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

(Incorporated in the British Virgin Islands with limited liability)

(Stock code: 844)

ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021

The board (the "**Board**") of directors (the "**Directors**") of Greatime International Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2021 (the "**Year under Review**"), together with the comparative figures for the year ended 31 December 2021, which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**"), as follow.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year under Review

	Notes	**2021** *RMB'000*	2020 *RMB'000*
Revenue	*3*	**430,989**	418,160
Cost of sales		**(353,514)**	(319,980)
Gross profit		**77,475**	98,180
Other income and gains	*4*	**6,616**	7,063
Selling and distribution expenses		**(14,571)**	(12,405)
Administrative expenses		**(75,486)**	(71,376)
Finance costs	*5*	**(5,884)**	(5,202)
(Loss) profit before tax		**(11,850)**	16,260
Income tax expense	*6*	**(2,405)**	(7,338)
(Loss) profit for the year	*7*	**(14,255)**	8,922
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**(12,278)**	(758)
Other comprehensive expense for the year		**(12,278)**	(758)
Total comprehensive (expense) income for the year		**(26,533)**	8,164
(Loss) profit per share:			
– Basic and diluted *(RMB)*	*8*	**(0.03)**	0.02

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**164,533**	184,146
Investment property		**3,098**	3,541
Right-of-use assets		**16,569**	20,923
Deposits paid to acquire property, plant and equipment		**–**	3,019
Deferred tax assets		**1,152**	606
		185,352	212,235
CURRENT ASSETS			
Inventories	*10*	**88,167**	59,149
Trade receivables	*11*	**34,717**	51,600
Bills receivables		**–**	4,967
Prepayments and other receivables		**6,831**	7,852
Amounts due from related companies		**239**	337
Income tax receivables		**1,102**	223
Cash and bank balances		**161,408**	140,599
		292,464	264,727

	Note	2021 RMB'000	2020 RMB'000
CURRENT LIABILITIES			
Trade and bills payables	*12*	**59,809**	44,269
Accruals and other payables		**21,939**	18,884
Contract liabilities		**12,261**	1,184
Amounts due to related companies		**1,392**	859
Loan from a shareholder		**4,103**	4,228
Interest-bearing borrowings		**103,000**	103,000
Lease liabilities		**1,567**	1,816
Income tax payables		**1,384**	2,221
		205,455	176,461
Net current assets		**87,009**	88,266
Total assets less current liabilities		**272,361**	300,501
NON-CURRENT LIABILITIES			
Lease liabilities		**188**	1,801
Deferred tax liabilities		**479**	473
		667	2,274
NET ASSETS		**271,694**	298,227
CAPITAL AND RESERVES			
Share capital		**148,929**	148,929
Reserves		**122,765**	149,298
TOTAL EQUITY		**271,694**	298,227

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 the first time, the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") which are effective for the Group's financial year beginning 1 January 2021:

Amendment 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 year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

New and amendments to 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 and related Amendments[3]
Amendments to HKFRS 3	Reference to Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to HKAS 16	Property, plant and Equipment: Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021[1]
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle[2]

1 Effective for annual periods beginning on or after 1 April 2021.

2 Effective for annual periods beginning on or after 1 January 2022.

3 Effective for annual periods beginning on or after 1 January 2023.

4 Effective for annual periods beginning on or after a date to be determined.

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

Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)

The amendments to HKAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Hong Kong Interpretation 5 was revised as a consequence of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current to align the corresponding wordings with no change in conclusion.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Based on the Group's outstanding liabilities as at 31 December 2021, the application of the amendments will not result in change in the classification of the Group's liabilities.

Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments change the requirements in HKAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in HKAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

Guidance and examples were provided to explain and demonstrate the application of the "four-step materiality process" described in HKFRS Practice Statement 2. The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments to HKAS 8 introduce the definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period, with earlier application permitted.

