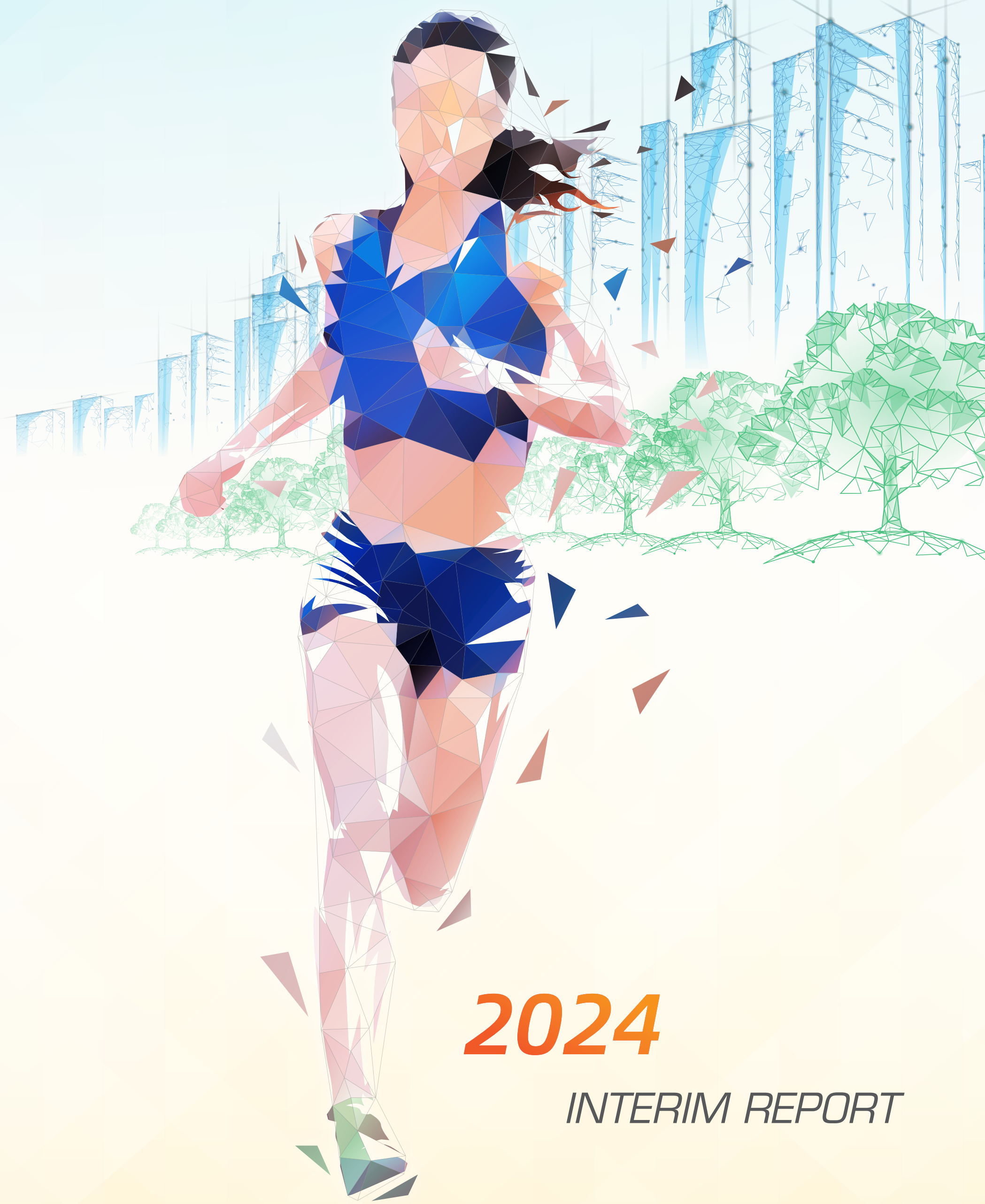
GREATIME INTERNATIONAL HOLDINGS LIMITED

廣泰國際控股有限公司

(Incorporated in the British Virgin Islands with limited liability)

Stock Code: 844



2024

INTERIM REPORT

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Wang Bin
Mr. Du Shuwei
Mr. Shu Dakun

NON-EXECUTIVE DIRECTOR

Mr. Zhang Yanlin

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Xu Dunkai
Ms. Zhao Weihong
Mr. Zheng Bing

AUTHORISED REPRESENTATIVES

Mr. Shu Dakun
Mr. Lee Yin Sing

AUDIT COMMITTEE

Mr. Zheng Bing *(Chairman)*
Ms. Zhao Weihong
Mr. Xu Dunkai

REMUNERATION COMMITTEE

Mr. Xu Dunkai *(Chairman)*
Mr. Shu Dakun
Mr. Zheng Bing

NOMINATION COMMITTEE

Mr. Wang Bin *(Chairman)*
Ms. Zhao Weihong
Mr. Zheng Bing

COMPANY SECRETARY

Mr. Lee Yin Sing, *CPA*

AUDITOR

SHINEWING (HK) CPA Limited

LEGAL ADVISER

As to Hong Kong law:
Loeb & Loeb LLP

REGISTERED OFFICE

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Tortola
British Virgin Islands

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PRINCIPAL PLACE OF BUSINESS IN THE PRC

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British Virgin Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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Hong Kong

PRINCIPAL BANKER

Industrial and Commercial Bank of China, Zhucheng sub-branch
The Hongkong and Shanghai Banking Corporation Limited

LISTING INFORMATION

Place of listing: Main Board of The Stock Exchange of Hong Kong Limited
Stock Code: 844

COMPANY'S WEBSITE

www.greatimeintl.com

FINANCIAL HIGHLIGHTS

KEY FINANCIAL INFORMATION

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Key Financial Information		
Revenue	**240,469**	241,217
Gross profit	**52,473**	45,258
(Loss) profit before tax	**(11,443)**	(8,816)
(Loss) profit for the period	**(16,269)**	(11,444)
Total comprehensive (expense) income for the period	**(14,828)**	(8,308)

