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GREATIME INTERNATIONAL HOLDINGS LIMITED

廣泰國際控股有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock code: 844)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board (the “**Board**”) of directors (the “**Directors**”) of Greatime International Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2017, with the comparative figures for the corresponding period in 2016, which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”), as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2017	2016
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue		150,440	179,236
Cost of sales		<u>(124,987)</u>	<u>(145,310)</u>
Gross profit		25,453	33,926
Other income and gains	4	1,685	2,193
Selling and distribution expenses		(3,837)	(4,191)
Administrative expenses		(32,696)	(31,690)
Finance costs	5	<u>(1,794)</u>	<u>(2,345)</u>
Loss before tax		(11,189)	(2,107)
Income tax expense	6	<u>(1,293)</u>	<u>(1,991)</u>
Loss for the period	7	<u>(12,482)</u>	<u>(4,098)</u>
		RMB cents	RMB cents
Loss per share	9		
– Basic and diluted		<u>(3.0)</u>	<u>(1.0)</u>
		RMB'000	RMB'000
Loss for the period	7	<u>(12,482)</u>	<u>(4,098)</u>
Other comprehensive expense for the period			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		<u>(2,172)</u>	<u>(24)</u>
Total comprehensive expense for the period		<u>(14,654)</u>	<u>(4,122)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	10	196,755	199,890
Prepaid lease payments on land use rights		15,214	11,532
Deposits paid to acquire non-current assets	11	3,090	472
Deferred tax assets		491	502
		<u>215,550</u>	<u>212,396</u>
CURRENT ASSETS			
Inventories		53,699	44,482
Trade and bills receivables	12	52,233	48,306
Prepayments and other receivables		11,264	13,010
Prepaid lease payments on land use rights		297	297
Restricted bank deposits		2,589	3,225
Cash and bank balances		105,585	109,876
		<u>225,667</u>	<u>219,196</u>
CURRENT LIABILITIES			
Trade and bills payables	13	56,444	31,914
Accruals and other payables		20,699	17,053
Advance from customers		4,147	1,838
Interest-bearing borrowings	14	82,000	88,000
Income tax payables		922	1,110
		<u>164,212</u>	<u>139,915</u>
Net current assets		<u>61,455</u>	<u>79,281</u>
Total assets less current liabilities		<u>277,005</u>	<u>291,677</u>
NON-CURRENT LIABILITY			
Deferred tax liabilities		591	609
NET ASSETS		<u>276,414</u>	<u>291,068</u>
CAPITAL AND RESERVES			
Share capital		91,106	91,106
Reserves		185,308	199,962
TOTAL EQUITY		<u>276,414</u>	<u>291,068</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

Greatime International Holdings Limited (formerly known as Grand Concord International Holdings Limited) (the “**Company**”), which acts as an investment holding company, was incorporated in the British Virgin Islands (the “**BVI**”) with limited liability under the Business Companies Act of the BVI (2004) on 8 December 2010. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 24 November 2011. The address of the registered office is located at P.O. Box 3340, Road Town, Tortola, BVI and its principal place of business in Hong Kong is located at Room 4408, 44/F, 183 Queen’s Road East, Wan Chai, Hong Kong.

Pursuant to a special resolution passed at the annual general meeting held on 26 May 2017, the English name of the Company was changed from “Grand Concord International Holdings Limited” to “Greatime International Holdings Limited” and the Chinese name of the Company was changed from “廣豪國際控股有限公司” to “廣泰國際控股有限公司” with immediate effect.

The Company and its subsidiaries (the “**Group**”) are principally engaged in the manufacturing of knitted fabrics and innerwear. The ultimate holding company of the Company is Junfun Investment Limited, a limited liability company incorporated in the Cayman Islands.

The condensed consolidated interim financial information of the Group is presented in Renminbi (“**RMB**”), which is also the functional currency of the Company and its subsidiaries located in the People Republic of China (the “**PRC**”). Other than those PRC subsidiaries, the functional currency of a subsidiary established in Myanmar is denoted in Kyat.

The condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, the following new standards, amendments and interpretation (“**new and revised HKFRSs**”) issued by the HKICPA which are effective for the Group’s financial year beginning 1 January 2017.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

The application of the above new and revised HKFRSs in the current interim period has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

The Group's operating segments, by category of products, based on information reported to the chief operating decision maker for the purpose of resource allocation and performance assessment are as follows:

- 1) Innerwear products – manufacturing of innerwear and garments
- 2) Knitted fabrics – manufacturing of fabrics

The following tables present revenue and profit information for the Group's reportable segments for the six months ended 30 June 2017 and 2016, respectively.

	Six months ended 30 June 2017		
	Innerwear products <i>RMB'000</i> (Unaudited)	Knitted fabrics <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Revenue			
External sales	125,826	24,614	150,440
Inter-segment revenue	78,456	29,396	107,852
Elimination	(78,456)	(29,396)	(107,852)
Group's revenue	<u>125,826</u>	<u>24,614</u>	<u>150,440</u>
Segment profit (loss)	<u>105</u>	<u>(2,786)</u>	(2,681)
Other income			443
Finance costs			(1,794)
Unallocated head office and corporate expenses			<u>(7,157)</u>
Loss before tax			<u>(11,189)</u>

	Six months ended 30 June 2016		
	Innerwear products <i>RMB'000</i> (Unaudited)	Knitted fabrics <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Revenue			
External sales	127,594	51,642	179,236
Inter-segment revenue	85,651	19,658	105,309
Elimination	(85,651)	(19,658)	(105,309)
Group's revenue	<u>127,594</u>	<u>51,642</u>	<u>179,236</u>
Segment profit (loss)	<u>6,036</u>	<u>(1,435)</u>	4,601
Other income			421
Finance costs			(2,345)
Unallocated head office and corporate expenses			<u>(4,784)</u>
Loss before tax			<u>(2,107)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 2. Segment profit or loss represents the profit earned or loss made by each segment without allocation of bank interest income, certain other income, directors' emoluments, finance costs and unallocated head office and corporate expenses. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at the prevailing market prices.

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Innerwear products	195,098	172,675
Knitted fabrics	131,692	144,479
Unallocated assets	114,427	114,438
Total assets	441,217	431,592
Innerwear products	54,696	32,189
Knitted fabrics	23,021	16,989
Unallocated liabilities	87,086	91,346
Total liabilities	164,803	140,524

For the purpose of monitoring segment performance and allocating resources between segments:

All assets are allocated to operating segments other than property, plant and equipment for general operating, prepayments for general operating, certain prepayments and other receivables, deferred tax assets, restricted bank deposits and cash and bank balances.

All liabilities are allocated to operating segments other than other payables for general operating, income tax payables, interest-bearing borrowings and deferred tax liabilities.

4. OTHER INCOME AND GAINS

	Six months ended 30 June 2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Interest income	443	421
Exchange gain, net	297	740
Sales of scrap material	875	414
Gain on disposal of property, plant and equipment, net	27	508
Others	43	110
	1,685	2,193

5. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Wholly repayable within five years:		
Interest on bank loans	1,924	2,240
Interest on Convertible Bonds	–	119
Less: amounts capitalised in the cost of qualifying assets	(130)	(14)
	<u>1,794</u>	<u>2,345</u>

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax		
– Provision for the year	1,063	2,043
– Under/(over) provision in prior years	230	(85)
Deferred tax	–	33
	<u>1,293</u>	<u>1,991</u>

7. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging:		
Salaries and other benefits	53,945	44,958
Contributions to retirement benefit scheme	5,123	4,462
Total staff costs (including directors' emoluments)	<u>59,068</u>	<u>49,420</u>
Cost of inventories recognised as an expense	124,987	145,310
Amortisation of prepaid lease payments	149	148
Depreciation of property, plant and equipment	12,534	12,807
Gain on disposal of property, plant and equipment, net	(27)	(508)
Operating lease rentals in respect of rented premises	251	182
	<u>192,994</u>	<u>198,067</u>

8. DIVIDENDS

No dividends were paid, declared or proposed during the period (six months ended 30 June 2016: nil). The directors of the Company have determined that no dividend will be paid in respect of the interim period.

