational guidance for enterprises, improve the synergistic efficiency between enterprises and their customers and suppliers, and improve their experience.

At present, through construction of digitalisation, Greatview has successfully helped our factory managers to better control production lines, improve product quality, optimize production processes, reduce costs and improve efficiency.

Production Capacity and Utilisation

Our Group has a total annual production capacity of approximately 33.8 billion packs as at 31 December 2022 (2021: approximately 30.0 billion packs). Approximately 24.0 billion packs were produced for the year ended 31 December 2022 which represented an utilisation rate of approximately 71.0% (2021: approximately 70.6%). The increase in the utilisation rate was mainly due to the increase in sales volume.

Suppliers and Raw Materials

For the year ended 31 December 2022, the purchase price of the Company's major raw materials remained at a high level, and our supply chain continued to operate under pressure. This was mainly due to the impact of multiple factors, such as the continuation of the political tension in Ukraine, the recurrence of global pandemic, the continued rise in global inflation, the energy crisis in Europe, the significant fluctuations in exchange rates, and the PRC's pandemic prevention and control policies. We have been working hard to source new suppliers to optimise our supply chain resources to ensure consistent supply and normal production and operations. In addition, by strengthening relationships with suppliers, enhancing supply chain management, optimising the structure of raw materials and products, and saving energy and reducing consumption, in order to maximise the overall interest to the Company. It is encouraging that the global supply chain disruption is gradually easing, and the situation may continue to improve.

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

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

In January 2022, Greatview was awarded “Demonstration Enterprise for Performing Extended Responsibility by Producer of Beverage Paper-based Composite Packaging” for its outstanding contribution across the lifecycle of its packaging products by the China National Resources Recycling Association (CRRA) and the Alliance of Technological Innovation in Compulsory Resources Recycling Industry (ATCRR). This award highlights Greatview’s commitment to promoting the extended producer responsibility system.

In July 2022, Greatview ranked the fourth in the list of the Top 50 Companies in the first “Eco-Innovation Award” globally launched by Real Leaders®. “Greatview® Eco-packaging” Service Scheme helps Elix Water to fulfill its environmental responsibility commitment of “Come from Nature, Future for Nature” through carton packaging that can reduce the plastic content by 86%, supporting filling machine, recycling program for post-consumer carton packaging and thoughtful and meticulous services. This low-carbon environmental protection scheme helped Greatview to win this award.

In August 2022, Greatview announced the acquisition of a factory in Italy formerly owned by another aseptic packaging company. Through this acquisition, the factory in Italy has become Greatview’s fifth factory globally and is now under operation. Through this acquisition, it confirms our commitment to expanding our international business, strengthens our penetration into new and existing customers, and helps us to achieve closer cooperation with customers in the region more easily. At the same time, it also helps us to further improve our supply chain’s stability support capability and service level, and greatly improves the production capacity of Greatview’s business internationally.

At the same month, our product “Greatview® Planet” won the 2022 Ringier Technology Innovation Award. Since its inception, the award has focused on technological innovation. It helps to drive innovation in the industry by encouraging and recognising innovative products and technologies that improve production efficiency and economic efficiency and contribute to sustainable development.

In September 2022, Greatview was awarded the 2022 “CHKD Corporate Social Responsibility Practice Award” by the Chinesische Handelskammer in Deutschland in recognition of the Company’s efforts and achievements in the implementation of corporate social responsibility and sustainable development.

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. 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 voluntary activities to the best of our ability.

Compliance with Applicable Laws and Regulations

For the year ended 31 December 2022, our Group's operations are mainly carried out by our Company's subsidiaries in mainland China, the Hong Kong Special Administrative Region, Germany, Switzerland and France. Therefore, the Group complies with relevant laws and regulations in mainland China, the Hong Kong Special Administrative Region, Germany, Switzerland and France as well as the respective places of incorporation of our Company and our subsidiaries.

During the year ended 31 December 2022 and up to the date of this announcement, the Board was not aware of any non-compliance with relevant laws and regulations that have a significant impact on the business and operations of our Group.

