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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 FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019 ("YEAR UNDER REVIEW")

The board (the "**Board**") of directors (the "**Directors**") of Greatime International Holdings Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the Year under Review, together with the comparative figures for the year ended 31 December 2018, which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**"), as below.

For the reasons explained in the paragraph headed "Review of Unaudited Annual Results" in this announcement, the auditing process for the Group for the Year under Review has not been completed.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year under Review

	Notes	**2019** ***RMB'000*** **(Unaudited)**	2018 *RMB'000* (Audited)
Revenue	*3*	**410,217**	347,196
Cost of sales		**(310,232)**	(280,643)
Gross profit		**99,985**	66,553
Other income and gains	*4*	**5,589**	7,343
Selling and distribution expenses		**(13,398)**	(11,582)
Administrative expenses		**(86,668)**	(77,501)
Finance costs	*5*	**(5,195)**	(4,510)
Profit (loss) before tax		**313**	(19,697)
Income tax expense	*6*	**(7,058)**	(396)
Loss for the year	*7*	**(6,745)**	(20,093)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**694**	1,216
Other comprehensive income for the year		**694**	1,216
Total comprehensive expense for the year		**(6,051)**	(18,877)
Loss per share:			
– Basic and diluted *(RMB)*	*8*	**(0.01)**	(0.04)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	**2019** ***RMB'000*** **(Unaudited)**	2018 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**195,249**	189,951
Investment property		**3,983**	–
Right-of-use assets		**22,273**	–
Goodwill		**–**	–
Prepaid lease payments		**–**	14,105
Prepayments and other receivables		**13,850**	9,758
Deposits paid to acquire property, plant and equipment		**12,430**	74
Deferred tax assets		**393**	630
		248,178	214,518
CURRENT ASSETS			
Inventories	*10*	**61,651**	56,605
Trade receivables	*11*	**39,920**	42,237
Prepayments and other receivables		**13,581**	8,766
Amounts due from related companies		**1,648**	–
Prepaid lease payments		**–**	414
Pledged bank deposits		**–**	20,000
Cash and bank balances		**93,755**	147,664
		210,555	275,686

	Notes	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade payables	*12*	**40,055**	46,327
Accruals and other payables		**19,331**	19,127
Contract liabilities		**975**	1,833
Amount due to a related company		**132**	–
Loan from a shareholder		**4,496**	4,412
Interest-bearing borrowings		**98,000**	121,000
Lease liabilities		**1,736**	–
Income tax payables		**1,572**	922
		166,297	193,621
Net current assets		**44,258**	82,065
Total assets less current liabilities		**292,436**	296,583
NON-CURRENT LIABILITIES			
Lease liabilities		**1,757**	–
Deferred tax liabilities		**616**	469
		2,373	469
NET ASSETS		**290,063**	296,114
CAPITAL AND RESERVES			
Share capital		**148,929**	148,929
Reserves		**141,134**	147,185
TOTAL EQUITY		**290,063**	296,114

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 is located at Room 4408, 44/F, 183 Queen's Road East, Wan Chai, Hong Kong.

The Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") are engaged in the manufacturing of and provision of processing services on 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 subsidiaries established in Hong Kong and Myanmar are denoted in United States dollars ("**USD**") and Myanmar Khamed ("**MMK**").

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

In the current year, the Group has applied, for its first time, the following new and amendments to HKFRSs, which include HKFRSs, Hong Kong Accounting Standard ("**HKAS**") and HK(IFRIC) Interpretation ("**HK(IFRIC)-Int**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

The adoption of HKFRS 16 resulted in the changes in the Group's accounting policies and adjustments to the amounts recognised in the consolidated financial statements as summarises below.

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

Impacts on adoption of HKFRS 16 Leases

HKFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating lease and finance lease and requiring the recognition of right-of-use asset and a lease liability for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The Group has applied HKFRS 16 Leases retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of equity, where appropriate, at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17 Leases.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which arrangements are, or contain, leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

The Group as lessee

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases (except for lease of low value assets and lease with remaining lease term of twelve months or less). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 were from 5.21% to 5.78%.

