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GREATIME INTERNATIONAL HOLDINGS LIMITED
廣泰國際控股有限公司
(Incorporated in the British Virgin Islands with limited liability)
(Stock Code: 844)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

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 2021, with the comparative figures for the corresponding period in 2020, 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	
		2021	2020
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue		**190,420**	193,318
Cost of sales		**(147,843)**	(145,439)
Gross profit		**42,577**	47,879
Other income and gains	*5*	**779**	2,809
Selling and distribution expenses		**(6,043)**	(5,436)
Administrative expenses		**(33,109)**	(38,762)
Finance costs	*6*	**(2,550)**	(2,550)
Profit before tax		**1,654**	3,940
Income tax expense	*7*	**(2,662)**	(5,628)
Loss for the period	*8*	**(1,008)**	(1,688)
		RMB cents	*RMB cents*
Loss per share			
– Basic and diluted	*10*	**(0.2)**	(0.3)
		RMB'000	*RMB'000*
Loss for the period	*8*	**(1,008)**	(1,688)
Other comprehensive (expense) income for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**(9,552)**	529
Total comprehensive expense for the period		**(10,560)**	(1,159)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**At 30 June 2021** *RMB'000* **(Unaudited)**	At 31 December 2020 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**171,206**	184,146
Investment property		**3,319**	3,541
Right-of-use assets	*12*	**18,343**	20,923
Deposits paid to acquire property, plant and equipment	*13*	**2,157**	3,019
Deferred tax assets		**690**	606
		195,715	212,235
CURRENT ASSETS			
Inventories		**81,039**	59,149
Trade receivables	*14*	**80,326**	51,600
Bill receivables		**–**	4,967
Prepayments and other receivables		**10,645**	7,852
Amounts due from related companies		**274**	337
Income tax receivables		**55**	223
Cash and bank balances		**114,693**	140,599
		287,032	264,727

	Notes	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade payables	*15*	**47,803**	44,269
Accruals and other payables		**25,616**	18,884
Contract liabilities		**5,521**	1,184
Amount due to a related company		**3,825**	859
Loan from a shareholder		**4,181**	4,228
Interest-bearing borrowings	*16*	**103,000**	103,000
Lease liabilities	*12*	**1,859**	1,816
Income tax payables		**1,970**	2,221
		193,775	176,461
Net current assets		**93,257**	88,266
Total assets less current liabilities		**288,972**	300,501
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**467**	473
Lease liabilities	*12*	**838**	1,801
		1,305	2,274
NET ASSETS		**287,667**	298,227
CAPITAL AND RESERVES			
Share capital		**148,929**	148,929
Reserves		**138,738**	149,298
TOTAL EQUITY		**287,667**	298,227

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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) (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 condensed consolidated financial information of the Group is presented in Renminbi ("**RMB**"), which is 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 2020, 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 2021.

Amendments to HKFRS 16	COVID-19 Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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 condensed consolidated financial statements.

3. SIGNIFICANT EVENT

Myanmar's military has launched coup and occurred one and a half year, the political environment in Myanmar become unstable and unpredictable in 2021. The time duration and the influence of the coup cannot be accurately assessed at this point of time. Given the Group has operation in Myanmar, the directors of the Company considered that the financial impact will be reflected subsequently in the Group's financial statements. The Group will closely monitor the development of the coup and assess its impact on its operations until the situation stabilised.

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 2021 and 2020, respectively.

	Six months ended 30 June 2021		
	Innerwear products	**Knitted fabrics**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Revenue			
External sales	**141,069**	**49,351**	**190,420**
Inter-segment revenue	**81,510**	**48,687**	**130,197**
Elimination	**(81,510)**	**(48,687)**	**(130,197)**
Group's revenue	**141,069**	**49,351**	**190,420**
Segment profit (loss)	**13,153**	**(2,053)**	**11,100**
Other income			**184**
Finance costs			**(2,542)**
Unallocated head office and corporate expenses			**(7,088)**
Profit before tax			**1,654**

	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 (loss)	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

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 2. 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 chief operating decision makers for the purposes of resource allocation and performance assessment.

