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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 2019

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 2019 together with comparative figures for the year ended 31 December 2018 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 and the related notes (“**financial information**”) does not constitute the Group’s statutory financial statements for the year ended 31 December 2019, 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 2019. 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 2019

Amounts expressed in thousands of RMB except for share data

		Year ended 31 December	
	Note	2019	2018
Revenue	3	2,706,857	2,492,697
Cost of sales	5	<u>(2,038,702)</u>	<u>(1,874,832)</u>
Gross profit		668,155	617,865
Other income and other gains — net (Impairment)/reversal of losses on financial assets — net	4	79,713 (59)	83,045 1,538
Distribution expenses	5	<u>(163,026)</u>	<u>(136,312)</u>
Administrative expenses	5	<u>(145,030)</u>	<u>(130,012)</u>
Operating profit		439,753	436,124
Finance income	6	8,341	11,039
Finance costs	6	<u>(6,399)</u>	<u>(2,648)</u>
Finance income — net		<u>1,942</u>	<u>8,391</u>
Profit before income tax		441,695	444,515
Income tax expense	7	<u>(104,376)</u>	<u>(84,456)</u>
Profit for the year		<u>337,319</u>	<u>360,059</u>
Profit attributable to:			
Owners of the Company		337,319	360,059
Non-controlling interests		<u>—</u>	<u>—</u>
		<u>337,319</u>	<u>360,059</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)*For the year ended 31 December 2019**Amounts expressed in thousands of RMB except for share data*

	<i>Note</i>	Year ended 31 December	
		2019	2018
Other comprehensive income:			
<i>Item that may be reclassified to profit or loss</i>			
Currency translation differences		<u>(1,655)</u>	<u>3,362</u>
Total comprehensive income for the year		<u>335,664</u>	<u>363,421</u>
Total comprehensive income attributable to:			
Owners of the Company		335,664	363,421
Non-controlling interests		<u>—</u>	<u>—</u>
		<u>335,664</u>	<u>363,421</u>
Earnings per share for profit attributable to equity holders of the Company <i>(expressed in RMB per share)</i>			
— Basic and diluted earnings per share	8	<u>0.25</u>	<u>0.27</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

Amounts expressed in thousands of RMB except for share data

		As at 31 December	
	Note	2019	2018
ASSETS			
Non-current assets			
Property, plant and equipment	13	1,365,245	1,303,759
Right-of-use assets	15	48,714	–
Land use rights	15	–	14,774
Intangible assets		109,226	71,112
Deferred income tax assets		31,867	21,786
Trade receivables	10	9,805	6,752
Prepayments	11	16,886	9,578
		<u>1,581,743</u>	<u>1,427,761</u>
Current assets			
Inventories	16	627,138	571,728
Trade and notes receivables	10	577,326	413,361
Prepayments	11	24,593	24,034
Other receivables	11	18,815	36,295
Cash and cash equivalents		562,782	556,391
Restricted cash		199,976	190,890
		<u>2,010,630</u>	<u>1,792,699</u>
Total assets		<u>3,592,373</u>	<u>3,220,460</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital, share premium and capital reserve		651,247	748,282
Statutory reserve		256,855	285,581
Retained earnings		1,591,535	1,450,308
Exchange reserve		(46,467)	(44,812)
		<u>2,453,170</u>	<u>2,439,359</u>
Total equity		<u>2,453,170</u>	<u>2,439,359</u>

	<i>Note</i>	As at 31 December	
		2019	2018
LIABILITIES			
Non-current liabilities			
Deferred government grants		78,337	86,353
Lease liabilities	<i>14</i>	4,233	–
Deferred income tax liabilities		20,167	3,700
Borrowings	<i>17</i>	21,493	29,427
		<u>124,230</u>	<u>119,480</u>
Current liabilities			
Deferred government grants		7,825	7,412
Contract liabilities		636	–
Trade payables, other payables and accruals	<i>12</i>	666,139	477,389
Income tax liabilities		33,639	15,821
Borrowings	<i>17</i>	299,268	160,999
Lease liabilities	<i>14</i>	7,466	–
		<u>1,014,973</u>	<u>661,621</u>
Total liabilities		<u>1,139,203</u>	<u>781,101</u>
Total equity and liabilities		<u>3,592,373</u>	<u>3,220,460</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

Amounts expressed in thousands of RMB except for share data

	Share capital	Share premium	Capital reserve	Statutory reserve	Exchange reserve	Retained earnings	Total
As at 1 January 2018	11,446	663,988	122,848	263,550	(48,174)	1,365,723	2,379,381
Comprehensive income:							
Profit for the year	–	–	–	–	–	360,059	360,059
Other comprehensive income:							
Currency translation differences	–	–	–	–	3,362	–	3,362
Transfer to statutory reserve	–	–	–	22,031	–	(22,031)	–
Dividends	–	(50,000)	–	–	–	(253,443)	(303,443)
As at 31 December 2018 and 1 January 2019	<u>11,446</u>	<u>613,988</u>	<u>122,848</u>	<u>285,581</u>	<u>(44,812)</u>	<u>1,450,308</u>	<u>2,439,359</u>
Comprehensive income:							
Profit for the year	–	–	–	–	–	337,319	337,319
Other comprehensive income:							
Currency translation differences	–	–	–	–	(1,655)	–	(1,655)
Transfer to statutory reserve	–	–	–	(28,726)	–	28,726	–
Dividends	–	(97,035)	–	–	–	(224,818)	(321,853)
As at 31 December 2019	<u>11,446</u>	<u>516,953</u>	<u>122,848</u>	<u>256,855</u>	<u>(46,467)</u>	<u>1,591,535</u>	<u>2,453,170</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

