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

(Incorporated in the British Virgin Islands with limited liability)

(Stock code: 844)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020 ("YEAR UNDER REVIEW")

The board (the "**Board**") of directors (the "**Directors**") of Greatime International Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the Year under Review, together with the comparative figures for the year ended 31 December 2019, which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**"), as follow.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year under Review

	Notes	**2020** *RMB'000*	2019 *RMB'000*
Revenue	*3*	**418,160**	410,217
Cost of sales		**(319,980)**	(310,232)
Gross profit		**98,180**	99,985
Other income and gains	*4*	**7,063**	5,589
Selling and distribution expenses		**(12,405)**	(13,398)
Administrative expenses		**(71,376)**	(86,668)
Finance costs	*5*	**(5,202)**	(5,195)
Profit before tax		**16,260**	313
Income tax expense	*6*	**(7,338)**	(7,058)
Profit (loss) for the year	*7*	**8,922**	(6,745)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**(758)**	694
Other comprehensive (expense) income for the year		**(758)**	694
Total comprehensive income (expense) for the year		**8,164**	(6,051)
Profit (loss) per share:			
– Basic and diluted *(RMB)*	*8*	**0.02**	(0.01)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**184,146**	195,249
Investment property		**3,541**	3,983
Right-of-use assets		**20,923**	22,273
Other receivables		**–**	13,850
Deposits paid to acquire property, plant and equipment		**3,019**	12,430
Deferred tax assets		**606**	393
		212,235	248,178
CURRENT ASSETS			
Inventories	*10*	**59,149**	61,651
Trade receivables	*11*	**51,600**	39,920
Bills receivables		**4,967**	–
Prepayments and other receivables		**7,852**	13,581
Amounts due from related companies		**337**	1,648
Income tax receivables		**223**	–
Cash and bank balances		**140,599**	93,755
		264,727	210,555

	Notes	**2020** *RMB'000*	2019 *RMB'000*
CURRENT LIABILITIES			
Trade payables	*12*	**44,269**	40,055
Accruals and other payables		**18,884**	19,331
Contract liabilities		**1,184**	975
Amount due to a related company		**859**	132
Loan from a shareholder		**4,228**	4,496
Interest-bearing borrowings		**103,000**	98,000
Lease liabilities		**1,816**	1,736
Income tax payables		**2,221**	1,572
		176,461	166,297
Net current assets		**88,266**	44,258
Total assets less current liabilities		**300,501**	292,436
NON-CURRENT LIABILITIES			
Lease liabilities		**1,801**	1,757
Deferred tax liabilities		**473**	616
		2,274	2,373
NET ASSETS		**298,227**	290,063
CAPITAL AND RESERVES			
Share capital		**148,929**	148,929
Reserves		**149,298**	141,134
TOTAL EQUITY		**298,227**	290,063

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PRESENTATION OF CONSOLIDATION

Greatime International Holdings Limited (the "**Company**"), which acts as an investment holding company, was incorporated in the British Virgin Islands (the "**BVI**") with limited liability under the Business Companies Act of the BVI (2004) (the "**Companies Act**") on 8 December 2010. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 24 November 2011. The address of the registered office is located at P.O. Box 3340, Road Town, Tortola, BVI and its principal place of business is located at Room 4408, 44/F, 183 Queen's Road East, Wan Chai, Hong Kong.

The Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") are engaged in the manufacturing of and provision of processing services on innerwear products and knitted fabrics. The ultimate holding company of the Company is Junfun Investment Limited ("**Junfun**"), a limited liability company incorporated in the Cayman Islands.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company and its subsidiaries which were established and operated in the People's Republic of China (the "**PRC**"). Other than those subsidiaries established in the PRC, the functional currency of subsidiaries established in Hong Kong and Myanmar are denoted in United States dollars ("**USD**") and Myanmar Khamed ("**MMK**").

