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 2023

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 2023, with the comparative figures for the corresponding period in 2022, 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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	Six months ended 30 June **2023** ***RMB'000*** **(Unaudited)**	 2022 *RMB'000* (Unaudited)
Revenue		**241,217**	236,913
Cost of sales		**(195,959)**	(178,969)
Gross profit		**45,258**	57,944
Other income, gains and losses, net	*5*	**142**	4,999
Selling and distribution expenses		**(9,087)**	(6,312)
Administrative expenses		**(42,376)**	(39,019)
Finance costs	*6*	**(2,753)**	(2,652)
(Loss) profit before tax		**(8,816)**	14,960
Income tax expense	*7*	**(2,628)**	(2,896)
(Loss) profit for the period	*8*	**(11,444)**	12,064
Other comprehensive 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		**3,136**	4,592
Total comprehensive (expense) income for the period		**(8,308)**	16,656
(Loss) profit attributable to:			
Owners of the Company		**(9,485)**	12,064
Non-controlling interest ("**NCI**")		**(1,959)**	–
		(11,444)	12,064
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(6,349)**	16,656
Non-controlling interest		**(1,959)**	–
		(8,308)	16,656
		RMB cents	*RMB cents*
(Loss) profit per share			
– Basic and diluted	*10*	**(1.9)**	2.4

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**135,674**	141,871
Investment property		**2,434**	2,655
Right-of-use assets	*12*	**16,735**	17,838
Goodwill		**25,790**	–
Deposits paid to acquire property, plant and equipment		**116**	714
Deferred tax assets		**1,336**	1,084
		182,085	164,162
Current assets			
Inventories		**73,389**	68,773
Trade receivables	*13*	**59,115**	29,356
Bills receivables		**2,892**	6,541
Prepayments and other receivables		**102,513**	9,231
Income tax receivables		**238**	83
Contingent consideration receivables		**30,000**	–
Cash and bank balances		**101,298**	227,951
		369,445	341,935

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
AS AT 30 JUNE 2023

	Notes	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
Current liabilities			
Trade and bills payables	*14*	**93,977**	76,242
Accruals and other payables		**47,956**	36,817
Contract liabilities		**8,876**	8,396
Contingent consideration payables		**3,400**	–
Loan from a shareholder		**4,659**	4,454
Interest-bearing borrowings	*15*	**103,000**	103,000
Lease liabilities	*12*	**1,960**	1,825
Income tax payables		**3,687**	3,876
		267,515	234,610
Net current assets		**101,930**	107,325
Total assets less current liabilities		**284,015**	271,487
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**81**	558
Lease liabilities	*12*	**1,603**	2,505
		1,684	3,063
NET ASSETS		**282,331**	268,424
CAPITAL AND RESERVES			
Share capital		**148,929**	148,929
Reserves		**113,146**	119,495
Equity attributable to owners of the Company		**262,075**	268,424
Non-controlling interests		**20,256**	–
TOTAL EQUITY		**282,331**	268,424

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 and provision of high-precision space measurement and modeling services. Its immediate holding company is Junfun Investment Limited ("**Junfun**") (incorporated in the Cayman Islands), and its ultimate holding company is Yongtai Technology Investment Company Limited (incorporated in the PRC). Its ultimate controlling party is Mr. Wang Guangxi.

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 has been prepared on 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 2022, except as described below.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2023.

HKFRS 17 and related amendments	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two Model Rules

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Except as described below, the application of the new and 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.

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

The amendments to HKAS 1 and HKFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

These amendments had no impact on the interim condensed consolidated financial information of the Group as they relate to disclosures of accounting policies in complete financial statements rather than interim financial information. The amendments are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements for the year ending 31 December 2023.

Impact on application of Amendments to HKAS 8 – Definition of Accounting Estimates

The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the interim condensed consolidated financial statements of the Group.

Impact on application of Amendments to HKAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to HKAS 12 narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations.

There was no impact on the condensed consolidated statement of financial position because the balances qualify for offset under paragraph 74 of HKAS 12. There was no impact on the opening retained earnings as at 1 January 2022. The key impact for the Group relates to the disclosure of deferred tax assets and liabilities recognised, and the relevant disclosure will be provided in the Group's annual financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Impact on application of Amendments to HKAS 12 – International Tax Reform–Pillar Two Model Rules

In July 2023, the HKICPA has issued amendments to HKAS 12 Income Taxes – International Tax Reform–Pillar Two Model Rules. The amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's ("**OECD**") international tax reform. The amendments introduce (i) a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes; and (ii) targeted disclosure requirements for affected entities.

