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## **GREATIME INTERNATIONAL HOLDINGS LIMITED**

### **廣泰國際控股有限公司**

*(Incorporated in the British Virgin Islands with limited liability)*

**(Stock code: 844)**

## **CONNECTED TRANSACTIONS PROVISION OF FINANCIAL ASSISTANCE AND PURCHASE OF RAW MATERIAL**

### **PROVISION OF FINANCIAL ASSISTANCE**

The Board announces on 14 March 2019 and 8 March 2020, the Group, through its indirect wholly owned subsidiaries, Shandong Shundu and Zhucheng Yumin, entered into the Loan Agreements with Nanjing Wenyuan and Suzhou Minzhi, both being companies wholly owned by Ms. Wong, a director of Shandong Shundu and Zhucheng Yumin, involving interest-free loans in the aggregated principal amount of RMB11,973,900. Brief details of the Loan Agreements are set out below:

1. on 14 March 2019, Shandong Shundu, as lender, entered into a loan agreement with Nanjing Wenyuan, as borrower, involving an interest-free loan in the principal amount of RMB2,473,900;
2. on 14 March 2019, Zhucheng Yumin, as lender, entered into a loan agreement with Suzhou Minzhi, as borrower, involving an interest-free loan in the principal amount of RMB5,000,000; and
3. on 8 March 2020, Shandong Shundu, as lender, entered into a loan agreement with Suzhou Minzhi, as borrower, involving an interest-free loan in the principal amount of RMB4,500,000.

## **PURCHASE OF RAW MATERIALS**

The Board announces in September, November and December 2019, the Group, through its indirect wholly owned subsidiary, Zhucheng Yumin, purchased yarn that it required as raw materials for the manufacture of fabrics from Yuelan Trading. The aggregated consideration for the Purchase was approximately RMB3,602,759. No formal agreement has been entered into in respect of the Purchase.

## **IMPLICATIONS UNDER THE LISTING RULES**

Ms. Wong is a director of the Subsidiaries including Shandong Shundu and Zhucheng Yumin, while Nanjing Wenyuan and Suzhou Minzhi are associates of Ms. Wong, both being indirectly owned as to 100% by Ms. Wong. Nanjing Wenyuan and Suzhou Minzhi are therefore connected persons of the Company under Chapter 14A of the Listing Rules.

Accordingly, the Loans constitute provisions of financial assistance and connected transactions of the Company under the Listing Rules. Since all of the applicable percentage ratios in respect of Loans, both on a stand-alone or aggregated basis, exceeded 1% but were less than 5%, the Loans are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As at the date of this announcement, Yuelan Trading is an associate of Ms. Wong, being indirectly owned as to 100% by Ms. Wong. Yuelan Trading is therefore a connected person of the Company under Chapter 14A of the Listing Rules.

Accordingly, the Purchase constitutes a connected transaction of the Company under the Listing Rules. Since all of the applicable percentage ratios in respect of Purchase exceeded 1% but were less than 5%, the Purchase is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Company's failure to (i) comply with the reporting and announcement requirements in respect of the Loans and the Purchase; and (ii) enter into a written agreement in respect of the Purchase constitutes a breach of Rules 14A.34, 14A.35 and 14A.49 of the Listing Rules. The failure was due to an oversight and inadvertent misunderstanding of the Listing Rules by some of the management of the Group involved in the provisions of the Loans and the Purchase, they were not reported to the Company until during the course of preparation of the annual report for the year ended 31 December 2019.

## PROVISION OF FINANCIAL ASSISTANCE

The Board announces on 14 March 2019 and 8 March 2020, the Group, through its indirect wholly owned subsidiaries, Shandong Shundu and Zhucheng Yumin, entered into the Loan Agreements with Nanjing Wenyuan and Suzhou Minzhi, both being companies wholly owned by Ms. Wong, a director of Shandong Shundu and Zhucheng Yumin, involving interest-free loans in the aggregated principal amount of RMB11,973,900. Brief details of the Loan Agreements are set out below:

1. On 14 March 2019, Shandong Shundu, as lender, entered into a loan agreement with Nanjing Wenyuan, as borrower, involving an interest-free loan in the principal amount of RMB2,473,900 (the “**2019 Nanjing Wenyuan Loan Agreement**”);
2. On 14 March 2019, Zhucheng Yumin, as lender, entered into a loan agreement with Suzhou Minzhi, as borrower, involving an interest-free loan in the principal amount of RMB5,000,000 (the “**2019 Suzhou Minzhi Loan Agreement**”); and
3. On 8 March 2020, Shandong Shundu, as lender, entered into a loan agreement with Suzhou Minzhi, as borrower, involving an interest-free loan in the principal amount of RMB4,500,000 (the “**2020 Suzhou Minzhi Loan Agreement**”).