The Group recognises right-of-use assets and measures them at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group as lessor

The Group leases some of the properties. The accounting policies applicable to the Group as lessor remain substantially unchanged from those under HKAS 17.

The following table summarises the impact of transition to HKFRS 16 at 1 January 2019. Line items that were not affected by the adjustments have not been included.

	Notes	**Carrying amount previously reported as 31 December 2018** *RMB'000* (Audited)	**Impact on adoption of HKFRS** *RMB'000*	**Carrying amount as restated at 1 January 2019** *RMB'000* (Unaudited)
Right-of-use assets	*a, b*	–	22,226	22,226
Prepaid lease payments	*b*	14,519	(14,519)	–
Prepayments and other receivables	*b*	8,766	(3,268)	5,498
Lease liabilities	*a*	–	4,439	4,439

Notes:

(a) As at 1 January 2019, right-of-use assets were measured at an amount equal to the lease liability of approximately RMB4,439,000.

(b) Prepaid lease payments of approximately RMB14,519,000 which represent the upfront payments for leasehold lands in the PRC and Myanmar and the prepaid rental of approximately RMB3,268,000 as at 31 December 2018 were reclassified to right-of-use assets.

In the consolidated statement of cash flow, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. The total cash flows are unaffected.

Differences between operating lease commitments as at 31 December 2018, the date immediately preceding the date of initial application, discounted using the incremental borrowing rate, and the lease liabilities recognised as at 1 January 2019 are as follow:

	RMB'000 (Unaudited)
Operating lease commitment disclosed as at 31 December 2018	6,073
Less: Short-term leases and other leases with remaining lease term ended on or before 31 December 2019	(1,421)
	4,652
Discounted using the incremental borrowing rate at 1 January 2019	(213)
Lease liabilities recognised as at 1 January 2019	4,439
Analysed as	
Current portion	3,570
Non-current portion	869
	4,439

Practical expedients applied

On the date of initial application of HKFRS 16, the Group has also used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

- reliance on assessments on whether leases are onerous by applying HKAS 37 immediately before the date of initial application as an alternative to performing an impairment review.

- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.

- the exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application.

New and revised HKFRSs issued but not yet effective

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

HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting[1]

1 Effective for annual periods beginning on or after 1 January 2020.
2 Effective for annual periods beginning on or after 1 January 2021.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for business combinations and assets acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of other new and amendments HKFRSs will have no material impact on the results and the financial position of the Group.

3. REVENUE AND SEGMENT INFORMATION

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

Revenue from contracts with customers within the scope of HKFRS 15

Disaggregated by major products or services lines

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Manufacture and sale of products:		
– Innerwear products	**289,392**	242,129
– Knitted fabrics	**66,598**	59,841
	355,990	301,970
Processing services income:		
– Innerwear products	**11,383**	13,982
– Knitted fabrics	**42,844**	31,244
	54,227	45,226
	410,217	347,196

Disaggregation of revenue by timing of recognition

	Year ended	Year ended
	31/12/2019	31/12/2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Timing of revenue recognition		
At a point in time and total revenue from contracts with customers	**410,217**	347,196

The Group's operating segments, by category of products, based on information reported to the directors of the Company, being the chief operating decision makers ("**CODM**") for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments are as follows:

1) Innerwear products – manufacturing and sale of and provision of processing services on innerwear and garments

2) Knitted fabrics – manufacturing and sale of and provision of processing services on knitted fabrics

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

	Year ended 31 December 2019		
	Innerwear products *RMB'000* **(Unaudited)**	**Knitted fabrics** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
Revenue			
External sales	**300,775**	**109,442**	**410,217**
Inter-segment revenue	**140,430**	**47,774**	**188,204**
Segment revenue	**441,205**	**157,216**	**598,421**
Eliminations			**(188,204)**
Group's revenue			**410,217**
Segment profit (loss)	**30,193**	**(4,840)**	**25,353**
Other income and gains			**2,464**
Finance costs			**(5,065)**
Unallocated head office and corporate expenses			**(22,439)**
Profit before tax			**313**

	Year ended 31 December 2018		
	Innerwear products	Knitted fabrics	Total
	RMB'000	*RMB'000*	*RMB'000*
	(Audited)	(Audited)	(Audited)
Revenue			
External sales	256,111	91,085	347,196
Inter-segment revenue	122,041	52,060	174,101
Segment revenue	378,152	143,145	521,297
Eliminations			(174,101)
Group's revenue			347,196
Segment profit (loss)	5,102	(6,785)	(1,683)
Other income and gains			2,084
Finance costs			(4,510)
Unallocated head office and corporate expenses			(15,588)
Loss before tax			(19,697)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of bank interest income, rental income and interest income on loan receivables, directors' and chief executive's emoluments, certain finance costs and unallocated head office and corporate expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market price.