The Group applied the mandatory temporary exception from recognition and disclosure of information about deferred taxes related to Pillar Two income taxes, and the requirement to disclose the application of the exception immediately and retrospectively upon issue of the amendments. The remaining disclosure requirements are required for annual reporting periods beginning on or after 1 January 2023 but are not required for the current interim period.

3. BUSINESS COMBINATION

On 16 May 2023, the Group acquired 40% of the voting shares of Youying Intelligent Technology (Shenzhen) Co., Ltd ("**Youying**"), an unlisted company based in PRC specialising in the provision of high-precision space measurement and modeling services, and Bihu Digital Technology (Shenzhen) Co., Ltd ("**Bihu**"), a wholly-owned unlisted subsidiary of Youying based in PRC specializing in space measurement. The Group has acquired Youying and Bihu because they capture the growth opportunities in the smart cities market in the PRC and diversify the revenue stream of the Group. The acquisition has been accounted for using the acquisition method. The condensed consolidated financial statements include the results of Youying and Bihu for the one and a half months period from the acquisition date.

The fair value of the identifiable assets and liabilities of Youying and Bihu as at 16 May 2023 were:

	Fair value recognised on acquisition (Unaudited) *RMB'000*
Property, plant and equipment	426
Inventories	552
Prepayments and other receivables	16,324
Cash	4,029
	21,331
Trade payables	(202)
Accruals and other payables	(24,000)
Contract liabilities	(104)
	(24,306)
Net liabilities	(2,975)
NCI	1,785
Goodwill arising on acquisition	25,790
Consideration transferred	24,600

3. BUSINESS COMBINATION (Continued)

Consideration transferred

	RMB'000
Cash consideration	27,200
Contingent consideration arrangement	3,400
Deemed consideration to Youying *(Note)*	
– Capital injection to Youying	40,000
– Less: equity interests (40%) owned by the Group	(16,000)
Less: fair value of profit guarantee	(30,000)
Total consideration	24,600

Note: Deemed consideration to Youying was calculated based on the capital injection of the Group to Youying of RMB40,000,000 multiplied by the percentage of equity interest retained by Youying of 60% after the acquisition.

Details of the terms and conditions are set out in the Company announcement dated 8 May 2023.

Acquisition-related costs amounting to RMB198,000 have been excluded from the consideration transferred and have been recognised as an expense in the current period, within the administrative expenses in the condensed consolidated statement of profit or loss and other comprehensive income.

NCI

The NCI (60%) in Youying recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net liabilities of Youying and amounted to RMB1,785,000.

3. BUSINESS COMBINATION (Continued)

Goodwill arising on acquisition

Goodwill arose on the acquisition of Youying because the acquisition included the assembled workforce of Youying and Bihu and some potential contracts which are still under negotiation with prospective new customers as at the date of acquisition. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Net cash outflow on acquisition of Youying and Bihu:

	RMB'000 (Unaudited)
Cash consideration paid	29,600
Less: cash and cash equivalent balances acquired	(4,029)
	25,571

From the date of acquisition, Youying and Bihu have contributed RMB58,000 of revenue and RMB3,265,000 to the Group's loss before tax from continuing operations of the Group. If the combination had taken place at the beginning of the period, the Group's revenue from continuing operations would have been RMB241,271,000 and the loss from continuing operations for the period would have been RMB15,887,000.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Youying and Bihu with those of the Group. The goodwill is not deductible for income tax purpose.

* *for identification purpose only*

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

3) Space measurement – provision of high-precision space measurement and modeling services

The following tables present revenue and profit information for the Group's reportable segments for the six months ended 30 June 2023 and 2022, respectively.