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in HKFRSs and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") which are effective for the Group's financial year beginning 1 January 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and related Amendments[5]
Amendments to HKFRS 3	Reference to Conceptual Framework[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
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[5]
Amendments to HKAS 16	Property, plant and Equipment: Proceeds before Intended Use[3]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[3]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[1]
Amendment to HKFRS 16	COVID-19-Related Rent Concessions[4]
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018–2020 cycle[3]

1 Effective for annual periods beginning on or after 1 January 2021.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after 1 January 2022.
4 Effective for annual periods beginning on or after 1 June 2020.
5 Effective for annual periods beginning on or after 1 January 2023.

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

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable for manufacture and sales of and provision of processing services on innerwear products and knitted fabrics, net of discounts and sales related taxes. Revenue is analysed as follows:

Revenue from contracts with customers within the scope of HKFRS 15

Disaggregated by major products or services lines

	2020	2019
	RMB'000	*RMB'000*
Manufacture and sale of products:		
– Innerwear products	**319,879**	289,392
– Knitted fabrics	**48,196**	66,598
	368,075	355,990
Processing services income:		
– Innerwear products	**8,662**	11,383
– Knitted fabrics	**41,423**	42,844
	50,085	54,227
	418,160	410,217

Disaggregation of revenue by timing of recognition

	Year ended	Year ended
	31/12/2020	31/12/2019
	RMB'000	*RMB'000*
Timing of revenue recognition		
At a point in time and total revenue from contracts with customers	**418,160**	410,217

The Group's operating segments, by category of products, based on information reported to the directors of the Company, being the chief operating decision makers ("**CODM**") for the purpose of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments are as follows:

1) Innerwear products − manufacturing and sale of and provision of processing services on innerwear and garments

2) Knitted fabrics − manufacturing and sale of and provision of processing services on knitted fabrics

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

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

	Year ended 31 December 2019		
	Innerwear products	Knitted fabrics	Total
	RMB'000	*RMB'000*	*RMB'000*
Revenue			
External sales	300,775	109,442	410,217
Inter-segment revenue	140,430	47,774	188,204
Segment revenue	441,205	157,216	598,421
Eliminations			(188,204)
Group's revenue			410,217
Segment profit (loss)	30,193	(4,840)	25,353
Other income and gains			2,464
Finance costs			(5,065)
Unallocated head office and corporate expenses			(22,439)
Profit before tax			313

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of bank interest income, rental income and interest income on loan receivables, directors' and chief executive's emoluments, certain finance costs and unallocated head office and corporate expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market price.

4. OTHER INCOME AND GAINS

	2020	2019
	RMB'000	*RMB'000*
Bank interest income	**474**	2,161
Sales of scrap materials	**1,837**	2,114
Interest income on loan receivables	**20**	82
Government grants *(note)*	**2,250**	533
Net gain on disposal of property, plant and equipment	**353**	259
Rental income from an investment property		
− Lease payments that are fixed	**146**	221
Insurance claim received	**–**	8
Reversal of impairment loss on loan receivables	**130**	–
Reversal of impairment loss on amounts due from related companies	**188**	–
Reversal of impairment loss on other receivables	**40**	–
Others	**1,625**	211
	7,063	5,589

Note:

During the Year under Review, the Group recognised government grants of approximately RMB1,166,000 in respect of COVID-19-related subsidies, of which amounted to approximately RMB1,166,000 related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund. The remaining government grants recognised are awarded to the Group by (a) the PRC government as incentives primarily to encourage the technology development of the Group and the contribution to the local economic development; and (b) the Hong Kong Special Administrative Region to encourage the Group to promote its business to overseas market. The government grants are one-off with no specific condition attached.

5. FINANCE COSTS

	2020	2019
	RMB'000	*RMB'000*
Interest on lease liabilities	**173**	215
Interest on bank loans	**5,029**	5,540
Less: amounts capitalised in the cost of qualifying assets	**–**	(560)
	5,202	5,195

During the year ended 31 December 2019, borrowing costs capitalised arose on the general borrowing pool are calculated by applying a capitalisation rate of 2.6% per annum to expenditure on qualifying assets. No borrowing costs was capitalised during the Year under Review.