9. LOSS PER SHARE

The calculation of basic loss per share for the six months ended 30 June 2017 is based on the loss attributable to owners of the Company of approximately RMB12,482,000 and weighted average number of ordinary shares of 411,947,330 in issue during the six months ended 30 June 2017. The calculation of basic loss per share for the six months ended 30 June 2016 is based on the loss attributable to owners of the Company of approximately RMB4,098,000 and weighted average number of ordinary shares of 411,947,330 in issue during the six months ended 30 June 2016.

Diluted loss per share was the same as the basic loss per share as there were no potential dilutive ordinary share outstanding during the six months ended 30 June 2017 and 2016.

10. PROPERTY, PLANT AND EQUIPMENT AND PREPAID LEASE PAYMENTS ON LAND USE RIGHTS

During the six months ended 30 June 2017, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of approximately RMB866,000 (six months ended 30 June 2016: approximately RMB90,000), resulting in a net gain on disposal of approximately RMB27,000 (six months ended 30 June 2016: net gain on disposal of approximately RMB508,000).

During the six months ended 30 June 2017, the Group acquired approximately RMB10,265,000 (six months ended 30 June 2016: RMB7,208,000) of property, plant and equipment.

During the six months ended 30 June 2017, the Group acquired approximately RMB3,801,000 (six months ended 30 June 2016: Nil) of prepaid lease payment on land use right.

11. DEPOSITS PAID TO ACQUIRE NON-CURRENT ASSETS

As at 30 June 2017, the Group paid deposits of approximately RMB3,090,000 (31 December 2016: RMB472,000) to acquire certain property, plant and equipment for the expansion and improvement of production facilities.

12. TRADE AND BILLS RECEIVABLES

The Group generally allows an average credit period of 30 to 90 days to its trade customers. The ageing analysis of the Group's trade and bills receivables net of allowance for doubtful debts, based on the invoice date at the end of the reporting period, is presented as follows:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
0 – 30 days	41,882	18,783
31 – 60 days	3,075	2,097
61 – 90 days	1,128	4,444
Over 90 days	6,148	22,982
	52,233	48,306

13. TRADE AND BILLS PAYABLES

The average credit period on purchase of raw materials granted by the Group's suppliers was from 30 to 120 days. The ageing analysis of trade and bills payables, based on the invoice date at the end of the reporting period, is presented as follows:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
0 – 30 days	36,880	20,414
31 – 90 days	17,162	9,396
91 – 180 days	1,684	1,044
Over 180 days	718	1,060
	56,444	31,914

14. INTEREST-BEARING BORROWINGS

During the six months ended 30 June 2017, the Group obtained new bank borrowings amounting to approximately RMB60,000,000 (six months ended 30 June 2016: RMB74,000,000) and repaid the bank borrowings amounting to approximately RMB66,000,000 (six months ended 30 June 2016: RMB75,412,000).

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In the first half of 2017 (“**Period under Review**”), market confidence towards global economy was generally strengthened, and China’s economy holding steady with the gross domestic product (“**GDP**”) grew 6.9% in the second quarter. The China textile sector has been re-rated since last year, gaining by an average of 10-35%, with the most gains from the upstream segment. During the period under review, the total investment in China’s textile industry amounted to approximately RMB603 billion, representing an increase of 9.11% compared to the same period last year. In terms of exports, China has been adversely affected by the slow recovery of global economy and reducing demand from international market in recent years. However, during the period under review, the accumulated export of textile clothes amounted to approximately US\$124 billion, representing a mild increase of 2.1% after two years’ negative growth. The importance of textile industry is fully demonstrated through its role as the national pillar industry in China’s economy. However, growing challenges from rising raw material prices, financing costs and overhang from Trump’s protectionism policy on the global trade may weigh on industry sentiments.