4. OTHER INCOME AND GAINS

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Bank interest income	**2,161**	1,916
Sales of scrap materials	**2,114**	1,984
Interest income on loan receivables	**82**	168
Government grants *(Note)*	**533**	368
Exchange gain, net	**–**	2,037
Net gain on disposal of property, plant and equipment	**259**	–
Rental income from an investment property	**221**	–
Insurance claim received	**8**	456
Others	**211**	414
	5,589	7,343

Note:

Government grants recognised as other income are awarded to the Group by (a) the PRC government as incentives primarily to encourage the technology development of the Group and the contribution to the local economic development; and (b) the Hong Kong Special Administrative Region government to encourage the Group to promote its business to overseas market. The government grants are one-off with no specific condition attached.

5. FINANCE COSTS

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Interest on lease liabilities	**215**	–
Interest on bank loans	**5,540**	4,538
Less: amounts capitalised in the cost of qualifying assets	**(560)**	(28)
	5,195	4,510

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 2.6% (2018: 2.3%) per annum to expenditure on qualifying assets.

6. INCOME TAX EXPENSE

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current tax:		
PRC Enterprise Income Tax (the "**EIT**")		
− Provision for the year	**4,291**	−
Overseas income tax		
− Provision for the year	**720**	−
− Under- provision in prior years	**112**	−
Withholding tax	**1,552**	553
Deferred tax	**383**	(157)
	7,058	396

(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 subsidiaries are subject to income tax at 25%.

(b) Hong Kong Profits Tax

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No.7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HKD2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HKD2 million will be taxed at 16.5%. For the years ended 31 December 2019 and 2018, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

No provision for Hong Kong Profits Tax had been made for the years ended 31 December 2019 and 2018 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% for the years ended 31 December 2019 and 2018. No provision for EIT had been made for the years ended 31 December 2018 as there was either no estimated assessable profit derived from PRC subsidiaries or the assessable profit is wholly absorbed by tax losses brought forward.

(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 of 10% is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards.

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

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Profit (loss) before tax	**313**	(19,697)
Tax at the domestic income rate of 25% (2018: 25%)	**78**	(4,924)
Tax effect of income not taxable for tax purpose	**(203)**	(211)
Tax effect of expenses not deductible for tax purpose	**4,723**	2,398
Tax effect of tax deductible temporary difference not recognised	**298**	578
Utilisation of tax deductible temporary difference previously not recognised	**(344)**	(316)
Tax effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**1,510**	461
Effect of different tax rates of subsidiaries operating in other jurisdictions	**2,202**	1,371
Tax effect of tax losses not recognised	**1,308**	2,615
Under-provision in prior years	**112**	–
Utilisation of tax losses previously not recognised	**(2,626)**	(1,576)
Income tax expense for the year	**7,058**	396

7. LOSS FOR THE YEAR

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Loss for the year has been arrived at after charging (crediting):		
Salaries and other benefits	**106,300**	98,010
Contributions to retirement benefit schemes	**11,952**	12,200
Total staff costs (including directors' and chief executive's emoluments)	**118,252**	110,210
Auditor's remuneration	**820**	759
Amortisation of prepaid lease payments	**–**	409
Depreciation of property, plant and equipment	**23,487**	23,400
Depreciation of investment property	**442**	–
Depreciation of right-of-use assets	**2,912**	–
Net loss on disposal of property, plant and equipment	**–**	801
Exchange loss, net	**1,843**	–
Loss on written off of property, plant and equipment	**–**	2,100
Bad debt written off	**181**	–
Amount of inventories recognised as an expense	**284,731**	238,387
(Reversal of) impairment loss on inventories (included in cost of sales)	**(1,011)**	898
Impairment loss on trade receivables (included in administrative expenses)	**320**	224
Impairment loss on loan receivables	**41**	89
Impairment loss on other receivables	**39**	–
Impairment loss on amounts due from related companies	**263**	–
Operating lease rentals in respect of rented premises	**–**	3,358

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the Year under Review is based on the loss for the year attributable to owners of the Company of approximately RMB6,745,000 (2018: RMB20,093,000) and the weighted average of 494,335,330 ordinary shares (2018: 494,335,330) in issue during the year.

