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 FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

The board (the "**Board**") of directors (the "**Directors**") of Greatime International Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2017, together with the comparative figures for the year ended 31 December 2016, which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**"), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	**2017** **RMB'000**	2016 *RMB'000*
Revenue	*3*	**314,119**	334,297
Cost of sales		**(266,227)**	(271,456)
Gross profit		**47,892**	62,841
Other income and gains	*4*	**4,409**	3,281
Selling and distribution expenses		**(9,929)**	(8,869)
Administrative expenses		**(68,580)**	(60,652)
Finance costs	*5*	**(3,549)**	(4,720)
Loss before tax		**(29,757)**	(8,119)
Income tax expense	*6*	**(672)**	(4,420)
Loss for the year	*7*	**(30,429)**	(12,539)
Other comprehensive (expense) income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**(3,703)**	2,993
Other comprehensive (expense) income for the year, net of income tax		**(3,703)**	2,993
Total comprehensive expense for the year		**(34,132)**	(9,546)
Loss per share:	*8*		
– Basic and diluted (RMB)		**(0.07)**	(0.03)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**190,798**	199,890
Goodwill		**–**	–
Prepaid lease payments		**14,354**	11,532
Prepayments		**2,862**	–
Deposits paid to acquire property, plant and equipment		**942**	472
Deferred tax assets		**546**	502
		209,502	212,396
CURRENT ASSETS			
Inventories	*10*	**43,497**	44,482
Trade and bills receivables	*11*	**41,966**	48,306
Prepayments and other receivables		**11,593**	13,010
Prepaid lease payments		**408**	297
Restricted bank deposits		**1,548**	3,225
Cash and bank balances		**160,868**	109,876
		259,880	219,196
CURRENT LIABILITIES			
Trade and bills payables	*12*	**45,304**	31,914
Accruals and other payables		**19,265**	17,053
Advance from customers		**2,930**	1,838
Loan from a shareholder		**4,191**	–
Interest-bearing borrowings		**82,000**	88,000
Income tax payables		**396**	1,110
		154,086	139,915
Net current assets		**105,794**	79,281
Total assets less current liabilities		**315,296**	291,677
NON-CURRENT LIABILITY			
Deferred tax liabilities		**537**	609
NET ASSETS		**314,759**	291,068
CAPITAL AND RESERVES			
Share capital		**148,929**	91,106
Reserves		**165,830**	199,962
TOTAL EQUITY		**314,759**	291,068

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PRESENTATION OF CONSOLIDATION

Greatime 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) (the "**Companies Act**") 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, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

As proposed by the board of directors and approved by a special resolution by the shareholders, 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 effect from 31 May 2017.

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

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company and its subsidiaries which were established and operated in the People's Republic of China (the "**PRC**"). Other than those subsidiaries established in the PRC, the functional currency of a subsidiary established in Myanmar is denoted in Myanmar Khamed ("**MKK**").

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("**HKAS(s)**"), amendments and interpretations ("**Int(s)**"), issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle: Amendments to HKFRS 12
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9 (2014)	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle: Amendments to HKFRS 1 and Amendments to HKAS 28[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 28	Long-term Investments in Associates and Joint Ventures[2]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]

[1] Effective for annual periods beginning on or after 1 January 2018.
[2] Effective for annual periods beginning on or after 1 January 2019.
[3] Effective for annual periods beginning on or after 1 January 2021.
[4] Effective date not yet been determined.

The directors of the Company anticipate that, except as described below, the application of new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "**fair value through other comprehensive income**" ("**FVTOCI**") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "**expected credit loss**" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKFRS 9 (2014) Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014), it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 (2014) introduces a new model which aligns hedge accounting more closely with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

The directors of the Company have performed a preliminary analysis of the Group's financial instruments as at 31 December 2017 based on the fact and circumstances existing at that date. The directors of the Company have assessed the impact of the adoption of HKFRS 9 (2014) on the Group's results and financial position, including the classification categories and the measurement of financial assets, and disclosures, as follows:

(a) Classification and measurement

The directors of the Company expect to continue recognising initially at fair value for all financial assets which are subsequently measured at amortised costs. The directors of the Company anticipate that the adoption of HKFRS 9 (2014) will not have a material impact on the classification and measurement of the financial assets.