Amounts expressed in thousands of RMB except for share data

	Year ended 31 December	
	2019	2018
Cash flows from operating activities		
Cash generated from operations	446,915	476,435
Interest paid	(5,200)	(2,493)
Income tax paid	(87,549)	(83,526)
	<u>354,166</u>	<u>390,416</u>
Cash flows from investing activities		
Purchases of property, plant and equipment (“PP&E”)	(27,689)	(110,482)
Receipt of government grants	358	10,085
Proceeds from disposal of PP&E	642	693
Purchases of intangible assets	(690)	(3,873)
Acquisition of subsidiaries, net of cash acquired	(92,860)	–
Purchases of financial assets at fair value through profit or loss	(788,100)	(700,000)
Disposals of financial assets at fair value through profit or loss	792,559	829,344
Interest received	8,341	11,039
	<u>(107,439)</u>	<u>36,806</u>
Cash flows from financing activities		
Proceeds from borrowings	315,950	433,009
Repayments of borrowings	(228,432)	(357,000)
Principal elements of lease payments	(6,427)	–
Dividends paid to equity holders	(321,853)	(303,443)
	<u>(240,762)</u>	<u>(227,434)</u>
Net increase in cash and cash equivalents	5,965	199,788
Cash and cash equivalents at beginning of year	556,391	355,788
Exchange gains on cash and cash equivalents	426	815
	<u>562,782</u>	<u>556,391</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

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.

Key events

Business combinations

Acquisition of Qingdao Likang Food Packaging Technology Co., LTD.

On 28 March 2019, the Group completed the acquisition of 100% equity interest in Qingdao Likang Food Packaging Technology Co., LTD.* (青島利康食品包裝科技有限公司) (“**Likang**”) from Qingdao Likang Packaging Company Limited* (青島利康包裝有限公司) (“**Qingdao Likang**”) for a consideration of RMB106,457,000. A gain of RMB25,558,000 arose from the acquisition of Likang was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2019.

Acquisition of Beijing Greatdata Technology Co., Ltd.

On 1 November 2019, the Group acquired 100% of the equity interest in Beijing Greatdata Technology Co., Ltd.* (北京數碼通科技有限公司) (“**Greatdata**”) from Mr. GAO Wei, a family member of Mr. BI Hua, Jeff, who is the chief executive officer and executive director of the Company, and Mr. HU Hong, an independent third party, for a consideration of RMB6,000,000 in aggregate. Greatdata became an indirect wholly-owned subsidiary of the Company. A goodwill of RMB16,948,000 arose from the acquisition of Greatdata.

* *For identification purpose only*

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 (including derivative instruments) — measured at fair value.

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

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

- IFRS 16 *Leases*
- *Prepayment Features with Negative Compensation — Amendments to IFRS 9*
- *Annual Improvements to IFRS Standards 2015–2017 Cycle*
- *Plan Amendment, Curtailment or Settlement — Amendments to IAS 19*
- Interpretation 23 *Uncertainty over Income Tax Treatments*

The Group also elected to adopt the following amendments early.

- *Definition of Material — Amendments to IAS 1 and IAS 8*

The Group had to change its accounting policies as a result of adopting IFRS 16. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. This is disclosed in note 2.2. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

The following new and amended standards have been issued but are mandatorily effective for the annual period beginning on or after 1 January 2020 and which the Group has not early adopted these new and amended standards during the reporting period.

	Effective for accounting periods beginning on or after
Revised Conceptual Framework for Financial Reporting	1 January 2020
Amendments to IFRS 3 Definition of a Business	1 January 2020
IFRS 17 Insurance Contracts	1 January 2021
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

2.2 Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 "*Leases*" on the Group's consolidated financial statements.

As indicated in note 2.1 above, the Group has adopted IFRS 16 "*Leases*" retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.75%.

(i) *Practical expedients applied*

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review — there were no onerous contracts as at 1 January 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use assets at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and Interpretation 4 “*Determining whether an Arrangement contains a Lease*”.

(ii) *Measurement of lease liabilities*

	2019 RMB'000
Operating lease commitments disclosed as at 31 December 2018	20,014
Discounted using the lessee’s incremental borrowing rate of at the date of initial application	16,923
Less: short-term leases recognised on a straight-line basis as expense	(120)
Lease liability recognised as at 1 January 2019	16,803
Of which are:	
Current lease liabilities	6,083
Non-current lease liabilities	10,720
	16,803

(iii) *Measurement of right-of-use assets*

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

(iv) *Adjustments recognised in the balance sheet on 1 January 2019*

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets — increased by RMB31,577,000
- land use rights — decreased by RMB14,774,000
- lease liabilities — increased by RMB16,803,000

Changes in accounting policy do not affect net retained earnings as at 1 January 2019.

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 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
2019			
Revenue	1,914,905	791,952	2,706,857
Inter-segment revenue	—	—	—
Revenue from external customers	1,914,905	791,952	2,706,857
Cost of sales	(1,381,484)	(657,218)	(2,038,702)
Segment results	<u>533,421</u>	<u>134,734</u>	<u>668,155</u>
2018			
Revenue	1,598,719	893,978	2,492,697
Inter-segment revenue	—	—	—
Revenue from external customers	1,598,719	893,978	2,492,697
Cost of sales	(1,126,478)	(748,354)	(1,874,832)
Segment results	<u>472,241</u>	<u>145,624</u>	<u>617,865</u>

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

	Year ended 31 December	
	2019	2018
Segment results for reportable segments	668,155	617,865
Other income and other gains — net	79,713	83,045
(Impairment)/reversal of losses on financial assets — net	(59)	1,538
Distribution expenses	(163,026)	(136,312)
Administrative expenses	(145,030)	(130,012)
Operating profit	<u>439,753</u>	436,124
Finance income	8,341	11,039
Finance costs	(6,399)	(2,648)
Finance income — net	<u>1,942</u>	8,391
Profit before income tax	441,695	444,515
Income tax expense	(104,376)	(84,456)
Profit for the year	<u>337,319</u>	<u>360,059</u>
Depreciation and amortisation charges	<u>(148,188)</u>	<u>(119,880)</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 RMB1,549,876,000 (2018: RMB1,405,975,000).