Diluted loss per share for the years ended 31 December 2019 and 2018 was the same as the basic loss per share as there were no dilutive potential ordinary shares outstanding during the Year under Review (2018: nil).

9. DIVIDENDS

No dividend was paid or proposed during the Year under Review, nor has any dividend been proposed since the end of the reporting period (2018: nil).

10. INVENTORIES

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Raw materials	**19,887**	22,686
Work-in-progress	**33,898**	29,233
Finished goods	**7,866**	4,686
	61,651	56,605

During the Year under Review, inventories of approximated RMB1,011,000 (2018: nil) which was fully impaired in prior years were sold at a consideration above RMB1,011,000 (2018: nil). As a result, reversal of impairment on inventories of approximately RMB1,011,000 (2018: nil) was recognised.

11. TRADE RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Receivables at amortised cost comprise:		
Trade receivables	**41,784**	43,778
Less: loss allowance on trade receivables	**(1,864)**	(1,541)
	39,920	42,237

As at 31 December 2019, the gross amount of trade receivable arising from contracts with customers amounted to approximately RMB41,784,000 (2018: RMB43,778,000).

The Group allows an average credit period of 30 to 90 days to its trade customers. An aged analysis of trade receivables net of allowance for impairment of trade receivables presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period is as follows:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0–30 days	**29,770**	29,266
31–60 days	**7,244**	5,046
61–90 days	**1,162**	2,035
Over 90 days	**1,744**	5,890
	39,920	42,237

The movement in the allowance for impairment of trade receivables is set out below:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
At the beginning of the year	**1,541**	1,535
Effect on adoption of HKFRS 9	**–**	(232)
Impairment loss on trade receivables	**320**	224
Exchange realignment	**3**	14
At the end of the year	**1,864**	1,541

12. TRADE PAYABLES

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

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0–30 days	**29,293**	36,350
31–90 days	**9,191**	7,008
91–180 days	**583**	466
Over 180 days	**988**	2,503
	40,055	46,327

The average credit period on purchase of goods is from 30 to 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

Despite that China and the United States (the "**U.S.**") eventually reached consensus on the initial trade agreement at the end of 2019, the trade war that lasted for more than a year has dampened the global economy. Economic growth in China and the U.S. both slowed down in 2019. For instance, the imports and exports were the first to take the hit as the tariffs imposed by China and the U.S. on each other's goods had resulted in shrinking foreign trade. For the third quarter of 2019, China only recorded a GDP growth of 6%, marking its lowest since 1992. Federal Reserve even changed its stance from rate hike to rate cut to drive the economy. With the tremendous downward pressure on the economy, China's textile industry was with no exception and faced an increasingly challenging business environment.

In 2019, the scale of China's textile industry had only maintained at the level in 2018. Based on the statistics published by China Customs, the foreign trades, imports and exports of China's textile clothing in 2019 had all declined. In particular, the list of increased tariffs by the U.S. which covered the majority of chemical fibres, yarns, fabrics, carpets, textiles for industrial use, apparels and household textiles in China had caused an immediate negative impact on China's textile industry. According to the statistics published by China Chamber of Commerce for Import and Export of Textile and Apparel, the decline in export of China's apparels to the U.S. had an impact on almost every category of products. In the fourth quarter of 2019, it recorded a double-digit decline from the level in the same period of last year. The gross exports to the U.S. as a percentage of China's total textiles products decreased from 43.8% to 37.2% in 2019 as compared to 2018. In terms of dollar terms, the percentage decreased from 34% to 25.5%. Despite that the trade activities between China and other regions remained normal, it is hard to offset the impact of the U.S. factor.