(b) Impairment

The directors of the Company will perform a more detailed analysis which considers all reasonable and supportable information for the estimation of the effect of the adoption of HKFRS 9 (2014). Based on the preliminary assessment, the directors of the Company expect that the adoption of HKFRS 9 (2014) will not have other material impact on the amounts reported in the Group's consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

i) Identify the contract with the customer;

ii) Identify the performance obligations in the contract;

iii) Determine the transaction price;

iv) Allocate the transaction price to the performance obligations; and

v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The major sources of revenue of the Group are sales of goods. Under HKFRS 15, revenue is recognised for each of the performance obligations when control over a good or service is transferred to a customer. The directors of the Company have preliminarily assessed each type of the performance obligations and consider that the performance obligations are similar to the current identification of separate revenue components under HKAS 18 Revenue. Furthermore, HKFRS 15 requires the transaction price to be allocated to each performance obligation on a relative stand-alone selling price basis, which may affect the timing and amounts of revenue recognition, and results in more disclosures in the consolidated financial statements. However, the directors of the Company expect that the adoption of HKFRS 15 will not have a material impact on the timing and amounts of revenue recognised based on the existing business model of the Group as at 31 December 2017.

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 Property, Plant and Equipment, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 Leases and the related Interpretations when it becomes effective.

HKFRS 16 will become effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 Revenue from Contracts with Customers at or before the date of initial application of HKFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of RMB4,961,000 as disclosed in note 32. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in the measurement, presentation and disclosure as indicated above. The directors of the Company are in the process of determining the amounts of right-of-use assets and lease liabilities to be recognised in the consolidated statement of financial position, after taking into account all practical expedients and recognition exemptions under HKFRS 16. The directors of the Company expect that the adoption of HKFRS 16 will not have material impact on the Group's result but certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable for sales of innerwear products and knitted fabrics, net of discounts and sales related taxes. Revenue is analysed as follows:

	2017	2016
	RMB'000	*RMB'000*
Innerwear products	**254,009**	237,015
Knitted fabrics	**60,110**	97,282
	314,119	334,297

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

Geographical information

Information about the Group's revenue from external customers is presented based on the destination where the products are delivered. Information about the Group's non-current assets is presented based on geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2017	2016	**2017**	2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Japan	**126,262**	181,254	**–**	–
The "PRC" (country of domicile)	**155,756**	129,004	**201,408**	210,967
United States	**8,402**	3,553	**–**	–
Others	**23,699**	20,486	**7,548**	927
	314,119	334,297	**208,956**	211,894

Note: Non-current assets excluded deferred tax assets.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2017	2016
	RMB'000	*RMB'000*
Customer A *(note (a))*	**55,718**	75,035
Customer B *(note (a))*	**39,403**	66,148
Customer C *(note (b))*	**19,431**	58,701

Notes:

(a) Revenue from manufacture of innerwear products and from overseas customers.

(b) Revenue from manufacture of knitted fabrics and from the PRC customer.

4. OTHER INCOME AND GAINS

	2017	2016
	RMB'000	*RMB'000*
Bank interest income	**1,217**	910
Interest income on other receivable	**–**	40
Sales of scrap materials	**2,675**	929
Net gain on disposal of property, plant and equipment	**223**	236
Government grants *(note)*	**163**	459
Exchange gains, net	**–**	582
Others	**131**	125
	4,409	3,281

Note: Government grants recognised as other income are awarded to the Group by the PRC government as incentives primarily to encourage the development of the Group and the contribution to the local economic development. The government grants are one-off with no specific conditions attached.

5. FINANCE COSTS

	2017	2016
	RMB'000	*RMB'000*
Interest on bank loans wholly repayable within five years	**3,861**	4,465
Loss on redemption of convertible bonds	**–**	243
Effective interest expense on convertible bonds	**–**	119
Total borrowing costs	**3,861**	4,827
Less: amounts capitalised in the cost of qualifying assets	**(312)**	(107)
	3,549	4,720

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 4.9% (2016: 5.0%) per annum to expenditure on qualifying assets.