BUSINESS OVERVIEW

On 26 June 2017, Greatime International Holdings Limited (“the **Group**”) announced its name change from “Grand Concord International Holdings Limited”, and the Chinese name of the Company changed from “廣豪國際控股有限公司” to “廣泰國際控股有限公司”, with effect from 31 May 2017, which signifies the Group in pursuing a more diversified business portfolio in reducing the current business risk and improving source of revenue.

As a leading vertically-integrated manufacturer of functional fabrics and innerwear products of numerous famous brands around the world, The Group is also an OEM innerwear supplier of numerous major international clothing brands, and operates production plants in China and Myanmar. During the period under review, the Group’s revenue recorded a decrease of 16% to approximately RMB150.4 million (2016: RMB179.2 million), which led to a loss of approximately RMB12.5 million (Loss for the corresponding period in 2016: RMB4.1 million). The increase in total loss was mainly due to the decrease in gross profit. Although number of orders from clients in mainland China has increased steadily during the period under review, the Group’s total gross profit decreased by 25.0% to RMB25.5 million as a result of the decrease in average unit selling price of the Group’s products.

During the period under review, the Group’s revenues from functional fabrics and functional innerwear were approximately RMB4.4 million and RMB79.3 million, respectively; and revenues from general fabrics and general innerwear were approximately RMB20.2 million and RMB46.6 million, respectively. Proportion of general fabrics and innerwear revenue increased to 13.4% (2016: 2.2%) and 30.9% (2016: 18.5%), reflecting that profitability difference between functional fabrics and general fabrics has become less obvious.

The Group continued to export garments to its main markets including Japan, U.S and Europe given their relatively stable demands. Revenue brought by exports accounted for RMB82.1 million, representing 54.6% of the total revenue of the Group for the six months ended 30 June 2017. The Group is looking to market its quality fabrics and innerwear products to other new markets for reinforcing its business foundation and maintaining reasonable gross margins.

In view of the changing market, the Group proactively adjusted the production capacity of its plants in various regions. Driven by the Belt and Road Initiative (“**BRI**”), the Group has been looking for more appropriate investment opportunities along the BRI region. Sales in the Group’s fully-owned equity in Myanmar – Win Glory Company Manufacturing Company Limited (“**Win Glory**”) – remained stable, contributing a total revenue of approximately RMB2.9 million in the period under review. The Group has recently paid a 30-year rental for another land in Myanmar to further expand the garment businesses. Thanks to the warming of diplomatic and economic relations with western countries, it is believed that Myanmar will experience an unprecedented political and economic revival. Together with the strong support from Myanmarese government, Myanmar textile and apparel industry is predicted to grow significantly in the near future. The Group is confident that the increasing business proportion in Myanmar will become an important cornerstone for the Group’s long-term and sustainable profitability.

FINANCIAL REVIEW

Revenue

The following table sets forth a breakdown of the Group’s revenue by knitted fabrics and innerwear products and as a percentage of the Group’s total revenue for the six months ended 30 June 2017, with corresponding comparative figures for 2016:

	Six months ended 30 June			
	2017		2016	
	<i>RMB’000</i>	<i>%</i>	<i>RMB’000</i>	<i>%</i>
Knitted fabrics				
General fabrics	20,178	13.4	3,923	2.2
Functional fabrics	4,435	3.0	47,719	26.6
Sub-total	24,613	16.4	51,642	28.8
Innerwear products				
General innerwear	46,556	30.9	33,111	18.5
Functional innerwear	79,271	52.7	94,483	52.7
Sub-total	125,827	83.6	127,594	71.2
Total	150,440	100.0	179,236	100.0

For the six months ended 30 June 2017, the Group recorded a revenue of approximately RMB150.4 million (2016: RMB179.2 million), representing a decrease of approximately RMB28.8 million, or approximately 16.1%, as compared with that for the corresponding period in 2016. The sales volume of general fabrics, functional fabrics, general innerwear and functional innerwear for the six months ended 30 June 2017 were approximately 976 tons, 277 tons, 3.5 million pieces and 5.0 million pieces respectively (2016: 163 tons, 818 tons, 2.3 million pieces and 5.9 million pieces respectively). The decrease in revenue was mainly due to the decrease in the sales of the Group’s fabrics products from approximately RMB51.6 million for six months ended 30 June 2016 to approximately RMB24.6 million for six months ended 30 June 2017.

