

# INTERIM REPORT

**GREATVIEW ASEPTIC PACKAGING  
COMPANY LIMITED**

# 2020





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# Greatview Blank-Fed



# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

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

Mr. CHANG Fuquan

### Non-Executive Directors

Mr. HONG Gang (*Chairman*)

Mr. HSU David (resigned with effect from 30 March 2020)

Mr. PANG Yiu Kai (appointed with effect from 30 March 2020)

### Independent Non-Executive Directors

Mr. LUETH Allen Warren

Mr. BEHRENS Ernst Hermann

Mr. ZHU Jia

## JOINT COMPANY SECRETARIES

Ms. QI Zhaohui

Ms. SO Lai Shan

## AUTHORISED REPRESENTATIVES

Mr. BI Hua, Jeff

Ms. SO Lai Shan

## AUDIT COMMITTEE

Mr. LUETH Allen Warren (*Chairman*)

Mr. BEHRENS Ernst Hermann

Mr. HSU David (resigned with effect from 30 March 2020)

Mr. ZHU Jia

Mr. PANG Yiu Kai (appointed with effect from 30 March 2020)

## REMUNERATION COMMITTEE

Mr. ZHU Jia (*Chairman*)

Mr. BI Hua, Jeff

Mr. LUETH Allen Warren

Mr. BEHRENS Ernst Hermann

## NOMINATION COMMITTEE

Mr. HONG Gang (*Chairman*)

Mr. BEHRENS Ernst Hermann

Mr. ZHU Jia

## REGISTERED OFFICE

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two

Times Square

1 Matheson Street

Causeway Bay

Hong Kong

## OTHER PLACE OF BUSINESS IN HONG KONG

Unit 15, 36/F, China Merchants Tower

Shun Tak Centre

No. 168–200 Connaught Road

Central

Hong Kong

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

14 Jiuxianqiao Road

Chaoyang District

Beijing 100015

The PRC

## AUDITOR

PricewaterhouseCoopers

*Certified Public Accountants and Registered PIE Auditor*

## LEGAL ADVISERS

lu, lai & li Solicitors

Tian Yuan Law Firm

## PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited

Commerzbank AG

The Hongkong and Shanghai Banking Corporation Limited

Citi Bank

China Construction Bank

Industrial and Commercial Bank of China

China Merchants Bank

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

## BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited

Level 54

Hopewell Centre

183 Queen's Road East

Hong Kong

## COMPANY WEBSITE

[www.greatviewpack.com](http://www.greatviewpack.com)



Replace plastic packaging  
**Reduce** Recreate Love Earth  
Eco-lifestyle Replace Reduce  
**GREATVIEW  
ECO-PACKAGING**  
Reduce plastic use Recreate  
Recreate Be eco-conscious

GREATVIEW

330mL



# PLASTIC REDUCTION, NEEDS YOUR ACTION



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

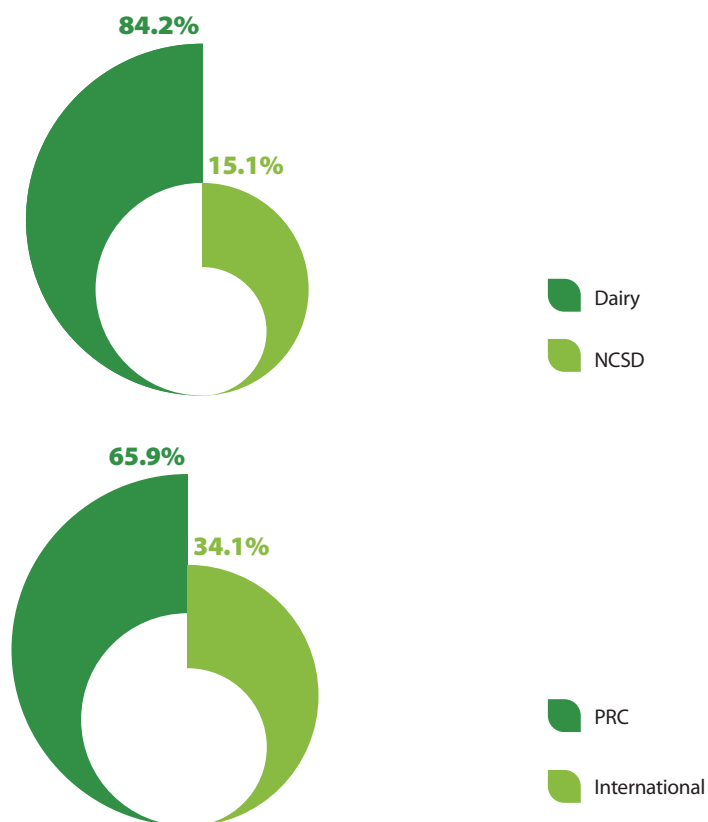
\*Greatview Eco-packaging, 330mL, Octagon, Pull-tab

# FINANCIAL SUMMARY

For the six months ended 30 June

	2020 RMB million (Unaudited)	2019 RMB million (Unaudited)	Percentage %
Revenue	1,357.2	1,182.8	14.7%
Gross Profit	356.0	287.5	23.8%
Net Profit	155.7	171.8	-9.4%
Profit attributable to shareholders	155.7	171.8	-9.4%
Earnings per share — basic and diluted (RMB)	0.116	0.128	-9.4%
Proposed dividend per share (HK\$)	0.13	0.13	—

## REVENUE ANALYSIS



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Overview

Our Group (Greatview Aseptic Packaging Company Limited, our “Company” or “Greatview” and its subsidiaries) provides integrated packaging 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 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.

According to the World Economic Situation and Prospects as of Mid-2020 Report released by the United Nations on 13 May 2020, the global economy suffered a severe setback, supply chain was disrupted and demand was suppressed because of the COVID-19 epidemic. The report predicts that world trade will shrink by nearly 15% in 2020. The global economy is expected to shrink by 3.2% in 2020. In this unprecedented period of uncertainty and difficulties, Greatview is committed to ensuring safety of our partners, customers and employees, and be at the forefront of supply with our customers keeping essential food flowing from farms to the tables of individuals and families around the world.



\* For identification purposes only



# MANAGEMENT DISCUSSION AND ANALYSIS

In the PRC, the supply chain disruption resulted from COVID-19 epidemic prevention and control measures has caused a weak consumption during the spring festival, which was usually the golden period of consumption, and liquid milk consumption stagnated since early 2020.

However, since traffic has resumed in March 2020, the market has begun to show signs of a healthy recovery, as consumers have returned to normal life and increased consumption of immune-enhancing foods and beverages, including dairy drinks. As customers increased orders, Greatview achieved steady growth during the first half of 2020, volume and revenue increased by approximately 15.3% and 11.7% respectively. The business in the PRC was resilient during the first half of 2020 despite COVID-19.

In respect of our international business, Greatview has expedited its momentum to expand outside of the PRC. Volume delivered to the international markets has increased by approximately 18.2% and revenue has increased by approximately 21.2%, following success in improving existing customer penetration and the take-up of new customers. Revenue and margin have both increased, following last year's successful market and customer portfolio rationalisation which has resulted in an improvement in average selling price. Product and supply chain costs have both lowered and the utilisation and production efficiency of the production facilities in Germany also continue to improve.