6. INCOME TAX EXPENSE

	2017	2016
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax (the "**EIT**")		
– Provision for the year	**–**	3,364
– Over provision in prior years	**230**	–
Withholding tax	**544**	1,038
Deferred tax	**(102)**	18
	672	4,420

(a) Overseas income tax

Pursuant to the rules and regulations of the BVI, the BVI subsidiary and the Company are not subject to any income tax in the BVI.

Pursuant to the rules and regulations of Myanmar, the Myanmar subsidiary is subject to income tax at 25%. For the years ended 31 December 2017 and 2016, no provision for Myanmar Corporate Tax had been made as there was no estimated assessable profit derived from the Myanmar subsidiary.

(b) Hong Kong Profits Tax

The applicable tax rate for the subsidiaries incorporated in Hong Kong is 16.5% for the years ended 31 December 2017 and 2016 and no provision for Hong Kong Profits Tax had been made as there was no estimated assessable profit derived from Hong Kong subsidiaries.

(c) EIT

Under the Law of the PRC on EIT (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

(d) Withholding tax

According to the joint circular of the Ministry of Finance and State Administration of Taxation – Cai Shui 2008 No. 1, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards.

The tax charge can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2017	2016
	RMB'000	*RMB'000*
Loss before tax	**(29,757)**	(8,119)
Tax at the domestic income rate of 25% (2016: 25%)	**(7,439)**	(2,030)
Tax effect of income not taxable for tax purpose	**(23)**	(41)
Tax effect of expenses not deductible for tax purpose	**3,658**	2,797
Tax effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**513**	1,075
Effect of different tax rates of subsidiaries operating in other jurisdictions	**217**	1,055
Tax effect of tax losses not recognised	**3,643**	2,608
Under-provision in respect of prior years	**230**	–
Utilisation of tax losses previously not recognised	**(127)**	(1,044)
Tax charge for the year	**672**	4,420

7. LOSS FOR THE YEAR

	2017	2016
	RMB'000	*RMB'000*
Loss for the year has been arrived at after charging (crediting):		
Salaries and other benefits	**84,811**	86,582
Contributions to retirement benefit scheme	**10,990**	9,866
Total staff costs (including directors' emoluments)	**95,801**	96,448
Auditor's remuneration	**751**	763
Amortisation of prepaid lease payments	**389**	298
Cost of inventories recognised as an expense	**261,354**	271,762
Depreciation of property, plant and equipment	**25,528**	25,980
Reversal of impairment on inventories (included in cost of sales)	**–**	(306)
Impairment loss on goodwill (included in administrative expenses)	**–**	1,008
Impairment loss on trade receivables (included in administrative expenses)	**1,496**	–
Loss on redemption of convertible bonds (included in finance costs)	**–**	243
Net exchange loss	**733**	–
Operating lease rentals in respect of rented premises	**2,465**	1,661

8. LOSS PER SHARE

The calculation of basic loss per share for the year ended 31 December 2017 is based on the loss attributable to owners of the Company of approximately RMB29,757,000 (2016: RMB12,539,000) and the weighted average of 429,102,092 ordinary shares (2016: 411,947,330) in issue during the year.

For the years ended 31 December 2016, the computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible loan notes since their exercise would result in a decrease in loss per share.

9. DIVIDENDS

No dividend was proposed during the year ended 31 December 2017, nor has any dividend been proposed since the end of the respective period (2016: nil).

10. INVENTORIES

	2017	2016
	RMB'000	*RMB'000*
Raw materials	**16,706**	15,448
Work-in-progress	**20,687**	20,539
Finished goods	**6,104**	8,495
	43,497	44,482

During the year ended 31 December 2016, inventories of approximately RMB306,000 (2017: nil) which were fully impaired in prior years were sold at a consideration above RMB306,000 (2017: nil). As a result, reversal of impairment on inventories of approximately RMB306,000 (2017: nil) was recognised.