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

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

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Innerwear products	**179,905**	173,207
Knitted fabrics	**175,868**	153,357
Unallocated assets	**126,974**	150,398
Total assets	**482,747**	476,962
Innerwear products	**47,705**	37,114
Knitted fabrics	**32,752**	26,990
Unallocated liabilities	**114,623**	114,631
Total liabilities	**195,080**	178,735

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 operation, investment property for general operation, right-of-use assets for general operation, prepayments for general operation, certain other receivables, income tax receivables, deferred tax assets and cash and bank balances; and

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

5. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Bank interest income	**181**	236
Exchange gain, net	**223**	277
Sales of scrap material	**–**	553
Net gain on disposal of property, plant and equipment	**85**	1
Reversal of impairment loss on other receivables	**–**	38
Reversal of impairment loss on amounts due from related companies	**–**	261
Government grant *(note)*	**104**	982
Others	**186**	461
	779	2,809

Note: During the six months ended 30 June 2021, the Group recognised government grants of approximately RMB88,000 received from the PRC government as incentives primarily to encourage the technology development of the Group and the contribution to the local economic development and approximately RMB16,000 received from the Hong Kong Special Administrative Region to encourage the Group to promote its business to overseas market. The government grants are one-off with no specific condition attached.

6. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on lease liabilities	**102**	66
Interest on bank loans	**2,448**	2,484
	2,550	2,550

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax		
− Provision for the year	**2,750**	5,607
Deferred tax	**(88)**	21
	2,662	5,628

8. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after crediting:		
Salaries and other benefits	**56,809**	53,849
Contributions to retirement benefit scheme	**1,774**	699
Total staff costs (including directors' emoluments)	**58,583**	54,548
Cost of inventories recognised as an expense	**148,775**	145,439
Depreciation of property, plant and equipment	**13,080**	12,368
Depreciation of investment property	**222**	222
Depreciation of right-of-use assets	**1,651**	1,346
Provision of impairment loss on inventories (included in cost of sales)	**932**	–
Impairment loss on trade receivables (included in administrative expenses)	**1,476**	797

9. DIVIDENDS

No dividend was paid, declared or proposed during the six months ended 30 June 2021 (six months ended 30 June 2020: nil). The directors of the Company have determined that no dividend will be paid in respect of the interim period.

10. LOSS PER SHARE

The calculation of basic and diluted loss per share for the six months ended 30 June 2021 is based on the loss attributable to owners of the Company of approximately RMB1,008,000 (six months ended 30 June 2020: approximately RMB1,688,000) and weighted average number of ordinary shares of 494,335,330 in issue during the six months ended 30 June 2021 (six months ended 30 June 2020: 494,335,330).

Diluted loss per share for the six months ended 30 June 2021 and 2020 was the same as the basic loss per share as there was no dilutive potential ordinary share outstanding during the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

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

During the six months ended 30 June 2021, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of approximately RMB147,000 (six months ended 30 June 2020: approximately RMB152,000), resulting in a net gain on disposal of approximately RMB85,000 (six months ended 30 June 2020: net gain on disposal of approximately RMB1,000).

During the six months ended 30 June 2021, the Group acquired approximately RMB5,460,000 (six months ended 30 June 2020: approximately RMB9,266,000) of property, plant and equipment.

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

As at 30 June 2021, the carrying amounts of right-of-use assets were approximately RMB5,634,000 and RMB12,709,000 (31 December 2020: approximately RMB7,409,000 and RMB13,514,000) in respect of the leased properties and prepaid lease payments on land use rights. During the six months ended 30 June 2021, no addition of lease agreement was entered by the Group.

(ii) Lease liabilities

As at 30 June 2021, the carrying amount of lease liabilities was approximately RMB2,697,000 (31 December 2020: approximately RMB3,617,000). During the six months ended 30 June 2021, no addition of lease agreement was entered by the Group.

(iii) Amounts recognised in profit or loss

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Depreciation expense on right-of-use assets	**1,651**	1,346
Interest expense on lease liabilities	**102**	66
Expense relating to short-term leases	**522**	820
Expense relating to leases of low value assets	**3**	–

(iv) Others

During the six months ended 30 June 2021, the total cash outflow for leases amounted to approximately RMB1,510,000 (six months ended 30 June 2020: approximately RMB1,898,000).

13. DEPOSITS PAID TO ACQUIRE PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2021, the Group paid deposits of approximately RMB2,157,000 (31 December 2020: approximately RMB3,019,000) 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 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0–30 days	**46,860**	31,507
31–60 days	**11,683**	9,335
61–90 days	**8,598**	3,767
Over 90 days	**13,185**	6,991
	80,326	51,600

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 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0–30 days	**34,387**	32,228
31–90 days	**11,463**	10,881
91–180 days	**1,496**	644
Over 180 days	**457**	516
	47,803	44,269

16. INTEREST-BEARING BORROWINGS

During the six months ended 30 June 2021, the Group obtained new bank borrowings amounting to approximately RMB75,000,000 (six months ended 30 June 2020: approximately RMB75,000,000) and repaid the bank borrowings amounting to approximately RMB75,000,000 (six months ended 30 June 2020: approximately RMB70,000,000).