During the first half of 2020, Greatview has also initiated two projects in South East Asia whereby Greatview installed processing equipment and filling machine, as well as the supply of packaging materials, to two leading brands in the region.

Greatview is committed to developing in harmony with society and the environment, always makes every effort to lower down energy consumption and carbon emission. Starting from 2020, Greatview has been purchasing 100% of electrical power for its German factory from renewable, carbon-free sources. In April 2020, Greatview Aseptic Packaging (Shandong) Co. Ltd. was awarded the "Green Standard" in Liaocheng City.



Greatview Discovery

# Management Discussion and Analysis

Being dedicated to innovation and independent research and development as always, Greatview has been constantly launching novel and environmentally friendly packaging materials. In order to promote the recycling and circular economy, Greatview has introduced its 330mL “Greatview Eco-packaging”, which contains 86% less plastic comparing with equivalent plastic bottle and also use pull-tab to replace the plastic cap to further reduce plastic use. We are also able to provide paper straws to our customers to replace plastic straws as another environmentally sustainable solution.

Our first international order of “Greatview Discovery” has been launched on the market in March 2020. The game-changing packaging allows the customer to implement a “scratch-and-win” campaign on its packaging to fascinate and reward its consumers, and also enables the customers to become the leaders in implementing and exploring innovative ways of marketing methods in its region.

“Greatview Blank-Fed” has achieved stable growth this year, piloting the production with several world-leading dairy and beverage producers. And the new format “Greatview Aseptic Brick 1000mL Square” has also obtained orders from international customers.

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

Greatview offers digitalisation services to upstream and downstream partners while implementing internal control, which provides strong information support for improving supply chain efficiency and raw material traceability. Meanwhile, it also helps our customers to expand their own market and strengthen channel control. Through digitalisation services, Greatview has strengthened the strategic partnership with its customers.

## Markets and Products

We sold a total of approximately 7.7 billion packs during the first half of 2020 which represents an increase of approximately 16.7% as compared with the same period in 2019. Such increase was primarily due to the growth of sales volume in both the PRC and international market. “Greatview Brick 250mL Base” remained as our top selling product, followed by “Greatview Brick 200mL Slim”.

In the Chinese market, although the PRC’s demographic dividend is gradually declining, dairy product is still a category with great growth value in the process of the PRC’s consumption upgrading. According to a survey conducted in February 2020, Chinese consumers are far from getting into the habit of drinking milk every day. The per capita consumption of dairy product in the PRC is only one third of that of developed countries in Europe and America. At the same time, the regional development of the PRC’s dairy consumption is not balanced, but the dairy market still has enough growth potential and broad development space.

In terms of international market, the global dairy industry presents the trend of integration and multi-polarisation. With the rising of serious environmental issues and growing eco-conscious consumers, aseptic paper-based cartons as a more sustainable choice with less plastic use, still has a large development space in the dairy and beverage industry because of its safety, convenience, and suitability for storage and transportation.

In addition, 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 the growing and subdivided market demand of aseptic packaging products, we will strive to step up research and development of new products, introduce various types and sizes of packaging products, expand our product portfolio, and provide eco-friendly solutions so as to widen our customer base, and to improve customer relationship management, hence eventually enhancing our brand image in the global market.

# Management Discussion and Analysis

## Production Capacity and Utilisation

Our Group has a total annual production capacity of approximately 30.0 billion packs as of 30 June 2020 (30 June 2019: approximately 30.0 billion packs). Approximately 8.1 billion packs were produced for the six months ended 30 June 2020 which represented an utilisation rate of approximately 54.0% (30 June 2019: approximately 44.7%). The increase in the utilisation rate was mainly due to the increase in production volume.

## Suppliers and Raw Materials

During the six months ended 30 June 2020, the cost of raw materials remained stable with the support of effective supply chain management.

We continued to select top 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 NCS D producers across the world.

During the first half of 2020, Greatview's global staffs worked in an orderly manner to overcome difficulties, which guaranteed the interests of customers by ensuring product quality and timely delivery, and received recognition and appreciation from customers.

In March and April 2020, Greatview has received letters of acknowledgement from international customers for being supportive in maintaining supply during the period of unprecedented uncertainty and distress.

In May 2020, Greatview was granted the "Special Contribution Partner" award by China Mengniu Dairy Co., Ltd. and received masks to thank Greatview for its unreserved support and also to commemorate the cooperation and friendship during this epidemic.

As the offline events and exhibitions have been canceled or delayed due to the restrictions caused by epidemic, we found the online opportunity and made the best use of social media operations to connect with customers.

In March 2020, the chief executive officer of the Company, Mr. Bi Hua, Jeff has attended the international virtual conference NEXCON held by Staufen Digital Neonex GmbH and delivered a speech entitled "Greatview intelligent manufacturing: Creating a better customer success platform" elaborating Greatview's achievements and production value delivered to dairy enterprises by intelligent manufacturing under the background of Industry 4.0 era. Greatview has accurately captured the new opportunities brought by the development of Industry 4.0 and actively implemented the digitalisation strategy, which makes it a leader in the era of intelligent manufacturing.

In June 2020, Greatview's German factory achieved Grade AA in BRC Global Standard again. In the same month, the representatives of Bayer 04 Leverkusen football club and RKWC GmbH China Business Service visited Greatview's German factory and expressed their expectation of further cooperation.

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Overview

In the first half of 2020, top line was higher whilst bottom line was lower than the corresponding period of 2019 under the influence of COVID-19. We continuously endeavored to optimise the product portfolio and production efficiency, meanwhile we strived to expand market share. We were taking measures to cope with the difficult situation and maintained free cash flow for interim dividend. Our management will continue to capture growth in the aseptic packaging industry as well as pursue potential business development opportunities to further enhance return to shareholders.

### Revenue

We primarily derive revenue from the PRC and international sales of aseptic packaging and related services to dairy and NCSD producers. Revenue of our Group increased by approximately 14.7% from approximately RMB1,182.8 million for the six months ended 30 June 2019 to approximately RMB1,357.2 million for the six months ended 30 June 2020. Such increase was primarily due to the increase of sales volume in both the PRC and international market.

With respect to the PRC segment, our revenue increased by approximately RMB93.4 million, or 11.7%, to approximately RMB893.9 million for the six months ended 30 June 2020 from approximately RMB800.5 million for the six months ended 30 June 2019. Such increase was mainly contributed by the growth of sales volume.

With respect to the international segment, our revenue increased by approximately RMB81.0 million, or 21.2%, to approximately RMB463.3 million for the six months ended 30 June 2020 from approximately RMB382.3 million for the six months ended 30 June 2019. Such increase was primarily due to last year's successful market and customer portfolio rationalisation.

Our revenue from dairy customers increased by approximately RMB154.1 million, or 15.6%, to approximately RMB1,142.5 million for the six months ended 30 June 2020 from approximately RMB988.4 million for the six months ended 30 June 2019, and our revenue from NCSD customers increased by approximately RMB11.0 million, or 5.7%, to approximately RMB205.4 million for the six months ended 30 June 2020 from approximately RMB194.4 million for the six months ended 30 June 2019. It was mainly contributed by the increase of sales volume.