BUSINESS REVIEW

The Group has been committed to diversifying its business to reduce business risks and expand income source. For the year ended 31 December 2019 (the "**Year under Review**"), the Group continued to play the role as an original equipment manufacturer (the "**OEM**") underwear supplier of a number of major international clothing brands with plants running in China and Myanmar for production. During the Year under Review, the Group recorded revenue of approximately RMB410.2 million (2018: RMB347.2 million). Loss for the year was approximately RMB6.7 million (2018: loss of RMB20.1 million). The Group's revenue from knitted fabrics was approximately RMB109.4 million and the revenue from innerwear products was approximately RMB300.8 million.

During the Year under Review, Japan remained the Group's second largest country of exports. In 2019, Japan again adjusted the consumption tax from 8% to 10%. Consumption further shrank as a result. According to the statistics published by Ministry of Finance Japan, in 2019, the textile clothing imports of Japan from all over the world amounted to US$38.73 billion, down by 1.5%. Among which, the imports from China amounted to US$21.42 billion, down by 5.6%. Meanwhile, starting from 1 April 2019, the Ministry of Finance Japan suspended the preferential tariffs granted to products imported from China under the generalised system of preferences ("**GSP**"), adding uncertainties to the industry. However, benefiting from the longstanding and trusted relationship between the Group and its customers, the Group continued to record organic growth in export orders to Japan.

During the Year under Review, the Group continued to export garments to major export markets including the U.S. and Europe. Upon the elevation of tariffs by the U.S. on textile imports from China, based on the statistics published by the U.S. Department of Commerce, in 2019, the textile and clothing imports of the U.S. from China only amounted to US$40.14 billion, down by 9.2% from 2018. The economy of European Union (the "**EU**") region continued to slow down and the market sentiments remained poor. This negatively affected the demand for China's textiles. According to Eurostat data, in 2019, EU's imports from China amounted to US$44.47 billion, down by 3.1% from 2018. Despite the increasingly challenging business environment, for the Year under Review, the revenue generated from the export of garment amounted to approximately RMB235.8 million, representing 57.5% of the Group's total revenue.

On the contrary, the development in the Southeast Asian region was increasingly established and stable, revealing enormous potential. The Group was actively exploring new markets of fabrics and innerwear products, such as seeking strategic partnerships with customers in the Association of Southeast Asian Nations ("**ASEAN**") region to cope with market changes and diversify risks. Among which, the Group's business in Myanmar grew in an orderly manner. Yuhua Company Limited, a wholly-owned subsidiary of the Group maintained stable sales revenue, contributing RMB19.7 million to the total revenue of the Group for the Year under Review. At the same time, the Group paid 30 years' rent for another piece of land in Myanmar earlier to further expand its garment business. Currently, phase I development of such piece of land has completed successfully. It is expected that initial production will commence in 2020. The Group is confident that the Belt and Road Initiative will continue to generate tremendous opportunities. Coupled with the rapid development of Myanmar's textile industry in recent years, the Group expects that it can leverage on Myanmar's existing business to fully unleash its business potential for sustainable development.

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 under Review, with corresponding comparative figures for the year ended 31 December 2018:

	Year ended 31 December			
	2019	**2019**	2018	2018
	RMB'000	*%*	*RMB'000*	*%*
	(Unaudited)		(Audited)	
Knitted fabrics	**109,442**	**26.7**	91,085	26.2
Innerwear products	**300,775**	**73.3**	256,111	73.8
Total	**410,217**	**100.0**	347,196	100.0

For the Year under Review, the Group recorded a revenue of approximately RMB410.2 million (2018: RMB347.2 million), representing an increase of approximately RMB63.0 million, or approximately 18.1%. The sales volume of knitted fabrics and innerwear products for the Year under Review were approximately 4,041 tons and 20.7 million pieces respectively (2018: approximately 3,295 tons and 17.5 million pieces respectively). The increase of revenue was mainly due to the increase in sales of innerwear products from approximately RMB256.1 million in 2018 to approximately RMB300.8 million in 2019.