11. TRADE AND BILLS RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
Trade and bills receivables	**43,501**	48,345
Less: allowance for doubtful debts	**(1,535)**	(39)
	41,966	48,306

The Group allows an average credit period of 30 to 90 days to its trade customers. As at 31 December 2017, the Group have bills receivables of RMB600,000 (2016: nil) which were pledged to secure the bills payables granted to the Group.

An aged analysis of trade receivables net of allowance for impairment of trade receivables presented based on the invoice date at the end of each reporting period is as follows:

	2017	2016
	RMB'000	*RMB'000*
0 – 30 days	**32,335**	18,783
31 – 60 days	**3,070**	2,097
61 – 90 days	**1,053**	4,444
Over 90 days	**4,908**	22,982
	41,366	48,306

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balances of approximately RMB1,535,000 (2016: RMB39,000) due to long outstanding and unsatisfactory repayment record.

The movement in the allowance for doubtful debts is set out below:

	2017	2016
	RMB'000	*RMB'000*
At the beginning of the year	**39**	39
Impairment loss recognised on trade receivables	**1,496**	–
At the end of the year	**1,535**	39

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately RMB4,927,000 (2016: RMB28,928,000) which are past due as at the reporting period for which the Group has not provided for impairment loss because there has not been a significant change in credit quality and these balances are still considered recoverable.

12. TRADE AND BILLS PAYABLES

The aged analysis of trade and bills payables is presented based on the invoice date at the end of the reporting period and as follows:

	2017	2016
	RMB'000	*RMB'000*
0 – 30 days	**32,689**	20,414
31 – 90 days	**10,781**	9,396
91 – 180 days	**1,211**	1,044
Over 180 days	**623**	1,060
	45,304	31,914

The average credit period on purchase of goods is from 30 to 120 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

The bills payables were secured by restricted bank deposits and bills receivables.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In 2017, driven by slow recovery of global economy and China's steady growth policy, China's textile industry has continued to stabilise. According to the latest statistics from the Chinese General Administration of Customs, the total amount of textile clothing exports in the country in 2017 was USD266.95 billion, with a year-on-year increase of 1.53%, turning around the situation of decline for two consecutive years. The external demand market is recovering significantly. In line with the Chinese government's vigorous advocacy of the "Belt and Road" initiative, the production and trade of textile products along the belt was being actively promoted, and in the export market structure, the proportion of export to the "Belt and Road" initiative countries and regions is as high as 33.36%. In terms of the domestic market, China's economy achieved stable development, and consumption upgrade continues to drive the demand for textile. But in recent years, China's textile industry was subject to increasingly stringent environmental protection laws, which has created much pressure on enterprises engaged in dyeing and finishing in this industry. Faced with various restrictions on operation or shutdown requirements, small and medium-sized spinning and weaving enterprises are confronting severe operation conditions, which has adversely affected the industry sentiment.

BUSINESS REVIEW

On 26 June 2017, Greatime International Holdings Limited announced that its English name changed from"Grand Concord International Holdings Limited" to" Greatime International Holdings Limited", with the Chinese name changed from "廣豪國際控股有限公司" to "廣泰國際控股有限公司". And the changes have been effective since 31 May 2017, marking the Group's pursuit of a more diversified business portfolio, which will broaden its sources of income while reducing its current business risks.

As a leading manufacturer in the vertical integration of functional fabric and underwear products, with products sold to many well-known brands all over the world, the Group supplies underwear to a number of major international clothing brands on an OEM basis and has established production plants in China and Myanmar. During the year under review, the Group's recorded revenue decreased by 6.0% to about RMB314.1 million (2016: RMB334.3 million), resulting in a loss of about RMB30.4 million (losses in the same period of 2016: RMB12.5 million). The increase in total losses was mainly attributable to the fall in gross margin of approximately RMB 14.9 million.

Currently, Europe, the United States and Japan are the world's major consumer markets for textile, and their demand is relatively stable. During the year under review, the Group continued to export garments to these major markets, with an income of RMB158.4 million, accounting for 50.4% of the Group's annual gross income. The Group is expanding into new markets for quality fabrics and underwear products, and has launched business development initiatives that include seeking more strategic partnerships with customers in ASEAN regions to maintain sound growth and a reasonable gross margin.