	As at 30 June 2024	As at 31 December 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Non-current assets	**204,969**	212,241
Current assets	**401,898**	407,694
Current liabilities	**335,021**	331,238
Net current assets	**66,877**	76,465
Total assets	**606,867**	619,935
Total assets less current liabilities	**271,846**	288,697
Total equity	**267,660**	282,488
Cash and cash equivalents	**235,341**	270,118

KEY FINANCIAL RATIOS

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Gross profit margin	**21.8%**	18.8%
Net (loss) profit margin	**(6.8)%**	(4.7)%
Trade receivables turnover days	**44**	33
Inventory turnover days	**69**	66

	As at 30 June 2024	As at 31 December 2023
	RMB'000	RMB'000
Gearing ratio[(1)]	**25.9%**	25.4%
Current ratio	**1.2**	1.2

Note:

1. Gearing ratio represents the ratio of total interest-bearing borrowings to total assets.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

Under the review of the first half of 2024, global economic activities and world trade have shown a steady recovery. The International Monetary Fund stated in the report that the global economic growth rate is expected to be 3.2% in 2024 and 3.3% in 2025. The report pointed out that the strong exports and increased residential spending in the Asian region have driven global economic growth, particularly in China and India. Nevertheless, the global economy still faces risks and challenges. Against the backdrop of escalating trade tensions and rising policy uncertainties, the upward risk of inflation has increased, posing certain difficulties to return to a normal monetary policy. The Federal Reserve is currently maintaining high interest rates. In the long term, under the decelerating US economic growth, interest rates cutting by the Federal Reserve and ease of global financial conditions, the US dollar is expected to depreciate in the long run. Meanwhile, being a global "year of super election", more uncertainties will be brought to the economy this year.

During the six months ended 30 June 2024 (the "**Period under Review**"), the economy of China has operated smoothly with steady progress, accelerated growth in new drivers, and advancement in high-quality development made new progress. The gross domestic product was RMB61.7 trillion, representing an increase of 5.0% as compared with the same period last year, and the gross import and export of goods amounted to RMB21.17 trillion, representing an increase of 6.1% as compared with the same period last year (same as below). In the first half of the year, the import and export scale of China exceeded RMB21 trillion for the first time in historical same period records; the growth of import and export accelerated quarterly, with a growth of 7.4% in the second quarter, which was 2.5 percentage points higher than the first quarter and 5.7 percentage points higher than the fourth quarter of last year, further solidifying the positive trend in foreign trade. Among them, apparel and clothing reached RMB524,430 million, representing an increase of 3%, while textile amounted to RMB492,670 million, representing an increase of 6.5%.

In the first half of 2024, the real estate market in China is still in the process of adjustment and transformation. Various regions and departments are adapting to the new changes in supply and demand relationships, implementing localised policies, adjusting and optimising real estate policies to support both essential and upgraded housing demands. The effects of these policies are gradually becoming apparent, leading to an increase in market activity.

The rapid development of AI technology has further stimulated the growth of the digital industry in China, with the digitisation of construction emerging as a crucial factor for cost reduction, efficiency improvement, greening, and the pursuit of new growth in the construction industry. According to the data of the National Bureau of Statistics, the total output value of the construction industry in China was RMB30.8 trillion in 2022, with the proportion of construction information investment in the total output value of the construction industry being 0.08%, compared to around 1% in developed countries in Europe and the US. From a global perspective, enhancing the informatisation and digitisation levels of the construction industry has become one of the current industrial development goals in China, and with a higher potential for development and growth. According to market research statistics, the market size of the construction informatisation industry in China has grown from RMB12 billion in 2015 to RMB38.1 billion in 2021. It is expected that the market size will reach RMB80.68 billion in 2025. This trend reflects the significant commercial potential and development opportunities of digital transformation within the construction industry.

BUSINESS REVIEW

In 2023, the Group acquired Youying Intelligent Technology (Shenzhen) Co., Ltd. ("**Youying**") and its subsidiaries, which focus on the research and development of its software and hardware for the provision of data collection services and sales of data, including high-precision space mapping drones (UAV), image transmitters (links), flight controllers and 3D high-precision laser radar measuring robots and systems, and the application of these products and technologies have integrated with Building Information Modelling ("**BIM**") and City Information Modelling ("**CIM**") software technologies.

In the first half of 2024, the related business of Youying recorded a revenue of RMB2.0 million. The revenue contribution has not yet reached the expected target, mainly due to the longer-than-expected duration of processes related to technology development, technical improvement and application integration. Since the completion of the equity acquisition last year, the Group has actively participated in the promotion and development of related business, including management and investment promotion activities, and has continued to communicate and coordinate with the Youying team. With the joint efforts of both parties, the self-developed products of Youying, including high-precision space mapping drones (UAV), image transmitters (links), flight controllers and 3D high-precision laser radar measuring robots and systems, are expected to be successively put into production in the fourth quarter of 2024, and the related application software is also in its final testing and validation stage. The production and market introduction of these new products will represent a significant milestone in the Group's new business development, which is expected to bring strong revenue contributions to the Group.

We firmly believe that the development direction of Youying's digital business is highly aligned with "Digital China" development strategy, and the potential market for the related business is enormous. The Group will continue to actively participate in and enhance the operations of Youying from various aspects like research and development, sales, daily operations and finance, and establish a comprehensive mechanism. In addition to product development and technology optimisation, the Group is also actively exploring product markets. It has initiated business negotiations with the authorities of China government, such as the Ministry of Transport, Ministry of Emergency Management and National Forestry and Grassland Administration, etc. The Group is collaborating with partners to deploy the drone systems for forestry and grassland inspections. Additionally, a business cooperation has commenced with one of the China's largest second-hand housing transaction platforms, using 3D high-precision laser radar measuring robots and systems. The testing data generally meets their business needs, and the process of business negotiations is being accelerated. All these initiatives lay a solid foundation for further promoting of new business development.