### Cost of Sales

Our cost of sales increased by approximately RMB105.9 million, or 11.8%, to approximately RMB1,001.2 million for the six months ended 30 June 2020 from approximately RMB895.3 million for the six months ended 30 June 2019. The growth in cost of sales was lower than the growth in total sales volume.

### Gross Profit and Gross Margin

As a result of the foregoing factors, our gross profit increased by approximately RMB68.5 million, or 23.8% from approximately RMB287.5 million for the six months ended 30 June 2019 to approximately RMB356.0 million for the six months ended 30 June 2020. Our gross margin increased by approximately 1.9 percentage points to approximately 26.2% for the six months ended 30 June 2020 from approximately 24.3% for the six months ended 30 June 2019. It was primarily due to the growth of sales volume and the reduction of average cost.

# Management Discussion and Analysis

## Other Income and Other Gains — Net

Our other income and other gains-net decreased by approximately RMB45.1 million, or 72.6%, to approximately RMB17.0 million for the six months ended 30 June 2020 from approximately RMB62.1 million for the six months ended 30 June 2019. It was primarily due to the decrease of government subsidy, foreign exchange gain and the bargain purchase arising from the acquisition of Likang occurred in 2019.

## Distribution Expenses

Our distribution expenses increased by approximately RMB14.0 million, or 20.6%, to approximately RMB82.0 million for the six months ended 30 June 2020 from approximately RMB68.0 million for the six months ended 30 June 2019. The increase was primarily due to the increase in transportation expenses and salary and welfare.

## Administrative Expenses

Our administrative expenses increased by approximately RMB18.6 million, or 29.3%, to approximately RMB82.1 million for the six months ended 30 June 2020 from approximately RMB63.5 million for the six months ended 30 June 2019. The increase was primarily due to the increase in research and development expenses and provision for impairment of inventories and production equipment.

## Taxation

Our income tax expenses increased by approximately RMB8.8 million, or 19.3%, to approximately RMB54.3 million for the six months ended 30 June 2020 from approximately RMB45.5 million for the six months ended 30 June 2019. Our effective tax rate increased by approximately 5.0 percentage points to approximately 25.9% for the six months ended 30 June 2020 from approximately 20.9% for the corresponding period in 2019. The increase was primarily due to the growth in total sales volume and the revenue of bargain purchase arising from the acquisition of Likang occurred in 2019.

## Profit for the Period and Net Profit Margin

Driven by the factors as aforementioned, our net profit decreased by approximately RMB16.1 million, or 9.4%, to approximately RMB155.7 million for the six months ended 30 June 2020 from approximately RMB171.8 million for the six months ended 30 June 2019. Our net profit margin decreased by 3.0 percentage points to approximately 11.5% for the six months ended 30 June 2020 from approximately 14.5% for the six months ended 30 June 2019.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2020, we had approximately RMB504.3 million (31 December 2019: approximately RMB562.8 million) in cash and cash equivalents. Our cash and cash equivalents consist primarily of cash on hand and bank balances which are principally held in RMB denominated accounts with banks in the PRC.

## Analysis of Turnover of Inventories, Trade Receivables and Payables

Our Group's inventories primarily consist of raw materials and finished goods. Our turnover days for inventory (inventories/cost of sales) increased from approximately 109.5 days as at 31 December 2019 to approximately 126.3 days as at 30 June 2020. Our turnover days for trade receivables (trade receivables/revenue) increased from approximately 65.6 days as at 31 December 2019 to approximately 72.9 days as at 30 June 2020. Our turnover days for trade payables (trade payables/cost of sales) increased from approximately 42.0 days as at 31 December 2019 to approximately 52.3 days as at 30 June 2020.

# Management Discussion and Analysis

## Borrowings and Finance Cost

Borrowings of our Group as at 30 June 2020 were bank borrowings which amounted to approximately RMB272.1 million (31 December 2019: approximately RMB320.8 million) and denominated in HKD, Euro and USD. Amongst the borrowings, approximately RMB243.2 million (31 December 2019: approximately RMB299.3 million) will be repayable within one year and approximately RMB28.9 million (31 December 2019: approximately RMB21.5 million) will be repayable after one year. For the period under review, the net finance income of our Group was approximately RMB0.7 million (for the six months ended 30 June 2019: approximately RMB-0.8 million). For details of the borrowings and finance cost of our Group, please refer to notes 6 and 15 to the consolidated financial statements contained in this interim report respectively.

## Gearing Ratio

As at 30 June 2020, the gearing ratio of our Group was approximately 0.11 (31 December 2019: approximately 0.13), which was in line with the decline 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 30 June 2020 was approximately RMB1,043.2 million (31 December 2019: approximately RMB995.7 million). The working capital is calculated as the difference between the current assets and current liabilities.

## Foreign Exchange Exposure

Our Group's sales were primarily denominated in RMB, Euro and USD. During the period under review, our Group recorded exchange loss of approximately RMB2.6 million (for the six months ended 30 June 2019: exchange gain of approximately RMB1.7 million). During the six months ended 30 June 2020, our Group did not enter into any financial instrument for hedging purpose.

## Capital Expenditure

As at 30 June 2020, our Group's total capital expenditure amounted to approximately RMB37.0 million (31 December 2019: approximately RMB121.2 million), which was mainly used for purchasing production machines and equipment for the Group.

## Charge on Assets

As at 30 June 2020, our Group received certain banking facilities of approximately RMB130.0 million, through pledging properties with net book value of approximately RMB111.8 million (31 December 2019: nil) and land use rights with net book value of approximately RMB25.4 million (31 December 2019: nil) to banks.

## Contingent Liabilities

As at 30 June 2020, the Group did not have any material contingent liabilities (31 December 2019: nil).

# Management Discussion and Analysis

## EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, our Group employed approximately 1,663 employees (31 December 2019: approximately 1,590 employees). Our Group offered competitive salary package, as well as discretionary bonuses, cash subsidies and contribution to social insurance to our employees. Our total employee benefit expenses for the six months ended 30 June 2020 amounted to approximately RMB134.1 million (for the six months ended 30 June 2019: approximately RMB123.6 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.

# OTHER INFORMATION

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

As at 30 June 2020, interests and short positions in the shares of the Company (the "Shares"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) held by the directors of the Company (the "Directors") and chief executive of the Company which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") are as follows:

### Interests and Short Position in the Shares and Underlying Shares

Name of Director/chief executive	No. of Shares	Notes	Capacity	Nature of interest	Percentage of total number of Shares in issue (%) (Note 4)
Mr. HONG Gang	78,141,966	1	Interest of controlled corporation	Long position	5.84%
	2,673,000	2	Interest of controlled corporation	Long position	0.20%
Total long position	80,814,966				6.04%
Mr. BI Hua, Jeff	129,000,000	3	Founder of a discretionary trust	Long position	9.65%
Mr. CHANG Fuquan	4,500,000		Interest of controlled corporation	Long position	0.34%

Notes:

- (1) Phanron Holdings Limited ("Phanron") is wholly-owned by Mr. HONG Gang and he is therefore deemed to be interested in the 78,141,966 Shares held by Phanron.
- (2) Liwei Holdings (PTC) Limited ("Liwei") is 50% owned by each of Mr. HONG Gang and Mr. GAO Wei. Therefore, Mr. HONG Gang and Mr. GAO Wei are deemed to be interested in all of the underlying Shares to be issued pursuant to the options granted to Liwei under the Pre-IPO share option scheme adopted by the Company on 15 November 2010 (the "Pre-IPO Share Option Scheme").