6. INCOME TAX EXPENSE

	2020	2019
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax (the "**EIT**")		
– Provision for the year	**8,020**	4,291
Overseas income tax		
– Provision for the year	**387**	720
– (Over) under-provision in prior years	**(719)**	112
Withholding tax	**–**	1,552
Deferred tax	**(350)**	383
	7,338	7,058

(a) Overseas income tax

Pursuant to the rules and regulations of the BVI, the BVI subsidiary and the Company are not subject to any income tax in the BVI.

Pursuant to the rules and regulations of Myanmar, the Myanmar subsidiaries are subject to income tax at 25%.

(b) Hong Kong Profits Tax

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No.7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HKD2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HKD2 million will be taxed at 16.5%. For the years ended 31 December 2020 and 2019, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

No provision for Hong Kong Profits Tax had been made for the years ended 31 December 2020 and 2019 as there was no estimated assessable profit derived from Hong Kong subsidiaries.

(c) EIT

Under the Law of the PRC on EIT (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the years ended 31 December 2020 and 2019.

(d) Withholding tax

According to the joint circular of the Ministry of Finance and State Administration of Taxation – Cai Shui 2008 No. 1, withholding tax of 10% is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards.

The tax charge of the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2020	2019
	RMB'000	*RMB'000*
Profit before tax	**16,260**	313
Tax at the domestic income rate of 25% (2019: 25%)	**4,065**	78
Tax effect of income not taxable for tax purpose	**(419)**	(203)
Tax effect of expenses not deductible for tax purpose	**2,049**	4,723
Tax effect of tax deductible temporary difference not recognised	**438**	298
Utilisation of tax deductible temporary difference previously not recognised	**(106)**	(344)
Tax effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**67**	1,510
Effect of different tax rates of subsidiaries operating in other jurisdictions	**1,347**	2,202
Tax effect of tax losses not recognised	**820**	1,308
(Over) under-provision in prior years	**(719)**	112
Utilisation of tax losses previously not recognised	**(204)**	(2,626)
Income tax expense for the year	**7,338**	7,058

7. PROFIT (LOSS) FOR THE YEAR

	2020	2019
	RMB'000	*RMB'000*
Profit (loss) for the year has been arrived at after charging (crediting):		
Salaries and other benefits	**109,925**	106,300
Contributions to retirement benefit schemes	**1,594**	11,952
Total staff costs (including directors' and chief executive's emoluments)	**111,519**	118,252
Auditor's remuneration	**800**	820
Depreciation of property, plant and equipment	**26,704**	23,487
Depreciation of investment property	**442**	442
Depreciation of right-of-use assets	**3,735**	2,912
Exchange loss, net	**895**	1,843
Bad debt written off	**47**	181
Amount of inventories recognised as an expense	**320,648**	309,221
Provision (reversal) of impairment loss on inventories (included in cost of sales)	**668**	(1,011)
Impairment loss on trade receivables (included in administrative expenses)	**1,347**	320
Impairment loss on loan receivables	**–**	41
Impairment loss on other receivables	**–**	39
Impairment loss on amounts due from related companies	**–**	263

8. PROFIT (LOSS) PER SHARE

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

The calculation of the basic and diluted loss per share for the year ended 31 December 2019 is based on the loss for the year attributable to owners of the Company of approximately RMB6,745,000 and the weighted average of 494,335,330 ordinary shares in issue during the year.

Diluted profit (loss) per share for the years ended 31 December 2020 and 2019 was the same as the basic profit (loss) per share as there were no dilutive potential ordinary shares outstanding during the Year under Review (2019: nil).

9. DIVIDENDS

No dividend was paid or proposed during the Year under Review, nor has any dividend been proposed since the end of the reporting period (2019: nil).