During the Period under Review, the functional fabrics and innerwear manufacturing businesses of the Group recorded stable revenues and gross profits of approximately RMB238.4 million and RMB52.3 million, respectively. With the development of major trends, especially the surge in demand for high-quality sportswear and innerwear, the Group is committed to designing and offering high-quality, diversified, and high gross profit products according to customer needs. The Group ensures our product quality and on-time delivery by establishing good cooperative relationships with suppliers from various regions. During the Period under Review, the Group maintained a stable market share in major markets including China, Japan, Italy, and the US.

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 2024, with corresponding comparative figures for 2023:

	Six months ended 30 June			
	2024		2023	
	RMB'000	**%**	RMB'000	%
Knitted fabrics	**55,420**	**23.0**	64,661	26.8
Innerwear products	**183,009**	**76.1**	176,497	73.2
Space measurement	**2,040**	**0.9**	59	0.0
Total	**240,469**	**100.0**	241,217	100.0

For the six months ended 30 June 2024, the Group recorded a revenue of approximately RMB240.5 million (2023: RMB241.2 million), representing a slight decrease of approximately RMB0.7 million, or approximately 0.3%, as compared with that for the corresponding period in 2023. The sales volume of fabrics and innerwear for the six months ended 30 June 2024 were approximately 1,817 tons and 14.7 million pieces respectively (2023: 2,350 tons and 13.9 million pieces respectively). The decrease in revenue was mainly due to the decrease in the sales of the Group's knitted fabrics from approximately RMB64.7 million for six months ended 30 June 2023 to approximately RMB55.4 million for six months ended 30 June 2024.

Revenue from knitted fabrics amounted to approximately RMB55.4 million (2023: RMB64.7 million), representing a decrease of approximately RMB9.3 million or 14.4% when comparing to the corresponding period in 2023, and accounting for approximately 23.0% (2023: 26.8%) of the total revenue of the Group for the six months ended 30 June 2024. The knitted fabrics products were mainly distributed to branded customers in China. The decrease was mainly due to the decrease in sales volume. The sales volume of knitted fabrics decreased by approximately 22.7% to approximately 1,817 tons for the six months ended 30 June 2024 (2023: 2,350 tons). The Group utilised its knitted fabrics production capacity to support its own innerwear products manufacturing process, thus, less external sales was recorded in the Period under Review.

Revenue from innerwear products amounted to approximately RMB183.0 million (2023: RMB176.5 million), representing approximately 76.1% (2023: 73.2%) of the total revenue for the six months ended 30 June 2024. The sales of innerwear products increased by RMB6.5 million, or approximately 3.7%. The increase in the sales and sales volume was mainly due to the recovery of economic environment and the demand increased accordingly. The sales volume for the six months ended 30 June 2024 amounted to approximately 14.7 million pieces (2023: 13.9 million pieces).

The space measurement business initiated certain sales activities in the second quarter and contributed revenue of RMB2.0 million for the six month ended 30 June 2024 (2023: RMB59,000).

Cost of sales

Cost of sales decreased by approximately 4.1% from approximately RMB196.0 million for the six months ended 30 June 2023 to approximately RMB188.0 million for the corresponding period in 2024. The decrease in cost of sales was mainly due to the decrease in the average unit production cost of innerwear products for the six months ended 30 June 2024.

As the Group utilised more its own production capacity of knitting to support the innerwear products manufacturing process, the subcontracting costs decrease in the Period under Review, and thus, the average unit production cost decreased accordingly.

Gross profit and gross profit margin

Gross profit increased by approximately RMB7.2 million, or approximately 15.9%, from approximately RMB45.3 million for the six months ended 30 June 2023 to approximately RMB52.5 million for the six months ended 30 June 2024 as a result of the decrease in average unit production cost of innerwear products of the Group. The Group's gross profit margin increased from approximately 18.8% for the six months ended 30 June 2023 to approximately 21.8% for the corresponding period in 2024.

The following table sets forth the Group's gross profits and gross profit margins by products for the six months ended 30 June 2024, with corresponding comparative figures in 2023:

	Six months ended 30 June			
	2024		2023	
	RMB'000	**%**	RMB'000	%
Knitted fabrics	**2,420**	**4.4**	2,661	4.1
Innerwear products	**49,841**	**27.2**	42,563	24.1
Space measurement	**212**	**56.9**	34	57.6
Total	**52,473**		45,258	

Other income, gains and losses, net

Other income, gains and losses, net amounted to approximately RMB3.9 million (2023: RMB0.1 million) for the six months ended 30 June 2024 which comprise mainly reversal of impairment loss on other receivables and interest income. Such increase was mainly due to a reversal of impairment loss on other receivables of RMB3.9 million was recorded for the six months ended 30 June 2024 (2023: nil).

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB1.1 million to approximately RMB10.2 million (2023: RMB9.1 million) for the six months ended 30 June 2024. The increase in selling and distribution expenses was mainly due to the increase in sales volume of innerwear products for the six months ended 30 June 2024.

Administrative expenses

Administrative expenses increased by approximately 29.2% to approximately RMB54.8 million (2023: RMB42.4 million) for the six months ended 30 June 2024. The major components of the administrative expenses were staff salaries and benefits, depreciation expenses and rental expenses. The increase of the administrative expenses was mainly due to the increase in the salaries and benefits of administrative staff and research and development expenses from the newly acquired space measurement business in the Period under Review. The salaries and remunerations of administrative staff increased from RMB19.2 million for the six months ended 30 June 2023 to RMB22.0 million for the six months ended 30 June 2024. The research and development expenses increases to RMB4.4 million (2023: RMB1.2 million) for the six months ended 30 June 2024.

Finance costs

Finance costs maintained at approximately RMB2.8 million (2023: RMB2.8 million) for the six months ended 30 June 2024 primarily due to the same level of average bank borrowings when compared to that for the same period in 2023. The effective interest rates charged on bank borrowings for the six months ended 30 June 2024 ranged from 3.60% to 5.00%, which were similar as that of the same period in 2023 (2023: 4.80% to 5.00%).

Loss before tax

The Group's loss before tax was approximately RMB11.4 million (2023: RMB8.8 million) for the six months ended 30 June 2024. Such increase in loss before tax was mainly due to the increase in gross profit netting off the increase in administrative expenses.