On 22 November 2010, 22,000,000 options were granted to Liwei under the Pre-IPO Share Option Scheme. On 17 March 2011, 284 employees were granted (by way of transfer) by Liwei the rights to take up the 20,010,000 options granted to Liwei under the Pre-IPO Share Option Scheme upon vesting of their options. On 12 April 2013, 3,236,000 options which were previously granted by Liwei to the aforesaid employees but which lapsed prior to transfer to such employees were reallocated to 193 employees of the Group. On 1 September 2011, 1 June 2012, 1 June 2013 and 1 June 2014, 3,546,000 options, 4,616,000 options, 5,800,000 options and 5,365,000 options were vested respectively. Liwei is therefore deemed to be interested in 2,673,000 Shares in a long position.

- (3) Foxing Development Limited ("Foxing") is directly interested in 129,000,000 Shares. Foxing is wholly-owned by Hill Garden Limited ("Hill Garden") and is therefore deemed to be interested in the same 129,000,000 Shares. Mr. BI Hua, Jeff is the founder of the trust that wholly-owns Hill Garden. Mr. BI Hua, Jeff, therefore, is deemed to be interested in the same 129,000,000 Shares.
- (4) There were 1,337,019,000 Shares in issue as at 30 June 2020.



## Other Information

Save as disclosed above, as at 30 June 2020, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2020, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

#### Interests and Short Position in the Shares and Underlying Shares

Name of substantial shareholder	No. of Shares	Notes	Capacity	Nature of interest	Percentage of total number of Shares in issue (%) (Note 6)
Phanron	78,141,966		Beneficial owner	Long position	5.84%
Madam XU Zhen	78,141,966	1	Interest of spouse	Long position	5.84%
	2,673,000	1	Interest of spouse	Long position	0.20%
	80,814,966				6.04%
Hill Garden	129,000,000	2	Interest of controlled corporation	Long position	9.65%
Foxing	129,000,000	2	Beneficial owner	Long position	9.65%
Madam BI Wei Li	129,000,000	3	Interest of spouse	Long position	9.65%
JSH Venture Holdings Limited	377,132,584	4	Beneficial owner	Long position	28.21%
Jardine Strategic Holdings Limited	377,132,584	4	Interest of controlled corporation	Long position	28.21%
Jardine Matheson Holdings Limited	377,132,584	4	Interest of controlled corporation	Long position	28.21%
M&G Plc	103,230,200		Interest of controlled corporation	Long position	7.72%
Janus Henderson Group PLC	66,707,000	5	Investment manager	Long position	4.99%
FMR LLC	66,802,000		Interest of controlled corporation	Long position	4.99%
Edgbaston Investment Partners LLP	65,917,000		Investment manager	Long position	4.93%

# Other Information

Notes:

- (1) Madam XU Zhen is interested in a long position of 80,814,966 Shares by virtue of her being the spouse of Mr. HONG Gang.
- (2) Foxing has a direct interest in 129,000,000 Shares. Hill Garden is interested in 100% of Foxing. Therefore, Hill Garden is deemed to be interested in 129,000,000 Shares. Mr. BI Hua, Jeff is the founder of the trust that wholly-owns Hill Garden.
- (3) Madam BI Wei Li is interested in a long position of 129,000,000 Shares by virtue of her being the spouse of Mr. BI Hua, Jeff.
- (4) JSH Venture Holdings Limited has a direct interest in 377,132,584 Shares. Jardine Strategic Holdings Limited is interested in 100% of JSH Venture Holdings Limited. JMH Investments Limited, which is interested in 83.63% of Jardine Strategic Holdings Limited, is wholly-owned by Jardine Matheson Holdings Limited. Therefore, Jardine Strategic Holdings Limited and Jardine Matheson Holdings Limited are deemed to be interested in 377,132,584 Shares.
- (5) Janus Henderson Group PLC is a listed company on the New York Stock Exchange.
- (6) There were 1,337,019,000 Shares in issue as at 30 June 2020.

Save as disclosed above, and as at 30 June 2020, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

## **PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY**

During the six months ended 30 June 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

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

During the six months ended 30 June 2020, there were no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company. As at the date of this interim report, the Group has no future plan to make any significant investment or acquisition of capital assets.

## **CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in Appendix 10 — Model Code for Securities Transactions by Directors of Listed Issuers under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Specific enquiries have been made of all the Directors and the Directors have confirmed that they had complied with such code of conduct during the six months ended 30 June 2020.

## DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 30 June 2020, the aggregate amount of guarantees provided for the banking facilities granted to affiliated companies of the Group by the Company was approximately RMB871,578,000, which exceeded 8% of the assets ratios as defined in Rule 14.07(1) of the Listing Rules. Details of which are set out below:

<b>Name of affiliated company</b>	<b>The Group's attributable interest in affiliated company</b> %	<b>Amount of guarantees given for the banking facilities granted to affiliated company</b> RMB'000	<b>Extent of guarantees utilised</b> RMB'000
Greatview Aseptic Packaging Manufacturing GmbH	100%	199,025	99,803
Greatview Aseptic Packaging Europe GmbH	100%		
Greatview Holdings Ltd.	100%	672,553	172,340

Pursuant to Rule 13.22 of the Listing Rules, a proforma combined statement of financial position of the aforementioned affiliated companies as at 30 June 2020 is presented as follows:

	<b>Proforma combined statement of financial position</b> RMB'000
Non-current assets	1,003,519
Current assets	816,725
Current liabilities	492,935
Non-current liabilities	1,037,377
Net assets	289,932

The proforma combined statement of financial position of the affiliated companies is prepared by combining their statements of financial position, after making adjustment to confirm with the Group's significant accounting policies and re-grouping into significant classification in the statement of financial position, as at 30 June 2020.

# Other Information

## SHARE OPTION SCHEMES

### Pre-IPO Share Option Scheme

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

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

The scheme expired on the Listing Date.