FINANCIAL REVIEW

Overview

For the year ended 31 December 2022, top line was higher while bottom line was much lower than the year ended 31 December 2021 due to the high price of key raw materials. We continuously endeavoured to optimise the product portfolio, search the qualified alternative suppliers and increase production efficiency, meanwhile, we strived to expand market share and take various measures to cope with the difficult situation. Our management will continue to capture growth in the aseptic packaging industry as well as pursue potential business development opportunities to further enhance return to shareholders.

Revenue

We primarily derive revenue from the PRC and international sales of aseptic packaging and related services to dairy and NCS D producers. Revenue of our Group increased by approximately 13.6% from approximately RMB3,464.3 million for the year ended 31 December 2021 to approximately RMB3,937.0 million for the year ended 31 December 2022. Such increase was primarily due to the increase in sales volume in both PRC and international markets.

With respect to the PRC segment, our revenue increased by approximately RMB117.2 million, or 4.9%, to approximately RMB2,520.0 million for the year ended 31 December 2022 from approximately RMB2,402.8 million for the year ended 31 December 2021. Such increase was mainly contributed by the growth of sales volume.

With respect to the international segment, our revenue increased by approximately RMB355.5 million, or 33.5%, to approximately RMB1,417.0 million for the year ended 31 December 2022 from approximately RMB1,061.5 million for the year ended 31 December 2021. Such increase was primarily due to the growth of sales volume.

Our revenue from dairy customers increased by approximately RMB253.6 million, or 8.9%, to approximately RMB3,115.2 million for the year ended 31 December 2022 from approximately RMB2,861.6 million for the year ended 31 December 2021, and our revenue from NCSD customers increased by approximately RMB196.8 million, or 33.9%, to approximately RMB777.4 million for the year ended 31 December 2022 from approximately RMB580.6 million for the year ended 31 December 2021. It was mainly contributed by the increase in sales volume.

Cost of Sales

Our cost of sales increased by approximately RMB582.3 million, or 21.0%, to approximately RMB3,349.0 million for the year ended 31 December 2022 from approximately RMB2,766.7 million for the year ended 31 December 2021. The growth in cost of sales was mainly due to the increase in sales volume and key raw materials price.

Gross Profit and Gross Margin

As a result of the foregoing factors, our gross profit decreased by approximately RMB109.7 million, or 15.7% from approximately RMB697.7 million for the year ended 31 December 2021 to approximately RMB588.0 million for the year ended 31 December 2022. Our gross margin decreased by approximately 5.2 percentage points to approximately 14.9% for the year ended 31 December 2022 from approximately 20.1% for the year ended 31 December 2021. It was primarily due to the increase in cost of raw materials and the change of sales mix.

Other Income

Our other income increased by approximately RMB6.4 million, or 10.4%, to approximately RMB67.4 million for the year ended 31 December 2022 from approximately RMB61.0 million for the year ended 31 December 2021. It was primarily due to the increase in income from sales of scraps and other materials.

Other (Losses)/Gains – Net

Our other gains – net decreased by approximately RMB15.2 million, or 103.7%, to other losses - net of approximately RMB0.5 million for the year ended 31 December 2022 from approximately RMB14.7 million for the year ended 31 December 2021. It was primarily due to the fluctuation of foreign exchange.

Distribution Expenses

Our distribution expenses increased by approximately RMB23.5 million, or 10.2%, to approximately RMB254.4 million for the year ended 31 December 2022 from approximately RMB230.9 million for the year ended 31 December 2021. It was primarily due to the increase in freight costs and salary and welfare.

Administrative Expenses

Our administrative expenses decreased by approximately RMB4.5 million, or 2.6%, to approximately RMB169.8 million for the year ended 31 December 2022 from approximately RMB174.3 million for the year ended 31 December 2021. The decrease was primarily due to effective expenses control.

Taxation

Our income tax expenses decreased by approximately RMB24.4 million, or 32.6%, to approximately RMB50.4 million for the year ended 31 December 2022 from approximately RMB74.8 million for the year ended 31 December 2021. Our effective tax rate increased by approximately 0.8 percentage points to approximately 21.6% for the year ended 31 December 2022 from approximately 20.8% 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 RMB102.7 million, or 36.0%, to approximately RMB182.4 million for the year ended 31 December 2022 from approximately RMB285.1 million for the year ended 31 December 2021. Our net profit margin decreased by approximately 3.6 percentage points to approximately 4.6% for the year ended 31 December 2022 from approximately 8.2% for the year ended 31 December 2021.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2022, we had approximately RMB607.4 million (2021: approximately RMB425.2 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) increased from approximately 101.6 days as at 31 December 2021 to approximately 110.4 days as at 31 December 2022. Our turnover days for trade receivables (trade receivables/revenue) increased from approximately 65.4 days as at 31 December 2021 to approximately 66.8 days as at 31 December 2022. Our turnover days for trade payables (trade payables/cost of sales) increased from approximately 39.9 days as at 31 December 2021 to approximately 45.3 days as at 31 December 2022.