Income tax expense

Income tax expense increased to approximately RMB4.8 million (2023: RMB2.6 million) for the six months ended 30 June 2024. The Group's effective tax rate for the six months ended 30 June 2024 was negative 42.1% as compared to negative 29.5% for the corresponding period in 2023.

Loss for the period

The Group's loss increased by approximately RMB4.9 million, from a loss of approximately RMB11.4 million for the six months ended 30 June 2023 to a loss of approximately RMB16.3 million for the corresponding period in 2024. The increase in the loss was mainly due to the increase in administrative expenses, selling and distribution expenses and income tax expense.

Inventories

The inventory balances increased to approximately RMB73.8 million as at 30 June 2024 (as at 31 December 2023: RMB68.7 million), reflecting an increase in the purchase of raw materials and the amount of finished goods in anticipation of increase in sales delivery in the second half of 2024. For the six months ended 30 June 2024, the average inventories turnover days was 69 days (for the year ended 31 December 2023: 62 days).

Trade and bills receivables

Trade and bills receivables increased to approximately RMB70.5 million as at 30 June 2024 (as at 31 December 2023: RMB47.3 million). The increase in trade and bills receivables was mainly due to the increase in sales activities near the end of 30 June 2024 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 44 days (for the year ended 31 December 2023: 27 days).

Trade and bills payables

Trade and bills payables increased to approximately RMB102.4 million as at 30 June 2024 (as at 31 December 2023: RMB96.5 million). The Group's trade and bills payable slightly increase due to the purchase of raw materials in anticipation of the increase in production activities in the second half of 2024.

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 2024, the Group's current ratio (calculated as current assets divided by current liabilities) was approximately 1.2 (as at 31 December 2023: 1.2). As at 30 June 2024, the Group had cash and cash equivalents of approximately RMB235.3 million (as at 31 December 2023: RMB270.1 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 2023: RMB103 million). As at 30 June 2024, 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 25.9%, as compared to approximately 25.4% as at 31 December 2023.

As at 30 June 2024, the Group had fixed rate bank borrowings and other loan of approximately RMB55 million and RMB54.4 million (as at 31 December 2023: RMB55 million and RMB54.4 million) and variable rate bank borrowings of approximately RMB48 million (as at 31 December 2023: RMB48 million). The effective interest rates on the Group's fixed rate borrowings was 3.60%-4.80% and variable rate bank borrowings was 5.00% per annum, as at 30 June 2024 (as at 31 December 2023: fixed rate bank borrowings 3.65%-4.80%; variable rate bank borrowings 4.57%-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 interim report, the Group had no material contingent liabilities as at 30 June 2024.

Charges on Group assets

As at 30 June 2024, the Group's bank loans were secured by the Group's right-of-use assets and buildings of carrying amounts of approximately RMB9.6 million and RMB67.3 million, respectively (as at 31 December 2023: RMB9.7 million and RMB71.3 million, respectively).

HUMAN RESOURCES

As at 30 June 2024, the Group employed approximately 2,200 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 2024 (2023: nil).

PROSPECT

The high-quality development and transformation of China's economy are steadily advancing, especially in the noticeable trends of 'new' and 'green' transformation. The strong growth of high-tech manufacturing industry shows that policy-driven structural optimisation and innovation-driven development strategies are taking effect. New technologies such as big data and artificial intelligence are shown vitality in driving new consumption models and production dynamics, facilitating the formation of new industrial scales and the rapid emergence of demands from consumers across various industries.

China has repeatedly emphasised the importance of new quality productivity forces, particularly in the leadership role of technological innovation, driving high-quality development, and promoting economic growth. Through the continuous research and development and popularisation of these new quality productivity forces, industrial upgrades and transformation will embark on a fast development track. Among them, digital twin technology is rapidly moving from theoretical concept to widespread application, indicating that China is in a stage of transitioning from traditional manufacturing towards high-tech and intelligent manufacturing.

China has designated digital twin technology as key development direction in the "14th Five-Year" Plan, demonstrating the nation's prioritization of new technologies. It is expected to further accelerate the research and development and industrialisation of this technology. The application of digital twin technology has already demonstrated impacts across various industries, especially in fields such as industry, smart city construction, intelligent transportation, and public utilities. It is expected that more innovative applications and transformations of business models will be witnessed in the coming years.

According to forecasts from the Qianzhan Industry Research Institute, it is projected that by 2029, the size of the digital twin market in China will reach RMB5.8 billion with an average compound annual growth rate of approximately 30%. The robust growth momentum indicates that digital twin technology will continue to be a key force driving industrial upgrades and fostering economic growth in the coming years. Tender projects in the fields of construction engineering and mechanical equipment indicate that the demand for digital twin technology in these industries is increasing. This not only enhances industry efficiency but also drives innovation and growth in the related industry chains.

Against the backdrop of major global economies expected to gradually enter an interest rate cut cycle, global trade activities are expected to stabilise and gradually strengthen. This trend will open up broader market opportunities for exports and the technical services industry in China. The Group positions itself as a "digital space service provider and practitioner of digital China", aiming to become a leading enterprise in high-tech infrastructure technology services for smart cities. It seeks to seize the current development opportunities presented by digital twin technology and enhance its corporate competitiveness through technological innovation.

In the future, the Group will implement a dual-engine strategy for both its new and existing businesses. With deep technical accumulation and market advantages in high-quality functional fabrics and innerwear products, the Group will continue deepening its cooperations with internationally renowned brands to solidify its global leading position. At the same time, the Group will closely follow the trend of consumer upgrading, continuously optimise its fabric product structure, focus on expanding into segments such as casual innerwear, and actively improve product quality to meet the ever-changing needs of customers.

In addition, the Group will fully seize the enormous development opportunities in building smart cities in China, focusing on the development of high-tech infrastructure technology services for smart cities, utilising advanced technologies such as the internet of things, big data, and 5G, self-developing advanced software and hardware, including high-precision space measurement drones and 3D high-precision laser radar measuring robots, for the purposes of big data collection, analysis and sales. The Group will continue to increase resource allocation and business innovation in this field, achieve the Group's comprehensive strategic transformation and upgrade, and strive to develop into a leading enterprise in high-tech infrastructure technology services for smart cities.