## Other Information

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

Name of Grantees	Note	Date of grant/ vesting	Exercise period	Exercise price (HK\$)	Pre-IPO	Pre-IPO	Pre-IPO	Pre-IPO	Pre-IPO
					Options outstanding as at 1 January 2020	Options vested during the period	Options exercised during the period	Options lapsed/ expired during the period	Options outstanding as at 30 June 2020
Liwei	1	22/01/2010	09/12/2010–22/11/2020	4.30	2,673,000	–	–	–	2,673,000
Total					2,673,000	–	–	–	2,673,000

Notes:

- (1) The Board approved Liwei to grant (by way of transfer) the Pre-IPO Options on 17 March 2011. Pursuant to the Pre-IPO Share Option Scheme, 284 employees were granted the Pre-IPO Options to subscribe for up to 20,010,000 Shares on 17 March 2011. Such 20,010,000 Pre-IPO Options will only be transferred to the employees upon vesting. The Pre-IPO Options vested in four instalments on 1 September 2011, 1 June 2012, 1 June 2013 and 1 June 2014. On 12 April 2013, 3,236,000 Pre-IPO Options which were previously lapsed were taken back by Liwei and would be reallocated to 193 employees of the Group upon vesting. These Pre-IPO Options vested in two installments on 1 June 2013 and 1 June 2014, respectively.
- (2) During the six months ended 30 June 2020, no Pre-IPO Options were granted, lapsed, exercised or cancelled.
- (3) The total number of Shares subject to the Pre-IPO Share Option Scheme is 2,673,000 Shares, representing approximately 0.2% of the issued shares as at the date of this interim report.

# Other Information

## Share Option Scheme

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

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

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

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

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

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

No option had been granted pursuant to the Share Option Scheme prior to the date ended 30 June 2020. No option had been cancelled or lapsed during the six months ended 30 June 2020.

## CORPORATE GOVERNANCE

The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2020.

## INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.13 per Share (30 June 2019: HK\$0.13 per Share), amounting to a total of approximately HK\$173,812,000 (30 June 2019: approximately HK\$173,812,000) for the six months ended 30 June 2020 which shall be payable on or about 15 October 2020 to shareholders whose names appear on the register of members of the Company (the “Register of Members”) on 22 September 2020.

## CLOSURE OF THE REGISTER OF MEMBERS

The Register of Members will be closed from 18 September 2020 to 22 September 2020, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant Share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:30 p.m. on 17 September 2020.

## AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS AND INTERIM REPORT

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

The Audit Committee has adopted the terms of reference which are in line with the CG Code. The principal duties of the Audit Committee include the review and supervision of the Group’s financial reporting system and internal control procedures, review of the Group’s financial information and review of the relationship with the external auditor of the Company. The Group’s interim report and the unaudited consolidated interim financial statements for the six months ended 30 June 2020 have been reviewed by the Audit Committee.

## CHANGE OF INFORMATION IN RESPECT OF DIRECTORS

Mr. HSU David has 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 with effect from 30 March 2020. For further details, please refer to the announcement of the Company dated 30 March 2020.

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

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

## EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

On behalf of the Board

**Mr. HONG Gang**

*Chairman*

Beijing, the PRC, 28 August 2020

# Condensed Consolidated Income Statement

For the six months ended 30 June 2020

	Note	Six Months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Revenue	4	1,357,208	1,182,800
Cost of sales	5	(1,001,200)	(895,280)
<b>Gross profit</b>		<b>356,008</b>	287,520
Other income and other gains — net		17,004	62,127
(Impairment)/reversal of losses on financial assets-net		327	—
Distribution cost	5	(81,989)	(68,018)
Administrative expenses	5	(82,125)	(63,531)
<b>Operating profit</b>		<b>209,225</b>	218,098
Finance income	6	2,881	2,769
Finance costs	6	(2,151)	(3,604)
Finance income — net	6	730	(835)
<b>Profit before income tax</b>		<b>209,955</b>	217,263
Income tax expense	7	(54,286)	(45,505)
<b>Profit for the period</b>		<b>155,669</b>	171,758
<b>Profit attributable to:</b>			
Owners of the Company		155,669	171,758
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)			
— Basic and diluted earnings per share	8	RMB0.116	RMB0.128



# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2020

	Six Months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Profit for the period</b>	<b>155,669</b>	171,758
<b>Other comprehensive income:</b>		
Currency translation differences	<b>12,221</b>	(1,683)
<b>Total comprehensive income for the period</b>	<b>167,890</b>	170,075
<b>Attributable to:</b>		
— Equity holders of the Company	<b>167,890</b>	170,075
<b>Total comprehensive income for the period</b>	<b>167,890</b>	170,075

# Condensed Consolidated Statement of Financial Position

As at 30 June 2020

	Note	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	1,324,365	1,365,245
Right-of-use assets	10	50,500	48,714
Intangible assets		104,702	109,226
Deferred income tax assets		33,031	31,867
Trade receivables	12	9,805	9,805
Prepayments	12	10,817	16,886
		<b>1,533,220</b>	1,581,743
<b>Current assets</b>			
Inventories	11	730,376	627,138
Trade and notes receivables	12	674,621	577,326
Prepayments	12	26,420	24,593
Other receivables	12	13,553	18,815
Financial assets at fair value through profit or loss ("FVPL")		91,231	–
Cash and bank equivalents		504,328	562,782
Restricted cash		150,865	199,976
		<b>2,191,394</b>	2,010,630
<b>Total assets</b>		<b>3,724,614</b>	3,592,373
<b>EQUITY</b>			
<b>Capital and reserves attributable to the equity holders of the Company</b>			
Share capital, share premium and capital reserve	13	601,262	651,247
Statutory reserve		256,855	256,855
Exchange reserve		(34,246)	(46,467)
Retained earnings		1,625,093	1,591,535
<b>Total equity</b>		<b>2,448,964</b>	2,453,170

# Condensed Consolidated Statement of Financial Position

As at 30 June 2020

	Note	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred government grants		79,574	78,337
Lease liabilities		734	4,233
Deferred income tax liabilities		18,267	20,167
Borrowings	15	28,897	21,493
		<b>127,472</b>	124,230
<b>Current liabilities</b>			
Deferred government grants		4,001	7,825
Contract liabilities		46	636
Trade and other payables and accruals	16	843,457	666,139
Income tax liabilities		49,882	33,639
Borrowings	15	243,246	299,268
Lease liabilities		7,546	7,466
		<b>1,148,178</b>	1,014,973
<b>Total liabilities</b>		<b>1,275,650</b>	1,139,203
<b>Total equity and liabilities</b>		<b>3,724,614</b>	3,592,373
<b>Net current assets</b>		<b>1,043,216</b>	995,657
<b>Total assets less current liabilities</b>		<b>2,576,436</b>	2,577,400

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to equity owners (Unaudited)					
	Share capital, share premium and capital reserve	Statutory reserve	Exchange reserve	Other reserve	Retained earnings	Total
	RMB'000 (Note 13)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at 31 December 2018 (Audited)</b>	748,282	285,581	(44,812)	–	1,450,308	2,439,359
<b>Comprehensive income</b>						
Profit for the year					337,319	337,319
<b>Other comprehensive income</b>						
Currency translation differences			(1,655)			(1,655)
Changes in fair value of financial assets						–
Shares repurchased						–
Adjust of prior year's profit & loss						–
Transfer to statutory reserve		(28,726)			28,726	–
Dividend	(97,035)				(224,818)	(321,853)
<b>As at 31 December 2019 (Audited)</b>	<b>651,247</b>	<b>256,855</b>	<b>(46,467)</b>	<b>–</b>	<b>1,591,535</b>	<b>2,453,170</b>
<b>Comprehensive income</b>						
Profit for the year					155,669	155,669
<b>Other comprehensive income</b>						
Currency translation differences			12,221			12,221
Changes in fair value of financial assets						–
Shares repurchased						–
Adjust of prior year's profit & loss						–
Transfer to statutory reserve						–
Dividend	(49,985)				(122,111)	(172,096)
<b>As at 30 June 2020 (Unaudited)</b>	<b>601,262</b>	<b>256,855</b>	<b>(34,246)</b>	<b>–</b>	<b>1,625,093</b>	<b>2,448,964</b>