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

	Year ended 31 December	
	2019	2018
Dairy products	2,220,331	2,103,040
NCSD products	478,303	389,657
Filling machines	6,947	–
Digital services	1,276	–
	<u>2,706,857</u>	<u>2,492,697</u>

Revenue of approximately RMB1,663,805,000 or 61% (2018: RMB1,503,190,000 or 60%) was derived from 5 (2018: 5) single external customers. These revenues were attributable to the People’s Republic of China (the “**PRC**”) and international segments.

4 OTHER INCOME AND OTHER GAINS — NET

	Year ended 31 December	
	2019	2018
Other income — net:		
Income from sales of scraps	14,465	19,096
Subsidy income from government	26,835	40,600
Interest income from wealth management products measured at fair value through profit or loss	4,459	8,961
	<u>45,759</u>	<u>68,657</u>
Other gains — net:		
Net losses on disposal of assets	(97)	(198)
Net foreign exchange (loss)/gain	(976)	5,034
Gains from a bargain purchase	25,558	–
Others	9,469	9,552
	<u>33,954</u>	<u>14,388</u>
	<u>79,713</u>	<u>83,045</u>

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

Gain from a bargain purchase recognised was mainly attributable to the consideration negotiated with the vendor under the circumstances of the financial difficulties faced by and the underutilisation of the production capacity of the acquiree before the acquisition of Likang.

5 EXPENSES BY NATURE

	Year ended 31 December	
	2019	2018
Raw materials and consumables used	1,593,960	1,470,423
Changes in inventories of finished goods and work in progress	36,512	40,359
Tax and levies on main operations	15,486	15,694
Write-back for obsolescence on inventories	(121)	(3,460)
Depreciation and amortisation charges:	148,188	119,880
— Depreciation of PP&E	135,050	115,138
— Depreciation of right-of-use assets	7,702	—
— Amortisation of intangible assets	5,436	4,404
— Amortisation of land use rights	—	338
Employee benefit expenses	271,536	233,891
Auditors' remuneration		
— Audit services	2,930	2,180
— Non-audit services	1,483	3,648
Transportation expenses	89,119	84,678
Repair and maintenance expenses	31,644	28,940
Electricity and utilities	46,406	40,967
Rental expenses	1,032	6,802
Plating expenses	15,305	15,563
Professional fees	13,032	15,742
Travelling expenses	15,203	15,238
Advertising and promotional expenses	27,834	16,059
Other expenses	37,209	34,552
	<u>2,346,758</u>	<u>2,141,156</u>

6 FINANCE INCOME AND FINANCE COSTS

	Year ended 31 December	
	2019	2018
Interest income	8,341	11,039
Finance income	<u>8,341</u>	<u>11,039</u>
Interest expenses — bank borrowings	(4,525)	(2,493)
Interest expenses — lease	(675)	—
Exchange losses — net	(1,199)	(155)
Finance costs	<u>(6,399)</u>	<u>(2,648)</u>

7 INCOME TAX EXPENSE

	Year ended 31 December	
	2019	2018
Current income tax:		
Enterprise income tax	103,388	91,307
Deferred income tax:	988	(6,851)
	<hr/>	<hr/>
Income tax expense	104,376	84,456
	<hr/> <hr/>	<hr/> <hr/>

The Group's subsidiaries established in the PRC except for Greatview Aseptic Packaging (Inner Mongolia) Co., Ltd. ("GA Inner Mongolia") are subject to the PRC statutory income tax rate of 25% (2018: 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 30.8%. Greatview 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 2019.

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	
	2019	2018
Profit before tax	441,695	444,515
	<hr/> <hr/>	<hr/> <hr/>
Tax calculated at domestic tax rates applicable to profits in the respective countries	102,046	81,993
Withholding tax on dividends	12,131	10,100
Preferential tax treatment for a subsidiary	(12,012)	(13,914)
Income not subject to tax	(201)	(786)
Expenses not deductible for tax purposes	1,202	3,884
Tax losses for which no deferred income tax asset is recognised	987	256
Utilisation of previously unrecognised tax losses	(967)	(210)
Others	1,190	3,133
	<hr/>	<hr/>
Income tax expense	104,376	84,456
	<hr/> <hr/>	<hr/> <hr/>

8 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	
	2019	2018
Profit attributable to equity holders of the Company	337,319	360,059
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u>1,337,019</u>	<u>1,337,019</u>
Basic and diluted earnings per share (<i>RMB per share</i>)	<u><u>0.25</u></u>	<u><u>0.27</u></u>

Basic and diluted earnings per share are the same as the Group does not have any dilutive potential ordinary shares for the years ended 31 December 2019 and 2018.

9 DIVIDENDS

The dividends paid in 2019 and 2018 were HK\$360,995,130 (2018 final dividend of HK\$0.14 per share, approximately RMB165,121,000, and 2019 interim dividend of HK\$0.13 per share, approximately RMB156,732,000, respectively) and HK\$347,626,470 (2017 final dividend and 2018 interim dividend each of HK\$0.13 per share, approximately RMB303,443,000 in total) respectively. A final dividend in respect of the year ended 31 December 2019 of HK\$0.14 per share, amounting to a total dividend of HK\$187,182,660 (approximately RMB167,678,000 in total) is to be proposed by the Board at the forthcoming annual general meeting to be partly paid out of the share premium account of the Company and partly paid out of the distributable profits of the Company. These financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2019	2018
Proposed and paid interim dividend of HK\$0.13 (2018: HK\$0.13) per ordinary share	156,732	152,955
Proposed final dividend of HK\$0.14 (2018: HK\$0.14) per ordinary share	<u>167,678</u>	<u>164,009</u>
	<u><u>324,410</u></u>	<u><u>316,964</u></u>

