GREATIME INTERNATIONAL HOLDINGS LIMITED
廣泰國際控股有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock Code: 844)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board (the "**Board**") of directors (the "**Directors**") of Greatime International Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2020, with the comparative figures for the corresponding period in 2019, which have been prepared in accordance with the Hong Kong Financial Reporting Standards, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2020	2019
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue		**193,318**	225,933
Cost of sales		**(145,439)**	(171,481)
Gross profit		**47,879**	54,452
Other income and gains	*5*	**2,809**	3,691
Selling and distribution expenses		**(5,436)**	(4,503)
Administrative expenses		**(38,762)**	(41,381)
Finance costs	*6*	**(2,550)**	(2,967)
Profit before tax		**3,940**	9,292
Income tax expense	*7*	**(5,628)**	(3,019)
(Loss) profit for the period	*8*	**(1,688)**	6,273
		RMB cents	*RMB cents*
(Loss) profit per share			
– Basic and diluted	*10*	**(0.3)**	1.3
		RMB'000	*RMB'000*
(Loss) profit for the period	*8*	**(1,688)**	6,273
Other comprehensive income (expense) for the period			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**529**	(1,242)
Total comprehensive (expense) income for the period		**(1,159)**	5,031

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**At 30 June 2020** **_RMB'000_** **(Unaudited)**	At 31 December 2019 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**191,496**	195,249
Investment property		**3,761**	3,983
Right-of-use assets	*12*	**21,092**	22,273
Prepayments and other receivables		**–**	13,850
Deposits paid to acquire non-current assets	*13*	**3,623**	12,430
Deferred tax assets		**372**	393
		220,344	248,178
CURRENT ASSETS			
Inventories		**65,560**	61,651
Trade receivables	*14*	**72,565**	39,920
Prepayments and other receivables		**24,083**	13,581
Amounts due from related companies		**383**	1,648
Cash and bank balances		**105,084**	93,755
		267,675	210,555

	Notes	At 30 June 2020 RMB'000 (Unaudited)	At 31 December 2019 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade payables	*15*	**57,056**	40,055
Accruals and other payables		**21,888**	19,331
Contract liabilities		**2,097**	975
Amount due to a related company		**2,183**	132
Loan from a shareholder		**4,525**	4,496
Interest-bearing borrowings	*16*	**103,000**	98,000
Lease liabilities	*12*	**1,156**	1,736
Income tax payables		**5,254**	1,572
		197,159	166,297
Net current assets		**70,516**	44,258
Total assets less current liabilities		**290,860**	292,436
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**619**	616
Lease liabilities	*12*	**1,337**	1,757
		1,956	2,373
NET ASSETS		**288,904**	290,063
CAPITAL AND RESERVES			
Share capital		**148,929**	148,929
Reserves		**139,975**	141,134
TOTAL EQUITY		**288,904**	290,063

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

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) on 8 December 2010. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 24 November 2011. The address of the registered office is located at P.O. Box 3340, Road Town, Tortola, BVI and its principal place of business in Hong Kong is located at Room 4408, 44/F, 183 Queen's Road East, Wan Chai, Hong Kong.

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

The condensed consolidated financial information of the Group is presented in Renminbi ("**RMB**"), which is also the functional currency of the Company and its subsidiaries located in the People's Republic of China (the "**PRC**"). Other than those PRC subsidiaries, the functional currency of subsidiaries established in Hong Kong and Myanmar are denoted in United States dollars and Myanmar Khamed.

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except as described below.

In the current interim period, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in Hong Kong Financial Reporting Standards ("**HKFRSs**") and the following amendments to HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2020.

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS7	Interest Rate Benchmark Reform

The application of the amendments to HKFRSs in the current interim period has had no material effect on the Group's financial performance and position for the current and prior periods and/or on the disclosures set out in these condense consolidated financial statements.

3. SIGNIFICANT EVENT

After the outbreak of Coronavirus Disease 2019 ("**COVID-19**") in early 2020, a series of precautionary and control measures were and continue to be implemented across the country. The Group has not experienced significant impacts on the manufacture activities as a result of the pandemic. Given the uncertainty in the rapidly changing market and economic conditions related to the COVID-19 pandemic, the Group will continue to monitor the development of the COVID-19 and evaluate the nature and extend of the impact to our operation and financial position.

4. SEGMENT INFORMATION

The Group's operating segments, by category of products, based on information reported to the directors of the Company being the chief operating decision maker for the purpose of resource allocation and performance assessment 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

The following tables present revenue and profit information for the Group's reportable segments for the six months ended 30 June 2020 and 2019, respectively.