## REASONS FOR THE PROVISION OF THE FINANCIAL ASSISTANCE

Although the financial assistance was provided by the Group not in the ordinary and usual course of its business, the Directors (including all the independent non-executive Directors) are of the view that the financial assistance was provided on normal commercial terms and are fair and reasonable and in the interests of the Group and the Shareholders as a whole on the grounds that:

1. Ms. Wong has valuable contributions to the Group as the director of all the subsidiaries of the Group which are established and operating in the PRC (including the Subsidiaries) in particular in the area of marketing and product design;
2. the Group has leased certain properties from Ms. Wong from time to time on terms more favourable to the Group than those available from independent third parties; and
3. Nanjing Wenyuan and Suzhou Minzhi, through their expertise in trading and retail, has helped the Group to explore additional distribution and retail channels in the past.

## **PURCHASE OF RAW MATERIALS**

The Board announces in September, November and December 2019, the Group, through its indirect wholly owned subsidiary, Zhucheng Yumin, purchased yarn (the “**Raw Materials**”) that it required as raw materials for the manufacture of fabrics from Yuelan Trading (the “**Purchase**”). The aggregated consideration for the Purchase was approximately RMB3,602,759. No formal agreement has been entered into in respect of the Purchase.

## **REASONS FOR THE PURCHASE OF RAW MATERIALS**

As Yuelan Trading has better connections and sourcing abilities for the Raw Materials, the Raw Materials sourced from Yuelan Trading are of higher quality and lower prices when compared with the same items offered by independent third parties.

The terms (including the consideration) in respect of the Purchase were determined by the parties on an arm’s length basis with reference to the prevailing market prices and terms for such items offered by independent third parties.

The Directors (including all the independent non-executive Directors) have considered the terms of the Purchase and are of the view that they are on normal commercial terms, were concluded in the ordinary and usual course of business of the Group, and are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

Ms. Wong is a director of the Subsidiaries including Shandong Shundu and Zhucheng Yumin, while Nanjing Wenyuan and Suzhou Minzhi are associates of Ms. Wong, both being indirectly owned as to 100% by Ms. Wong. Nanjing Wenyuan and Suzhou Minzhi are therefore connected persons of the Company under Chapter 14A of the Listing Rules.

Accordingly, the Loans constitute provisions of financial assistance and connected transactions of the Company under the Listing Rules. Since all of the applicable percentage ratios in respect of Loans, both on a stand-alone or aggregated basis, exceeded 1% but were less than 5%, the Loans are subject to the reporting and announcement requirements but exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

As at the date of this announcement, Yuelan Trading is an associate of Ms. Wong, being indirectly owned as to 100% by Ms. Wong. Yuelan Trading is therefore a connected person of the Company under Chapter 14A of the Listing Rules.

Accordingly, the Purchase constitutes a connected transaction of the Company under the Listing Rules. Since all of the applicable percentage ratios in respect of Purchase exceeded 1% but were less than 5%, the Purchase is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Company's failure to (i) comply with the reporting and announcement requirements in respect of the Loans and the Purchase; and (ii) enter into a written agreement in respect of the Purchase constitutes a breach of Rules 14A.34, 14A.35 and 14A.49 of the Listing Rules. The failure was due to an oversight and inadvertent misunderstanding of the Listing Rules by some of the management of the Group involved in the provisions of the Loans and the Purchase, they were not reported to the Company until during the course of preparation of the annual report for the year ended 31 December 2019.

The provisions of the Loans and the Purchase were approved and ratified by the Board on 9 April 2020. None of the Directors have a material interest in the provision of the Loan and the Purchase. As such, no Directors were required to abstain from voting on the relevant resolutions.

#### **REMEDIAL MEASURES TAKEN/BEING TAKEN**

As of the date of this announcement, each of Nanjing Wenyuan and Suzhou Minzhi has partially repaid the corresponding Loans to the Group and has promised to fully repay the remaining balances of the Loans in the aggregated amount of RMB3,473,900 to the Group by the end of 8 March 2021.