Sales of knitted fabrics amounted to approximately RMB109.4 million (2018: RMB91.1 million) representing approximately 26.7% (2018: 26.2%) of the total revenue for the Year under Review. The increase in sales of knitted fabrics was mainly due to the efforts of the sales team on expanding the customer base since 2018. The sales volume of knitted fabrics increase by approximately 22.6% to approximately 4,041 tons for the Year under Review (2018: 3,295 tons). The knitted fabrics were mainly distributed to branded customers in China. For the Year under Review, the Group took up more orders on fabric knitting, the sales of fabric knitting increased from approximately RMB59.8 million in 2018 to approximately RMB66.6 million in 2019, where the sale of fabric sub-contracting process increased from approximately RMB31.2 million in 2018 to approximately RMB42.8 million in 2019. The overall revenue contributed by knitted fabrics was therefore increased by RMB18.3 million to RMB109.4 million for the Year under Review.

Sales of innerwear products amounted to approximately RMB300.8 million (2018: RMB256.1 million), representing approximately 73.3% (2018: 73.8%) of the total revenue for the Year under Review. An increase in sales of innerwear products in the amount of approximately RMB44.7 million was recorded for the Year under Review. The sales volume of innerwear products increased from approximately 17.5 million pieces for the year ended 31 December 2018 to approximately 20.7 million pieces for the Year under Review, representing an increase by 18.3%. The average unit selling price of innerwear products maintained at approximately RMB14.5 per piece in 2019 (2018: RMB14.6 per piece). The increase in sales of innerwear products for the Year under Review mainly due to the increase of the sales volume.

Cost of sales

Cost of sales increased by approximately 10.5% from approximately RMB280.6 million for the year ended 31 December 2018 to approximately RMB310.2 million for the Year under Review. The average unit production costs of innerwear products of the Group for the Year under Review decreased when compared to the unit production cost for the year ended 31 December 2018. The increase in the overall cost of sales was mainly due to the increase in the sales volume. Thus, the cost of sales of knitted fabrics products from RMB85.1 million for the year ended 31 December 2018 to RMB95.8 million for the Year under Review.

Gross profit and gross profit margin

Gross profit increased by approximately RMB33.4 million, or approximately 50.2%, from approximately RMB66.6 million for the year ended 31 December 2018 to approximately RMB100.0 million for the Year under Review. The Group's gross profit margin increased from approximately 19.2% for the year ended 31 December 2018 to approximately 24.4% for the Year under Review mainly due to the decrease in average unit production cost of the Group's products.

The Group's gross profit and gross profit margins by knitted fabrics and innerwear products for the Year under Review, with corresponding comparative figures for the year ended 31 December 2018, are as follows:

	Year ended 31 December			
	2019	**2019**	2018	2018
	Gross profit	**Gross profit margins**	Gross profit	Gross profit margins
	RMB'000	*%*	*RMB'000*	*%*
	(Unaudited)		(Audited)	
Knitted fabrics	**13,674**	**12.5**	5,966	6.5
Innerwear products	**86,311**	**28.7**	60,587	23.7
Total	**99,985**	**24.4**	66,553	19.2

Other income and other gains

Other income and other gains amounted to approximately RMB5.6 million (2018: RMB7.3 million) for the Year under Review which were mainly net exchange gain, interest income and sales of scarp materials. The decrease in other income and other gains was mainly due to the decrease in net exchange gain. For the Year under Review, no exchange gain was recorded (2018: RMB2.0 million).

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB1.8 million to approximately RMB13.4 million (2018: RMB11.6 million) for the Year under Review. 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 sales of the Group's product in 2019.

Administrative expenses

Administrative expenses increased to approximately RMB86.7 million (2018: RMB77.5 million) for the Year under Review. The increase in the administrative expenses was mainly due to the increase in the salaries and staff benefits, which included directors and staff salaries, social welfare and pension expenses and the increase of depreciation and amortisation of property, plant and equipment. Salaries and staff benefits increased from RMB45.0 million for the year ended 31 December 2018 to RMB48.4 million for the Year under Review. Such increase was mainly due to the increase in salaries to management personnel to better manage the subsidiaries of the Group. The depreciation and amortisation of property, plant and equipment was RMB12.2 million for the Year under Review (2018: RMB9.3 million). The increase of the depreciation and amortisation was mainly due to the increase in property, plant and equipment for administrative purpose in 2019.