10. INVENTORIES

	2020	2019
	RMB'000	*RMB'000*
Raw materials	**27,031**	19,887
Work-in-progress	**26,908**	33,898
Finished goods	**5,210**	7,866
	59,149	61,651

During the year ended 31 December 2019, inventories of approximately RMB1,155,000 which was fully impaired in prior years were sold at a consideration above RMB1,155,000. As a result, reversal of impairment on inventories of approximately RMB1,155,000 was recognised. No reversal of impairment on inventories was recognised during the Year under Review.

11. TRADE RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Receivables at amortised cost comprise:		
Trade receivables	**54,787**	41,784
Less: Loss allowance on trade receivables	**(3,187)**	(1,864)
	51,600	39,920

As at 31 December 2020, the gross amount of trade receivable arising from contracts with customers amounted to approximately RMB54,787,000 (2019: RMB41,784,000).

The Group allows an average credit period of 30 to 90 days to its trade customers. An aged analysis of trade receivables net of allowance for impairment of trade receivables presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period is as follows:

	2020	2019
	RMB'000	*RMB'000*
0–30 days	**31,507**	29,770
31–60 days	**9,335**	7,244
61–90 days	**3,767**	1,162
Over 90 days	**6,991**	1,744
	51,600	39,920

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

	2020	2019
	RMB'000	*RMB'000*
At the beginning of the year	**1,864**	1,541
Impairment loss on trade receivables	**1,347**	320
Exchange realignment	**(24)**	3
At the end of the year	**3,187**	1,864

12. TRADE PAYABLES

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

	2020	2019
	RMB'000	*RMB'000*
0–30 days	**32,228**	29,293
31–90 days	**10,881**	9,191
91–180 days	**644**	583
Over 180 days	**516**	988
	44,269	40,055

The average credit period on purchase of goods is from 30 to 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

According to the economic growth data for 2020 released by the National Bureau of Statistics of China at the beginning of the year, the GDP of China reached RMB101.6 trillion, representing a year-on-year growth of 2.3%. Despite the record low growth, China's GDP has exceeded RMB100 trillion for the first time amidst the raging pandemic around the globe, and is expected to be the only major economy in the world to achieve positive economic growth. Despite its favourable fundamentals, the Sino-U.S. relationship is rapidly changing, and the negative impact of the trade disputes between China and the United States continues to disrupt economic activities to a certain extent. In addition, the outbreak of COVID-19 has led to the rise of trade protectionism in many countries around the world. Some countries have begun seeking to build a more diversified, safe and controllable supply chain to guide the return of the manufacturing industry, with an aim to reduce reliance on imports and focus international trade activities in their respective regions. Facing with numerous uncertainties, China's textile industry has to keep reviewing and react calmly to the changing situation.

BUSINESS REVIEW

The Group has been committed to diversifying its business to reduce business risks and expand income source. For the Year under Review, the Group continued to play the role as an original equipment manufacturer (the "**OEM**") underwear supplier of a number of major international clothing brands with plants running in China and Myanmar for production.

During the Year under Review, the Group recorded revenue of approximately RMB418.2 million (2019: RMB410.2 million). Profit for the year was approximately RMB8.9 million (2019: loss of RMB6.7 million). The Group's revenue from knitted fabrics was approximately RMB89.6 million and the revenue from innerwear products was approximately RMB328.5 million. For the Year under Review, the Group's revenue from export of garments was approximately RMB259.1 million, accounting for 62.0% of the Group's total revenue. During the Year under Review, in response to the sharp increase in global demand for face masks, the Group also moderately adjusted its production capacity and produced face masks, which contributed approximately RMB34.1 million to the Group's revenue.