	Six months ended 30 June 2020		
	Innerwear products	**Knitted fabrics**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Revenue			
External sales	**159,064**	**34,254**	**193,318**
Inter-segment revenue	**77,763**	**32,634**	**110,397**
Elimination	**(77,763)**	**(32,634)**	**(110,397)**
Group's revenue	**159,064**	**34,254**	**193,318**
Segment profit	**20,734**	**(7,192)**	**13,542**
Other income			**698**
Finance costs			**(2,550)**
Unallocated head office and corporate expenses			**(7,750)**
Profit before tax			**3,940**

	Six months ended 30 June 2019		
	Innerwear products	Knitted fabrics	Total
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue			
External sales	170,246	55,687	225,933
Inter-segment revenue	80,731	21,063	101,794
Elimination	(80,731)	(21,063)	(101,794)
Group's revenue	170,246	55,687	225,933
Segment profit	17,093	1,743	18,836
Other income			1,285
Finance costs			(2,967)
Unallocated head office and corporate expenses			(7,862)
Profit before tax			9,292

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

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

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

	30 June 2020	31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Innerwear products	**191,114**	184,735
Knitted fabrics	**168,620**	151,580
Unallocated assets	**128,285**	122,418
Total assets	**488,019**	458,733
Innerwear products	**55,355**	38,311
Knitted fabrics	**27,251**	20,839
Unallocated liabilities	**116,509**	109,520
Total liabilities	**199,115**	168,670

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

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

- all liabilities are allocated to operating segments other than other payables for general operating, income tax payables, interest-bearing borrowings, loan from a shareholder and deferred tax liabilities.

5. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Bank interest income	**236**	718
Exchange gain, net	**277**	525
Sales of scrap material	**553**	1,145
Gain on disposal of property, plant and equipment, net	**1**	494
Reversal of impairment recognised in respect of trade receivables, net	**–**	253
Reversal of impairment recognised in respect of other receivables	**38**	–
Reversal of impairment recognised in respect of amounts due from related companies	**261**	–
Interest income on loan receivables	**–**	149
Government subsidy *(note)*	**982**	–
Others	**461**	407
	2,809	3,691

Note: The amount primarily represents a cash subsidy of approximately HK$641,000 equivalent to approximately RMB572,000 (2019: Nil) granted by The Government of Hong Kong Special Administrative Region under the Anti-Epidemic Fund for relieving financial burdens of the business. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

6. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on lease liabilities	**66**	46
Interest on bank loans	**2,484**	2,921
	2,550	2,967

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax		
– Provision for the year	**5,607**	2,996
Deferred tax	**21**	23
	5,628	3,019

8. (LOSS) PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit (loss) for the period has been arrived at after charging (crediting):		
Salaries and other benefits	**53,849**	56,331
Contributions to retirement benefit scheme	**699**	6,211
Total staff costs (including directors' emoluments)	**54,548**	62,542
Cost of inventories recognised as an expense	**145,439**	171,481
Depreciation of property, plant and equipment	**12,368**	11,582
Depreciation of investment property	**222**	–
Depreciation of right-of use assets	**1,346**	814
Impairment loss on trade receivables (included in administrative expenses)	**797**	–
Operating lease rentals in respect of rented premises	**–**	894

9. DIVIDENDS

No dividends were paid, declared or proposed during the period (six months ended 30 June 2019: nil). The directors of the Company have determined that no dividend will be paid in respect of the interim period.

10. (LOSS) PROFIT PER SHARE

The calculation of basic and diluted profit (loss) per share for the six months ended 30 June 2020 is based on the loss attributable to owners of the Company of approximately RMB1,688,000 (six months ended 30 June 2019: profit attributable to owners of the Company of approximately RMB6,273,000) and weighted average number of ordinary shares of 494,335,330 in issue during the six months ended 30 June 2020 (six months ended 30 June 2019: 494,335,330).

Diluted (loss) profit per share for the six months ended 30 June 2020 and 2019 was the same as the basic (loss) profit per share as there were no dilutive potential ordinary share outstanding during the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

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

During the six months ended 30 June 2020, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of approximately RMB152,000 (six months ended 30 June 2019: approximately RMB167,000), resulting in a net gain on disposal of RMB1,000 (six months ended 30 June 2019: net loss on disposal of approximately RMB494,000).