Finance costs

Finance costs increased to approximately RMB5.2 million (2018: RMB4.5 million) for the Year under Review, primarily due to the increase in average bank borrowing during the Year under Review.

Profit before tax

The Group's profit before tax was approximately RMB0.3 million (2018: loss before tax RMB19.7 million) for the Year under Review primarily due to the increase in revenue, gross profit. The gross profit of fabrics products and innerwear products increased from RMB6.0 million and RMB60.6 million, respectively for the year ended 31 December 2018 to RMB13.7 million and RMB86.3 million, respectively for the Year under Review. The administrative expenses increased by RMB9.2 million to RMB86.7 for the Year under Review (2018: RMB77.5 million).

Income tax expense

Income tax expense increased to approximately RMB7.1 million (2018: RMB0.4 million) for the Year under Review. The Group's effective tax rate for the Year under Review was approximately 2,254.95%, as compared to approximately negative 2.01% for the year in 2018.

Loss for the year and loss margin

The Group's loss for the year decreased by approximately RMB13.4 million, from approximately a loss of RMB20.1 million for the year ended 31 December 2018, to a loss of approximately RMB6.7 million for the Year under Review. The decrease in the loss was mainly due to the increase in gross profit of approximately RMB33.4 million for the Year under Review as mentioned in the above paragraphs.

Inventories

The inventory balances increased to approximately RMB61.7 million as at 31 December 2019 (2018: RMB56.6 million).

The average inventory turnover days increased to approximately 70 days (2018: 65 days) for the Year under Review.

Trade receivables

Trade receivables sightly decreased to approximately RMB39.9 million (2018: RMB42.2 million) as at 31 December 2019.

The average trade receivables turnover days decreased to approximately 36 days (2018: 44 days) for the Year under Review as the management team better manage the collection of trade receivables in 2019. The trade receivables turnover days still fell within the credit terms granted to the customers of the Group.

Trade payables

Trade payables decreased to approximately RMB40.1 million (2018: RMB46.3 million) as at 31 December 2019. The average turnover days for trade payables decreased to approximately 51 days (2018: 60 days) for the Year under Review 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 2019, the Group's current ratio (calculated as current assets divided by current liabilities) was 1.27 (as at 31 December 2018: 1.42). As at 31 December 2019, the Group had cash and cash equivalents of approximately RMB93.8 million (as at 31 December 2018: RMB147.7 million) and short-term bank loans of approximately RMB98.0 million (as at 31 December 2018: RMB121.0 million). As at 31 December 2019, 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 21.4%, as compared to approximately 24.7% as at 31 December 2018.

As at 31 December 2019, the Group had fixed rate bank loans of RMB50.0 million (2018: RMB48.0 million) and variable rate bank loans of approximately RMB48.0 million (2018: RMB73.0 million). The effective interest rate on the Group's fixed rate bank borrowings was 4.80%, and the effective interest rate for the Group's variable rate bank borrowings was 4.98% to 5.17% per annum as at 31 December 2019 (2018: fixed rate: 4.35% to 4.80%; variable rates: 5.17% to 5.22% 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 China 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 pledged 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 pledged 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 loan from a shareholder 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 2019, the Group had no material contingent liabilities.

Charges on group assets

As at 31 December 2019, the Group's bank loans were secured by the Group's bank deposits, buildings and land use rights of carrying amounts of approximately nil, RMB91.0 million and RMB10.9 million, respectively (as at 31 December 2018: RMB20.0 million, RMB78.6 million and RMB11.2 million, respectively).

HUMAN RESOURCES

As at 31 December 2019, the Group employed approximately 2,300 employees. The total staff costs (including directors' and key managements' emoluments) of the Group for the Year under Review were approximately RMB118.3 million (31 December 2018: RMB110.2 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 under Review was recommended by the Board (2018: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS

No material acquisitions and disposals by the Group were noted during the Year under Review.