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Six Months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
<b>Cash flows from operating activities</b>		
Cash generated from operations	158,182	202,585
Interest paid	(2,664)	(1,211)
Income tax paid	(41,107)	(29,924)
Net cash generated from operating activities	114,411	171,450
<b>Cash flows from investing activities</b>		
Property, plant and equipment ("PPE")	(30,655)	(189,452)
Receipt of assets-related government grant	-	175
Proceeds from disposal of PPE	764	(73)
Acquisition of land use right	(6,204)	(23,419)
Purchase of intangible assets	(115)	734
Purchases of financial assets at fair value through profit or loss	(552,000)	(325,000)
Disposals of financial assets at fair value through profit or loss	463,988	327,062
Interest received	2,881	2,769
Net cash (used in)/generated from investing activities	(121,341)	(207,204)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	110,424	14
Repayments of borrowings	(159,042)	(62,352)
Principal elements of lease payments	(3,419)	-
Dividends paid to equity holders	-	-
Net cash used in financing activities	(52,037)	(62,338)
<b>Net increase in cash and cash equivalents</b>	<b>(58,967)</b>	<b>(98,092)</b>
Cash and cash equivalents at beginning of year	562,782	556,391
Exchange gains on cash and cash equivalents	513	(2,393)
<b>Cash and cash equivalents at end of year</b>	<b>504,328</b>	<b>455,906</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 1 GENERAL INFORMATION

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

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

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 2.1 Basis of preparation

The unaudited condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by International Accounting Standards Board (“IASB”) 34 Interim Financial Reporting. The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2019.

### 2.2 Principal accounting policies

The accounting policies used in the preparation of the condensed consolidated financial statements are consistent with those used in the financial statements contained in the 2019 annual report except for the adoption of the new standards, amendments or interpretations issued by the IASB which are mandatory for the annual period beginning on or after 1 January 2020. The adoption of these standards, amendments or interpretations has no material effect on the Group’s financial position or results of operations. The Group has not early adopted the new standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company (the “Directors”) anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.3 Fair value estimation

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

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

Financial assets at fair value through profit or loss are wealth management products.

The following table presents the Group's financial assets that are measured at fair value at 30 June 2020:

<b>Recurring fair value measurements</b>				
<b>At 30 June 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
<b>Financial assets at fair value through profit or loss</b>				
— Wealth management products	–	–	<b>91,231</b>	<b>91,231</b>
<b>Total assets</b>	–	–	<b>91,231</b>	<b>91,231</b>

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Fair value estimation (continued)

The following table presents the changes in level 3 instruments for the period ended 30 June 2020:

	<b>Financial assets at fair value through profit or loss</b>
	RMB'000
Opening balance	–
Additions	552,000
Disposals	(460,769)
Closing balance	91,231
<b>Total gains for the year recognised in profit or loss under “other income”</b>	<b>3,219</b>

## 3 SEGMENT REPORT

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

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

	<b>PRC</b>	<b>International</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)
<b>For the six months ended 30 June 2020</b>			
Sales-Revenue from external customers	<b>893,864</b>	<b>463,344</b>	<b>1,357,208</b>
<b>Revenue from external customers</b>	<b>893,864</b>	<b>463,344</b>	<b>1,357,208</b>
Cost of sales	<b>(639,233)</b>	<b>(361,967)</b>	<b>(1,001,200)</b>
Segment result	<b>254,631</b>	<b>101,377</b>	<b>356,008</b>
<b>For the six months ended 30 June 2019</b>			
Sales-Revenue from external customers	800,465	382,335	1,182,800
<b>Revenue from external customers</b>	800,465	382,335	1,182,800
Cost of sales	(578,657)	(316,623)	(895,280)
Segment result	221,808	65,712	287,520



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 3 SEGMENT REPORT *(continued)*

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

	Six Months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Segment result for reportable segments	356,008	287,520
Other income and other gains — net	17,004	62,127
(Impairment)/reversal of losses on financial assets — net	327	—
Distribution costs	(81,989)	(68,018)
Administrative expenses	(82,125)	(63,531)
Operating profit	209,225	218,098
Finance income	2,881	2,769
Finance costs	(2,151)	(3,604)
Finance income — net	730	(835)
<b>Profit before income tax</b>	<b>209,955</b>	<b>217,263</b>
Income tax expenses	(54,286)	(45,505)
<b>Profit for the period</b>	<b>155,669</b>	<b>171,758</b>

	Six Months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Revenue</b>		
Dairy	1,142,524	988,361
NCS D	205,365	194,439
Filling machines	6,830	—
Digital services	2,489	—
	<b>1,357,208</b>	<b>1,182,800</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 4 REVENUE AND OTHER INCOME AND OTHER GAINS — NET

	<b>Six Months ended 30 June</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Sales of products	<b>1,357,208</b>	1,182,800
Other income — net:		
— Income from sales of scrap materials	<b>8,267</b>	8,993
— Subsidy income from government	<b>4,359</b>	22,682
— Filling Machines	—	1,632
— Interest income from wealth management products measured at fair value through profit or loss	<b>3,219</b>	2,062
	<b>15,845</b>	35,369
— Loss/(gain) on disposal of assets	<b>(101)</b>	(27)
— Foreign exchange loss	<b>(2,615)</b>	1,679
— Others	<b>3,875</b>	25,106
	<b>1,159</b>	26,758

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 5 EXPENSES BY NATURE

	Six Months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Raw materials and consumables used	<b>787,990</b>	705,169
Changes in inventories of finished goods and work in progress	<b>8,125</b>	1,152
Taxes and Surcharges	<b>7,845</b>	6,933
Provision for obsolescence on inventories	<b>3,658</b>	–
Write-back for obsolescence on inventories	–	–
Depreciation and amortisation charges	<b>85,147</b>	68,539
— Depreciation of PPE	<b>75,859</b>	65,977
— Depreciation of right-of-use assets	<b>4,417</b>	–
— Amortisation of intangible assets	<b>4,871</b>	2,251
— Amortisation of land use right	–	311
Provision for impairment of receivables and prepayment	–	–
Employee benefit expenses	<b>134,148</b>	123,606
Auditors' remuneration		
— Audit services	<b>1,233</b>	1,374
— Non-audit services	–	–
Transportation expenses	<b>46,718</b>	38,699
Repair and maintenance expenses	<b>13,843</b>	13,411
Electricity and utilities	<b>21,612</b>	19,994
Rental expenses	<b>222</b>	3,770
Plating expenses	<b>6,935</b>	6,534
Professional fees	<b>5,320</b>	3,852
Travelling expenses	<b>2,944</b>	6,155
Advertising and promotional expenses	<b>9,645</b>	10,068
Other expenses	<b>29,929</b>	17,573
Total cost of sales, distribution costs and administrative expenses	<b>1,165,314</b>	1,026,829