In order to be more flexible in response to market changes, the Group has been flexibly adjusting the production capacity of regional factories and to stay in line with the country's "Belt and Road" initiative, the Group started to identify more suitable investment opportunities in the area few years ago. During the year, sales of the Group's wholly-owned Win Glory Company Manufacturing Company Limited ("**Win Glory**") in Myanmar remained stable, contributing approximately RMB16.2 million to the Group's total revenue. The "Belt and Road" initiative will bring enormous opportunities for the regions along the belt, and the Group has recently paid 30 years of rent for another land in Myanmar to further expand its garment business. With Myanmar's further economic openness and strong policy support from its government, Myanmar's commercial potential is expected to be released soon, and the country's textile and apparel industry is expected to be further boosted by the increasingly frequent trade and business activities. The Group is confident that Myanmar's business will continue to make the desired revenue contribution and become the cornerstone for the Group's long-term business.

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 year ended 31 December 2017, with corresponding comparative figures for the year ended 31 December 2016:

	Year ended 31 December			
	2017	**2017**	2016	2016
	RMB'000	*%*	*RMB'000*	*%*
Knitted fabrics	**60,110**	**19.1**	97,282	29.1
Innerwear products	**254,009**	**80.9**	237,015	70.9
Total	**314,119**	**100.0**	334,297	100.0

For the year ended 31 December 2017, the Group recorded a revenue of approximately RMB314.1 million (2016: RMB334.3 million), representing a decrease of approximately RMB20.2 million, or approximately 6.0%. The sales volume of knitted fabrics and innerwear products for the year ended 31 December 2017 were approximately 2,146 tons and 18.1 million pieces respectively (2016: approximately 2,370 tons and 16.3 million pieces respectively). The decrease of revenue was mainly due to the decrease in sales of knitted fabrics products from approximately RMB97.3 million in 2016 to approximately RMB60.1 million in 2017.

Sales of knitted fabrics amounted to approximately RMB60.1 million (2016: RMB97.3 million) representing approximately 19.1% (2016: 29.1%) of the total revenue for the year ended 31 December 2017. The decrease in sales of knitted fabrics was mainly due to the slowdown in economic growth in China. The sales volume of knitted fabrics decreased by approximately 9.5% to approximately 2,146 tons for the year ended 31 December 2017 (2016: 2,370 tons). The knitted fabrics were mainly distributed to branded customers in China. Facing a sluggish economic environment, customers tend to order general fabrics instead of fictional fabrics. For the year ended 31 December 2017, the Group took up more sub-contracting orders on fabrics dying and printing to better utilise the production capacity of knitted fabrics sector. As the average unit selling price of general fabrics products and sub-contracting income is lower than that of functional fabrics products, the overall revenue contributed by knitted fabrics decreased by RMB37.2 million to RMB60.1 million for the year ended 31 December 2017.

Sales of innerwear products amounted to approximately RMB254.0 million (2016: RMB237.0 million), representing approximately 80.9% (2016: 70.9%) of the total revenue for the year ended 31 December 2017. The performance of innerwear products was relatively steadier. An increase in sales of innerwear products in the amount of approximately RMB17.0 million was recorded for the year ended 31 December 2017. The sales volume of innerwear products increased from approximately 16.3 million pieces for the year ended 31 December 2016 to approximately 18.1 million pieces for the year ended 31 December 2017, representing an increase by 11%. The increase was mainly due to the increase in sales to certain Japanese customers in 2017. The average unit selling price of innerwear products decreased by 3.5% from RMB14.5 per piece in 2016 to approximately RMB14.0 per piece in 2017. The decrease in unit selling price helped the Group to obtain more orders from various customers in 2017, which resulted an increase in sales of innerwear products for the year ended 31 December 2017.