The Group is prudently optimistic about future development. We will strive for continuous technological innovation and market expansion by seizing industry opportunities. Through active participation in these technological innovations, we aim to realise sustainable development and steady corporate growth.

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 2024.

EVENT AFTER THE REPORTING PERIOD

As at the date of this interim report, there is no significant event subsequent to 30 June 2024 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 C1 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 2024, 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 C3 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 2024.

SHARE CAPITAL AND SHARE OPTION SCHEME

Details of the movements in the Company's share capital during the Period Under Review are set out in note 16 to the condensed consolidated financial statements.

The previous share option scheme of the Company adopted on 19 August 2011 expired on 23 November 2021. No option has been granted under the previous share option scheme. As at the date of this interim report, the Company has not adopted any other share scheme.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the Directors and the chief executive of the Company did not have any interests and short positions in the Company's shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, laws of Hong Kong) ("**SFO**")), as recorded in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this interim report, the Company, its parent company, or any of its subsidiaries or fellow subsidiaries did not, at any time during the six months ended 30 June 2024 and up to the date of this interim report, enter into any arrangements, which would enable the Directors, their respective spouses or any of their minor children, to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, and neither the Directors, their respective spouses nor their minor children, had been granted any rights or exercised such rights to subscribe for securities of the Company.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as the Directors are aware as at 30 June 2024, the following persons/entities other than a Director or the chief executive of the Company had interests or short positions in the shares and underlying shares of the Company, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the issued voting shares of the Company or any other members of the Group:

Name	Capacity	Number of shares[(1)]	Approximate percentage of shareholding
Junfun Investment Limited	Beneficial owner	260,661,501 (L)	52.73%
Joint Full International Limited	Through controlled corporation	260,661,501 (L)	52.73%
永泰集團有限公司	Through controlled corporation	260,661,501 (L)	52.73%
永泰科技投資有限公司	Through controlled corporation	260,661,501 (L)	52.73%
南京永泰企業管理有限公司	Through controlled corporation	260,661,501 (L)	52.73%
Wang Guangxi	Through controlled corporation	260,661,501 (L)	52.73%
Guo Tianshu	Interest of spouse	260,661,501 (L)	52.73%

Note:

(1) The letter "L" denotes long position in the shares.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any persons who/entities which had any interest or short position in the securities in the Company that would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register required to be kept under section 336 of the SFO.

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), 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 2024.

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.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "**Remuneration Committee**") was established on 19 August 2011 with written terms of reference in compliance with the Listing Rules. The Remuneration Committee is responsible for, among other functions, making recommendations to the Board on the policy and structure for all remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; determining the specific remuneration packages of all the executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment; making recommendations to the Board on the remuneration of the non-executive Directors; and reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time. The Remuneration Committee comprises two independent non-executive Directors, Mr. Xu Dunkai and Mr. Zheng Bing and one executive Director, Mr. Shu Dakun. The Remuneration Committee is chaired by Mr. Xu Dunkai.

NOMINATION COMMITTEE

The nomination committee of the Company (the "**Nomination Committee**") was established on 27 March 2012 with written terms of reference in compliance with the Listing Rules. The Nomination Committee is responsible for formulating the nomination policy for consideration of the Board and implementing the nomination policy laid down by the Board; reviewing the structure, size and composition of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; identifying and nominating individuals suitable and qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of independent non-executive Directors; making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors; and conforming to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the memorandum and articles of association of the Company or imposed by legislation. The Nomination Committee comprises two independent non-executive Directors, Mr. Zheng Bing and Ms. Zhao Weihong and one executive Director, Mr. Wang Bin. The Remuneration Committee is chaired by Mr. Wang Bin.

CHANGES OF INFORMATION IN RESPECT OF DIRECTORS

In the six months ended 30 June 2024 and up to the date of this report, there were no changes to information required to be disclosed by the Company pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules, where applicable.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	NOTES	Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue		**240,469**	241,217
Cost of sales		**(187,996)**	(195,959)
Gross profit		**52,473**	45,258
Other income, gains and losses, net	*5*	**3,853**	142
Selling and distribution expenses		**(10,196)**	(9,087)
Administrative expenses		**(54,782)**	(42,376)
Finance costs	*6*	**(2,791)**	(2,753)
Loss before tax		**(11,443)**	(8,816)
Income tax expense	*7*	**(4,826)**	(2,628)
Loss for the period	*8*	**(16,269)**	(11,444)
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		**1,441**	3,136
Total comprehensive expense for the period		**(14,828)**	(8,308)
Loss attributable to:			
Owners of the Company		**(13,822)**	(9,485)
Non-controlling interest		**(2,447)**	(1,959)
		(16,269)	(11,444)
Total comprehensive expense attributable to:			
Owners of the Company		**(12,381)**	(6,349)
Non-controlling interest		**(2,447)**	(1,959)
		(14,828)	(8,308)
		RMB cents	RMB cents
Loss per share			
– Basic and diluted	*10*	**(2.8)**	(1.9)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	NOTES	**30 June 2024 RMB'000 (Unaudited)**	31 December 2023 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	*11*	**124,484**	128,335
Investment property		**1,991**	2,212
Right-of-use assets	*12*	**21,074**	23,979
Goodwill		**25,790**	25,790
Contingent consideration receivable		**30,000**	30,000
Deposits paid to acquire property, plant and equipment		**–**	365
Deferred tax assets		**1,630**	1,560
		204,969	212,241
Current assets			
Inventories		**73,795**	68,729
Trade receivables	*13*	**69,275**	46,576
Bills receivables		**1,263**	679
Prepayments and other receivables		**21,042**	20,656
Income tax receivables		**1,182**	936
Cash and bank balances		**235,341**	270,118
		401,898	407,694