	Six months ended 30 June 2023			
	Innerwear products *RMB'000* (Unaudited)	**Knitted fabrics** *RMB'000* (Unaudited)	**Space measurement** *RMB'000* (Unaudited)	**Total** *RMB'000* (Unaudited)
Revenue				
External sales	**176,497**	**64,661**	**59**	**241,217**
Inter-segment revenue	**58,582**	**45,774**	**–**	**104,356**
Elimination	**(58,582)**	**(45,774)**	**–**	**(104,356)**
Group's revenue	**176,497**	**64,661**	**59**	**241,217**
Segment profit (loss)	**1,145**	**634**	**(3,267)**	**(1,488)**
Other income				**644**
Finance costs				**(112)**
Unallocated head office and corporate expenses				**(7,860)**
Loss before tax				**(8,816)**

4. SEGMENT INFORMATION (Continued)

	Six months ended 30 June 2022		
	Innerwear products	Knitted fabrics	Total
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue			
External sales	171,269	65,644	236,913
Inter-segment revenue	61,710	49,314	111,024
Elimination	(61,710)	(49,314)	(111,024)
Group's revenue	171,269	65,644	236,913
Segment profit	22,775	1,444	24,219
Other income			346
Finance costs			(2,623)
Unallocated head office and corporate expenses			(6,982)
Profit before tax			14,960

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, 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.

4. SEGMENT INFORMATION (Continued)

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

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Innerwear products	**174,621**	151,418
Knitted fabrics	**195,452**	117,198
Space measurement	**70,791**	–
Unallocated assets	**110,666**	237,481
Total assets	**551,530**	506,097
Innerwear products	**49,578**	88,313
Knitted fabrics	**45,893**	32,344
Space measurement	**10,909**	–
Unallocated liabilities	**162,819**	117,016
Total liabilities	**269,199**	237,673

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, GAINS AND LOSSES, NET

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Bank interest income	**643**	307
Exchange gain, net	**–**	1,160
Net gain on disposal of property, plant and equipment	**183**	36
(Impairment loss) reversal of impairment loss on trade receivables	**(994)**	2,532
Government grant *(Note)*	**34**	574
Others	**276**	390
	142	4,999

Note: During the six months ended 30 June 2023, the Group recognised government grants of approximately RMB17,000 (30 June 2022: approximately RMB96,000) received from the government of Hong Kong Special Administrative Region (the "**Government**") to encourage the Group to promote its business to overseas market, and approximately RMB17,000 (30 June 2022: nil) received from the Government to reimburse maternity leave pay. These government grants are one-off with no specific condition attached.

During the six months ended 30 June 2022, the Group recognised government grants of approximately RMB478,000 (30 June 2023: nil) received from the PRC government as incentives primarily to encourage the technology development of the Group and the contribution to the local economic development.

6. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on lease liabilities	**112**	40
Interest on bank loans	**2,641**	2,612
	2,753	2,652

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax		
− Provision for the year	**3,341**	2,929
Withholding tax	**–**	746
Deferred tax	**(713)**	(779)
	2,628	2,896

8. (LOSS) PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss) profit for the period has been arrived at after crediting:		
Salaries and other benefits	**63,897**	60,163
Contributions to retirement benefit scheme	**8,511**	7,676
Total staff costs (including directors' emoluments)	**72,408**	67,839
Cost of inventories recognised as an expense	**197,743**	179,856
Depreciation of property, plant and equipment	**11,726**	12,516
Depreciation of investment property	**221**	222
Depreciation of right-of-use assets	**1,584**	1,565
Write-down of inventories (included in cost of sales)	**1,784**	887
Research and development costs recognised as an expense *(Note)*	**1,227**	–

Note: Included in research and development expenses was staff costs of approximately RMB531,000 for the six months ended 30 June 2023 (30 June 2022: nil) which has been included in staff costs disclosure above.

9. DIVIDENDS

No dividend was paid, declared or proposed during the period (six months ended 30 June 2022: 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 loss per share for the six months ended 30 June 2023 is based on the loss attributable to owners of the Company of approximately RMB9,485,000 and weighted average number of ordinary shares of 494,335,330 in issue during the six months ended 30 June 2023.

The calculation of basic and diluted profit per share for the six months ended 30 June 2022 is based on the profit attributable to owners of the Company of approximately RMB12,064,000 and weighted average number of ordinary shares of 494,335,330 in issue during the six months ended 30 June 2022.

Diluted (loss) profit per share for the six months ended 30 June 2023 and 2022 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 2023 and 2022.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of approximately RMB155,000 (six months ended 30 June 2022: approximately RMB5,000), resulting in a net gain on disposal of approximately RMB183,000 (six months ended 30 June 2022: approximately RMB36,000).