10 TRADE AND NOTES RECEIVABLES

	As at 31 December	
	2019	2018
Trade receivables — gross	560,583	429,349
Less: Provision for impairment of trade receivables	(11,393)	(14,477)
	<hr/>	<hr/>
Trade receivables — net	549,190	414,872
Notes receivables	37,941	5,241
Less non-current portion: Trade receivables	(9,805)	(6,752)
	<hr/>	<hr/>
	577,326	413,361
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Customers are normally granted credit term within 90 days. At 31 December 2019 and 2018, the aging analysis of the trade receivables based on invoice date are as follows:

	As at 31 December	
	2019	2018
Trade receivables — gross		
0–90 days	460,883	316,647
91–180 days	53,746	53,897
181–365 days	21,472	30,255
Over 365 days	24,482	28,550
	<hr/>	<hr/>
	560,583	429,349
	<hr/> <hr/>	<hr/> <hr/>

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	
	2019	2018
As at 1 January	14,477	23,908
Increase in loss allowance recognised in profit or loss during the year	113	2,193
Allowance reversed	(54)	(3,731)
Receivables written off during the year as uncollectible	(3,143)	(7,893)
	<hr/>	<hr/>
At 31 December	11,393	14,477
	<hr/> <hr/>	<hr/> <hr/>

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

11 PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2019	2018
Prepayments		
— tariffs	176	3,611
— advances to suppliers	19,093	22,027
— other deferred expenses	8,351	8,757
— prepayment for land use rights	13,859	7,898
Less: Provision for impairment	—	(8,681)
	<hr/>	<hr/>
Prepayments — net	41,479	33,612
Less non-current portion: prepayments	(16,886)	(9,578)
	<hr/>	<hr/>
	24,593	24,034
	<hr/>	<hr/>
Other receivables		
— staff advances and other payments for employees	3,881	6,641
— value added tax deductible	2,266	12,400
— value added tax receivable	9,301	14,322
— others	3,367	2,932
	<hr/>	<hr/>
	18,815	36,295
	<hr/>	<hr/>
	43,408	60,329
	<hr/> <hr/>	<hr/> <hr/>

12 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2019	2018
Trade payables	241,263	227,446
Notes payables	257,930	137,890
Advances from customers	9,958	17,406
Accrued expenses	86,372	54,481
Salary and welfare payables	27,706	20,518
Other tax payables	10,483	5,215
Other payables	32,427	14,433
	<hr/>	<hr/>
	666,139	477,389
	<hr/> <hr/>	<hr/> <hr/>

The normal credit period granted by the creditors generally ranged from 30 to 90 days. As at 31 December 2019 and 2018, the aging analysis of the trade payables is as follows:

	As at 31 December	
	2019	2018
Within 30 days	176,726	163,229
31–90 days	63,033	59,702
91–365 days	1,029	2,402
Over 365 days	475	2,113
	<u>241,263</u>	<u>227,446</u>

The carrying amounts of trade payables, notes payables, salary and welfare payables and other payables approximate their fair values and are mainly denominated in the following currencies:

		As at 31 December	
		2019	2018
Trade payables	— RMB	126,706	77,941
	— US\$	75,164	96,795
	— EUR	39,196	51,846
	— Others	197	864
		<u>241,263</u>	<u>227,446</u>
Notes payables	— RMB	<u>257,930</u>	<u>137,890</u>
		As at 31 December	
		2019	2018
Salary and welfare payables	— RMB	26,615	19,627
	— EUR	1,091	891
		<u>27,706</u>	<u>20,518</u>
Other payables	— RMB	29,952	7,406
	— US\$	–	73
	— HK\$	–	56
	— EUR	2,475	6,898
		<u>32,427</u>	<u>14,433</u>

13 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Machinery	Vehicles and office equipment	Construction in progress	Leasehold improvements	Total
Cost						
As at 1 January 2018	505,260	1,401,176	57,003	132,975	1,739	2,098,153
Additions	12,298	32	3,438	93,758	–	109,526
Transfer upon completion	60,392	124,924	6,941	(192,257)	–	–
Disposals	–	(1,230)	(3,507)	–	–	(4,737)
Exchange differences	1,147	2,134	141	118	10	3,550
As at 31 December 2018	<u>579,097</u>	<u>1,527,036</u>	<u>64,016</u>	<u>34,594</u>	<u>1,749</u>	<u>2,206,492</u>
Acquisition of subsidiaries	118,216	59,162	1,473	296	–	179,147
Additions	–	58	434	19,836	–	20,328
Transfer upon completion	11,426	21,302	4,302	(37,030)	–	–
Disposals	–	(896)	(2,568)	–	–	(3,464)
Exchange differences	(1,099)	(1,585)	(109)	(160)	(7)	(2,960)
As at 31 December 2019	<u>707,640</u>	<u>1,605,077</u>	<u>67,548</u>	<u>17,536</u>	<u>1,742</u>	<u>2,399,543</u>
Accumulated depreciation						
As at 1 January 2018	(88,067)	(660,931)	(40,244)	–	(996)	(790,238)
Charge for the year	(18,376)	(88,261)	(8,338)	–	(163)	(115,138)
Disposals	–	769	3,077	–	–	3,846
Exchange differences	(220)	(886)	(91)	–	(6)	(1,203)
As at 31 December 2018	<u>(106,663)</u>	<u>(749,309)</u>	<u>(45,596)</u>	<u>–</u>	<u>(1,165)</u>	<u>(902,733)</u>
Charge for the year	(23,821)	(101,618)	(9,449)	–	(162)	(135,050)
Disposals	–	736	1,989	–	–	2,725
Exchange differences	187	493	76	–	4	760
As at 31 December 2019	<u>(130,297)</u>	<u>(849,698)</u>	<u>(52,980)</u>	<u>–</u>	<u>(1,323)</u>	<u>(1,034,298)</u>
Net book value						
As at 31 December 2019	<u>577,343</u>	<u>755,379</u>	<u>14,568</u>	<u>17,536</u>	<u>419</u>	<u>1,365,245</u>
As at 31 December 2018	<u>472,434</u>	<u>777,727</u>	<u>18,420</u>	<u>34,594</u>	<u>584</u>	<u>1,303,759</u>

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

	Year ended 31 December	
	2019	2018
Cost of sales	129,955	110,921
Distribution expenses	125	90
Administrative expenses	4,970	4,127
	<u>135,050</u>	<u>115,138</u>

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

As at 31 December 2019, the net book value of property, plant and equipment located in Europe was approximately RMB474,361,826 (as at 31 December 2018: RMB509,369,249).