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AS AT 30 JUNE 2024

	NOTES	**30 June 2024 RMB'000 (Unaudited)**	31 December 2023 RMB'000 (Audited)
Current liabilities			
Trade and bills payables	*14*	**102,385**	96,503
Accruals and other payables		**51,666**	53,863
Contract liabilities		**6,618**	9,948
Loan from a shareholder		**4,696**	4,583
Interest-bearing borrowings	*15*	**157,400**	157,400
Lease liabilities	*12*	**3,718**	4,071
Income tax payables		**8,538**	4,870
		335,021	331,238
Net current assets		**66,877**	76,456
Total assets less current liabilities		**271,846**	288,697
Non-current liabilities			
Deferred tax liabilities		**–**	225
Lease liabilities	*12*	**4,186**	5,984
		4,186	6,209
Net assets		**267,660**	282,488
Capital and reserves			
Share capital	*16*	**148,929**	148,929
Reserves		**107,067**	119,448
Equity attributable to owners of the Company		**255,996**	268,377
Non-controlling interests		**11,664**	14,111
Total equity		**267,660**	282,488

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Attributable to owners of the Company								
	Share capital RMB'000	**Statutory reserve** RMB'000 *(Note (a))*	**Exchange reserve** RMB'000	**Special reserve** RMB'000 *(Note (b))*	**Other reserve** RMB'000 *(Note (c))*	**Retained earnings** RMB'000	**Total** RMB'000	**Non-controlling interest** RMB'000	**Total** RMB'000
As at 1 January 2023 (audited)	148,929	42,506	(14,499)	(83)	5,800	85,771	268,424	–	268,424
Loss for the period	–	–	–	–	–	(9,485)	(9,485)	(1,959)	(11,444)
Other comprehensive income for the period:									
Exchange differences arising on translation of foreign operations	–	–	3,136	–	–	–	3,136	–	3,136
Total comprehensive expense for the period	–	–	3,136	–	–	(9,485)	(6,349)	(1,959)	(8,308)
Deemed capital injection from non-controlling interests of a subsidiary	–	–	–	–	–	–	–	24,000	24,000
Acquisition of subsidiaries	–	–	–	–	–	–	–	(1,785)	(1,785)
Appropriation to statutory reserve	–	534	–	–	–	(534)	–	–	–
As at 30 June 2023 (unaudited)	148,929	43,040	(11,363)	(83)	5,800	75,752	262,075	20,256	282,331

	Attributable to owners of the Company								
	Share capital **RMB'000**	**Statutory reserve** **RMB'000** ***(Note (a))***	**Exchange reserve** **RMB'000**	**Special reserve** **RMB'000** ***(Note (b))***	**Other reserve** **RMB'000** ***(Note (c))***	**Retained earnings** **RMB'000**	**Total** **RMB'000**	**Non-controlling interest** **RMB'000**	**Total** **RMB'000**
As at 1 January 2024 (audited)	**148,929**	**45,435**	**(12,986)**	**(83)**	**5,800**	**81,282**	**268,377**	**14,111**	**282,488**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**(13,822)**	**(13,822)**	**(2,447)**	**(16,269)**
Other comprehensive expense for the period:									
Exchange differences arising on translation of foreign operations	**–**	**–**	**1,441**	**–**	**–**	**–**	**1,441**	**–**	**1,441**
Total comprehensive expense for the period	**–**	**–**	**1,441**	**–**	**–**	**(13,822)**	**(12,381)**	**(2,447)**	**(14,828)**
Appropriation to statutory reserve	**–**	**689**	**–**	**–**	**–**	**(689)**	**–**	**–**	**–**
As at 30 June 2024 (unaudited)	**148,929**	**46,124**	**(11,545)**	**(83)**	**5,800**	**66,771**	**255,996**	**11,664**	**267,660**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

Notes:

(a) Statutory reserve

The statutory reserve, which is non-distributable, is appropriated from the profit after tax of the Group's subsidiaries in the People's Republic of China (the "**PRC**"). In accordance with the relevant laws and regulations of the PRC and the articles of association of the Group's PRC subsidiaries, they are required to appropriate 10% of their respective profits determined in accordance with China Accounting Standards for Enterprises issued by the Ministry of Finance of China, after offsetting any prior years' losses, to the statutory surplus reserve. When the balance of such a reserve reached 50% of the respective companies' registered capital, any further appropriation is optional.

(b) Special reserve

Special reserve represents the difference between the aggregate amount of issued and fully paid share capital of the subsidiary acquired by the Company and the nominal amount of the shares issued by the Company in exchange for the entire equity interest in the subsidiary as part of the group reorganisation.

(c) Other reserve

Other reserve represents the difference between the fair value of past services rendered by the employees and the net present values of the consideration payable by the employees in respect of the share transferred.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash used in operations		
Increase in inventories	**(4,598)**	(5,298)
Increase in trade receivables	**(23,997)**	(30,086)
(Increase) decrease in bills receivables	**(584)**	3,639
Decrease (increase) in prepayments and other receivables	**3,619**	(76,187)
Increase in trade and bills payables	**5,854**	17,448
Decrease in accruals and other payables	**(2,358)**	(11,156)
(Decrease) increase in contract liabilities	**(3,342)**	376
Other operating cash flows	**1,800**	9,386
	(23,606)	(91,878)
PRC income tax paid	**(1,165)**	(3,012)
Net cash used in operating activities	**(24,771)**	(94,890)
Net cash used in investing activities		
Purchase of other financial assets at amortised cost	**(10,000)**	–
Purchase of property, plant and equipment	**(6,625)**	(3,456)
Disposal of other financial assets at amortised cost	**10,000**	–
Deposits paid to acquire property, plant and equipment	**–**	(116)
Net cash outflow on acquisition of subsidiaries	**–**	(25,571)
Other investing cash flows	**1,513**	981
	(5,112)	(28,162)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash used in financing activities		
Repayment of borrowings	**(83,000)**	(66,000)
Repayment of lease liabilities	**(2,247)**	(915)
New borrowings raised	**83,000**	66,000
Other financing cash flows	**(2,789)**	(2,719)
	(5,036)	(3,634)
Net decrease in cash and cash equivalents	**(34,919)**	(126,686)
Cash and cash equivalents at 1 January	**270,118**	227,951
Effect of foreign exchange rate changes	**142**	33
Cash and cash equivalents at 30 June, represented by cash and bank balances	**235,341**	101,298

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

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**") and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, 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 2024.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
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
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments"); and Amendments to HKAS 1 -Non-current Liabilities with Covenants (the "2022 Amendments")

The 2020 Amendments clarify the requirements on determining if a liability is current or non-current, in particular the determination over whether an entity has the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments specify that an entity's right to defer settlement must exist at the end of the reporting period. Classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement. The amendments also clarify the classification of liabilities that will or may be settled by issuing an entity's own equity instruments.