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

	2021	2020
	RMB'000	*RMB'000*
Manufacture and sale of products:		
− Innerwear products	**305,998**	319,879
− Knitted fabrics	**64,608**	48,196
	370,606	368,075
Processing services income:		
− Innerwear products	**5,258**	8,662
− Knitted fabrics	**55,125**	41,423
	60,383	50,085
	430,989	418,160

Disaggregation of revenue by timing of recognition

	Year ended	Year ended
	31/12/2021	31/12/2020
	RMB'000	*RMB'000*
Timing of revenue recognition		
At a point in time and total revenue from contracts with customers	**430,989**	418,160

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 resources 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 2021		
	Innerwear products *RMB'000*	**Knitted fabrics** *RMB'000*	**Total** *RMB'000*
Revenue			
External sales	**311,256**	**119,733**	**430,989**
Inter-segment revenue	**121,502**	**94,377**	**215,879**
Segment revenue	**432,758**	**214,110**	**646,868**
Eliminations			**(215,879)**
Group's revenue			**430,989**
Segment profit (loss)	**11,654**	**(3,231)**	**8,423**
Other income and gains			**322**
Finance costs			**(5,871)**
Unallocated head office and corporate expenses			**(14,724)**
Loss before tax			**(11,850)**

	Year ended 31 December 2020		
	Innerwear products *RMB'000*	Knitted fabrics *RMB'000*	Total *RMB'000*
Revenue			
External sales	328,541	89,619	418,160
Inter-segment revenue	138,906	64,604	203,510
Segment revenue	467,447	154,223	621,670
Eliminations			(203,510)
Group's revenue			418,160
Segment profit (loss)	42,053	(6,802)	35,251
Other income and gains			2,322
Finance costs			(5,195)
Unallocated head office and corporate expenses			(16,118)
Profit before tax			16,260

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

	2021	2020
	RMB'000	*RMB'000*
Bank interest income	**320**	474
Sales of scrap materials	**2,987**	1,837
Interest income on loan receivables	**–**	20
Government grants (note)	**1,343**	2,250
Net gain on disposal of property, plant and equipment	**426**	353
Rental income from an investment property		
– Lease payments that are fixed	**–**	146
Reversal of impairment loss on loan receivables	**–**	130
Reversal of impairment loss on amounts due from related companies	**–**	188
Reversal of impairment loss on other receivables	**–**	40
Others	**1,540**	1,625
	6,616	7,063

Note:

During the year 31 December 2021, the government grants of RMB1,343,000 (2020: RMB1,084,000) is awarded to the Group by the PRC government as incentives primarily to encourage the technology development of the Group and the contribution to the local economic development. The government grants are one-off with no specific condition attached.

During the year 31 December 2020, the Group recognised government grants of RMB1,166,000 (2021: nil) in respect of COVID-19 related subsidies which was related to the Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund.

5. FINANCE COSTS

	2021	2020
	RMB'000	*RMB'000*
Interest on:		
– Lease liabilities	**173**	173
– Bank loans	**5,711**	5,029
	5,884	5,202

6. INCOME TAX EXPENSE

	2021	2020
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax (the "**EIT**")		
– Provision for the year	**1,407**	8,020
– Over-provision in prior years	**(37)**	–
Overseas income tax		
– Provision for the year	**1,070**	387
– Over-provision in prior years	**(10)**	(719)
Withholding tax	**512**	–
Deferred tax	**(537)**	(350)
	2,405	7,338

(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% for the period from 1 January 2021 to 30 September 2021 and subject to 22% for the period from 1 October 2021 to 31 December 2021.

(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 2021 and 2020, 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 2021 and 2020 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 2021 and 2020.

Pursuant to circular issued by Ministry of Finance and National Tax Bureau on 17 January 2019, the small-scaled minimal profit enterprise with an annual taxable income below RMB1,000,000 (RMB1,000,000 included) is entitled to a preferential tax treatment of 75% exemption of taxable income and application of income tax rate as 20% since 1 January 2019. Pursuant to circular issued by Ministry of Finance and National Tax Bureau on 2 April 2021, the income tax rate has been reduced to 10% from 20% since 1 January 2021. A PRC subsidiary of the Group was qualified as small-scaled minimal profit enterprise and application of 2.5% tax rate during the year ended 31 December 2021.