The Sino-Japanese economic and trade cooperation further resumed in 2020, mainly due to the further improvement of the Sino-Japanese relations and the signing of the phase one economic and trade agreement between China and the U.S. During the Year under Review, Japan continued to be the largest export country of the Group. Leveraging on the longstanding and trusted relationship between the Group and its customers, the Group continued to record organic growth in export orders to Japan. During the Year under Review, the Group also continued to export garments to major export markets including the U.S. and Europe. In addition, the Group's business in Myanmar grew in an orderly manner. The construction of the new plant has been completed smoothly and the new plant has officially commenced operation, which further strengthened the Group's business in Myanmar. During the Year under Review, the Group's garment processing business in Myanmar remained stable and contributed approximately RMB28.8 million to the Group's total revenue for the year.

FINANCIAL REVIEW

Revenue

The following table sets forth a breakdown of the Group's revenue by knitted fabrics and innerwear products and as a percentage of the Group's total revenue for the Year under Review, with corresponding comparative figures for the year ended 31 December 2019:

	Year ended 31 December			
	2020	**2020**	2019	2019
	RMB'000	*%*	*RMB'000*	*%*
	(Audited)		(Audited)	
Knitted fabrics	**89,619**	**21.4**	109,442	26.7
Innerwear products	**328,541**	**78.6**	300,775	73.3
Total	**418,160**	**100.0**	410,217	100.0

For the Year under Review, the Group recorded a revenue of approximately RMB418.2 million (2019: RMB410.2 million), representing an increase of approximately RMB8.0 million, or approximately 2.0%. The sales volume of knitted fabrics and innerwear products for the Year under Review were approximately 3,935 tons and 35.8 million pieces respectively (2019: approximately 4,041 tons and 20.7 million pieces respectively). The increase of revenue was mainly due to the increase in sales of innerwear products from approximately RMB300.8 million in 2019 to approximately RMB328.5 million in 2020.

Sales of knitted fabrics amounted to approximately RMB89.6 million (2019: RMB109.4 million) representing approximately 21.4% (2019: 26.7%) of the total revenue for the Year under Review. The decrease in sales of knitted fabrics was mainly due to the decrease of demand in 2020. The sales volume of knitted fabrics decrease by approximately 2.6% to approximately 3,935 tons for the Year under Review (2019: 4,041 tons). The knitted fabrics were mainly distributed to branded customers in China. For the Year under Review, the sales of fabric knitting (including knitting, dying and pattern printing) and sales of fabrics subcontracting process (including dying and pattern printing) decreased to approximately RMB48.2 million and RMB41.4 million, respectively. (2019: approximately RMB66.6 million and RMB42.8 million). The decrease in the sales of fabric knitting of approximately RMB18.4 million of the fabrics knitting was mainly due to decrease in demand from the local customers due to the outbreak of COVID-19. The overall revenue contributed by knitted fabrics was therefore decrease by RMB19.8 million for the Year under Review.

Sales of innerwear products amounted to approximately RMB328.5 million (2019: RMB300.8 million), representing approximately 78.6% (2019: 73.3%) of the total revenue for the Year under Review. An increase in sales of innerwear products in the amount of approximately RMB27.7 million was recorded for the Year under Review. The sales volume of innerwear products increased from approximately 20.7 million pieces for the year ended 31 December 2019 to approximately 35.8 million pieces for the Year under Review, representing an increase by 72.9%. The increase in the sales volume was mainly contributed by the production of the fabrics mask during the Year under Review. The Group received orders for the production of fabrics mask due to the outbreak of COVID-19, such products contribute sales of approximately RMB34.1 million. The increase in sales of the innerwear products in 2020 was mainly due to the increase in sales volume.

Cost of sales

Cost of sales increased by approximately 3.2% from approximately RMB310.2 million for the year ended 31 December 2019 to approximately RMB320.0 million for the Year under Review. The increase in overall cost of sales was mainly due to the increase in sales amount and sales volume of the Group innerwear products in the Year under review. The cost of sales of innerwear products increased from RMB214.5 million for the year ended 31 December 2019 to RMB237.9 million for the Year under Review.