Cost of sales

Cost of sales decreased by approximately 1.9% from approximately RMB271.5 million for the year ended 31 December 2016 to approximately RMB266.2 million for the year ended 31 December 2017. The average unit production costs of innerwear products of the Group for the year ended 31 December 2017 increased when compared to the unit production cost in the same period in 2016. The decrease in the overall cost of sales was mainly due to the decrease in sales of knitted fabrics products from RMB89.5 million for the year ended 31 December 2016 to RMB58.7 million for the year ended 31 December 2017.

Gross profit and gross profit margin

Gross profit decreased by approximately RMB14.9 million, or approximately 23.8%, from approximately RMB62.8 million for the year ended 31 December 2016 to approximately RMB47.9 million for the year ended 31 December 2017. The Group's gross profit margin decreased from approximately 18.8% for the year ended 31 December 2016 to approximately 15.2% for the year ended 31 December 2017 mainly due to the decrease in the average unit selling price and increase in average unit production cost of the Group's innerwear products, which represented 80.9% of the overall sales of the Group.

The Group's gross profit and gross profit margins by products for the year ended 31 December 2017, with corresponding comparative figures for the year ended 31 December 2016, are as follows:

	Year ended 31 December			
	2017 Gross profit *RMB'000*	**2017 Gross profit margins** *%*	2016 Gross profit *RMB'000*	2016 Gross profit margins *%*
Knitted fabrics	**1,439**	**2.4**	8,119	8.1
Innerwear products	**46,453**	**18.3**	54,722	23.1
Total	**47,892**	**15.2**	62,841	18.8

Other income and other gains

Other income and other gains amounted to approximately RMB4.4 million (2016: RMB3.3 million) for the year ended 31 December 2017 which were mainly exchange gain, interest income and sales of scarp materials. The increase in other income and other gains was mainly due to the increase in sales of scarp materials. For the year ended 31 December 2017, sales of scarp material of RMB2.7 million was recorded. For the year ended 31 December 2016, the sales of scarp material amounted to RMB0.9 million. The sales of scarp material represented the sales of remaining raw materials and miscellaneous items of the finished contracts. The scarp material was carrying a minimal cost as the original cost has been absorbed in the cost of production upon completion of the contracts.

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB1.0 million to approximately RMB9.9 million (2016: RMB8.9 million) for the year ended 31 December 2017. Selling expenses mainly represented the transportation expenses, salaries and commission to the sales staff. The increase in selling expenses was mainly due to the increase in salaries to the sales staff in 2017.

Administrative expenses

Administrative expenses increased to approximately RMB68.6 million (2016: RMB60.7 million) for the year ended 31 December 2017. The increase in the administrative expenses was mainly due to the increase in the salaries and staff benefits, which included salaries, social welfare and pension expenses and the increase of impairment of trade and bills receivables. Staff salaries and benefits increased from RMB20.8 million for the year ended 31 December 2016 to RMB26.6 million for the year ended 31 December 2017. Such increase was mainly due to the increase in salaries to management personnel during the fourth quarter of 2016 to better manage the subsidiaries of the Group. There was an impairment of RMB1.5 million on trade and bills receivables from a customer for the year ended 31 December 2017 (2016: Nil). The individually impaired trade receivables with an aggregate balances of approximately RMB1.5 million due to long outstanding and unsatisfactory repayment record.

Finance costs

Finance costs decreased to approximately RMB3.5 million (2016: RMB4.7 million) for the year ended 31 December 2017, primarily due to the decrease in average bank borrowing during the year ended 31 December 2017.

Loss before tax

The Group's loss before tax was approximately RMB29.8 million (2016: RMB8.1 million) for the year ended 31 December 2017 primarily due to the decrease in revenue, gross profit and increase in administrative expenses. The gross profit of fabrics products and innerwear products decreased from RMB8.1 million and RMB54.7 million, respectively for the year ended 31 December 2016 to RMB1.4 million and RMB46.5 million, respectively for the year ended 31 December 2017. The administrative expenses increased by RMB7.8 million to RMB68.5 for the year ended 31 December 2017 (2016: RMB60.7 million).