(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 (loss) profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2021	2020
	RMB'000	*RMB'000*
(Loss) profit before tax	**(11,850)**	16,260
Tax at the domestic income rate of 25% (2020: 25%)	**(2,963)**	4,065
Tax effect of income not taxable for tax purpose	**(26)**	(419)
Tax effect of expenses not deductible for tax purpose	**2,684**	2,049
Tax effect of deductible temporary difference not recognised	**414**	438
Utilisation of deductible temporary difference previously not recognised	**(5)**	(106)
Tax effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**532**	67
Effect of different tax rates of subsidiaries operating in other jurisdictions	**1,973**	1,347
Tax effect of tax losses not recognised	**1,311**	820
Over-provision in prior years	**(47)**	(719)
Income tax on concessionary rate	**(119)**	–
Utilisation of tax losses previously not recognised	**(1,349)**	(204)
Income tax expense for the year	**2,405**	7,338

7. (LOSS) PROFIT FOR THE YEAR

	2021	2020
	RMB'000	*RMB'000*
(Loss) profit for the year has been arrived at after charging:		
Salaries and other benefits	**123,255**	109,925
Contributions to retirement benefit schemes	**13,788**	1,594
Total staff costs (including directors' and chief executive's emoluments)	**137,043**	111,519
Auditor's remuneration	**738**	800
Depreciation of property, plant and equipment	**25,841**	26,704
Depreciation of investment property	**443**	442
Depreciation of right-of-use assets	**3,134**	3,735
Exchange losses, net	**956**	895
Bad debt written off	**39**	47
Amount of inventories recognised as an expense	**352,151**	319,312
Provision of impairment loss on inventories (included in cost of sales)	**1,363**	668
Impairment loss on trade receivables (included in administrative expenses)	**3,418**	1,347
Impairment loss on amounts due from related companies (included in administrative expenses)	**144**	–

8. (LOSS) PROFIT PER SHARE

The calculation of the basic and diluted loss per share for the year ended 31 December 2021 is based on the loss for the year attributable to owners of the Company of approximately RMB14,255,000 and the weighted average of 494,335,330 ordinary shares in issue during the year.

The calculation of the basic and diluted profit per share for the year ended 31 December 2020 is based on the profit for the year attributable to owners of the Company of approximately RMB8,922,000 and the weighted average of 494,335,330 ordinary shares in issue during the year.

Diluted (loss) profit per share for the years ended 31 December 2021 and 2020 was the same as the basic (loss) profit per share as there were no dilutive potential ordinary shares outstanding during the year ended 31 December 2021 (2020: nil).

9. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2021, nor has any dividend been proposed since the end of the reporting period (2020: nil).

10. INVENTORIES

	2021	2020
	RMB'000	*RMB'000*
Raw materials	**40,937**	27,031
Work-in-progress	**36,514**	26,908
Finished goods	**10,716**	5,210
	88,167	59,149

11. TRADE RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Receivables at amortised cost comprise:		
Trade receivables	**41,261**	54,787
Less: Loss allowance on trade receivables	**(6,544)**	(3,187)
	34,717	51,600

As at 31 December 2021, the gross amount of trade receivable arising from contracts with customers amounted to approximately RMB41,261,000 (2020: RMB54,787,000).

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:

	2021	2020
	RMB'000	*RMB'000*
0 – 30 days	**28,245**	31,507
31 – 60 days	**4,369**	9,335
61 – 90 days	**1,441**	3,767
Over 90 days	**662**	6,991
	34,717	51,600

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

	2021	2020
	RMB'000	*RMB'000*
At the beginning of the year	**3,187**	1,864
Impairment loss on trade receivables	**3,418**	1,347
Exchange realignment	**(61)**	(24)
At the end of the year	**6,544**	3,187

12. TRADE AND BILLS PAYABLES

	2021	2020
	RMB'000	*RMB'000*
Trade payables	**42,209**	44,269
Bills payables	**17,600**	–
	59,809	44,269

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

	2021	2020
	RMB'000	*RMB'000*
0 – 30 days	**36,376**	32,228
31 – 90 days	**21,174**	10,881
91 – 180 days	**1,590**	644
Over 180 days	**669**	516
	59,809	44,269

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

Throughout the year of 2021, COVID-19 pandemic continued to wreak havoc around the world, and the emergence of various variant viruses had greatly increased the difficulty of epidemic prevention in various countries. The latest Omicron variant had caused a sharp rise in the number of confirmed cases in many countries and the pandemic restrictions were tightened again. Nevertheless, against this background, the economy of China still recorded a steady growth. According to the data of the National Bureau of Statistics of China, the gross domestic product reached RMB114 trillion for 2021, representing a year-on-year growth of 8.1%. This reflected that China's pandemic prevention and control work has been effectively implemented as the economy resumed steady growth and the product demand picked up in an orderly manner.