Sales of knitted fabrics amounted to approximately RMB24.6 million (2016: RMB51.6 million), representing approximately 16.4% (2016: 28.8%) of the total revenue for the period ended 30 June 2017. The decrease in sales of knitted fabrics was mainly due to the slowdown in economic growth in China. The sales volume and sales of functional knitted fabrics decreased by approximately 66.2% and 90.7% to approximately 277 tons and RMB4.4 million, respectively, for the period ended 30 June 2017 (2016: 818 tons and 47.7 million, respectively). The knitted fabrics products were mainly distributed to branded customers in China. Facing a sluggish demand and economic environment, customers tend to order general fabrics instead of functional fabrics. The orders of general fabrics increased for the six months ended 30 June 2017 and the sales and sales volume of general fabrics increased to approximately RMB20.2 million and 976 tons (2016: approximately RMB3.9 million and 103 tons). As the average unit selling price of general fabrics products is lower than that of functional fabrics products, even though the increase in sales volume of general fabrics products overcame the decrease in sales volume of functional fabrics products, the total sales of fabrics products decreased by RMB27.0 million to RMB24.6 million for the period ended 30 June 2017.

Sales of innerwear products amounted to approximately RMB125.8 million (2016: RMB127.6 million), representing approximately 83.6% (2016: 71.2%) of the total revenue for the six months ended 30 June 2017. The performance of innerwear products was relatively steadier, a slight decrease in sales of innerwear products in the amount of approximately RMB1.8 million, or approximately 1.4%, for the six months ended 30 June 2017 was noted. The sales volume of general innerwear increased from 2.3 million pieces for six months ended 30 June 2016 to 3.5 million pieces in corresponding period in 2017. The increase in sales volume was mainly due to certain new customers in Europe. Meanwhile, the sales volume of functional innerwear slightly decreased from approximately 5.9 million pieces for six months ended 30 June 2016 to 5.0 million pieces for six months ended 30 June 2017. The decrease in the sales volume was mainly due to the sluggish demand in China, which influenced the sales of innerwear products in domestic market. The increase in sales of general innerwear overcome the decrease in sales of functional innerwear, and resulted in a steady sales amount in six months ended 30 June 2017 when comparing to same period in 2016.

Cost of sales

Cost of sales decreased by approximately 14.0% from approximately RMB145.3 million for the six months ended 30 June 2016 to approximately RMB125.0 million for the corresponding period in 2017. The decrease in cost of sales was mainly due to the decrease in cost of sales of fabrics products from RMB46.5 million for six months ended 30 June 2016 to RMB23.3 million for six months ended 30 June 2017, which was in line with the decrease in sales of fabrics products for the period ended 30 June 2017.

Gross profit and gross profit margin

Gross profit decreased by approximately RMB8.5 million, or approximately 25.0%, from approximately RMB33.9 million for the six months ended 30 June 2016 to approximately RMB25.5 million for the six months ended 30 June 2017 as a result of the decrease in average unit selling price of the Group's products. The Group's gross profit margin decrease from approximately 18.9% for the six months ended 30 June 2016 to approximately 16.9% for the corresponding period in 2017.