(c) Construction in progress as at 31 December 2019 mainly comprises new equipment being constructed in Halle, Germany, Shandong, PRC and Inner Mongolia, PRC.

14 LEASE LIABILITIES

	As at 31 December	
	2019	2018
Lease liabilities	11,699	–
Less: Current portion of non-current liabilities	(7,466)	–
	<u>4,233</u>	<u>–</u>

As at 31 December 2019, the Group had no events that were not included in the lease liabilities, but would result in potential future cash outflows.

15 RIGHT-OF-USE ASSETS

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

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

	Land use rights (a)	Buildings (b)	Office equipment (b)	Total
Net book value at 1 January 2019, as previously reported	–	–	–	–
Effect of the adoption of IFRS 16 (Note 2.2 of Significant Account Policies)	14,774	16,062	741	31,577
Net book value at 1 January 2019, as restated	14,774	16,062	741	31,577
Acquisition of subsidiaries	23,420	1,165	–	24,585
Additions	–	254	–	254
Depreciation	<u>(764)</u>	<u>(6,615)</u>	<u>(323)</u>	<u>(7,702)</u>
Net book value at 31 December 2019	<u><u>37,430</u></u>	<u><u>10,866</u></u>	<u><u>418</u></u>	<u><u>48,714</u></u>

(a) All of the Group's land use rights are located in the PRC with the leasehold period of 50 years.

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

16 INVENTORIES

	As at 31 December	
	2019	2018
Raw materials	465,869	438,733
Work in progress	34,907	11,689
Finished goods	138,777	133,540
	<u>639,553</u>	<u>583,962</u>
Less: Provision for obsolescence		
— Raw materials	(10,369)	(10,644)
— Finished goods	(2,046)	(1,590)
	<u>(12,415)</u>	<u>(12,234)</u>
	<u><u>627,138</u></u>	<u><u>571,728</u></u>

The cost of inventories recognised as expense and included in cost of sales amounted to approximately RMB2,023,218,000 for the year ended 31 December 2019 (2018: RMB1,859,138,000).

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 2019 and 2018.

17 BORROWINGS

		As at 31 December	
		2019	2018
Current			
Secured			
Bank borrowings (a)	— EUR	94,872	129,806
	— HK\$	202,366	—
		<u>297,238</u>	<u>129,806</u>
Unsecured			
Borrowings from a third party (b)	— RMB	2,030	—
Bank borrowings (a)	— HK\$	—	31,193
		<u>2,030</u>	<u>31,193</u>
		<u>299,268</u>	<u>160,999</u>
Non-Current			
Secured			
Bank borrowings (a)	— EUR	21,493	29,427
		<u>21,493</u>	<u>29,427</u>
Total borrowings		<u><u>320,761</u></u>	<u><u>190,426</u></u>

(a) Bank borrowings

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

	As at 31 December	
	2019	2018
Bank Borrowings	<u>2.44%</u>	<u>1.57%</u>

All secured bank borrowings of RMB318,731,000 were guaranteed by the Company (2018: RMB44,180,000 were guaranteed by the Company and RMB115,053,000 were secured by bank deposit of the Group).

The Group's bank borrowings were repayable as follows:

	As at 31 December	
	2019	2018
Within 1 year	297,238	160,999
Between 1 and 2 years	7,816	7,847
Between 2 and 5 years	<u>13,677</u>	<u>21,580</u>
	<u>318,731</u>	<u>190,426</u>

As of 31 December 2019, the Group has 4 borrowing facilities (31 December 2018: 6) with a total limit of US\$95,000,000 (RMB662,739,000) and EUR25,000,000 (RMB195,388,000) (31 December 2018: US\$120,000,000 (RMB823,584,000) and EUR31,350,000 (RMB246,013,000)). The amounts of the unutilised borrowing facilities are as follows:

	As at 31 December	
	2019	2018
Floating rate:		
— Expiring within 1 year	<u>539,396</u>	<u>879,171</u>

(b) Borrowings from a third party

Borrowings from a third party arose from the acquisition of Greatdata. Borrowings from a third party were unsecured and with an average effective annual interest rate of 4.75%. All borrowings from a third party will be repaid subsequently in 2020.

BUSINESS REVIEW

Overview

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

At present, the sources and risks of global turmoil are increasing, the global economic trade growth is slowing down, and the global dairy industry is developing with the trend towards integration and multi-polarisation. Against this international backdrop, the PRC market shows its own features such as constant expansion, quality focus and consumption patterns diversification. Despite the intensified competition in the global dairy industry and the structural changes in the PRC market, Greatview managed to increase its investment in research and development unceasingly, enhance product quality and operational efficiency, as well as to make progress to become a manufacturing enterprise with capabilities for providing internet services.

We continue to focus on international expansion. We have further increased our customer bases, and increased our presence to seven new countries reaching more than 50 markets.

The successful acquisition of Likang has also increased our competitiveness in the mid-and-low-end markets and enriched our product line. Given “smart packaging” began to become a core competence to the Group, we entered into an agreement with Beijing Greatdata Technology Co., Ltd.* (北京數碼通科技有限公司) in October 2019 in relation to the acquisition of its entire equity interest, hence ensuring the Group with enhanced competitive edge in the global liquid food packaging industry.

* For identification purpose only

In respect of our business in the PRC, which is Greatview's largest single market, the competition in the Chinese dairy industry revealed the trend of brand differentiation under the dual requirements of the implementation of the PRC's national dairy strategy and intensified market competition in 2019. Dairy giants lead the development of the industry, while the development of regional dairy companies is polarising: the strong gets stronger and the weak gets weaker. The competition in the liquid dairy market has been tough. Despite a modest increase in the retail price of ambient liquid dairy products, the continuous consolidation of the dairy industry has weakened the profitability of mid-and-low-end customers.