PROSPECTS

The Sino-U.S. trade issue and the geopolitical risks of various countries will continue to bring uncertainties to the industry. At the beginning of 2020, the unexpected outbreak of coronavirus pneumonia has put China in another difficult position. Due to the control over transportation, logistics and people mobility in various regions, resumption of production in factories after the Chinese New Year holidays has been further postponed, resulting in insufficient rate of operation. Each segment of the supply chain is facing great uncertainties in supply and demand. Despite that the Group has been actively coping with the government's requirements to strengthen the control over health protection, the general market remains in a semi-stagnant state up to now. It is expected that the production and trade of textile clothing will be adversely affected.

Fortunately, 10 ASEAN countries together with China, Japan, Korea, Australia and New Zealand issued a joint announcement at the end of 2019 that these 15 member states have concluded all text-based negotiations for the Regional Comprehensive Economic Partnership (the "**RCEP**") and essentially all their market access issues, and are ready to enter into the agreement within this year. Southeast Asia is currently the fastest growing emerging market of textile industry. In recent years, textile imports and exports have been taking off rapidly. Similarly, Japan, Korea, Australia and New Zealand are important countries of textile exports for China. It is expected that, upon entering into the RCEP, the complementary strengths of China and the Southeast Asian countries in the textile industry will be increasingly significant. In addition, the export tariffs on textiles will be further reduced, making China's textiles more competitive. It is expected that this will provide certain positive support to the industry's development.

Under such challenging environment domestically and abroad, the Group has taken proactive measures to adjust the capacity of production facilities in various regions and identified projects with investment and growth potential other than its principal business to reduce operational risks. Faced with the prevailing difficult business landscape, the Group hopes that it can maintain its firm position to cope with future challenges and achieve sustainability by diversifying business mix and adopting expedient and flexible measures and business strategies so as to generate attractive 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 under Review.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

(a) On 19 August 2019, the Company, Mr. Zhang Lei and Ms. Zhang Yuan entered into a non-legally binding letter of intent in relation to a potential acquisition by the Company of the controlling interests in certain entities which provide integrated medical and elderly care services in Wuhan, China (the "**Potential Acquisition**"). For details of the Potential Acquisition, please refer to the announcement of the Company dated 19 August 2019.

    Save for the Potential Acquisition, as at the date of this announcement, there is no significant event subsequent to 31 December 2019 which would materially affect the Group's operating and financial performance.

(b) Subsequent to the end of the reporting period, the outbreak of COVID-19 in January 2020 has caused disruptions to many industries. These disruptions have inevitably posed a significant threat to the global economy in 2020. Despite the challenges, governments and international organizations have implemented a series of measures to contain the pandemic. The time duration and scope of these disruptions cannot be accurately assessed at this point in time. Given the dynamic nature of these circumstances, the financial impact will be reflected in the Group's subsequent financial statements. The Group will closely monitor the development of the pandemic and assess its impact on its operations.

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 under Review, 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 under Review.

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.

ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on Tuesday, 26 May 2020. 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 Thursday, 21 May 2020 to Tuesday, 26 May 2020, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 20 May 2020.

REVIEW OF UNAUDITED ANNUAL RESULTS

Due to the COVID-19 coronavirus outbreak and the epidemic prevention measures implemented by the local government in China, the auditing fieldworks of the Company's auditor has been delayed and limited to a certain content, and the auditing process for the annual results for the Year under Review has not been completed. The unaudited annual results contained herein have not been agreed with the Company's auditors as required under Rule 13.49(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The unaudited annual results contained herein have been reviewed by the Audit Committee.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for the Year under Review as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process. Based on preliminary agreement with the Company's auditors, the Company expects that barring unforeseen circumstances, the auditing process will be completed on or before 10 April 2020.

AUDITOR

The Company appointed SHINEWING (HK) CPA Limited as its auditor for the Year under Review. The Company will submit a resolution in the coming Annual General Meeting to re-appoint SHINEWING (HK) CPA Limited as the auditor of the Company.

PUBLICATION OF UNAUDITED FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This unaudited 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 2019 will be available at the same websites and will be despatched to the Company's shareholders in due course.

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 31 March 2020

As at the date of this announcement, the directors of the Company comprise of Mr. Wang Bin, Ms. Tian Ying and Mr. Du Shuwei 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.