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

Entering the year of 2021, the international business environment continued to be complex and unstable, and the Chinese government made proactive deployments to introduce flexible strategies to control the pandemic and promote widespread vaccination, so that the economic and social development would recover in an orderly manner. According to National Bureau of Statistics, China's GDP recorded a year-on-year growth of 12.7% in the first half of 2021. As the economy recovered steadily, production and manufacturing resumed in an orderly manner. Market demand for products also gradually increased and the overall market expectations were good.

With the increase in COVID-19 vaccination rates, the threat of the pandemic has eased and the global demand for anti-pandemic supplies has declined. In addition, despite that consumer sentiment in Europe and the United States continued to rebound, as other developed countries gradually resumed work and production, there was a re-allocation in the market supply. Coupled with the new round of the outbreak in Southeast Asia in the second quarter of this year, China's exports faced downward pressure. According to the statistics released by the General Administration of Customs, the total export value of textile products from China decreased in the first half of 2021, and the cumulative export value of textile products decreased by 7.38% year-on-year. At the same time, the US-China tariff continues, and the US is likely to increase imports from other Southeast Asian countries, bringing uncertainties to the industry. Textile enterprises in the PRC still need to remain cautious about the pandemic development domestically and abroad and the evolving prospects of the Sino-US economic and trade relations.

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 2021 to 30 June 2021 ("**Period under Review**"), the Group's revenue recorded a decrease of approximately 1.5% to approximately RMB190.4 million (2020: RMB193.3 million) and loss for the period was approximately RMB1.0 million (2020: loss of RMB1.7 million). Compared to the same period of 2020, the Group's revenue was basically the same. During the Period under Review, the Group's revenue from knitted fabrics was approximately RMB49.4 million, whereas the revenue from innerwear products was approximately RMB141.1 million.

The global economy and business environment improved as the COVID-19 pandemic showed signs of easing. In view of the widespread vaccination against COVID-19 around the world, the exports of the Group's products were not significantly affected due to the improving consumer sentiments and the orderly resumption of production operations. Sales remained stable during the Period under Review.

According to the statistics released by the General Administration of Customs, the total value of imports and exports between China and Japan reached US$317.5 billion in 2020. Japan remained the Group's largest export country. The Group's export orders from Japan continued to grow steadily by leveraging on the long-term and sincere relationships between the Group and its customers. However, due to the negative impact of the Sino-US trade disputes, the volume of garment export orders to the US continued to be affected. The number of orders from Mainland China and Europe remained stable. During the Period under Review, the Group's revenue from knitted fabrics increased as compared to the corresponding period in 2020, mainly due to the rebound in consumer confidence in the PRC. At the same time, the full resumption of work and production in production bases in the PRC also contributed to the increase in supply.

With the further easing of the COVID-19 pandemic, garment export orders are expected to gradually recover, which is expected to drive the steady growth of the Group's revenue from innerwear products. In addition, despite the political turmoil in Myanmar during the Period under Review, the Group's production base in Myanmar were not affected materially, and the garment processing business was at a normal level and continued to meet the needs of customers.

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 2021, with corresponding comparative figures for 2020:

	Six months ended 30 June			
	2021		2020	
	RMB'000	***%***	*RMB'000*	*%*
Knitted fabrics	**49,351**	**25.9**	34,254	17.7
Innerwear products	**141,069**	**74.1**	159,064	82.3
Total	**190,420**	**100.0**	193,318	100.0

For the six months ended 30 June 2021, the Group recorded a revenue of approximately RMB190.4 million (2020: RMB193.3 million), representing a decrease of approximately RMB2.9 million, or approximately 1.5%, as compared with that for the corresponding period in 2020. The sales volume of fabrics and innerwear for the six months ended 30 June 2021 were approximately 2,309 tons and 19.4 million pieces respectively (2020: 1,560 tons and 22.1 million pieces respectively). The decrease in revenue was mainly due to the decrease in the sales of the Group's innerwear products from approximately RMB159.1 million for six months ended 30 June 2020 to approximately RMB141.1 million for six months ended 30 June 2021.