Borrowings and Finance Cost

Borrowings of our Group as at 31 December 2022 were bank borrowings which amounted to approximately RMB223.6 million (2021: approximately RMB288.5 million) and denominated in HKD, EUR and USD. Amongst the borrowings, approximately RMB223.6 million (2021: approximately RMB283.1 million) will be repayable within one year and nil (2021: approximately RMB5.4 million) will be repayable after one year. For the year under review, the net finance income of our Group was approximately RMB5.3 million (2021: net finance cost of approximately RMB2.4 million). For details of the borrowings of our Group, please refer to notes 7 and 16 to the consolidated financial statements contained in this announcement.

Gearing Ratio

As at 31 December 2022, the gearing ratio of our Group was approximately 0.09 (2021: approximately 0.12), which was in line with the reduction of outstanding loans. The gearing ratio is calculated by dividing total loans and bank borrowings by total equity as at the end of the financial year.

Working Capital

Our working capital as at 31 December 2022 was approximately RMB1,299.8 million (2021: approximately RMB1,069.1 million). The working capital is calculated by the difference between the current assets and current liabilities.

Foreign Exchange Exposure

Our Group's sales and purchases were primarily denominated in RMB, EUR and USD. During the year under review, our Group recorded exchange loss of approximately RMB3.5 million (2021: exchange gain of approximately RMB11.0 million).

Capital Expenditure

As at 31 December 2022, our Group's total capital expenditure amounted to approximately RMB88.6 million (2021: approximately RMB88.3 million), which was mainly used for purchasing production machines and equipment for the Group.

Capital Commitments

As at 31 December 2022, our Group had capital commitments of approximately RMB72.5 million (2021: approximately RMB16.8 million) in respect of acquisitions of property, plant and equipment.

Charge on Assets

As at 31 December 2022, our Group neither pledged any property, plant and equipment (2021: nil) nor land use right (2021: nil).

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 2022 (2021: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2022, our Group employed approximately 1,780 employees (2021: approximately 1,754 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 2022 amounted to approximately RMB341.5 million (2021: approximately RMB323.3 million). In general, we determine employee salaries based on each employee's qualifications, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis of our decisions with respect to salary raises, bonuses and promotions. In order to ensure that our Group's employees remain competitive in the industry, the Company has adopted training schemes for our employees managed by our human resources department.

PROSPECTS

In 2022, the global pandemic remained unresolved, the geopolitical crisis continued, and the political tension in Ukraine further undermined the economic stability, which resulted in a more tense situation in the global supply chain and a push-up in the inflation level. The Group was still under certain pressure in supply chain management due to the impact of factors such as pandemic containment and control in China. 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, IoT and artificial intelligence technologies.

FINAL DIVIDEND

The Board did not recommend the payment of final dividend for the year ended 31 December 2022 (2021: nil).

CHANGE OF INFORMATION IN RESPECT OF DIRECTORS

Mr. HSU David has been appointed as an alternate Director to Mr. PANG Yiu Kai (“**Mr. Pang**”) and an alternate to Mr. Pang as a member of the Audit Committee with effect from 24 May 2022. For further details, please refer to the announcement of the Company dated 25 May 2022.

Mr. ZHU Jia, an independent non-executive Director, resigned as a director of Rise Education Cayman Limited (REDU NASDAQ), with effect from 10 June 2022.

On 1 August 2022, Mr. HSU David ceased to be an alternate Director to Mr. Pang and an alternate to Mr. Pang as a member of the Audit Committee, and on the even date, Mr. SUN Yanjun has been appointed to take over the above duties. For further details, please refer to the announcement of the Company dated 29 July 2022.