During the six months ended 30 June 2020, the Group acquired approximately RMB9,266,000 (six months ended 30 June 2019: RMB12,612,000) of property, plant and equipment.

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

As at 30 June 2020, the carrying amounts of right-of-use assets were approximately RMB7,101,000 and RMB13,991,000 (31 December 2019: approximately RMB8,108,000 and RMB14,165,000) in respect of the leased properties and prepaid lease payments on land use rights. During the six months ended 30 June 2020, no addition of lease agreement was entered by the Group.

(ii) Lease liabilities

As at 30 June 2020, the carrying amount of lease liabilities was approximately RMB2,493,000 (31 December 2019: approximately RMB3,493,000). During the six months ended 30 June 2020, no addition of lease agreement was entered by the Group.

(iii) Amounts recognised in profit or loss

	For the six months ended 30 June 2020 ***RMB'000***	For the six months ended 30 June 2019 *RMB'000*
Depreciation expense on right-of-use assets	**1,346**	814
Interest expense on lease liabilities	**66**	46
Expense relating to short-term leases	**820**	962
Expense relating to leases of low value assets	**–**	5

(iv) Others

During the six months ended 30 June 2020, the total cash outflow for leases amount to approximately RMB1,898,000 (2019: approximately RMBl,557,000).

13. DEPOSITS PAID TO ACQUIRE NON-CURRENT ASSETS

As at 30 June 2020, the Group paid deposits of approximately RMB3,623,000 (31 December 2019: RMB12,430,000) to acquire certain property, plant and equipment for the expansion and improvement of production facilities.

14. TRADE RECEIVABLES

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

	30 June 2020	31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0–30 days	**65,158**	29,770
31–60 days	**5,840**	7,244
61–90 days	**553**	1,162
Over 90 days	**1,014**	1,749
	72,565	39,920

15. TRADE PAYABLES

The average credit period on purchase of raw materials granted by the Group's suppliers was from 30 to 180 days. The ageing analysis of trade payables, based on the invoice date at the end of the reporting period, is presented as follows:

	30 June 2020	31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0–30 days	**37,425**	29,293
31–90 days	**18,459**	9,191
91–180 days	**599**	583
Over 180 days	**573**	988
	57,056	40,055

16. INTEREST-BEARING BORROWINGS

During the six months ended 30 June 2020, the Group obtained new bank borrowings amounting to approximately RMB75,000,000 (six months ended 30 June 2019: RMB50,000,000) and repaid the bank borrowings amounting to approximately RMB70,000,000 (six months ended 30 June 2019: RMB50,000,000).

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In the first half of 2020, the global business environment was extremely challenging. With the spread of the coronavirus disease (COVID-19), the World Health Organization declared the outbreak as a "global pandemic", followed by suspension of markets and strict immigration controls around the world. The global economy has been hit hard and suffering from substantial economic loss with almost no exception for all industries. It has been over half a year since the outbreak of the pandemic and there is no sign of abating and coronavirus vaccine having been developed so far, the future economic development is greatly unpredictable with a lot of uncertainties. In addition, the global geopolitical and trade pressure has increased significantly in the first half of this year, adding uncertainties to the already fragile economy.

The overall consumer confidence in the international market continued to decline with a significant drop in spending power. Many world-renowned fast fashion brands even announced the closure of retail outlets in some markets, and the apparel retail industry is having an extremely tough time. As a result, the demand for China's textile products is facing significant challenges. The pandemic and economic uncertainties are causing tremendous downward pressure for the industry. Based on the statistics published by the General Administration of Customs, China's apparel exports amounted to approximately US$51.08 billion from January to June 2020, representing a year-on-year decrease of approximately 19.4%. Market demand for traditional consumer goods such as apparel continued to be sluggish, which hit the apparel product manufacturing industry hard. However, driven by the growth in exports of textile products for pandemic prevention, China's textile product exports amounted to US$74.1 billion, representing an increase of approximately 27.8% as compared to the same period last year. The accumulative export value of China's textile product services increased by approximately 3.2% to approximately US$125.2 billion as compared with the same period last year. In terms of domestic demand, according to the figures released by the Ministry of Industry and Information Technology of the People's Republic of China, China's retail sales of apparel, footwear, hats and textile products in the first half of the year decreased by 19.6% year-on-year. The textile and apparel manufacturing industry faced significant challenges both overseas and domestically.