Income tax expense

Income tax expense decreased to approximately RMB0.7 million (2016: RMB4.4 million) for the year ended 31 December 2017. The Group's effective tax rate for the year ended 31 December 2017 was approximately negative 2.4%, as compared to approximately negative 54.4% for the year in 2016.

Loss for the year and loss margin

The Group's loss for the year increased by approximately RMB17.9 million, from approximately a loss of RMB12.5 million for the year ended 31 December 2016, to a loss of approximately RMB30.4 million for the year ended 31 December 2017. The increase in the loss was mainly due to the decrease in gross profit of approximately RMB14.9 million for the year ended 31 December 2017 as mentioned in the above paragraphs.

Inventories

The inventory balances decreased to approximately RMB43.5 million as at 31 December 2017 (2016: RMB44.5 million).

The average inventory turnover days decreased to approximately 60 days (2016: 69 days) for the year ended 31 December 2017.

Trade and bills receivables

Trade receivables decreased to approximately RMB42.0 million (2016: RMB48.3 million) as at 31 December 2017.

The average trade receivables turnover days decreased to approximately 52 days (2016: 71 days) for the year ended 31 December 2017 as the proportion of the sales to domestic customers, to whom we usually granted longer credit terms, decreased. The trade receivables turnover days still fell within the credit terms granted to the customers of the Group.

Trade and bills payables

Trade and bills payables decreased to approximately RMB45.3 million (2016: RMB31.9 million) as at 31 December 2017. The average turnover days for trade payables decreased slightly to approximately 53 days (2016: 63 days) for the year ended 31 December 2017 which were in line with the trade credit periods given by the suppliers of the Group.

Liquidity and financial resources

The Group's principal sources of working capital included cash flow generated from the sale of its products and bank borrowings. As at 31 December 2017, the Group's current ratio (calculated as current assets divided by current liabilities) was 1.69 (as at 31 December 2016: 1.57). As at 31 December 2017, the Group had cash and cash equivalents of approximately RMB160.9 million (as at 31 December 2016: RMB109.9 million) and short-term bank loans of approximately RMB82.0 million (as at 31 December 2016: RMB88.0 million). As at 31 December 2017, the Group's gearing ratio (calculated as total debts as at year end divided by total assets for the year x 100%, while debts are defined to include current and non-current interest-bearing borrowings) measured on the basis of total bank loans was approximately 17.5%, as compared to approximately 20.4% as at 31 December 2016.

As at 31 December 2017, the Group had fixed rate bank loans of RMB40.0 million (2016: RMB40.0 million) and variable rate bank loans of approximately RMB42.0 million (2016: RMB48.0 million). The effective interest rate on the Group's fixed rate bank borrowings ranged from 4.99% to 5.03%, and the effective interest rate for the Group's variable rate bank borrowings was 4.95% per annum as at 31 December 2017 (2016: fixed rate: 5.00% to 5.05%; variable rates: 4.57% to 6.18% per annum). During the year under review, there was no material change to the Group's funding and treasury policy.

The majority of the Group's funds have 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 next financial year.

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

Interest rate and foreign currency exposure

The Group is exposed to cash flow interest rate risks 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 rate on bank balances. The Group historically 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 rate on bank deposits. To mitigate the impact of interest rate fluctuations, the Group will manage the interest expenses by financing with both fixed and variable rate debts, and 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, trade and other payables and interest-bearing borrowings are denominated in USD, Japanese yen and HK$ respectively, while substantial operating expenses are denominated in RMB, and the Group's reporting currency is 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 pricing to compensate for the increase in cost of production. This would lower the Group's market competitiveness, on a price basis, for its products and could result in a decrease in revenue. In the future, the management will monitor foreign exchange exposure and will consider hedging or factoring significant foreign currency exposure should the need arise.

Contingent liabilities

As at 31 December 2017, the Group had no material contingent liabilities.

Charges on group assets

As at 31 December 2017, the Group's bank loans were secured by the Group's machinery, buildings and land use rights of carrying amounts of approximately RMB6.8 million, RMB66.3 million and RMB11.5 million, respectively (as at 31 December 2016: RMB8.5 million, RMB84.0 million and RMB11.8 million, respectively). As at 31 December 2017, the Group also pledged its bank deposits of approximately RMB1.5 million (as at 31 December 2016: RMB3.2 million) to secure short-term bills payables.