China's textile and clothing industry also successfully seized the opportunity to make progress in the midst of stability. Based on the statistics published by the General Administration of Customs of the PRC, China's textile exports set another record high and amounted to US$314.47 billion in 2021, representing a year-on-year increase of 8.4%, crossing the US$300 billion threshold in the industry's history for the third time. In particular, apparel exports reached US$170.26 billion, representing a year-on-year increase of 24%. This was mainly due to the significant increase in clothing demand in developed countries and diversion of export orders back to China as a result of suspension of factories in Southeast Asia countries amid the COVID-19 pandemic. In spite of the recovery of the China's textile and clothing industry, the prevalence of the COVID-19 pandemic, the global supply chain congestion and the sharp rise in the prices of raw materials have added material uncertainties about the future. Textile enterprises in the PRC still need to remain cautious and pay attention to the developments of the global pandemic and even the evolution of geopolitics.

BUSINESS REVIEW

The Group has been committed to diversify its business to reduce business risks and expand income source. During the Year under Review, the Group continued to play the role as an original equipment manufacturer 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 an increase of 3.1% in revenue to approximately RMB431.0 million (2020: RMB418.2 million). Loss for the Year under Review was approximately RMB14.3 million (2020: profit of RMB8.9 million). The Group's revenue from knitted fabrics was approximately RMB119.7 million and the revenue from innerwear products was approximately RMB311.3 million.

For the Year under Review, with the increase of vaccination rates in many countries around the globe, the relaxation of pandemic prevention and control measures, and the improving global economy and business environment, the Group's orders also recorded a robust growth in the Year under Review. Based on the statistics published by the General Administration of Customs of the PRC, the value of export from China to the United States, the European Union and Japan in 2021, the top three China merchandise importers, increased by 36.4%, 21.5% and 6.3% respectively when compared with the same period last year. In terms of domestic demand, according to the data of the National Bureau of Statistics of China, the retail sales of clothing, shoes and hats, knitwear and textiles recorded a year-on-year increase of 12.7% in 2021. For the Year under Review, the Group's orders for domestic fabrics recorded growth.

In the face of the uncertain development of the pandemic, the Group is actively exploring new markets for its fabrics and innerwear products so as to adapt to market changes and strive for new development. In addition, despite the political instability in Myanmar, the Group's production base there has remained unaffected, and the garment processing business also has continued to remain stable to meet the needs of customers.

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 2020:

	Year ended 31 December			
	2021	**2021**	2020	2020
	RMB'000	*%*	*RMB'000*	*%*
	(Audited)		(Audited)	
Knitted fabrics	**119,733**	**27.8**	89,619	21.4
Innerwear products	**311,256**	**72.2**	328,541	78.6
Total	**430,989**	**100.0**	418,160	100.0

For the Year under Review, the Group recorded a revenue of approximately RMB431.0 million (2020: RMB418.2 million), representing an increase of approximately RMB12.8 million, or approximately 3.1%. The sales volume of knitted fabrics and innerwear products for the Year under Review were approximately 5,439 tons and 26.8 million pieces respectively (2020: approximately 3,935 tons and 35.8 million pieces respectively). The increase of revenue was mainly due to the increase in sales of knitted fabrics from approximately RMB89.6 million in 2020 to approximately RMB119.7 million in 2021.

The sales of knitted fabrics amounted to approximately RMB119.7 million (2020: RMB89.6 million) representing approximately 27.8% (2020: 21.4%) of the total revenue for the Year under Review. The increase in sales of knitted fabrics was mainly due to the increase of demand in 2021. The sales volume of knitted fabrics increased by approximately 38.2% to approximately 5,439 tons for the Year under Review (2020: 3,935 tons). The knitted fabrics were mainly distributed to branded customers in China. For the Year under Review, the sales of fabric knitting (including knitting, dying and pattern printing) and sales of fabrics subcontracting process (including dying and pattern printing) increased to approximately RMB64.6 million and RMB55.1 million, respectively. (2020: approximately RMB48.2 million and RMB41.4 million). The increase in the sales of fabric knitting of approximately RMB16.4 million was mainly due to increase in demand from the local customers of subcontracting process.