During the six months ended 30 June 2023, the Group acquired approximately RMB4,650,000 (six months ended 30 June 2022: approximately RMB1,787,000) of property, plant and equipment.

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

As at 30 June 2023, the carrying amounts of right-of-use assets were approximately RMB3,924,000 and RMB12,811,000 (31 December 2022: approximately RMB5,136,000 and RMB12,702,000) in respect of the leased properties and prepaid lease payments on land use rights. During the six months ended 30 June 2023, no addition of lease agreement was entered by the Group.

(ii) Lease liabilities

As at 30 June 2023, the carrying amount of lease liabilities was approximately RMB3,563,000 (31 December 2022: approximately RMB4,330,000). During the six months ended 30 June 2023, no addition of lease agreement was entered by the Group.

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

(iii) Amounts recognised in profit or loss

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Depreciation expense on right-of-use assets	**1,584**	1,565
Interest expense on lease liabilities	**112**	40
Expense relating to short-term leases	**625**	895
Expense relating to leases of low value assets	**12**	4

(iv) Others

During the six months ended 30 June 2023, the total cash outflow for leases amounted to approximately RMB1,664,000 (six months ended 30 June 2022: approximately RMB1,877,000).

13. 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	31 December
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0–30 days	**42,618**	23,625
31–60 days	**9,307**	4,394
61–90 days	**5,591**	1,234
Over 90 days	**1,599**	103
	59,115	29,356

14. TRADE AND BILLS 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 and bill payables, based on the invoice date at the end of the reporting period, is presented as follows:

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
0–30 days	**39,209**	41,553
31–90 days	**33,715**	16,483
91–180 days	**20,392**	17,543
Over 180 days	**661**	663
	93,977	76,242

15. INTEREST-BEARING BORROWINGS

During the six months ended 30 June 2023, the Group obtained new bank borrowings amounting to approximately RMB66,000,000 (six months ended 30 June 2022: approximately RMB55,000,000) and repaid the bank borrowings amounting to approximately RMB66,000,000 (six months ended 30 June 2022: approximately RMB55,000,000).

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In 2023, China's overall export economy was further affected by the complex geopolitical situation. The changing Russia-Ukraine situation caused sharp increase in global raw materials and energy prices, posing severe challenges to various economic activities. In order to curb inflation, the US Federal Reserve raised interest rates several times during the year, and many countries also adopted tightening economic policies, which affected external consumer sentiment. During the six months ended 30 June 2023 (the "**Period under Review**"), the continued strength of the US dollars against Renminbi helped Chinese textile export enterprises with US dollars as their major settlement currency achieve revenue growth. However, China (the "**PRC**") still faced fierce competition from other major textile import countries such as Vietnam in major export markets such as the US, Europe and Japan.

According to the data from China Customs, total exports in the PRC increased by 3.7% year on year to RMB11.46 trillion in the first half of 2023, while total exports of textile products and apparel in the PRC decreased by 8.8% year on year to US$142,680 million in the same period. The upward trend of textile products and apparel exports gradually slowed down from last year to the first quarter of 2023. Among which, the amounts of export of textile products decreased by 10.9% to US$67,700 million as compared with the same period last year; the amounts of export of apparel decreased by 5.9% to US$74,980 million as compared with the same period last year.

In the post-pandemic era, various production activities in the PRC have gradually returned to normal, and the consumption revitalization policies launched by the PRC have been effectively implemented. Stimulated by the rapid development of artificial intelligence (AI) and the trend of people's pursuit of a healthier lifestyle in recent years, various new consumption scenarios, such as online live streaming videos, online and cross-media sales, have emerged, which drives consumption demand in real time. According to the data from the National Bureau of Statistics, in the first half of 2023, the retail sales of apparel, footwear, hats and textile products above designated size in the PRC increased by 12.8% year on year; in the same period, the online retail sales of wearing goods increased by 13.3% year on year, representing an increase of 10.9 percentage points as compared with the same period last year, which was better than other consumer goods such as food and consumption commodities.