In order to ensure proper compliance with the Listing Rules in the future, the Company is taking the following remedial measures:

- (i) the audit committee of the Company consisting of three independent non-executive Directors will be entrusted with the responsibility to review and modify the internal control system and update the internal handbook with reference to the Listing Rules;
- (ii) Mr. Lee Yin Sing, the company secretary of the Company, is in the course of modifying the existing procedures in monitoring connected transactions and discloseable transactions of the Group under Chapters 14 and 14A of the Listing Rules and will periodically provide the management of the Company with a list of the connected persons of the Company and their corresponding relationships with the Group and will request such connected persons to notify him and the audit committee of the Company immediately in respect of any proposed transactions to be entered into by the Group with any of such connected persons;
- (iii) the Board is reviewing and will continue to periodically review the Company's internal control and financial reporting systems and their effectiveness;

- (iv) the Company will seek legal advice and/or other professional advice from time to time as and when it is necessary to ensure disclosure in future annual reports will be in compliance with the relevant requirements of the Listing Rules; and
- (v) the Company will arrange for Ms. Wong and other members of the Board to undergo trainings in relation to compliance with the Listing Rules, director's duties and corporate governance matters and will continue to provide trainings to its Directors and senior management to improve the standard of corporate governance and operating management of the Company.

## **GENERAL**

The Company is a company incorporated in the British Virgin Islands with limited liability and the shares of which are listed on the Stock Exchange. The Group is principally engaged in the manufacturing of functional fabrics and innerwear products.

Shandong Shundu is a company incorporated in the PRC with limited liability and is an indirect wholly owned subsidiary of the Company. It is principally engaged in the trading of garments.

Zhucheng Yumin is a company incorporated in the PRC with limited liability and is an indirect wholly owned subsidiary of the Company. It is principally engaged in the manufacturing of fabrics, provision of fabric weaving knitting, printing and dyeing services.

Nanjing Wen Yuan is a company incorporated in the PRC with limited liability and is indirectly owned as to 100% by Ms. Wong. It is principally engaged in the trading of garments.

Suzhou Minzhi is a company incorporated in the PRC with limited liability and is indirectly owned as to 100% by Ms. Wong. It is principally engaged in the design and manufacturing of garments.

Yuelan Trading is a company incorporated in the PRC with limited liability and is indirectly owned as to 100% by Ms. Wong. It is principally engaged in the trading and retail of garments.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors

“Company”	Greatime International Holdings Limited, a company incorporated in the British Virgin Islands with limited liability on 8 December 2010 and the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreements”	the 2019 Nanjing Wen Yuan Loan Agreement, the 2019 Suzhou Minzhi Loan Agreement and the 2020 Suzhou Minzhi Loan Agreement
“Loans”	the interest-free loans in the aggregated principal amount of RMB11,973,900 under the Loan Agreements
“Ms. Wong”	Ms. Wong Man Kit, being the director of the Subsidiaries
“Nanjing Wen Yuan”	Nanjing Wen Yuan Clothing Trade Company Limited (南京文元服裝貿易有限公司), a company established in the PRC with limited liability and is indirectly owned as to 100% by Ms. Wong
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shandong Shundu”	Shandong Shundu International Trading Company Limited (山東順都國際貿易有限公司), a company established in the PRC with limited liability and is an indirect wholly owned subsidiary of the Company

“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subsidiaries”	Shandong Shundu, Zhucheng Yumin and Yuelan Trading, all being subsidiaries of the Company with Ms. Wong as director
“Suzhou Minzhi”	Suzhou Minzhi Garment Design Company Limited (蘇州敏之服裝設計有限公司), a company established in the PRC with limited liability and is indirectly owned as to 100% by Ms. Wong
“Yuelan Trading”	Yuelan Trading (Nanjing) Company Limited (玥嵐貿易(南京)有限公司), a company established in the PRC with limited liability and is indirectly owned as to 100% by Ms. Wong
“Zhucheng Yumin”	Zhucheng Yumin Knitting Company Limited (諸城裕民針織有限公司), a company established in the PRC with limited liability and is an indirect wholly owned subsidiary of the Company
“%”	per cent.

*In this announcement the English names of PRC nationals, entities, facilities and localities are unofficial translation or transliteration from their Chinese names and are for identification purposes only.*

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

By Order of the Board  
**Greatime International Holdings Limited**  
**Wang Bin**  
*Chairman*

Hong Kong, 7 May 2020

*As at the date of this announcement, the directors of the Company comprise of Mr. Wang Bin, Ms. Tian Ying and Mr. Du Shuwei as executive Directors, Mr. Zhang Yanlin as non-executive Director, and Mr. Xu Dunkai, Ms. Feng Xin and Mr. Hu Quansen as independent non-executive Directors.*