HUMAN RESOURCES

As at 31 December 2017, the Group employed approximately 2,300 employees. The total staff costs (excluding directors' and key managements' emoluments) of the Group for the year ended 31 December 2016 were approximately RMB87.7 million (31 December 2016: RMB89.7 million). Key components of the Group's remuneration packages include basic salary, medical insurance, discretionary cash bonus and retirement benefit scheme. The Group conducts periodic reviews for the employees and their salaries and bonuses are performance related. 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 a good relationship with its employees.

FINAL DIVIDEND

No payment of a final dividend for the year ended 31 December 2017 was recommended by the Board (2016: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS

No material acquisitions and disposals by the Group were noted during the year ended 31 December 2017.

PROSPECT

Looking ahead to 2018, the world economy is expected to keep growing, but the increase in trade protectionism and the acceleration of austerity in the United State. will bring uncertainty to economic growth. China's economy is expected to maintain its steady growth. With the further promotion and implementation of the "Belt and Road" initiative, the trade market will present new opportunities, and China's textile industry will face more market potential and broader demand prospects, is expected to maintain a stable growth as a whole. However, fluctuations in cotton prices, and rising production costs, increased energy costs, stricter environmental laws and fierce international competition and other adverse factors still exist, which will add uncertainties to the development of the industry.

In the face of challenges and opportunities under the new situation, the Group will continue to enhance its competitive edge by continuous management innovation, reducing cost and improving efficiency, enhancing product mix and customer base. At the same time, the Group has been actively identifying and expanding investment-worthy businesses to broaden revenue sources and balance operational risks. The Group is confident that by virtue of its industry status, good brand image, high-quality products, rich management and operating experience, it is able to fully seize the market opportunities to achieve sustainable development and bring more ideal returns for shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2017.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 "**Code Provision(s)**"), 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 maintaining and improving high standards of corporate governance practices. During the year ended 31 December 2017, the Company has complied with 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 year ended 31 December 2017.

AUDIT COMMITTEE

The Audit Committee comprises solely independent non-executive Directors, namely, Mr. Hu Quansen, Mr. Xu Dunkai and Ms. Feng Xin. The Audit Committee is chaired by Mr. Hu Quansen, who possesses the appropriate professional qualifications and extensive experience in, and knowledge of, finance and accounting as required under Rule 3.10 of the Listing Rules. All Audit Committee members hold the relevant industry and financial experience necessary to advise the Board on strategies and other related matters. None of the Audit Committee members is a former partner of the Company's existing external auditors.

The Audit Committee is responsible for making recommendations 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 those auditors; monitoring the integrity of the financial statements, the annual report and accounts, half-year report 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 Group's audited financial statements and annual report for the year ended 31 December 2017 had been reviewed by the Audit Committee, which was of the opinion that the preparation of such statements and report complied with the applicable accounting standards and requirements and that adequate disclosure had been made.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Group's auditors, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on the preliminary announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on Friday, 25 May 2018. A notice convening the annual general meeting will be published on the websites of the Stock Exchange and the Company and despatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders who are entitled to attend and vote at the annual general meeting, the register of members of the Company will be closed from Monday, 21 May 2018 to Friday, 25 May 2018, both dates inclusive, during which period no transfer of shares will be registered. Shareholders are reminded that in order to qualify for attendance at the annual general meeting, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 18 May 2018.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final 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 annual report for the year 2017 will be available at the same websites and will be despatched to the Company's shareholders in due course.

By order of the Board
Greatime International Holdings Limited
Wang Bin
Chairman

Hong Kong, 26 March 2018

As at the date of this announcement, the directors of the Company comprise of Mr. Wang Bin, Ms. Tian Ying and Mr. Lam Tet Foo as executive Directors, Mr. Zhang Yanlin as non-executive Director, and Mr. Xu Dunkai, Ms. Feng Xin and Mr. Hu Quansen as independent non-executive Directors.