In addition to the orderly recovery of domestic demand in the PRC, in order to accelerate the economic interaction and development across the country and in the surrounding areas, the infrastructure development of the PRC has entered a fast-growing stage in the commercial application of AI technology and a rapid development stage in the favourable environment of the increasingly mature coverage of 5G network infrastructure. In the first half of 2023, the acceleration of 102 major infrastructure projects under the "14th Five-Year Plan" of the PRC actively promoted the increase of investment in infrastructure by 7.2% as compared with the same period last year, of which the investment in projects with a total planned investment of Renminbi 100 million or above increased by 10.9% as compared with the same period last year. According to the information from the National Bureau of Statistics, the year-on-year increase in investment in new infrastructure construction even reached 16.2%, of which the investment in new information infrastructure such as 5G and data centres increased by 13.1% and growth of investment in integrated facilities such as industrial internet and smart traffic was recorded as high as 34.1%.

To capture the rapid development of new infrastructure in the PRC, building digitalization has become an important condition for improvement of quality, greening and enhancement of cost efficiency in the infrastructure industry. According to the White Paper on Digital Construction Development (2022), the market scale of global construction digitalization reached US$9,800 million in 2019, and the scale of which is expected to grow at a compound annual growth rate (CAGR) of 18.2% will reach over US$29,100 million in 2027. The promotion of digitalization of the construction industry in the PRC will not be separated from the full use of Building Information Modelling ("**BIM**") and City Information Modelling ("**CIM**"), the building management software with 3D model structure technology, to replace the existing 2D drawing technology, and from single project of construction to the design, construction and management of the entire new smart city construction to carry out more refined, more professional, less defective and safer effective management.

BIM is an important industry for the global new construction industry and digitalization development. Market research shows that the market scale of BIM in the world will grow from US$5,580 million in 2020 to US$13,300 million in 2026 at a CAGR of 15.0%. According to the forecast by the institutions, the market scale of BIM industry in the PRC is no less favourable than the pace of increment in the world, which will increase from RMB4,050 million in 2016 to RMB11,910 million in 2020, representing a CAGR of 31.0%, and is expected to reach RMB67,000 million in 2025.

BUSINESS REVIEW

The Group has been actively striving to diversify its business development in order to broaden its source of income and reduce its business risks. The Group continues to play a role as an original equipment manufacturer ("**OEM**") to supply innerwear to numerous major international clothing brands, and operate production plants in the PRC and Myanmar. At the same time, the Group has entered the business of start-up investment, asset management and software development.

For the Period under Review, the Group recorded a revenue of approximately RMB241.2 million (1H2022: RMB236.9 million), which was similar to that of last year; gross profit decreased by 21.8% to approximately RMB45.3 million (1H2022: RMB57.9 million), which was mainly due to the increase in operating costs during the Period under Review, such as the increase in labour costs, raw materials and energy prices, and the weakening of Renminbi against US dollars, which led to the increase in the prices of raw materials. Loss attributable to shareholders for the Period under Review was approximately RMB9.5 million (1H2022: Profit of RMB12.1 million). In terms of segment results, during the Period under Review, the Group's revenue from knitted fabrics was approximately RMB64.7 million, representing a decrease of 1.4% (1H2022: RMB65.6 million) as compared with the same period last year, and the revenue from innerwear products was approximately RMB176.5 million, representing an increase of 3% (1H2022: RMB171.3 million) as compared with the same period last year.

In the first half of 2023, the top four export regions of the PRC's home textile market, namely the US, the EU, Japan and ASEAN, recorded export amount of US$4,680 million, US$1,880 million, US$1,220 million and US$2,150 million, respectively, representing a decrease of 9%, 9.4% and 9.3%, respectively, as compared with the same period last year, while the ASEAN region recorded an increase of 22.5%. Such figure reflects that the PRC's export market is mainly driven by regions along the "Belt and Road" and emerging markets, while the overall demand in other major markets remains weak.

During the Year under Review, orders from Japan performed steadily. Although the Japanese Yen depreciated against the Renminbi, the Group's orders were denominated in US dollars and the impact was minimal. However, as the Group's business is export-oriented, the Group will pay close attention to fluctuation of global exchange rates to reduce its impact on the business.