Gross profit and gross profit margin

Gross profit decreased by approximately RMB1.8 million, or approximately 1.8%, from approximately RMB100.0 million for the year ended 31 December 2019 to approximately RMB98.2 million for the Year under Review. The Group's gross profit margin decrease from approximately 24.4% for the year ended 31 December 2019 to approximately 23.5% for the Year under Review mainly due to the decrease in average unit selling price of the Group's products.

The Group's gross profit and gross profit margins by knitted fabrics and innerwear products for the Year under Review, with corresponding comparative figures for the year ended 31 December 2019, are as follows:

	Year ended 31 December			
	2020	**2020**	2019	2019
	Gross profit	**Gross profit margins**	Gross profit	Gross profit margins
	RMB'000	*%*	*RMB'000*	*%*
	(Audited)		(Audited)	
Knitted fabrics	**7,571**	**8.5**	13,674	12.5
Innerwear products	**90,609**	**27.6**	86,311	28.7
Total	**98,180**	**23.5**	99,985	24.4

Other income and gains

Other income and gains amounted to approximately RMB7.1 million (2019: RMB5.6 million) for the Year under Review which were mainly government grants and sales of scrap materials. The increase in other income and gains was mainly due to the increase in government grants. For the Year under Review, government grants of approximately RMB2.3 million was received (2019: RMB0.5 million).

Selling and distribution expenses

Selling and distribution expenses decreased by approximately RMB1.0 million to approximately RMB12.4 million (2019: RMB13.4 million) for the Year under Review. Selling expenses mainly represented the transportation expenses, salaries and commission to the sales staff. The decrease in selling expenses was mainly due to the decrease in transportation expenses caused by the decrease in knitted fabrics products in 2020.

Administrative expenses

Administrative expenses decreased to approximately RMB71.4 million (2019: RMB86.7 million) for the Year under Review. The decrease in the administrative expenses was mainly due to the decrease in pension expenses and social insurance expenses for the Year under Review. Total pension and social insurance expenses decreased from approximately RMB11.9 million in 2019 to approximately RMB1.4 million in 2020. Such decrease was mainly due to government policy in China of reducing/waiving such expenses so as to support companies from the impact of COVID-19.

Finance costs

Finance costs stated at approximately RMB5.2 million (2019: RMB5.2 million) for the Year under Review, primarily due to the steady amount of average bank borrowing during the Year under Review.

Profit before tax

The Group's profit before tax was approximately RMB16.3 million (2019: RMB0.3 million) for the Year under Review primarily due to the decrease in administrative expenses. The administrative expenses decreased by RMB15.3 million to RMB71.4 million for the Year under Review (2019: RMB86.7 million).

Income tax expense

Income tax expense increased to approximately RMB7.3 million (2019: RMB7.1 million) for the Year under Review. The Group's effective tax rate for the Year under Review was approximately 45.1%, as compared to approximately negative 2,255% for the year in 2019.

Profit for the year and profit margin

The Group's profit for the year increased by approximately RMB15.6 million, from approximately a loss of RMB6.7 million for the year ended 31 December 2019, to a profit of approximately RMB8.9 million for the Year under Review. The increase in the profit was mainly due to the increase in profit before tax of approximately RMB16.0 million for the Year under Review as mentioned in the above paragraphs.

Inventories

The inventory balances decreased to approximately RMB59.1 million as at 31 December 2020 (2019: RMB61.7 million).

The average inventory turnover days increased to approximately 69 days (2019: 70 days) for the Year under Review.

Trade receivables

Trade receivables increased to approximately RMB51.6 million (2019: RMB39.9 million) as at 31 December 2020.

The average trade receivables turnover days increased to approximately 40 days (2019: 36 days) for the Year under Review as the management team arrange a better credit terms to customers under the harsh economic situation in 2020. The trade receivables turnover days still fell within the credit terms granted to the customers of the Group.

Trade payables

Trade payables increased to approximately RMB44.3 million (2019: RMB40.1 million) as at 31 December 2020. The average turnover days for trade payables decreased to approximately 48 days (2019: 51 days) for the Year under Review which were in line with the trade credit periods given by the suppliers of the Group.