The following table sets forth the Group's gross profits and gross profit margins by products for the six months ended 30 June 2017, with corresponding comparative figures in 2016:

	Six months ended 30 June			
	2017		2016	
	RMB'000	%	RMB'000	%
Knitted fabrics				
General fabrics	470	2.3	221	5.6
Functional fabrics	823	18.6	4,888	10.2
	<u>1,293</u>		<u>5,109</u>	
Sub-total	1,293		5,109	
Innerwear products				
General innerwear	4,505	9.7	5,119	10.6
Functional innerwear	19,655	24.8	23,698	25.1
	<u>24,160</u>		<u>28,817</u>	
Sub-total	24,160		28,817	
Total	25,453	16.9	33,926	18.9

Other income and gains

Other income and gains amounted to approximately RMB1.7 million (2016: RMB2.2 million) for the six months ended 30 June 2017 which were mainly exchange gain, interest income from bank deposits and gains from sales of scrap materials.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately RMB0.4 million to approximately RMB3.8 million (2016: RMB4.2 million) for the six months ended 30 June 2017. The decrease in selling and distribution expenses was mainly due to the decrease in the transportation expenses from approximately RMB1.2 million for the six months ended 30 June 2016 to approximately RMB0.6 million for the same period of 2017.

Administrative expenses

Administrative expenses increased by approximately 3.2% to approximately RMB32.7 million (2016: RMB31.7 million) for the six months ended 30 June 2017. The Group implemented cost control procedures, resulting in no material increase in the administrative expenses. The major component of the administrative expenses was staff benefits, which included salaries, social welfare and pension expenses.

Total staff benefits increased to RMB22.9 million for the six months ended 30 June 2017 as compared to RMB22.1 million in the corresponding period in 2016. Increase in staff benefits was mainly due to remuneration paid to the new Directors of the Company since October 2016.

Finance costs

Finance costs decreased to approximately RMB1.8 million (2016: RMB2.3 million) for the six months ended 30 June 2017 primarily due to the decrease in average bank borrowings when compared to that for the same period in 2016. The effective interest rates charged on bank borrowings for the six months ended 30 June 2017 ranged from 4.5% to 5.0%, which were similar as that of the same period in 2016 (2016: 4.6% to 5.0%).

Loss before tax

The Group's loss before tax was approximately RMB11.2 million (2016: RMB2.1 million) for the six months ended 30 June 2017, mainly due to the decrease in gross profit in both knitted fabrics and innerwear products. The gross profit of fabrics products and innerwear products decreased from RMB5.1 million and RMB28.8 million, respectively in six months ended 2016 to RMB1.3 million and RMB24.2 million, respectively in six months ended 2017.

Income tax expense

Income tax expense decreased to approximately RMB1.2 million (2016: RMB1.9 million). The Group's effective tax rate for the six months ended 30 June 2017 was negative 11.5% as compared to negative 94.5% for the corresponding period in 2016.

Loss for the period and loss margin

The Group's loss increased by approximately RMB8.4 million, from approximately a loss of RMB4.1 million for the six months ended 30 June 2016 to a loss of approximately RMB12.5 million for the corresponding period in 2017. The increase in the loss was mainly due to the decrease in gross profit of approximately RMB8.4 million as mentioned in the above paragraphs.

Inventories

The inventory balances increased to approximately RMB53.7 million as at 30 June 2017 (as at 31 December 2016: RMB44.5 million) reflecting an increase in the purchases of raw materials and the amount of finished goods in anticipation of increased sales orders and delivery in the second half of 2017. For the six months ended 30 June 2017, the average inventories turnover days was 71 days (as at 31 December 2016: 69 days).

Trade and bills receivables

Trade and bills receivables increased to approximately RMB52.2 million as at 30 June 2017 (as at 31 December 2016: RMB48.3 million). The average trade receivables turnover days decreased to approximately 61 days (for the year ended 31 December 2016: 71 days) as the proportion of the sales to domestic customers, to whom we usually granted longer credit terms, decreased.

Trade and bills payables

Trade and bills payables increased to approximately RMB56.4 million as at 30 June 2017 (as at 31 December 2016: RMB31.9 million). The Group made more purchases of raw materials in anticipation of increased sales orders and delivery in the second half of 2016, which led to the increase in the trade and bills payables.