Revenue from knitted fabrics amounted to approximately RMB49.4 million (2020: RMB34.3 million), representing an increase of approximately RMB15.1 million or 44.0% when compared to the corresponding period in 2020, and accounting for approximately 25.9% (2020: 17.7%) of the total revenue of the Group for the six months ended 30 June 2021. The increase was mainly due to the increase in sales volume. The sales volume of knitted fabrics increased by approximately 48.0% to approximately 2,309 tons for the six months ended 30 June 2021 (2020: 1,560 tons). The knitted fabrics products were mainly distributed to branded customers in China. For the six months ended 30 June 2021, the Group took up more fabric knitting and dying orders than the same period in 2020.

Revenue from innerwear products amounted to approximately RMB141.1 million (2020: RMB159.1 million), representing approximately 74.1% (2020: 82.3%) of the total revenue for the six months ended 30 June 2021. The sales of innerwear products decreased by RMB18.0 million, or approximately 11.3%. The decrease in sales was mainly due to the decrease in sales volume of the innerwear products. In 2020, the Group received orders of production of fabric face masks of approximately 12 million pieces. However, since there was no such urgent order of fabric face marks noted for the six months ended 30 June 2021, the revenue from innerwear products decreased.

Cost of sales

Cost of sales increased by approximately 1.7% from approximately RMB145.4 million for the six months ended 30 June 2020 to approximately RMB147.8 million for the corresponding period in 2021. The increase in cost of sales was mainly due to the increase in the sales of knitted fabrics for the six months ended 30 June 2021.

Gross profit and gross profit margin

Gross profit decreased by approximately RMB5.3 million, or approximately 11.1%, from approximately RMB47.9 million for the six months ended 30 June 2020 to approximately RMB42.6 million for the six months ended 30 June 2021 as a result of the decrease in sales of innerwear products, which generate a higher gross profit margin than the knitted fabrics products of the Group. The Group's gross profit margin slightly decreased from approximately 24.8% for the six months ended 30 June 2020 to approximately 22.4% for the corresponding period in 2021.

The following table sets forth the Group's gross profits and gross profit margins by products for the six months ended 30 June 2021, with corresponding comparative figures in 2020:

	Six months ended 30 June			
	2021		2020	
	RMB'000	*%*	*RMB'000*	*%*
Knitted fabrics	**1,716**	**3.5**	1,792	5.2
Innerwear products	**40,861**	**29.0**	46,087	29.0
Total	**42,577**		47,879	

Other income and gains

Other income and gains amounted to approximately RMB0.8 million (2020: RMB2.8 million) for the six months ended 30 June 2021 which comprise mainly exchange gain, interest income from bank deposits and government grant. Such decrease was mainly due to less government grants received for the six months ended 30 June 2021.

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB0.6 million to approximately RMB6.0 million (2020: RMB5.4 million) for the six months ended 30 June 2021. The increase in selling and distribution expenses was mainly due to the increase in sales volume of fabrics products of the Group, as well as the distribution cost of the same products for the six months ended 30 June 2021.

Administrative expenses

Administrative expenses decreased by approximately 14.6% to approximately RMB33.1 million (2020: RMB38.8 million) for the six months ended 30 June 2021. The major components of the administrative expenses were staff benefits, depreciation expenses and rental expenses.

The rental expenses and respective management fee decreased for the six months ended 30 June 2021 as the Group ceased to rent certain office premises and used the Group's own property instead.

Finance costs

Finance costs maintained at approximately RMB2.6 million (2020: RMB2.6 million) for the six months ended 30 June 2021 primarily due to the same level of average bank borrowings when compared to that for the same period in 2020. The effective interest rates charged on bank borrowings for the six months ended 30 June 2021 ranged from 4.38% to 5.22%, which were similar as that of the same period in 2020 (2020: 4.80% to 5.22%).

Profit before tax

The Group's profit before tax was approximately RMB1.7 million (2020: RMB3.9 million) for the six months ended 30 June 2021. Such decrease in profit before tax was mainly due to the decrease in gross profit. The gross profit of fabrics products and innerwear products decreased from RMB1.8 million and RMB46.1 million, respectively, for the six months ended 30 June 2020 to RMB1.7 million and RMB40.9 million, respectively, for the six months ended 30 June 2021.

Income tax expense

Income tax expense decreased to approximately RMB2.7 million (2020: RMB5.6 million) for the six months ended 30 June 2021. The Group's effective tax rate for the six months ended 30 June 2021 was 160.9% as compared to 142.8% for the corresponding period in 2020.