The Group has made good progress during the Period under Review in pursuing diverse development and seizing new economic and technological opportunities. In May 2023, Hainan Guangxun International Investment Co., Ltd.* (海南廣迅國際投資有限公司), a wholly-owned subsidiary of the Group, successfully acquired 40.0% equity interest of Youying Intelligent Technology (Shenzhen) Co., Ltd.* (優鷹智能科技(深圳)有限公司) ("**Youying Intelligent Technology**") at a total consideration of RMB74.0 million, becoming its largest shareholder. Youying Intelligent Technology is currently engaged in high-precision space measurement and modelling services, geographic spatial data measurement services, internal and external industry software development, CIM underlying platform and system construction, as well as research and development, production, sales and technical assistance of industrial drones and 3D high-precision laser radar measuring robots in the PRC. At present, Youying Intelligent Technology is one of the few start-up technology companies in the PRC that have self-developed and advanced software and hardware technologies for high-precision space measurement drones and 3D high-precision laser radar measurement robots and systems.

Youying Intelligent Technology owns a wholly-owned subsidiary, Bihu Digital, which mainly conducts space measurement through self-developed industrial drones and 3D high-precision laser radar measurement robots. The development direction is to build a 3D model database in cities of the PRC and provide relevant information technology services. From data collection to sales, we aim to become a "digital space service provider and practitioner of digital China". The current products and technologies of Youying Intelligent Technology have entered the final stage of investment and development before commercialization and are expected to record a net profit of RMB25.0 million, RMB50.0 million and RMB80.0 million from 2023 to 2025 after the products are officially launched in the market. By doing so, the Group hopes to broaden its income sources and explore more room for long-term development in the future.

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 2023, with corresponding comparative figures for 2022:

	Six months ended 30 June			
	2023		2022	
	RMB'000	*%*	*RMB'000*	*%*
Knitted fabrics	**64,661**	**26.8**	65,644	27.7
Innerwear products	**176,497**	**73.2**	171,269	72.3
Space measurement	**59**	**0.0**	–	–
Total	**241,217**	**100.0**	236,913	100.0

For the six months ended 30 June 2023, the Group recorded a revenue of approximately RMB241.2 million (2022: RMB236.9 million), representing an increase of approximately RMB4.3 million, or approximately 1.8%, as compared with that for the corresponding period in 2022. The sales volume of fabrics and innerwear for the six months ended 30 June 2023 were approximately 2,350 tons and 13.9 million pieces respectively (2022: 2,450 tons and 13.8 million pieces respectively). The increase in revenue was mainly due to the increase in the sales of the Group's innerwear products from approximately RMB171.3 million for six months ended 30 June 2022 to approximately RMB176.5 million for six months ended 30 June 2023.

The Group has acquired Youying Intelligent Technology and its subsidiary in May 2023, which is principally engaged in the provision of high-precision space measurement and modeling services, provision of geospatial data measurement services, internal and external software development, city information modelling (CIM) underlying platform and system construction, and research and development, production, sales and technical assistance of industrial drone motors and lidar 3D high-precision measurement robots. The space measurement business contributed revenue of RMB59,000 for the six month ended 2023.

Revenue from knitted fabrics amounted to approximately RMB64.7 million (2022: RMB65.6 million), representing a decrease of approximately RMB0.9 million or 1.4% when compared to the corresponding period in 2022, and accounting for approximately 26.8% (2022: 27.7%) of the total revenue of the Group for the six months ended 30 June 2023. The decrease was mainly due to the decrease in sales volume. The sales volume of knitted fabrics decreased by approximately 4.1% to approximately 2,350 tons for the six months ended 30 June 2023 (2022: 2,450 tons). The knitted fabrics products were mainly distributed to branded customers in China.

Revenue from innerwear products amounted to approximately RMB176.5 million (2022: RMB171.3 million), representing approximately 73.2% (2022: 72.3%) of the total revenue for the six months ended 30 June 2023. The sales of innerwear products increased by RMB5.2 million, or approximately 3.0%. The increase in sales was mainly due to the increase in sales volume of the innerwear products. With the further easing of the COVID-19 pandemic around the world, garment orders were gradually recovering and the Group received more orders from domestic and oversea customers. The sales volume in 2023 amounted to approximately 13.9 million pieces (2022: 13.8 million pieces).

Cost of sales

Cost of sales increased by approximately 9.5% from approximately RMB179.0 million for the six months ended 30 June 2022 to approximately RMB196.0 million for the corresponding period in 2023. The increase in cost of sales was mainly due to the increase in the average unit production cost of knitted fabrics and innerwear products for the six months ended 30 June 2023.