The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current.

Upon application of the amendments, the Group has reassessed the terms and conditions of its loan arrangements. The adoption of the amendments has no impact to the Group's classification of liabilities as at 1 January 2023, 31 December 2023 and 30 June 2024.

3. ACQUISITION OF A SUBSIDIARY

On 8 May 2023, Hainan Guangxun International Investment Co., Ltd* (海南廣迅國際投資有限公司) ("**Purchaser**"), a wholly owned PRC subsidiary of the Group, entered into an investment agreement with the existing shareholders of Youying Intelligent Technology (Shenzhen) Co., Ltd ("**Seller**"), pursuant to which the Purchaser agreed to acquire 40% equity interest in Youying Intelligent Technology (Shenzhen) Co., Ltd ("**Youying**") with a total consideration of RMB74,000,000, being the sum of: (i) the consideration to be satisfied by way of cash by the Purchaser to the Seller of RMB34,000,000; (ii) deemed consideration to the Seller of RMB24,000,000, which was calculated based on the capital injection of the Purchaser to Youying of RMB40,000,000 multiplied by the percentage of equity interest retained by the Seller of 60% after the acquisition. The deemed consideration was also regarded as deemed capital injection from the Seller to Youying.

Youying is engaged in the provision of space measurement services, industrial drones and measurement robots and its wholly-owned subsidiary, Changkuan Bihu Digital Technology (Shenzhen) Co., Ltd ("**Bihu**") is engaged in provision of space measurement services. Youying and Bihu were acquired so as to capture the growth opportunities in the smart cities market in the PRC and diversify the revenue stream of the Group.

This acquisition had been accounted for using the acquisition method.

* The English translation of the company names is for reference only. The official names of these companies are in Chinese.

Consideration transferred

	RMB'000
Cash consideration	27,200
Contingent consideration arrangement	3,400
Deemed consideration to the Seller	
– 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 transferred	24,600

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

Acquisition-related costs amounting to RMB198,000 had been excluded from the consideration transferred and had been recognised as an expense during the six months ended 30 June 2023, within the administrative expenses in the condensed consolidated statement of profit or loss and other comprehensive income.

3. ACQUISITION OF A SUBSIDIARY (Continued)

Assets acquired and liabilities recognised at the date of acquisition were as follows:

	RMB'000
Property, plant and equipment	426
Inventories	552
Prepayments and other receivables	16,324
Bank balances and cash	4,029
Trade payables	(202)
Accruals and other payables	(24,000)
Contract liabilities	(104)
	(2,975)

The fair value of other receivables at the date of acquisition approximated their gross contractual amounts and were expected to be fully recovered in the future.

Goodwill arising on acquisition:

	RMB'000
Consideration transferred	24,600
Plus: non-controlling interests (60% in Youying)	(1,785)
Less: net liabilities acquired	2,975
Goodwill arising on acquisition	25,790

The non-controlling interests (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 approximately RMB1,785,000.

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

None of the goodwill arising on these acquisitions was expected to be deductible for tax purposes.

3. ACQUISITION OF A SUBSIDIARY (Continued)

Net cash outflow on acquisition of Youying and Bihu

	RMB'000
Cash consideration	27,200
Capital injection to Youying	40,000
Less: cash that had not been paid to the seller as at 30 June 2023	(37,600)
Less: cash and cash equivalent balances acquired	(4,029)
	25,571

Included in the loss for the six months ended 30 June 2023 was RMB3,265,000 attributable to the additional business generated by Youying and Bihu. Revenue for the six months ended 30 June 2023 included RMB58,000 generated from Youying and Bihu.

Had the acquisition been completed on 1 January 2023, total revenue of the Group for the six months ended 30 June 2023 would had been RMB241,271,000, and loss for the six months ended 30 June 2023 would had been RMB15,887,000. The pro forma information was for illustrative purposes only and was not necessarily an indication of revenue and results of operations of the Group that actually would had been achieved had the acquisition been completed on 1 January 2023, nor was it intended to be a projection of future results.

In determining the "pro-forma" revenue and profit of the Group had Youying and Bihu been acquired at the beginning of the six months ended 30 June 2023, the directors of the Company had:

- calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements.

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 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

The following tables present revenue and profit information for the Group's reportable segments for the six months ended 30 June 2024 and 2023, respectively.

	Six months ended 30 June 2024			
	Innerwear products RMB'000 (Unaudited)	**Knitted fabrics RMB'000 (Unaudited)**	**Space measurement RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
Revenue				
External sales	**183,009**	**55,420**	**2,040**	**240,469**
Inter-segment revenue	**66,617**	**43,834**	**–**	**110,451**
Elimination	**(66,617)**	**(43,834)**	**–**	**(110,451)**
Group's revenue	**183,009**	**55,420**	**2,040**	**240,469**
Segment (loss) profit	**(4,961)**	**7,586**	**(4,080)**	**(1,455)**
Other income				**842**
Finance costs				**(2,520)**
Unallocated head office and corporate expenses				**(8,310)**
Loss before tax				**(11,443)**

4. **SEGMENT INFORMATION** (Continued)

	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)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 2. Segment (loss) profit represents the (loss from) profit earned by 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 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Innerwear products	**173,797**	161,259
Knitted fabrics	**120,536**	112,031
Space measurement	**12,989**	12,270
Unallocated assets	**299,545**	334,375
Total assets	**606,867**	619,935
Innerwear products	**102,427**	96,095
Knitted fabrics	**43,437**	43,576
Space measurement	**874**	6,563
Unallocated liabilities	**192,469**	191,213
Total liabilities	**339,207**	337,447

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, contingent consideration receivables 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	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Bank interest income	**939**	643
Net gain on disposal of property, plant and equipment	**98**	183
Impairment loss on trade receivables	**(1,670)**	(994)
Reversal of impairment loss on other receivables	**3,906**	–
Government grant *(Note)*	**2**	34
Others	**578**	276
	3,853	142

Note: During the six months ended 30 June 2024, the Group recognised government grants of approximately RMB2,000 (30 June 2023: nil) received from the PRC government as incentives primarily to encourage enterprises to stabilise employment and to boost employment. The government grants are one-off with no specific condition attached.