BUSINESS REVIEW

The Group has been devoting active efforts to diversifying its business to reduce business risks and expanding source of income. The Group continues to play a role as an original equipment manufacturer ("**OEM**") innerwear supplier of numerous major international clothing brands, and operates production plants in China and Myanmar. During the period from 1 January 2020 to 30 June 2020 ("**Period Under Review**"), the Group's revenue recorded a decrease of 14.4% to approximately RMB193.3 million (2019: RMB225.9 million) and loss for the period was approximately RMB1.7 million (2019: profit of RMB6.3 million). The Group's revenue from knitted fabrics was approximately RMB34.2 million, whereas the revenue from innerwear products was approximately RMB159.1 million.

During the Period Under Review, the global economy and business environment were unprecedentedly difficult in the industry, all orders from the PRC and overseas markets such as Japan, Europe and the United States diminished. Meanwhile, as the production base in Southeast Asia region continues to develop steadily, the Group has been 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.

However, the impact of the pandemic on the Group's manufacturing business in the first half of this year was milder than expected. The Group's manufacturing business in the PRC was only temporarily affected by the pandemic in the first quarter of the year and had resumed normal in the second quarter, enabling the Group to continue to meet the demand of global customers. In the meantime, the Group's new manufacturing operation in Myanmar has officially commenced production since the second quarter of this year.

FINANCIAL REVIEW

Revenue

The following table sets forth a breakdown of the Group's revenue by business segment as a percentage of the Group's total revenue for the six months ended 30 June 2020, with corresponding comparative figures for 2019:

	Six months ended 30 June			
	2020		2019	
	RMB'000	*%*	*RMB'000*	*%*
Knitted fabrics	**34,254**	**17.7**	55,687	24.6
Innerwear products	**159,064**	**82.3**	170,246	75.4
Total	**193,318**	**100.0**	225,933	100.0

For the six months ended 30 June 2020, the Group recorded a revenue of approximately RMB193.3 million (2019: RMB225.9 million), representing an decrease of approximately RMB32.6 million, or approximately 14.4%, as compared with that for the corresponding period in 2019. The sales volume of fabrics and innerwear for the six months ended 30 June 2020 were approximately 1,560 tons and 22.1 million pieces respectively (2019: 1,840 tons and 11.4 million pieces respectively). The decrease in revenue was mainly due to the decrease in the sales of the Group's innerwear products and knitted fabrics from approximately RMB170.2 million and approximately RMB55.7 million respectively for six months ended 30 June 2019 to approximately RMB159.1 million and approximately RMB34.2 million, respectively for six months ended 30 June 2020.

Revenue from knitted fabrics amounted to approximately RMB34.2 million (2019: RMB55.7 million), representing a decrease of approximately RMB21.5 million or 38.6% when compared to the corresponding period in 2019, and accounting for approximately 17.7% (2019: 24.6%) of the total revenue of the Group for the six months ended 30 June 2020. The decrease was mainly due to the decrease in sales volume. The sales volume of knitted fabrics decreased by approximately 15.2% to approximately 1,560 tons for the six months ended 30 June 2020 (2019: 1,840 tons). The knitted fabrics products were mainly distributed to branded customers in China. For the six months ended 30 June 2020, the Group took up less fabric knitting orders than the same period in 2019 due to the decrease in demand.

Revenue from innerwear products amounted to approximately RMB159.1 million (2019: RMB170.2 million), representing approximately 82.3% (2019: 75.4%) of the total revenue for the six months ended 30 June 2020. The sales of innerwear products decreased by RMB11.1 million, or approximately 6.5%. However, the sales volume of innerwear products increased from 11.4 million pieces for the six months ended 30 June 2019 to 22.1 million pieces in corresponding period in 2020. The decrease in sales was mainly due to the decrease in unit selling price of the products. The demand for face masks increased due to the outbreak of COVID-19, the Group received orders of production of face masks of approximately 12 million pieces. However the average unit selling price of face masks of approximately RMB2.1 was lower than that of other innerwear products of approximately RMB13.0. As a results, even though the sales volume increased by approximately 93.9%, the revenue from innerwear products decreased.

Cost of sales

Cost of sales decreased by approximately 15.2% from approximately RMB171.5 million for the six months ended 30 June 2019 to approximately RMB145.4 million for the corresponding period in 2020. The decrease in cost of sales was mainly due to the decrease in the sales of knitted fabrics and innerwear products for the six months ended 30 June 2020.