Sales of innerwear products amounted to approximately RMB311.3 million (2020: RMB328.5 million), representing approximately 72.2% (2020: 78.6%) of the total revenue for the Year under Review. A decrease in sales of innerwear products in the amount of approximately RMB17.3 million was recorded for the Year under Review. The sales volume of innerwear products decreased from approximately 35.8 million pieces for the year ended 31 December 2020 to approximately 26.8 million pieces for the Year under Review, representing a decrease by 25.1%. The decrease in the sales and sales volume was mainly due to the fact that in 2020, part of the Group's production capacity had been assigned to produce face mask during the outbreak of COVID-19 which contributed approximately RMB34.1 million to the Group's revenue. In the Year under Review, there was no such urgent order of face mask, and the revenue from sales of face masks decreased accordingly.

Cost of sales

Cost of sales increased by approximately 10.5% from approximately RMB320.0 million for the year ended 31 December 2020 to approximately RMB353.5 million for the Year under Review. The increase in overall cost of sales was mainly due to the increase in sales volume of the Group's knitted fabrics for the Year under review. The cost of sales of knitted fabrics increased from RMB82.0 million for the year ended 31 December 2020 to RMB109.4 million for the Year under Review.

Gross profit and gross profit margin

Gross profit decreased by approximately RMB20.7 million, or approximately 21.1%, from approximately RMB98.2 million for the year ended 31 December 2020 to approximately RMB77.5 million for the Year under Review. The Group's gross profit margin decreased from approximately 23.5% for the year ended 31 December 2020 to approximately 18.0% for the Year under Review mainly due to the decrease in average unit selling price 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 2020, are as follows:

	Year ended 31 December			
	2021	**2021**	2020	2020
	Gross profit	**Gross profit margins**	Gross profit	Gross profit margins
	RMB'000	***%***	*RMB'000*	*%*
	(Audited)		(Audited)	
Knitted fabrics	**10,287**	**8.6**	7,571	8.5
Innerwear products	**67,188**	**21.6**	90,609	27.6
Total	**77,475**	**18.0**	98,180	23.5

Other income and gains

Other income and gains amounted to approximately RMB6.6 million (2020: RMB7.1 million) for the Year under Review which were mainly sales of scrap materials. The decrease in other income and gains was mainly due to the decrease in government grants. For the Year under Review, government grants of approximately RMB1.3 million was received (2020: RMB2.3 million).

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB2.2 million to approximately RMB14.6 million (2020: RMB12.4 million) for the Year under Review. Selling expenses mainly represented the transportation expenses, salaries and commission to the sales staff.

Administrative expenses

Administrative expenses increased to approximately RMB75.5 million (2020: RMB71.4 million) for the Year under Review. The increase in the administrative expenses was mainly due to the increase in staff cost in 2021. The total staff cost including pension increased from approximately RMB111.5 million for the year ended 31 December 2020 to RMB137.0 million for the Year under Review. The increase in staff cost was mainly due to the increase in social welfare and pension expenses. In 2020, the local government of the PRC subsidiaries waived payment of certain pension and social insurance contributions due to the outbreak of COVID-19 and payment of such social security contributions resumed for the Year under Review.

Finance costs

Finance costs increased to approximately RMB5.9 million (2020: RMB5.2 million) for the Year under Review, primarily due to the increase in effective interest rate during the Year under Review.

Loss before tax

The Group's loss before tax was approximately RMB11.9 million (2020: profit before tax of approximately RMB16.3 million) for the Year under Review primarily due to the decrease in gross profit and increase in administrative expenses. The gross profit decreased from RMB98.2 million for the year ended 31 December 2020 to RMB77.5 million for the Year under Review. The administrative expenses increased by RMB4.1 million to RMB75.5 million for the Year under Review (2020: RMB71.4 million).

Income tax expense

Income tax expense decreased to approximately RMB2.4 million (2020: RMB7.3 million) for the Year under Review. The Group's effective tax rate for the Year under Review was approximately negative 20.3%, as compared to approximately 45.1% for the year in 2020.

Loss for the year

The Group recorded a loss of RMB14.3 million for the Year under Review as compared with a net profit of approximately RMB8.9 million for the year ended 31 December 2020, which was mainly due to the decrease in profit before tax of approximately RMB28.1 million for the Year under Review as mentioned in the above paragraphs.