We embrace the impacts brought about by technology and economic environment, and adopt proactive measures to expand service scopes, reduce costs and enhance efficiency, so as to gain customer satisfaction with our products' quality and cost performance.

In respect of our international business, we have undergone a year of market and customer rationalisation. The objective of this exercise is to build a customer portfolio with sustainable volume, revenue and margin growth. Such exercise has delivered encouraging initial results. We have increased our coverage by 7 more countries to over 50 countries. Our revenue contributed from global key players has increased and we have seen an increase in overall average selling price and profit margin. We have also started to provide technical services and spare parts replacement to customers.

Being dedicated to innovation and independent research and development as always, Greatview has been constantly launching novel and environmentally friendly packaging materials. To align with the global trend towards environmental protection and plastic reduction, Greatview has invested funds and technologies and successfully developed the "Greatview Eco-friendly Packaging" and the filling machines. By Greatview aseptic carton packaging and Greatview easy-peel off seals and forbidding plastic covers, Greatview has substantially reduced the use of plastics during production process, which eliminated the consumption and disposal of plastics.

It is delighted that we have obtained our first overseas order for both "Greatview Blank-Fed" and Greatview Discovery, which were independently developed by Greatview, in 2019. During the second half of 2019, we expanded "smart packaging" service from the PRC to Central Asia and successfully cooperated with Topfruit, a brand in Oman. It indicates that "smart packaging" of Greatview also has a broad prospect in overseas markets, since it can meet various demands from liquid food brand owners, including product traceability, interactive marketing and big data analysis, which can thus enhance consumers' awareness of the brand value as well as the product sales volume. In addition, the "Greatview Brick" product series added the type 330ml to the series and "Greatview Octagon" product series added the type 1,000ml-Square to the series, which have expanded our product range.

During 2019, a multi-year Growth Programme (the "**Programme**") has been deployed. The Programme aims at raising organisation capability, strengthening our ability to deliver value to customers and establishing differentiated market positioning. We will implement a number of strategic initiatives to optimise our customers' countries and customers' portfolio, extend our service value chain, advance product development and drive digital innovation. The Programme will take time to make progress but all these initiatives are designed to ensure that Greatview will embrace another wave of sustainable growth.

In November 2019, Greatview's "Smart Packaging Traceable Project" was awarded the "Excellent Golden Tripod Project" by China National Technical Standards Innovation Base (Dairy industry).

"Greatview Discovery", our innovative technology, was shortlisted for "Top Packaging Innovation" of the "Manufacturing Industry Excellence Awards" in the Gulf Food Manufacturing Exhibition, which is the largest food processing exhibition in the Middle East and one of the largest in the world. It introduced scratch tickets to aseptic packaging which attracted consumers to participate in brand communication and gained popularity and sales orders from international customers.

Greatview has been persistently expanding the coverage of digital technologies to ensure the accuracy of and enhance the efficiency in the Company's operation, production and interaction. In addition, we have fully explored and analysed the big data derived from both internal and external sources. Thus, we are able to predict the market demand more accurately, take actions more effectively and promptly, so as to promote the coordination of the Company's management and organization. Being customer-focused, we have established an efficient product and service system for our customers to effectively cope with the complex and ever-changing market environment. With such efforts, we seek a long-term cooperation and shared development with customers.

Markets and Products

We sold a total of approximately 15.3 billion packs during the year ended 31 December 2019 which represents an increase of approximately 13.3% as compared to 2018. Such increase was primarily due to the growth of sales volume in the PRC market. "Greatview Brick 250ml Base" remained as our top selling product, followed by "Greatview Brick 200ml Slim".

In respect of the PRC market, although China's demographic dividend has been gradually declining, dairy products are among the products that possess the potential for growth during the consumption advancement in the PRC. China's per capita consumption of dairy products accounts for only one-third of that in developed countries in Europe and America. Meanwhile, despite the unbalanced growth of dairy product consumption among regions in the PRC, the dairy products still possess sufficient potential for growth and enough room for development in the market.

In respect of the international market, the global dairy industry is developing with an integrated and multi-polarised trend. In the global trend towards environmental protection and plastic reduction, the packaging of aseptic carton still has great potential for further development.

Furthermore, in respect of the international business, the global population shows a trend for net increase, which makes us more optimistic about our future opportunities.

In response to increasing market demand for aseptic packaging products, we will strive to step up research and development of new products, introduce various types and sizes of packaging products and expand our product portfolio so as to widen our customer base. Furthermore, with opportunities from the successful acquisition of Likang, we will promote the optimal management of customers to enhance our brand image in the market.

Production Capacity and Utilisation

Our Group has a total annual production capacity of approximately 30.0 billion packs as at 31 December 2019 (2018: approximately 25.4 billion packs). Approximately 15.2 billion packs were produced for the year ended 31 December 2019 which represented an utilisation rate of approximately 50.7% (2018: approximately 52.8%). The decrease in the utilisation rate was mainly due to the increase of total annual production capacity.

Suppliers and Raw Materials

During the year ended 31 December 2019, the cost of raw materials remained stable with the support of effective supply chain management.

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

Business development

Greatview provides aseptic packaging materials and services to leading dairy and NCSO producers across the world.

In May and July 2019, Greatview was granted the “Best Strategic Support Award” and the “Most Valuable Creativity Award” by China Mengniu Dairy Co., Ltd. for our excellent service to customers.

In August 2019, Greatview showcased again its successful case of cooperation, which featured the combination between the latest packaging design and smart packaging, at the 19th Dairy Technology and Equipment Exhibition hosted by China Dairy Industry Association in Shijiazhuang. In addition, we introduced the first experience hall for smart packaging in the industry in Hohhot.

In August and November 2019, we held two new-marketing salons with more than 70 participants, in which 9 guests were invited to share the digital marketing trends and 27 customers were served.