Gross profit and gross profit margin

Gross profit decreased by approximately RMB12.6 million, or approximately 21.8%, from approximately RMB57.9 million for the six months ended 30 June 2022 to approximately RMB45.3 million for the six months ended 30 June 2023 as a result of the increase in average unit production cost of knitted fabric products and innerwear products of the Group. The Group's gross profit margin decreased from approximately 24.4% for the six months ended 30 June 2022 to approximately 18.8% for the corresponding period in 2023.

The following table sets forth the Group's gross profits and gross profit margins by products for the six months ended 30 June 2023, with corresponding comparative figures in 2022:

	Six months ended 30 June			
	2023		2022	
	RMB'000	*%*	*RMB'000*	*%*
Knitted fabrics	**2,661**	**4.1**	8,222	12.5
Innerwear products	**42,563**	**24.1**	49,722	29.0
Space measurement	**34**	**57.6**	–	–
Total	**45,258**		57,944	

Other income, gains and losses, net

Other income, gains and losses, net amounted to approximately RMB0.1 million (2022: RMB5.0 million) for the six months ended 30 June 2023 which comprise mainly exchange gain, (reversal of impairment loss) impairment loss on trade receivables and government grant. Such decrease was mainly due to a reversal of impairment loss on trade receivables of RMB2.5 million was recorded for the six months ended 30 June 2022 (2023: impairment loss on trade receivables of RMB1.0 million).

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB2.8 million to approximately RMB9.1 million (2022: RMB6.3 million) for the six months ended 30 June 2023. The increase in selling and distribution expenses was mainly due to the increase in selling commission and staff salaries for the six months ended 30 June 2023.

Administrative expenses

Administrative expenses increased by approximately 8.7% to approximately RMB42.4 million (2022: RMB39.0 million) for the six months ended 30 June 2023. The major components of the administrative expenses were staff benefits, depreciation expenses and rental expenses. The increase of the administrative expenses was mainly due to the increase in the cost of benefits of administrative staff from the newly acquired space measurement business in the Period under Review.

Finance costs

Finance costs maintained at approximately RMB2.8 million (2022: RMB2.7 million) for the six months ended 30 June 2023 primarily due to the same level of average bank borrowings when compared to that for the same period in 2022. The effective interest rates charged on bank borrowings for the six months ended 30 June 2023 ranged from 4.80% to 5.00%, which were similar as that of the same period in 2022 (2022: 4.80% to 5.00%).

(Loss) profit before tax

The Group's loss before tax was approximately RMB8.8 million (2022: profit of RMB15.0 million) for the six months ended 30 June 2023. Such decrease in profit before tax was mainly due to the decrease in gross profit and increase in selling and distribution expenses and administrative expenses.

Income tax expense

Income tax expense decreased to approximately RMB2.6 million (2022: RMB2.9 million) for the six months ended 30 June 2023. The Group's effective tax rate for the six months ended 30 June 2023 was negative 29.5% as compared to 19.3% for the corresponding period in 2022.

(Loss) profit for the period and profit margin

The Group's profit decreased by approximately RMB23.5 million, from a profit of approximately RMB12.1 million for the six months ended 30 June 2022 to a loss of approximately RMB11.4 million for the corresponding period in 2023. The decrease in the profit was mainly due to the decrease in gross profit and increase in administrative expenses and selling and distribution expenses.

Inventories

The inventory balances increased to approximately RMB73.4 million as at 30 June 2023 (as at 31 December 2022: RMB68.8 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 2023. For the six months ended 30 June 2023, the average inventories turnover days was 66 days (for the year ended 31 December 2022: 77 days).

Trade receivables

Trade receivables increased to approximately RMB59.1 million as at 30 June 2023 (as at 31 December 2022: RMB29.4 million). The increase in trade receivables was mainly due to the increase in sales activities near the end of 30 June 2023 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 33 days (for the year ended 31 December 2022: 29 days).

Trade and bills payables

Trade and bills payables increased to approximately RMB94.0 million as at 30 June 2023 (as at 31 December 2022: RMB76.2 million). The Group made more purchases of raw materials in anticipation of increased sales orders and delivery, thus the trade and bills payables increased in the middle of the year.

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 2023, the Group's current ratio (calculated as current assets divided by current liabilities) was approximately 1.4 (as at 31 December 2022: 1.5). As at 30 June 2023, the Group had cash and cash equivalents of approximately RMB101.3 million (as at 31 December 2022: RMB228.0 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 2022: RMB103 million). As at 30 June 2023, 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 18.7%, as compared to approximately 20.4% as at 31 December 2022.