Gross profit and gross profit margin

Gross profit decreased by approximately RMB6.6 million, or approximately 12.1%, from approximately RMB54.5 million for the six months ended 30 June 2019 to approximately RMB47.9 million for the six months ended 30 June 2020 as a result of the decrease in sales and average unit selling price of innerwear products and knitted fabrics products of the Group. The Group's gross profit margin slightly increased from approximately 24.1% for the six months ended 30 June 2019 to approximately 24.8% for the corresponding period in 2020.

The following table sets forth the Group's gross profits and gross profit margins by products for the six months ended 30 June 2020, with corresponding comparative figures in 2019:

	Six months ended 30 June			
	2020		2019	
	RMB'000	*%*	*RMB'000*	*%*
Knitted fabrics	**1,792**	**5.2**	6,924	12.4
Innerwear products	**46,087**	**29.0**	47,528	27.9
Total	**47,879**		54,452	

Other income and gains

Other income and gains amounted to approximately RMB2.8 million (2019: RMB3.7 million) for the six months ended 30 June 2020 which comprise mainly exchange gain, interest income from bank deposits, government grant and gains from sales of scrap materials.

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB0.9 million to approximately RMB5.4 million (2019: RMB4.5 million) for the six months ended 30 June 2020. The increase in selling and distribution expenses was mainly due to the increase in sales volume of innerwear products of the Group, as well as the distribution cost of the same products for the six months ended 30 June 2020.

Administrative expenses

Administrative expenses decreased by approximately 6.3% to approximately RMB38.8 million (2019: RMB41.4 million) for the six months ended 30 June 2020. The major component of the administrative expenses was staff benefits, which included salaries, social welfare and pension expenses.

Total staff costs decreased to RMB19.7 million for the six months ended 30 June 2020 as compared to RMB25.0 million in the corresponding period in 2019.

Finance costs

Finance costs decreased to approximately RMB2.6 million (2019: RMB3.0 million) for the six months ended 30 June 2020 primarily due to the decrease in average bank borrowings when compared to that for the same period in 2019. The effective interest rates charged on bank borrowings for the six months ended 30 June 2020 ranged from 4.80% to 5.22%, which were similar as that of the same period in 2019 (2019: 4.35% to 5.22%).

Profit (loss) before tax

The Group's profit before tax was approximately RMB3.9 million (2019: profit of RMB9.3 million) for the six months ended 30 June 2020. Such decrease in profit before tax was mainly due to the decrease in gross profit in both knitted fabrics and innerwear products. The gross profit of fabrics products and innerwear products decreased from RMB7.0 million and RMB47.5 million, respectively, for the six months ended 30 June 2019 to RMB1.8 million and RMB46.1 million, respectively, for the six months ended 30 June 2020.

Income tax expense

Income tax expense increased to approximately RMB5.6 million (2019: RMB3.0 million) for the six months ended June 2020. The Group's effective tax rate for the six months ended 30 June 2020 was 142.8% as compared to 32.4% for the corresponding period in 2019.

Profit (loss) for the period and profit margin

The Group's profit decreased by approximately RMB8.0 million, from approximately a profit of RMB6.3 million for the six months ended 30 June 2019 to a loss of approximately RMB1.7 million for the corresponding period in 2020. The decrease in the profit was mainly due to the decrease in gross profit of approximately RMB6.6 million as mentioned in the above paragraphs. The loss margin for six months ended 30 June 2020 was 0.9% (2019: profit margin of 2.8%).

Inventories

The inventory balances increased to approximately RMB65.6 million as at 30 June 2020 (as at 31 December 2019: RMB61.7 million), reflecting an increase in the purchase of raw materials and the amount of finished goods in anticipation of increase in sales delivery in the second half of 2020. For the six months ended 30 June 2020, the average inventories turnover days was 80 days (for the year ended 31 December 2019: 70 days).

Trade and bills receivables

Trade receivables increased to approximately RMB72.6 million as at 30 June 2020 (as at 31 December 2019: RMB39.9 million). The increase in trade receivables was mainly due to the increase in sales activities near the end of 30 June 2020 and longer credit terms were granted to domestic customers to maintain a better relationship with the customers. The average trade receivables turnover days increased to approximately 53 days (for the year ended 31 December 2019: 37 days).

Trade and bills payables

Trade payables increased to approximately RMB57.1 million as at 30 June 2020 (as at 31 December 2019: RMB40.1 million). The Group made more purchases of raw materials in anticipation of increased sales orders and delivery, which led to the increase in trade payables.