In October 2019, Greatview joined ASI (The Aluminum Stewardship Initiative) as an industrial user member.

In November 2019, we cooperated with the IP under Bayer 04 Leverkusen, a top football team under Bundesliga, and successfully signed agreements with five customers.

In November 2019, Greatview’s “Smart Packaging Traceable Project” was awarded the “Excellent Golden Tripod Project” by China National Technical Standards Innovation Base (Dairy Industry), and was awarded the “Golden Award for Best Supplier” of the Cola industry in Costa Rica.

In November 2019, at a food processing exhibition in Dubai, Greatview was certified by the organiser as part of the “Innovation Tours” for its smart packaging technology and innovation capabilities. In the evaluation of “Manufacturing Industry Excellence Awards”, “Greatview Discovery”, our innovative technology, was successfully shortlisted for “Top Packaging Innovation”.

In December 2019, Greatview Aseptic Packaging (Shandong) Co. Ltd. was granted the “Best Partner Award for the Year 2019” by Nanjing Weigang Dairy Co., Ltd. In the evaluation of the supplier for the year 2019 by Lactalis in France, we were satisfactorily evaluated as Class One.

Relationships with Stakeholders

Our Group is committed to operate in a sustainable manner while balancing the interests of our various stakeholders including customers, suppliers, employees, shareholders and the social communities. Providing customers with good quality products, with a timely and relevant pre/after sales services is always our focus. Similarly, we view our suppliers as not just vendors but strategic partners and an important component of our supply chain. We aim at providing long-term and sustainable return to our shareholders. Our employees are the key to a sustainable business growth hence 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 2019, our Group’s operations are mainly carried out by our Company’s subsidiaries in the PRC, Hong Kong, Germany and Switzerland. The Group accordingly shall comply with relevant laws and regulations in the PRC, Hong Kong, Germany and Switzerland and the respective places of incorporation of our Company and our subsidiaries.

During the year and up to the date of this 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 2019, top line was higher while bottom line was lower than the year ended 31 December 2018 under the environment of severe competition and the strategy adjustment on international business. We were taking measures to cope with the difficult situation and maintained free cash flow for dividend. Our management will continue to capture growth in the aseptic packaging industry as well as pursue potential business development opportunities to further enhance return to our shareholders.

Revenue

We primarily derive revenue from the PRC and international sales of aseptic packaging and related services to dairy and NCSD producers. Revenue of our Group increased by approximately 8.6% from approximately RMB2,492.7 million for the year ended 31 December 2018 to approximately RMB2,706.9 million for the year ended 31 December 2019. The increase was primarily due to the increase of sales volume in the PRC market.

With respect to the PRC segment, our revenue increased by approximately RMB316.2 million, or 19.8%, to approximately RMB1,914.9 million for the year ended 31 December 2019 from approximately RMB1,598.7 million for the year ended 31 December 2018. Such increase was mainly contributed by the growth of sales volume.

With respect to the international segment, our revenue decreased by approximately RMB102.0 million, or 11.4%, to approximately RMB792.0 million for the year ended 31 December 2019 from approximately RMB894.0 million for the year ended 31 December 2018. Such decrease was primarily due to the integration strategy by assimilating businesses across countries and customers to improve our profitability.

Our revenue from dairy customers increased by approximately RMB117.3 million, or 5.6%, to approximately RMB2,220.3 million for the year ended 31 December 2019 from approximately RMB2,103.0 million for the year ended 31 December 2018, and our revenue from NCSD customers increased by approximately RMB88.6 million, or 22.7%, to approximately RMB478.3 million for the year ended 31 December 2019 from approximately RMB389.7 million for the same period in 2018. It was mainly contributed by the increase of sales volume in the PRC market.

Cost of Sales

Our cost of sales increased by approximately RMB163.9 million, or 8.7%, to approximately RMB2,038.7 million for the year ended 31 December 2019 from approximately RMB1,874.8 million for the year ended 31 December 2018. The growth in cost of sales was lower than the growth in total sales volume.

Gross Profit and Gross Margin

As a result of the foregoing factors, our gross profit increased by approximately RMB50.3 million, or 8.1% from approximately RMB617.9 million for the year ended 31 December 2018 to approximately RMB668.2 million for the year ended 31 December 2019. Our gross margin decreased by approximately 0.1 percentage points to approximately 24.7% for the year ended 31 December 2019 from approximately 24.8% for the year ended 31 December 2018. It was primarily due to the growth of sales volume in the PRC market and the growth of average sales price in the international market.

Other Income and other gains — net

Our other income and other gains — net decreased by approximately RMB3.3 million, or 4.0%, to approximately RMB79.7 million for the year ended 31 December 2019 from approximately RMB83.0 million for the year ended 31 December 2018. It was primarily due to the decrease of government subsidy, foreign exchange gain and the income from wealth management product, partially offset by the bargain purchase arising from the acquisition of Likang.

Distribution Expenses

Our distribution expenses increased by approximately RMB26.7 million, or 19.6%, to approximately RMB163.0 million for the year ended 31 December 2019 from approximately RMB136.3 million for the year ended 31 December 2018. The increase was primarily due to the increase in transportation expenses and promotion expenses.

Administrative Expenses

Our administrative expenses increased by approximately RMB15.0 million, or 11.6%, to approximately RMB145.0 million for the year ended 31 December 2019 from approximately RMB130.0 million for the year ended 31 December 2018. The increase was primarily due to the increase in salary and welfare and the expenses of research and development.

Taxation

Our income tax expenses increased by approximately RMB19.9 million, or 23.6%, to approximately RMB104.4 million for the year ended 31 December 2019 from approximately RMB84.5 million for the year ended 31 December 2018. Our effective tax rate increased by approximately 4.6 percentage points to approximately 23.6% for the year ended 31 December 2019 from approximately 19.0% for the previous financial year. The lower income tax expenses in 2018 was primarily due to the one-off deductible losses arising from the deregistration of one subsidiary. No such instance in 2019.