As at 30 June 2023, the Group had fixed rate bank borrowings of approximately RMB55 million (as at 31 December 2022: RMB55 million) and variable rate bank borrowings of approximately RMB48 million (as at 31 December 2022: RMB48 million). The effective interest rates on the Group's fixed rate bank borrowings was 4.80% and variable rate bank borrowings was 5.00% per annum, as at 30 June 2023 (as at 31 December 2022: fixed rate bank borrowings 4.80%; variable rate bank borrowings 5.00% 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

Saved as disclosed in this announcement, the Group had no material contingent liabilities as at 30 June 2023.

Charges on Group assets

As at 30 June 2023, the Group's bank loans were secured by the Group's right-of-use assets and buildings of carrying amounts of approximately RMB9.9 million and RMB75.3 million, respectively (as at 31 December 2022: RMB10.0 million and RMB79.2 million, respectively).

HUMAN RESOURCES

As at 30 June 2023, 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 2023 (2022: nil).

PROSPECT

Given that the current external economic factors affecting the economy and trade exports of the PRC will be difficult to reverse, and the Russia-Ukraine conflicts have not shown signs of clarity, there is persistently high inflation. According to the data analysis of the United Nations, even though the monetary tightening launched in developed economies will peak in the second half of the year, taking into account the inflation problem caused by economic rebound in the post-pandemic era, the impact of gradual elimination of economic recovery incentives in various countries, the high borrowing costs and serious debt problems faced by enterprises, etc., it is expected that the global economic development in the medium term will remain difficult and challenging. According to the statistics from the United Nations, global economic growth will decline from 3.1% in 2022 to 2.3% in 2023, and is expected to rise slightly to 2.5% in 2024, which is still lower than the level of 3.1% expected in 2000–2019.

UBS economists forecasted that the exports of the PRC in the second half of the year will decline as compared with the same period last year, and the export growth throughout 2023 is expected to decline by 4.0%. It was mainly because the weak global economy was difficult to support the exports of the PRC. The economic growth rates of the PRC in the third and fourth quarters were 4.8% and 5.3%, respectively, while the annual growth rate was moderate at approximately 5.5%, according to the estimated median of approximately 80 institutions integrated by Reuters.

Looking ahead, under the ever-changing economic environment with complexities and difficulties, the Group will actively review the situation, improve the market sense and seize opportunities to cope with unpredictable external challenges. The Group will continue to take a diversified and multi-regional business portfolio as its operational advantages to consolidate its sustainable development and operational advantages. AI has become an indispensable driving force for human development and economic growth. In addition, in 2023, the State Council of the PRC issued the Overall Layout Plan for Digital China Construction (數字中國建設整體佈局規劃) and established the National Data Bureau in March to promote the implementation of policies for BIM and CIM. Such major initiative brings tremendous opportunities for the Group to develop into a high-tech infrastructure technology service enterprise in smart cities with AI high-precision measurement and data collection and sales development, which leads the Group to enter new technology fields and bring better returns to shareholders in the long run.

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 2023.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group has acquired Youying Intelligent Technology (Shenzhen) Co., Ltd and its subsidiary (the "**Youying Subgroup**") in May 2023 at a total consideration of RMB74.0 million, becoming its largest shareholder. The Youying Subgroup is principally engaged in the provision of high-precision space measurement and modelling services, provision of geospatial data measurement services, internal and external software development, city information modelling (CIM) underlying platform and system construction, and research and development, production, sales and technical assistance of industrial drone motors and lidar 3D high-precision measurement robots.

For the details of the acquisition, please refer to the announcements of the Company dated 8 May 2023 and 14 June 2023.

EVENT AFTER THE REPORTING PERIOD

As at the date of this interim results announcement, there is no significant event subsequent to 30 June 2023 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 2023, 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 2023.

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. Zheng Bing *(Chairman) (appointed on 1 August 2023)*, 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 2023.

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 2023 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, 30 August 2023

As at the date of this announcement, the Board comprises of Mr. Wang Bin, Mr. Du Shuwei and Mr. Shu Dakun as executive Directors, Mr. Zhang Yanlin as non-executive Director, and Mr. Xu Dunkai, Ms. Zhao Weihong and Mr. Zheng Bing as independent non-executive Directors.