Liquidity and financial resources

The Group's principal sources of working capital included cash flow generated from the sales of its products and bank borrowings. As at 30 June 2017, the Group's current ratio (calculated as current assets divided by current liabilities) was approximately 1.4 (as at 31 December 2016: 1.6). As at 30 June 2017, the Group had cash and cash equivalents of approximately RMB108.2 million (as at 31 December 2016: RMB113.1 million), which were mainly generated from or utilised in daily operations, including sales of products, purchase of materials and obtaining of the short-term bank loans of approximately RMB82.0 million (as at 31 December 2016: RMB88.0 million). As at 30 June 2017, the Group's gearing ratio (calculated as the total debt as at period-end divided by total assets as at period-end x 100%, where total debts are defined to include both current and non-current interest-bearing borrowings) was approximately 18.6%, as compared to approximately 20.4% as at 31 December 2016.

As at 30 June 2017, the Group had no fixed rate bank borrowings (as at 31 December 2016: RMB40 million) and variable rate bank borrowings of approximately RMB82 million (as at 31 December 2016: RMB48 million). The effective interest rates on the Group's variable rate bank borrowings ranged from 4.5% to 5.0% per annum, as at 30 June 2017 (as at 31 December 2016: fixed rate bank borrowings 5.0%; variable rate bank borrowings ranged from 4.6% to 5.0% per annum). During the period under review, there was no material change to the Group's funding and treasury policy.

The majority of the Group's funds has been deposited in banks in the PRC and licensed banks in Hong Kong. The management believes that the Group possesses sufficient cash and cash equivalents to meet its commitments and working capital requirements in the second half of the year.

The Group continues to implement prudent financial management policies and monitor its capital structure based on the ratio of liabilities to total assets.

Interest rate and foreign currency exposure

The Group's interest rate risk relates primarily to cash flow interest rate risk in relation to variable rate interest-bearing borrowings. The restricted bank deposits and bank balances also expose the Group to cash flow interest rate risk due to the fluctuation of the prevailing market interest rates on bank balances. The Group has not used any financial instruments to hedge potential fluctuations in interest rates. The management considers that the exposure of the restricted bank deposits and bank balances to cash flow interest rate risk is not significant as the Group does not anticipate significant fluctuation in the interest rates on bank deposits. To mitigate the impact of interest rate fluctuations, the Group will continually assess and monitor the Group's exposure to interest rate risk and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group is exposed to foreign currency risk. A significant proportion of the Group's revenue was denominated in USD and certain trade and other receivables, cash and bank balances, and trade and other payables are denominated in USD, Japanese yen and HKD respectively, while substantial operating expenses were denominated in RMB, and the Group's reporting currency was RMB.

The Group does not have a foreign currency hedging policy. In the event of currency fluctuations, the Group may have to increase its product price to compensate for the increase in the cost of production. This would lower the Group's pricing competitiveness for its products and could result in a decrease in revenue. In the future, the management will monitor the Group's foreign exchange exposure and will consider hedging or factoring significant foreign currency exposure should the need arise.

Contingent liabilities

As at 30 June 2017, the Group had no material contingent liabilities.

Charges on Group assets

As at 30 June 2017, the Group's bank loans were secured by the Group's machinery, buildings and land use rights of carrying amounts of approximately RMB7.7 million, RMB81.7 million and RMB11.5 million, respectively (as at 31 December 2016: RMB8.5 million, RMB84 million and RMB11.8 million, respectively). As at 30 June 2017, the Group also pledged its bank deposits of approximately RMB2.6 million (as at 31 December 2016: RMB3.2 million) and nil bills receivables (as at 31 December 2016: Nil) to secure short-term bills payables.

HUMAN RESOURCES

As at 30 June 2017, the Group employed approximately 2,300 employees. Key components of the Group's remuneration packages include basic salary, medical insurance, discretionary cash bonus and retirement benefit scheme. The Group would conduct periodic reviews of the performance of its employees and their salaries and bonuses are performance-based. During the period under review, the Group has neither experienced any significant problems with its employees or disruptions to its operations due to labour disputes, nor has it experienced any difficulties in the recruitment and retention of experienced employees. The Group maintains good relationships with its employees.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2017 (2016: Nil).