Profit for the Year and Net Profit Margin

Driven by the factors as aforementioned, our net profit decreased by approximately RMB22.8 million, or 6.3%, to approximately RMB337.3 million for the year ended 31 December 2019 from approximately RMB360.1 million for the year ended 31 December 2018. Our net profit margin decreased by approximately 1.9 percentage points to approximately 12.5% for the year ended 31 December 2019 from approximately 14.4% for the year ended 31 December 2018.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2019, we had approximately RMB562.8 million (2018: approximately RMB556.4 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 117.2 days as at 31 December 2018 to approximately 109.5 days as at 31 December 2019. Turnover days for trade receivables (trade receivables/revenue) increased from approximately 57.0 days as at 31 December 2018 to approximately 65.6 days as at 31 December 2019. Turnover days for trade payables (trade payables/cost of sales) decreased from approximately 45.9 days as at 31 December 2018 to approximately 42.0 days as at 31 December 2019.

Borrowings and Finance Cost

Borrowings of our Group as at 31 December 2019 were bank borrowings and third party borrowings and separately amounted to approximately RMB318.8 million and RMB2.0 million (2018: approximately RMB190.4 million and nil) and denominated in HKD, Euro and RMB. Amongst the borrowings, approximately RMB299.3 million (2018: approximately RMB161.0 million) will be repayable within one year and approximately RMB21.5 million (2018: approximately RMB29.4 million) will be repayable after one year. For the year under review, net finance income of our Group was approximately RMB1.9 million (2018: approximately RMB8.4 million).

Gearing Ratio

As at 31 December 2019, the gearing ratio of our Group was approximately 0.13 (2018: 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 2019 was approximately RMB995.7 million (2018: approximately RMB1,131.1 million). The working capital is calculated by the difference between the current assets and current liabilities.

Foreign Exchange Exposure

Our Group's sales were primarily denominated in RMB, Euro and USD. During the year under review, our Group recorded exchange loss of approximately RMB1.0 million (2018: exchange gain of approximately RMB5.0 million).

Capital Expenditure

As at 31 December 2019, our Group's total capital expenditure amounted to approximately RMB121.2 million (2018: approximately RMB114.4 million), which was mainly used for the acquisition of Likang.

Charge on Assets

As at 31 December 2019, our Group neither pledged any property, plant and equipment (2018: nil) nor land use right (2018: nil).

Contingent Liabilities

As at 31 December 2019, our Group did not have any material contingent liabilities (2018: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2019, our Group employed approximately 1,590 employees (31 December 2018: approximately 1,339 employees). Our Group offered competitive salary package, as well as discretionary bonuses, cash subsidies and contribution to social insurance to our employees. Total employee benefit expenses for the year ended 31 December 2019 amounted to approximately RMB271.5 million (2018: RMB233.9 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. Share option schemes have also been adopted for employees of our Group. In order to ensure that our Group's employees remain competitive in the industry, the Company has adopted training schemes for our employees managed by our human resources department.

PROSPECTS

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

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

FINAL DIVIDEND

The Board recommends the payment of a final dividend amounting to approximately HK\$187.2 million (HK\$0.14 per share, approximately RMB167.7 million in total) to be partly paid out of the share premium account of the Company and partly paid out of the distributable profits of the Company, for the year ended 31 December 2019 (2018: HK\$0.14 per share, approximately RMB164.0 million in total). The proposed final dividend, if approved by shareholders at the forthcoming annual general meeting, shall be paid on or around 7 July 2020 to the shareholders whose names appear on the register of members of the Company on 12 June 2020.

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

EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (1) Since January 2020, the outbreak of Novel coronavirus (“**COVID-19**”) has impact on the global business environment. A series of precautionary and control measures have been and continued to be implemented across the PRC. As required by the local government offices, GA Inner Mongolia had extended one week holidays and resumed operation in February 2020.

Pending the development and spread of COVID-19 subsequent to the date of this announcement, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of this announcement.

The Group has been closely monitoring the impact of the developments on the Group’s businesses and has put in place contingency measures. These contingency measures include: increasing our options for logistics and transportation, evaluating the supply readiness of our raw materials suppliers, negotiating with customers on delivery schedule, and continuously monitoring the operations of our domestic and overseas customers.

The Group will keep continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Group.

- (2) On 30 March 2020, Mr. HSU David resigned as a non-executive Director and a member of the Audit Committee as a consequence of assuming new responsibilities in the Jardine Matheson Holdings Limited and its subsidiaries and on the even date, Mr. PANG Yiu Kai has been appointed as a non-executive Director and a member of the Audit Committee.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 20 May 2020 to 25 May 2020, both days inclusive, during which period no share transfers in Hong Kong 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 2020.

In addition, the register of members of the Company will be closed from 10 June 2020 to 12 June 2020, both days inclusive, during which period no transfer of shares will be registered. In order to ascertain shareholders' entitlement to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 9 June 2020.

CORPORATE GOVERNANCE

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

During the year under review, the Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as its own code of corporate governance.

The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the CG Code during the year ended 31 December 2019.

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 2019.

PURCHASE, SALES OR REDEMPTION OF THE SHARES

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries has 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 and the laws of the Cayman Islands.

REVIEW BY THE AUDIT COMMITTEE

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

The primary duties of the Audit Committee are to assist the Board to provide an independent view of the effectiveness of the financial reporting process, internal control and risk management systems 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 2019 as well as auditing, internal control and financial reporting matters, including the consolidated financial statements for the year ended 31 December 2019. 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 10:30 a.m., on 25 May 2020. 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, 30 March 2020

As of the date of this announcement, the Board comprises two executive Directors, namely Mr. BI Hua, Jeff and Mr. CHANG Fuquan; two non-executive Directors, namely Mr. HONG Gang and Mr. PANG Yiu Kai; and three independent non-executive Directors, namely Mr. LUETH Allen Warren, Mr. BEHRENS Ernst Hermann and Mr. ZHU Jia.