Mr. SUN Yanjun, an alternate Director to Mr. Pang, has been appointed as 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), with effect from 1 August 2022.

Mr. Pang, a non-executive Director, has been appointed as the chairman of Gammon China Limited, with effect from 1 January 2023.

The executive committee of the Company (the “**Executive Committee**”) was established on 1 February 2023, which comprises five members. Mr. HONG Gang, a non-executive Director, has been appointed as the chairman of the Executive Committee. Mr. BI Hua, Jeff, an executive Director, Mr. LUETH Allen Warren, Mr. BEHRENS Ernst Hermann and Mr. ZHU Jia, the independent non-executive Directors, have been appointed as the members of the Executive Committee.

EVENTS AFTER THE REPORTING PERIOD

On 29 January 2023, the Board noted that Shandong Xinjufeng Technology Packaging Co., Ltd. (“**Shandong Xinjufeng**”), being a company incorporated in the PRC with limited liability which primarily carries on the business of supplying aseptic packaging in the PRC with its subsidiaries, and whose shares are listed on the ChiNext Market of the Shenzhen Stock Exchange, issued an announcement (“**Announcement**”) dated 30 January 2023. Pursuant to the Announcement, on 27 January 2023, Shandong Xinjufeng entered into an agreement (the “**Agreement**”) with JSH Venture Holdings Limited (“**JSH Venture**”), a substantial shareholder (as defined under the Rules (the “**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange) and the single largest shareholder of the Company, pursuant to which JSH Venture conditionally agreed to sell, and Shandong Xinjufeng conditionally agreed to acquire, 377,132,584 shares of the Company (the “**Shares**”) (representing approximately 28.22% of the total issued share capital of the Company as at the date of this announcement) at a price of HK\$2.65 per Share for an aggregate consideration of HK\$999,401,347.60 (the “**Proposed Disposal**”). Pursuant to the Announcement, the completion of the Proposed Disposal shall be conditional upon and subject to, among others, the approval of the shareholders of Shandong Xinjufeng and the necessary consents from the relevant authorities in the PRC. On behalf of JSH Venture, Mr. Pang, a non-executive Director, has confirmed with Mr. BI Hua, Jeff, an executive Director, on 28 January 2023 that JSH Venture has agreed to dispose of its Shares to Shandong Xinjufeng.

Upon completion of the Proposed Disposal, JSH Venture would cease to hold any shareholding interest in the Company, and Shandong Xinjufeng would become a substantial shareholder and the single largest shareholder of the Company.

In light of the fact that the largest customer (and also a shareholder) of Shandong Xinjufeng (“**Customer B**”), being one of the Group’s top five largest customers, is a main competitor of the Group’s largest customer (“**Customer A**”), if the Proposed Disposal is completed, Shandong Xinjufeng, and ultimately Customer B, will have an interest in the Company, which has caused Customer A to raise concerns about continuing to do business with the Group, including concerns regarding the Group’s protection of Customer A’s confidential information. If Customer A’s concerns are not adequately addressed, it will likely harm the Group’s business relationship with Customer A, which will have a material adverse effect on the Group and its business and financial position as Customer A is the Group’s largest customer. Furthermore, certain other customers, suppliers, and banks of the Group have indicated similar concerns as Customer A and may reduce or terminate their business relationships with the Group.

To relieve the concerns regarding the protection of confidential information of Customer A and other customers and stakeholders of the Group, the Board has resolved to adopt certain measures (the “**Protection Measures**”) to protect the interests of the Company, its shareholders, as well as to maintain impartiality and protect the Group’s business relationship with its customers and suppliers. These Protection Measures may or may not be adequate to address concerns.

On 9 March 2023, the Board convened a meeting and has resolved that it is opposed to, and not supportive of, the Proposed Disposal. In reaching this decision, the Board has taken into account feedback from Customer A, other customers, suppliers, and bank partners. The Board believes that in the event that the Proposed Disposal proceeds to completion, there will likely be a material adverse effect on Group’s business and financial performance, and shareholder value will be negatively impacted. The Board has also noted that given the above concerns, the volume of business between the Group and its top customers and other concerned customers in February 2023 remained significantly lower than that for the same period in prior years.

On 14 March 2023, the Board lodged an official filing of anti-monopoly notification to the Anti-Monopoly Bureau of the PRC State Administration for Market Regulation (the “**Bureau**”) concerning the Proposed Disposal.