PROSPECTS

China's textile industry is one of the important economic pillars and it has always been the global pioneer. However, due to a series of regional development pains, such as economic slowdown, structural transformation, the increase in labor prices, the fluctuations of raw material prices etc, China's textile industry is standing at the crossroads of future development opportunities while faced with challenges. Competition will remain fierce in the second half of 2017 with operating environment remains uncertain.

The Group believes China will strive to demonstrate its strong determination in maintaining its leading position in textile industry, despite the complicated macroeconomic demographics. With its eyes on a broader market, the Group has begun optimizing its customer portfolio since 2015 with its focus on the Japanese and European markets. The Group will continue diversifying its businesses geographically for risk control purposes. Further, in view of the challenges ahead, the Group has initiated several measures, including seeking for more strategic cooperation with ASEAN clients and business streamlining to strengthen overall competitiveness and strive for business sustainability.

Last but not least, to seize the benefits from economic recovery, the Group is implementing prudent measures including production costs reduction, regional business expansion and investment opportunities exploration for achieving financial improvements and maximization of shareholder's value. The Board believes that global textile industry is still developing at a healthy pace and will continue to grow steadily for the coming years.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities during the six months ended 30 June 2017.

MATERIAL ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2017, the Group did not engage in any material acquisitions or disposals.

EVENT AFTER THE REPORTING PERIOD

As at the date of this interim results announcement, there is no significant event subsequent to 30 June 2017 which would materially affect the Group's operating and financial performance as at the date of the unaudited condensed consolidated interim results.

CORPORATE GOVERNANCE

The Company places high value on its corporate governance practice and the Board firmly believes that a good corporate governance practice can improve accountability and transparency for the benefit of its shareholders. The Company has adopted the code provisions and certain recommended best practices contained in the Corporate Governance Code (the "**CG Code**"), as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), as the code of the Company. The Board also reviews and monitors the practices of the Company from time to time with an aim to maintain and improve high standards of corporate governance practices. During the six months ended 30 June 2017, the Company has complied with the code provisions (the "**Code Provisions**") set out in the CG Code.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. The Company confirms that, having made specific enquiry of all the Directors, the Directors have complied with the required standards as set out in the Model Code during the six months ended 30 June 2017.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company (“**Audit Committee**”) was established on 19 August 2011 with written terms of reference in compliance with the Listing Rules. The Audit Committee is responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of that auditor; monitoring the integrity of the financial statements, the annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them; and reviewing the financial controls, internal control and risk management systems.

The Audit Committee comprises Mr. Hu Quansen (Chairman), Ms. Feng Xin and Mr. Xu Dunkai, who are the independent non-executive Directors.

The Audit Committee has reviewed the Group’s unaudited condensed consolidated interim results for the six months ended 30 June 2017.

The Audit Committee has reviewed with the management in relation to the accounting principles and practices adopted by the Group, and discussed and reviewed the adequacy and effectiveness of the auditing, internal controls and financial reporting systems of the Group.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the Stock Exchange’s website at www.hkexnews.hk and the website of the Company at www.greatimeintl.com. The Company’s interim report for the six months ended 30 June 2017 will be available on the same websites and will be despatched to the Company’s shareholders in due course.

By order of the Board
Greatime International Holdings Limited
廣泰國際控股有限公司
Wang Bin
Chairman

Hong Kong, 22 August 2017

As at the date of this announcement, the board of Directors comprises three executive Directors, namely, Mr. Wang Bin, Ms. Tian Ying and Mr. Lam Tet Foo, and one non-executive Director, namely Mr. Zhang Yanlin, and three independent non-executive Directors, namely Mr. Xu Dunkai, Ms. Feng Xin and Mr. Hu Quansen.