Loss for the period and profit margin

The Group's loss decreased by approximately RMB0.7 million, from approximately a loss of RMB1.7 million for the six months ended 30 June 2020 to a loss of approximately RMB1.0 million for the corresponding period in 2021. The decrease in the loss was mainly due to the decrease in income tax expense.

Inventories

The inventory balances increased to approximately RMB81.0 million as at 30 June 2021 (as at 31 December 2020: RMB59.1 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 2021. For the six months ended 30 June 2021, the average inventories turnover days was 87 days (for the year ended 31 December 2020: 69 days).

Trade and bills receivables

Trade and bills receivables increased to approximately RMB80.3 million as at 30 June 2021 (as at 31 December 2020: RMB56.6 million). The increase in trade receivables was mainly due to the increase in sales activities near the end of 30 June 2021 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 63 days (for the year ended 31 December 2020: 40 days).

Trade payables

Trade payables increased to approximately RMB47.8 million as at 30 June 2021 (as at 31 December 2020: RMB44.3 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 2021, the Group's current ratio (calculated as current assets divided by current liabilities) was approximately 1.5 (as at 31 December 2020: 1.5). As at 30 June 2021, the Group had cash and cash equivalents of approximately RMB114.7 million (as at 31 December 2020: RMB140.6 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 2020: RMB103 million). As at 30 June 2021, 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 21.3%, as compared to approximately 21.6% as at 31 December 2020.

As at 30 June 2021, the Group had fixed rate bank borrowings of approximately RMB55 million (as at 31 December 2020: RMB55 million) and variable rate bank borrowings of approximately RMB48 million (as at 31 December 2020: RMB48 million). The effective interest rates on the Group's fixed rate borrowings was 4.80% and variable rate bank borrowings ranged from 4.38% to 5.22% per annum, as at 30 June 2021 (as at 31 December 2020: fixed rate bank borrowings 4.80%; variable rate bank borrowings ranged from 4.62% 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 2021, the Group had no material contingent liabilities.

Charges on Group assets

As at 30 June 2021, the Group's bank loans were secured by the Group's right-of-use assets and buildings of carrying amounts of approximately RMB10.5 million and RMB80.6 million, respectively (as at 31 December 2020: RMB10.6 million and RMB84.0 million, respectively).

HUMAN RESOURCES

As at 30 June 2021, 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 2021 (2020: nil).

PROSPECTS

In the post-pandemic era, economic activities are relaunched at large, and global fiscal stimulus and accommodative monetary policies are expected to ease the impact of the pandemic. According to the World Economic Outlook report published by the International Monetary Fund, global growth is expected to be 6.0% in 2021, of which China's growth will reach 8.4%. According to the forecast by ASKCI, the size of the home textile industry in the PRC will reach RMB293.7 billion in 2021. With the increase in people's income, higher requirements on living standards and the opening of the two-child policy, the development of the home textile industry will usher in new opportunities.

In addition, China signed the Regional Comprehensive Economic Partnership (the "**RCEP**") in November 2020. As the world's largest free trade agreement at present, the successful signing of RCEP will drive free and open trade and increase foreign investment in the region and promote regional economic cooperation. At the same time, the biggest breakthrough of RCEP is to realise the arrangement of zero-tariff agreement in the China-Japan Free Trade Zone for the first time, which will be conducive to improving the profitability of the PRC textile enterprises and driving the expansion of export scale.

However, in the face of the further spread of the new variants of virus recently, the efficacy of vaccines, inflation caused by economic rebound and the rising geopolitical risks continue to weigh on the pace of global economic recovery and lives of some people, such operational risks cannot be ignored. With the Group's diversified business and geographical advantages, as well as various economic stimulus policies promulgated by many countries around the world and the wider COVID-19 vaccination, the demand for textile products in China is expected to remain stable in the second half of the year. In addition, the Group will also proactively adjust the production capacity of its production facilities in various regions and identify potential investment projects outside its principal business. Through diversification of business development portfolio and adoption of flexible measures and business strategies to cope with external challenges, the Group will achieve sustainable development and create satisfactory investment returns for 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 2021.

MATERIAL ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2021, 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 2021 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 2021, 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 2021.

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. Zhao Weihong 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 2021.

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 2021 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, 27 August 2021

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. Zhao Weihong and Mr. Hu Quansen.