On 27 March 2023, the Board was informed by Mr. BI Hua, Jeff and Mr. HONG Gang that they have, in their capacity as the shareholders holding in aggregate indirect interest of approximately 15.5% in the Shares, lodged an official report to the Bureau that the prior acquisition of Shares by JSH Venture (the “**Prior Acquisition**”) constituted a concentration between undertakings, which satisfied the applicable thresholds for notification to the Bureau under the PRC anti-monopoly laws (the “**AML**”). Mr. BI Hua, Jeff and Mr. HONG Gang also informed the Board that in this instance, the parent company of JSH Venture was obligated under the AML to file a notification to the Bureau concerning the Prior Acquisition, and the failure of such notification would constitute a breach of the AML. Mr. BI Hua, Jeff and Mr. HONG Gang further informed the Board that if the Bureau determines to commence an investigation concerning the Prior Acquisition, the completion of the Proposed Disposal may be prolonged and even effectively restricted if such transfer of Shares under the Proposed Disposal would also trigger the notification requirement to the Bureau pursuant to the AML, in which case the underlying transaction in the Proposed Disposal can only be reviewed and approved by the Bureau for compliance with AML only after the Bureau has issued a decision in its investigation of the Prior Acquisition, the outcome of which is not within the control of the Board. Based on the above information received by the Board, the Board has noted that the foregoing events may give rise to uncertainty as to when and whether the Proposed Disposal can proceed to completion.

For further details of the Proposed Disposal and the Protection Measures, please refer to the three announcements of the Company dated 1 February 2023 and the announcements of the Company dated 9 March 2023, 14 March 2023 and 27 March 2023.

Save for the Proposed Disposal, the Board is not aware of any material events after the reporting period and up to the date of this announcement which requires disclosure.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 19 May 2023 to 25 May 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on 18 May 2023.

CORPORATE GOVERNANCE

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

During the year under review, the Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the CG Code during the year ended 31 December 2022 and up to the date of this announcement.

The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices as set out in Part 2 of the CG Code during the year ended 31 December 2022.

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

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

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

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

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the year ended 31 December 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHT

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

REVIEW BY THE AUDIT COMMITTEE

The Audit Committee comprises five members, namely, Mr. LUETH Allen Warren (chairman of the Audit Committee), Mr. BEHRENS Ernst Hermann, Mr. ZHU Jia, Mr. Pang and Mr. SUN Yanjun (alternate to Mr. Pang). Mr. Pang is the non-executive Director, Mr. SUN Yanjun is the alternate Director to Mr. Pang and Mr. LUETH Allen Warren, Mr. BEHRENS Ernst Hermann and Mr. ZHU Jia are the independent non-executive Directors. Mr. HSU David has been appointed as an alternate to Mr. Pang as a member of the Audit Committee with effect from 24 May 2022. On 1 August 2022, Mr. HSU David ceased to be an alternate to Mr. Pang as a member of the Audit Committee, and on the even date, Mr. SUN Yanjun has been appointed to take over the above duties. Mr. LUETH Allen Warren possesses the appropriate professional qualifications or accounting or related financial management expertise. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The primary duties of the Audit Committee are to assist the Board to provide an independent view of the adequacy and effectiveness of the financial reporting system, risk management and internal control systems and associated procedures of our Company, to review the overall audit process and to perform other duties and responsibilities as assigned by our Board.

The Audit Committee has reviewed the accounting principles and practices adopted by the Company, the annual results of our Group during the year ended 31 December 2022 as well as auditing, internal control and financial reporting matters, including the consolidated financial statements for the year ended 31 December 2022. The Audit Committee is of the view that our Group's consolidated financial statements for the year under review are prepared in accordance with the applicable accounting standards, laws and regulations, and appropriate disclosures have already been made.

ANNUAL GENERAL MEETING AND PUBLICATION OF ANNUAL REPORT

The annual general meeting of the Company is expected to be held at 10:00 a.m. on 25 May 2023. This results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.greatviewpack.com). The annual report of the Company together with the notice of annual general meeting will be despatched to the shareholders of the Company and available at the aforesaid websites in due course.

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

Beijing, the PRC, 29 March 2023

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