Inventories

The inventory balances increased to approximately RMB88.2 million as at 31 December 2021 (2020: RMB59.1 million). The increase in inventory amount was mainly due to the increase in average unit cost of the new material, and the Group stock up more materials for the production of sales orders to be delivered in early 2022.

The average inventory turnover days increased to approximately 76 days (2020: 69 days) for the Year under Review.

Trade receivables

Trade receivables decreased to approximately RMB34.7 million (2020: RMB51.6 million) as at 31 December 2021.

The average trade receivables turnover days decreased to approximately 37 days (2020: 40 days) for the Year under Review. The trade receivables turnover days still fell within the credit terms granted to the customers of the Group.

Trade and bills payables

Trade and bills payables increased to approximately RMB59.8 million (2020: RMB44.3 million) as at 31 December 2021. The average turnover days for trade and bills payables increased to approximately 54 days (2020: 48 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 2021, the Group's current ratio (calculated as current assets divided by current liabilities) was 1.4 (as at 31 December 2020: 1.5). As at 31 December 2021, the Group had cash and cash equivalents of approximately RMB161.4 million (as at 31 December 2020: RMB140.6 million) and short-term bank loans of approximately RMB103.0 million (as at 31 December 2020: RMB103.0 million). As at 31 December 2021, 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 21.6%, as compared to approximately 21.6% as at 31 December 2020.

As at 31 December 2021, the Group had fixed rate bank loans of RMB55.0 million (2020: RMB55.0 million) and variable rate bank loans of approximately RMB48.0 million (2020: RMB48.0 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 5.22% per annum as at 31 December 2021 (2020: fixed rate: 4.80%; variable rates: 4.62% 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 of the Company (the "**Shareholders**") 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 2021, the Group had no material contingent liabilities.

Charges on group assets

As at 31 December 2021, the Group's bank loans were secured by the Group's buildings and right-of-use assets of carrying amounts of approximately RMB87.7 million and RMB10.3 million, respectively (31 December 2020: RMB84.0 million and RMB10.6 million, respectively).

HUMAN RESOURCES

As at 31 December 2021, 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 RMB137.0 million (31 December 2020: RMB111.5 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 (2020: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS

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

PROSPECTS

In the post-pandemic era, factors including the COVID-19 pandemic, rising global inflation, rate hike cycle in the United States and geopolitics, will continue to affect the pace of global economic recovery, and at the same time bring certain risks to the Group's businesses. According to the World Economic Outlook report published by the International Monetary Fund, global economic growth is reduced to 4.4% this year. The report pointed out that multiple uncertainties will continue to haunt the global economy due to the disruptions on the supply side and rising inflation.

With the effective implementation of pandemic prevention and control measures, China's economy will continue to recover as China will stay committed to further expanding and deepening its opening up and pushing high-quality economic development. With the Group's diversified business and geographical advantages, the Group will continually improve its business, adjust the production capacity of its production facilities in various regions and identify projects with investment and development potential other than its principal business to reduce operational risks while seeking development opportunities. The successful restructuring of the Group's ultimate controlling Shareholder in 2021 is believed to help improve the Company's overall financing capacity in the future in the hope of gaining more Shareholder support and generating satisfactory investment 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.

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

The Audit Committee is responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of those auditors; monitoring the integrity of the financial statements, the annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them; and reviewing the financial controls, internal control and risk management systems.

The Group's audited financial statements and annual report for the Year under Review had been reviewed by the Audit Committee, which was of the opinion that the preparation of such statements and report complied with the applicable accounting standards and requirements and that adequate disclosure had been made.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") is scheduled to be held on Thursday, 26 May 2022. A notice convening the AGM will be published on the websites of the Stock Exchange and the Company and despatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 23 May 2022 to Thursday, 26 May 2022, 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 AGM, 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 Friday, 20 May 2022.

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 AGM to re-appoint SHINEWING (HK) CPA Limited as the auditor of the Company.

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

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the Stock Exchange's website at www.hkexnews.hk and the website of the Company at www.greatimeintl.com. The Company's annual report for the year 2021 will be available at the same websites and will be despatched to the Shareholders in due course.

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

Hong Kong, 28 March 2022

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. Zhao Weihong and Mr. Hu Quansen as independent non-executive Directors.