Liquidity and financial resources

The Group's principal sources of working capital included cash flow generated from the sales of its products and bank borrowings. As at 30 June 2020, the Group's current ratio (calculated as current assets divided by current liabilities) was approximately 1.4 (as at 31 December 2019: 1.3). As at 30 June 2020, the Group had cash and cash equivalents of approximately RMB105.1 million (as at 31 December 2019: RMB93.8 million), which were mainly generated from and utilised in daily operations, including sales of products, purchase of materials and obtaining of the short-term bank loans of RMB103 million (as at 31 December 2019: RMB98 million). As at 30 June 2020, the Group's gearing ratio (calculated as the total debt as at period-end divided by total assets as at period-end x 100%, where total debts are defined to include both current and non-current interest-bearing borrowings) was approximately 21.1%, as compared to approximately 21.4% as at 31 December 2019.

As at 30 June 2020, the Group had fixed rate bank borrowings of approximately RMB55 million (as at 31 December 2019: RMB50 million) and variable rate bank borrowings of approximately RMB48 million (as at 31 December 2019: RMB48 million). The effective interest rates on the Group's fixed rate borrowings was 4.80% and variable rate bank borrowings ranged from 4.95% to 5.22% per annum, as at 30 June 2020 (as at 31 December 2019: fixed rate bank borrowings 4.80%; variable rate bank borrowings ranged from 5.17% to 5.22% per annum). During the Period under Review, there was no material change to the Group's funding and treasury policy.

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

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

Interest rate and foreign currency risk exposure

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

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

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

Contingent liabilities

As at 30 June 2020, the Group had no material contingent liabilities.

Charges on Group assets

As at 30 June 2020, the Group's bank loans were secured by the Group's right-of-use assets and buildings of carrying amounts of approximately RMB10.8 million and RMB85.5 million, respectively (as at 31 December 2019: RMB10.9 million and RMB91.0 million, respectively).

HUMAN RESOURCES

As at 30 June 2020, the Group employed approximately 2,300 employees. Key components of the Group's remuneration packages include basic salary, medical insurance, discretionary cash bonus and retirement benefit scheme. The Group would conduct periodic reviews of the performance of its employees and their salaries and bonuses are performance-based. During the Period under Review, the Group has neither experienced any significant problems with its employees or disruptions to its operations due to labour disputes, nor has it experienced any difficulties in the recruitment and retention of experienced employees. The Group maintains good relationships with its employees.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2020 (2019: Nil).

PROSPECTS

Looking into the second half of 2020, it is believed that the COVID-19 pandemic and geopolitical factors will continue to be the market focus and will continue to exert a huge impact on the global economy and people's lives. The market worries about the continuous spread of the pandemic, coupled with political uncertainties, global economic recession may be triggered. The economic outlook is gloomy with a significant increase in risks. However, China is striving to stabilise the basic economic development, and has proposed the policies of "stability on the six fronts" and "security in the six areas" to help speed up the recovery of economic cycle. We believe the textile and apparel manufacturing industry will benefit from rigid market demand.

In view of the continuing sluggish economic environment and uncertainties, the Group has taken proactive measures to adjust the production capacity of its production facilities in various regions and identify projects with investment and development potential beyond its principal business in order to reduce the operational risks. The Group will continue to enhance its production capacity, introduce automation and innovative technologies, and strictly control costs, so as to enhance its competitiveness and achieve sustainable development for bringing satisfactory returns to its shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

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

MATERIAL ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2020, the Group did not engage in any material acquisitions or disposals.

EVENT AFTER THE REPORTING PERIOD

As at the date of this interim results announcement, there is no significant event subsequent to 30 June 2020 which would materially affect the Group's operating and financial performance.

CORPORATE GOVERNANCE

The Company places high value on its corporate governance practice and the Board firmly believes that a good corporate governance practice can improve accountability and transparency for the benefit of its shareholders. The Company has adopted the code provisions and certain recommended best practices contained in the Corporate Governance Code (the "**CG Code**"), as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), as its code of corporate governance. The Board also reviews and monitors the practices of the Company from time to time with an aim to maintain and improve high standards of corporate governance practices. During the six months ended 30 June 2020, 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 had complied with the required standards as set out in the Model Code during the six months ended 30 June 2020.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

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

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

The Audit Committee has reviewed the Group's unaudited condensed consolidated interim results for the six months ended 30 June 2020.

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

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the Stock Exchange's website at **www.hkexnews.hk** and the website of the Company at **www.greatimeintl.com**. The Company's interim report for the six months ended 30 June 2020 will be available on the same websites and will be despatched to the Company's shareholders in due course.

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

Hong Kong, 28 August 2020

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