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 6 FINANCE INCOME AND FINANCE COSTS

	Six Months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Interest income	2,881	2,769
<b>Finance income</b>	<b>2,881</b>	<b>2,769</b>
Interest expense — bank borrowings	(2,419)	(1,211)
Interest expense — lease	(245)	–
Exchange loss — net	513	(2,393)
<b>Finance costs</b>	<b>(2,151)</b>	<b>(3,604)</b>
<b>Finance income — net</b>	<b>730</b>	<b>(835)</b>

## 7 INCOME TAX EXPENSE

	Six Months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Current income tax:		
Enterprise income tax	56,977	43,186
Deferred tax:		
Origination and reversal of temporary differences	(2,691)	2,319
<b>Income tax expense</b>	<b>54,286</b>	<b>45,505</b>

The Group's subsidiaries established in the PRC except for Greatview Aseptic Packaging (Inner Mongolia) Co., Ltd. are subject to the PRC statutory income tax rate of 25% (2019: 25%) on the taxable income for the year. Hong Kong profits tax has been provided at rate of 16.5% for the current year (2019: 16.5%). The profits tax of Greatview Aseptic Packaging Manufacturing GmbH and Greatview Aseptic Packaging Service GmbH has been provided at rate of 30.8%. Greatview Aseptic Packaging Europe GmbH is subject to the Swiss statutory income tax rate of 11.35%.

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 7 INCOME TAX EXPENSE (continued)

	Six Months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit before tax	209,955	217,263
Tax calculated at domestic tax rates applicable to profits in the respective countries	52,938	45,296
Withholding tax on dividends	8,775	4,033
Preferential tax treatment for a subsidiary	(4,789)	(6,133)
Income not subject to tax	(644)	(32)
Expenses not deductible for tax purposes	(1,488)	2,979
Tax losses for which no deferred income tax asset is recognised	2,447	85
Utilisation of previously unrecognised tax losses	–	(757)
Others	(2,953)	34
Income tax expense	54,286	45,505

## 8 EARNINGS PER SHARE

	Six Months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company (RMB'000)	155,669	171,758
Weighted average number of ordinary shares in issue (thousands)	1,337,019	1,337,019
Basic and diluted earnings per share (RMB per share)	0.116	0.128

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 9 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Machinery	Vehicles and office equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost						
<b>As at 1 January 2019 (Audited)</b>	579,097	1,527,036	64,016	34,594	1,749	2,206,492
Acquisition of subsidiaries	118,216	59,162	1,473	296	–	179,147
Additions	–	58	434	19,836	–	20,328
Transfer upon completion	11,426	21,302	4,302	(37,030)	–	–
Disposals	–	(896)	(2,568)	–	–	(3,464)
Exchange adjustment	(1,099)	(1,585)	(109)	(160)	(7)	(2,960)
<b>As at 31 December 2019 (Audited)</b>	707,640	1,605,077	67,548	17,536	1,742	2,399,543
Acquisition of subsidiaries	–	–	–	–	–	–
Additions	117	501	261	29,776	–	30,655
Transfer upon completion	404	8,776	1,067	(10,247)	–	–
Disposals	–	(1,233)	(17)	–	–	(1,250)
Exchange adjustment	5,042	7,351	516	11	33	12,953
As at 30 June 2020	<b>713,203</b>	<b>1,620,472</b>	<b>69,375</b>	<b>37,076</b>	<b>1,775</b>	<b>2,441,901</b>
Accumulated depreciation						
<b>As at 1 January 2019 (Audited)</b>	(106,663)	(749,309)	(45,596)	–	(1,165)	(902,733)
Charge for the year	(23,821)	(101,618)	(9,449)	–	(162)	(135,050)
Disposals	–	736	1,989	–	–	2,725
Exchange differences	187	493	76	–	4	760
<b>As at 31 December 2019 (Audited)</b>	(130,297)	(849,698)	(52,980)	–	(1,323)	(1,034,298)
Charge for the year	(12,803)	(58,374)	(4,599)	–	(83)	(75,859)
Disposals	–	385	–	–	–	385
Impairment	–	(3,551)	–	–	–	(3,551)
Exchange differences	(1,033)	(2,742)	(413)	–	(25)	(4,213)
As at 30 June 2020	<b>(144,133)</b>	<b>(913,980)</b>	<b>(57,992)</b>	<b>–</b>	<b>(1,431)</b>	<b>(1,117,536)</b>
Net book value						
<b>As at 31 December 2019 (Audited)</b>	577,343	755,379	14,568	17,536	419	1,365,245
<b>As at 30 June 2020 (Unaudited)</b>	<b>569,070</b>	<b>706,492</b>	<b>11,383</b>	<b>37,076</b>	<b>344</b>	<b>1,324,365</b>

As at 30 June 2020, our Group received certain banking facilities of RMB130.0 million, through pledging properties with net book value of RMB111.8 million and land use rights with net book value of RMB25.4 million to banks (31 December 2019: nil).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 10 RIGHT-OF-USE ASSETS

	<b>Land use rights (a)</b>	<b>Buildings (b)</b>	<b>Office equipment (b)</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000	RMB'000
Net book value at 1 January 2019, as previously reported				
Effect of the adoption of IFRS 16 (Note 2.22 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	(764)	(6,615)	(323)	(7,702)
<b>Net book value at 31 December 2019 (Audited)</b>	<b>37,430</b>	<b>10,866</b>	<b>418</b>	<b>48,714</b>
Net book value at 1 January 2020, as previously reported	37,430	10,866	418	48,714
Additions	6,204	–	–	6,204
Depreciation	(473)	(3,783)	(162)	(4,418)
<b>Net book value at 30 June 2020 (Unaudited)</b>	<b>43,161</b>	<b>7,083</b>	<b>256</b>	<b>50,500</b>

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:

- (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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 11 INVENTORIES

	<b>As at 30 June 2020 RMB'000 (Unaudited)</b>	As at 31 December 2019 RMB'000 (Audited)
Raw materials	<b>544,097</b>	465,869
Work in progress	<b>22,512</b>	34,907
Finished goods	<b>179,833</b>	138,777
	<b>746,442</b>	639,553
Less: Provision for obsolescence		
Raw materials	<b>(10,369)</b>	(10,369)
Finished goods	<b>(5,697)</b>	(2,046)
	<b>730,376</b>	627,138

The cost of inventories recognised as expense and included in cost of sales amounted to approximately RMB993,355,000 (30 June 2019: RMB888,347,000).