During the six months ended 30 June 2023, the Group recognised government grants of approximately RMB17,000 (30 June 2024: nil) 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 2024: nil) received from the Government to reimburse maternity leave pay. The government grants were one-off with no specific condition attached.

6. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on lease liabilities	**343**	112
Interest on borrowings	**2,448**	2,641
	2,791	2,753

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax		
– Provision for the year	**2,113**	2,532
– (Over) under provision in prior year	**(37)**	315
Overseas Income Tax		
– Provision for the year	**3,038**	494
Deferred tax	**(288)**	(713)
	4,826	2,628

8. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging:		
Salaries and other benefits	**71,571**	63,897
Contributions to retirement benefit scheme	**8,656**	8,511
Total staff costs (including directors' emoluments)	**80,227**	72,408
Cost of inventories recognised as an expense	**189,082**	197,743
Depreciation of property, plant and equipment	**10,665**	11,726
Depreciation of investment property	**221**	221
Depreciation of right-of-use assets	**3,002**	1,584
Write-down of inventories (included in cost of sales)	**1,086**	1,784
Research and development costs recognised as an expense *(Note)*	**4,382**	1,227

Note: Research and development costs recognised as an expense for the six months ended 30 June 2024 included staffs costs and depreciation of property, plant and equipment of approximately RMB3,133,000 and RMB100,000 respectively (30 June 2023: RMB531,000 and RMB118,000 respectively) which has been included in total staff costs and depreciation of property, plant and equipment.

9. DIVIDENDS

No dividend was paid, declared or proposed during the period (six months ended 30 June 2023: nil). The directors of the Company have determined that no dividend will be paid in respect of the interim period.

10. LOSS PER SHARE

The calculation of basic and diluted loss per share for the six months ended 30 June 2024 is based on the loss attributable to owners of the Company of approximately RMB13,822,000 and weighted average number of ordinary shares of 494,335,330 in issue during the six months ended 30 June 2024.

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.

Diluted loss per share for the six months ended 30 June 2024 and 2023 was the same as the basic loss per share as there were no dilutive potential ordinary share outstanding during the six months ended 30 June 2024 and 2023.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of approximately RMB476,000 (six months ended 30 June 2023: approximately RMB155,000), resulting in a net gain on disposal of approximately RMB98,000 (six months ended 30 June 2023: approximately RMB183,000).

During the six months ended 30 June 2024, the Group acquired approximately RMB6,990,000 (six months ended 30 June 2023: approximately RMB4,650,000) of property, plant and equipment.

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

As at 30 June 2024, the carrying amounts of right-of-use assets were approximately RMB8,799,000 and RMB12,275,000 (31 December 2023: approximately RMB11,355,000 and RMB12,624,000) in respect of the leased properties and prepaid lease payments on land use rights. During the six months ended 30 June 2024, no addition of lease agreement was entered by the Group.

(ii) Lease liabilities

As at 30 June 2024, the carrying amount of lease liabilities was approximately RMB7,904,000 (31 December 2023: approximately RMB10,055,000). During the six months ended 30 June 2024, 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	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation expense on right-of-use assets	**3,002**	1,584
Interest expense on lease liabilities	**343**	112
Expense relating to short-term leases	**809**	625
Expense relating to leases of low value assets	**13**	12

(iv) Others

During the six months ended 30 June 2024, the total cash outflow for leases amounted to approximately RMB3,412,000 (six months ended 30 June 2023: approximately RMB1,664,000).

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 2024	31 December 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
0 – 30 days	**51,683**	32,200
31 – 60 days	**9,537**	11,820
61 – 90 days	**7,297**	1,880
Over 90 days	**758**	676
	69,275	46,576

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 bills payables, based on the invoice date at the end of the reporting period, is presented as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
0 – 30 days	**48,422**	37,113
31 – 90 days	**34,714**	35,833
91 – 180 days	**17,720**	22,399
Over 180 days	**1,529**	1,158
	102,385	96,503

15. INTEREST-BEARING BORROWINGS

During the six months ended 30 June 2024, the Group obtained new bank borrowings amounting to approximately RMB83,000,000 (six months ended 30 June 2023: approximately RMB66,000,000) and repaid the bank borrowings amounting to approximately RMB83,000,000 (six months ended 30 June 2023: approximately RMB66,000,000).

16. SHARE CAPITAL

Authorised:

As at 30 June 2024 and 31 December 2023, the Company was authorised to issue a maximum of 1,000,000,000 shares with no par value.

Issued and fully paid:

	Number of shares	Amount RMB'000
Issued and fully paid:		
At 1 January 2023, 31 December 2023 (audited), 1 January 2024 and 30 June 2024 (unaudited)	494,335,330	148,929

17. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure the interest-bearing borrowings of the Group at the end of the reporting period:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Right-of-use assets	**9,551**	9,748
Buildings	**67,305**	71,287
	76,856	81,035

18. MATERIAL RELATED PARTY TRANSACTIONS

(i) Balances

The directors of the Company confirmed that there are no material balances due from/to related parties of the Company and the Group.

(ii) Transactions with related parties

The directors of the Company confirmed that there are no material related party transactions entered into by the Company and the Group.

(iii) Key management compensation

The remunerations of the directors of the Company and other members of key management of the Group during the period are as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Short-term benefits	**7,358**	7,410
Post-employment benefits	**122**	138
	7,480	7,548

The remuneration of directors of the Company and key management is determined by the board of directors of the Company having regard to the performance of individuals and market trends.

19. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved and authorised for issue by the board of directors on 29 August 2024.