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 12 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Trade receivables — gross	<b>542,874</b>	560,583
Less: Provision for impairment of trade receivables	<b>(10,372)</b>	(11,393)
Trade receivables — net	<b>532,502</b>	549,190
Note receivables	<b>151,924</b>	37,941
Less non-current portion: Trade receivables	<b>(9,805)</b>	(9,805)
	<b>674,621</b>	577,326
Other receivables		
— staff advances and other payments for employees	<b>3,647</b>	3,881
— value added tax deductible	<b>6,109</b>	2,266
— value added tax receivable	<b>3,247</b>	9,301
— others	<b>550</b>	3,367
	<b>13,553</b>	18,815
Prepayments		
— tariffs	—	176
— advances to suppliers	<b>26,706</b>	19,093
— others deferred expenses	<b>2,633</b>	8,351
— prepayment for land use rights	<b>7,898</b>	13,859
Less: Provision for impairment	—	—
Prepayments — net	<b>37,237</b>	41,479
Less non-current portion: Prepayments	<b>(10,817)</b>	(16,886)
	<b>26,420</b>	24,593
	<b>714,594</b>	620,734

The credit terms granted to customers by the Group were usually 0 to 90 days during the period (31 December 2019: 0 to 90 days).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 12 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS *(continued)*

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

	<b>As at 30 June 2020 RMB'000 (Unaudited)</b>	As at 31 December 2019 RMB'000 (Audited)
0-90 days	<b>425,336</b>	460,883
91-180 days	<b>56,390</b>	53,746
181-365 days	<b>26,091</b>	21,472
Over 365 days	<b>35,057</b>	24,482
	<b>542,874</b>	560,583

## 13 SHARE CAPITAL, SHARE PREMIUM AND CAPITAL RESERVE

	<b>As at 30 June 2020 RMB'000 (Unaudited)</b>	As at 31 December 2019 RMB'000 (Audited)
Share capital	<b>11,446</b>	11,446
Share premium	<b>466,968</b>	516,953
Capital reserve	<b>122,848</b>	122,848
	<b>601,262</b>	651,247

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 13 SHARE CAPITAL, SHARE PREMIUM AND CAPITAL RESERVE (continued)

### (a) Share capital and share premium

#### Share capital

#### Authorised:

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

Issued and fully paid:

1,337,019,000 ordinary shares of HK\$0.01 each

The total authorized number of ordinary shares is 3,000,000,000 shares (31 December 2019: 3,000,000,000 shares) with a par value of HK\$0.01 per share (31 December 2019: HK\$0.01 per share). The number of ordinary shares issued is 1,337,019,000 (31 December 2019: 1,337,019,000) with nominal value of HK\$0.01 per share (31 December 2019: HK\$0.01 per share).

#### Share premium

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
As at 1 January	516,953	613,988
Share buyback		
Share premium make up for loss		
Transfer (to)/from retained earnings		
Dividends	(49,985)	(97,035)
As at the end of period/year	466,968	516,953

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 13 SHARE CAPITAL, SHARE PREMIUM AND CAPITAL RESERVE (continued)

### (b) Capital reserve

	<b>As at 30 June 2020 RMB'000 (Unaudited)</b>	As at 31 December 2019 RMB'000 (Audited)
As at 1 January	<b>122,848</b>	122,848
Share options-value of employee services	-	-
Capitalisation as issued shares as part of the reorganisation	-	-
	<b>122,848</b>	122,848

#### Company

	<b>As at 30 June 2020 RMB'000 (Unaudited)</b>	As at 31 December 2019 RMB'000 (Audited)
Issued shares as part of the reorganisation	-	-

## 14 SHARE BASED PAYMENTS

Movements in the number of the share options are as follows:

	<b>As at 30 June 2020 Options (in thousand)</b>	As at 31 December 2019 Options (in thousand)
As at 1 January	-	-
Lapsed	-	-
Exercised	-	-
Outstanding options granted to employees	-	-

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 15 BORROWINGS

	<b>As at 30 June 2020 RMB'000 (Unaudited)</b>	As at 31 December 2019 RMB'000 (Audited)
<b>Current</b>		
Secured		
Bank borrowings (a)		
— EUR	<b>70,906</b>	94,872
— USD	<b>56,155</b>	–
— HK\$	<b>116,185</b>	202,366
	<b>243,246</b>	297,238
Unsecured		
Borrowings from a third party (b) — RMB	–	2,030
Bank borrowings (a) — HK\$	–	–
	–	2,030
	<b>243,246</b>	299,268
<b>Non-Current</b>		
Secured		
Bank borrowings (a) — EUR	<b>28,897</b>	21,493
<b>Total borrowing</b>	<b>272,143</b>	320,761

All secured bank borrowings of RMB272,143,000 were guaranteed by the Company (2019: RMB318,731,000 were guaranteed by the Company).

### Payment schedule

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

	<b>As at 30 June 2020 RMB'000 (Unaudited)</b>	As at 31 December 2019 RMB'000 (Audited)
Within 1 year	<b>243,246</b>	297,238
Between 1 and 2 years	<b>7,961</b>	7,816
Between 2 and 5 years	<b>20,936</b>	13,677
	<b>272,143</b>	318,731

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 16 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	<b>As at 30 June 2020 RMB'000 (Unaudited)</b>	As at 31 December 2019 RMB'000 (Audited)
Trade payables	<b>313,043</b>	241,263
Notes payables	<b>188,311</b>	257,930
Advance from customers	<b>40,294</b>	9,958
Accrued expenses	<b>96,920</b>	86,372
Salary and welfare payable	<b>24,437</b>	27,706
Other tax payables	<b>7,739</b>	10,483
Other payables	<b>172,713</b>	32,427
	<b>843,457</b>	666,139

As at 30 June 2020, the ageing analysis of the Group's trade payables based on invoice date were as follows:

	<b>As at 30 June 2020 RMB'000 (Unaudited)</b>	As at 31 December 2019 RMB'000 (Audited)
Within 30 days	<b>203,248</b>	176,726
31–90 days	<b>105,642</b>	63,033
91–365 days	<b>1,578</b>	1,029
Over 365 days	<b>2,575</b>	475
	<b>313,043</b>	241,263

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 17 DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.13 per share (30 June 2019: HK\$0.13 per share), amounting to a total of approximately HK\$173,812,000 (30 June 2019: HK\$173,812,000) for the six months ended 30 June 2020.

## 18 COMMITMENTS

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

	<b>As at 30 June 2020 RMB'000 (Unaudited)</b>	As at 31 December 2019 RMB'000 (Audited)
Contracted but not provided for		
— Property, plant and equipment	<b>4,630</b>	2,091

### (b) Non-cancellable operating leases

The Group leases various land use rights, buildings and office equipment under non-cancellable operating leases expiring within six months to eight years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short-term leases, see note 10 for further information.

	<b>As at 30 June 2020 RMB'000 (Unaudited)</b>	As at 31 December 2019 RMB'000 (Audited)
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:		
Within 1 year	—	—
Later than 1 year and no later than 5 years	—	—
	—	—

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 19 RELATED-PARTY TRANSACTIONS

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

### Key management compensation

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

	Six Months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries and other short-term employees benefits	5,561	4,921
Social security cost	161	175
	5,722	5,096

## 20 APPROVAL OF THE PUBLICATION OF THE INTERIM FINANCIAL STATEMENTS

The unaudited condensed interim financial statements were approved and authorised for issue by the Board on 28 August 2020.