Liquidity and financial resources

The Group's principal sources of working capital included cash flow generated from the sale of its products and bank borrowings. As at 31 December 2020, the Group's current ratio (calculated as current assets divided by current liabilities) was 1.50 (as at 31 December 2019: 1.27). As at 31 December 2020, the Group had cash and cash equivalents of approximately RMB140.6 million (as at 31 December 2019: RMB93.8 million) and short-term bank loans of approximately RMB103.0 million (as at 31 December 2019: RMB98.0 million). As at 31 December 2020, the Group's gearing ratio (calculated as total debts as at year end divided by total assets for the year x 100%, while debts are defined to include current and non-current interest-bearing borrowings) measured on the basis of total bank loans was approximately 21.6%, as compared to approximately 21.4% as at 31 December 2019.

As at 31 December 2020, the Group had fixed rate bank loans of RMB55.0 million (2019: RMB50.0 million) and variable rate bank loans of approximately RMB48.0 million (2019: RMB48.0 million). The effective interest rate on the Group's fixed rate bank borrowings was 4.80%, and the effective interest rate for the Group's variable rate bank borrowings was 4.62% to 5.22% per annum as at 31 December 2020 (2019: fixed rate: 4.80%; variable rates: 4.98% to 5.17% per annum). During the Year under Review, there was no material change to the Group's funding and treasury policy.

The majority of the Group's funds have been deposited in banks in China and licensed banks in Hong Kong. The management believes that the Group possesses sufficient cash and cash equivalents to meet its commitments and working capital requirements in the next financial year.

The Group continues to implement prudent financial management policies and monitor its capital structure based on the ratio of total liabilities to total assets.

Interest rate and foreign currency exposure

The Group is exposed to cash flow interest rate risks in relation to variable rate interest-bearing borrowings. The pledged bank deposits and bank balances also expose the Group to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances. The Group historically has not used any financial instruments to hedge potential fluctuations in interest rates. The management considers that the exposure of the pledged bank deposits and bank balances to cash flow interest rate risk is not significant as the Group does not anticipate significant fluctuation in the interest rate on bank deposits. To mitigate the impact of interest rate fluctuations, the Group will manage the interest expenses by financing with both fixed and variable rate debts, and will continually assess and monitor the Group's exposure to interest rate risk and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group is exposed to foreign currency risk. A significant proportion of the Group's revenue was denominated in USD and certain trade and other receivables, cash and bank balances, trade and other payables and loan from a shareholder are denominated in USD, Japanese yen and HK$ respectively, while substantial operating expenses are denominated in RMB, and the Group's reporting currency is RMB.

The Group does not have a foreign currency hedging policy. In the event of currency fluctuations, the Group may have to increase its product pricing to compensate for the increase in cost of production. This would lower the Group's market competitiveness, on a price basis, for its products and could result in a decrease in revenue. In the future, the management will monitor foreign exchange exposure and will consider hedging or factoring significant foreign currency exposure should the need arise.

Contingent liabilities

As at 31 December 2020, the Group had no material contingent liabilities.

Charges on group assets

As at 31 December 2020, the Group's bank loans were secured by the Group's buildings and right-of-use assets of carrying amounts of approximately RMB84.0 million and RMB10.6 million, respectively (as at 31 December 2019: RMB91.0 million and RMB10.9 million, respectively).

HUMAN RESOURCES

As at 31 December 2020, the Group employed approximately 2,300 employees. The total staff costs (including directors' and key managements' emoluments) of the Group for the Year under Review were approximately RMB111.5 million (31 December 2019: RMB118.3 million). Key components of the Group's remuneration packages include basic salary, medical insurance, discretionary cash bonus and retirement benefit scheme. The Group conducts periodic reviews for the employees and their salaries and bonuses are performance related. The Group has neither experienced any significant problems with its employees or disruptions to its operations due to labour disputes, nor has it experienced any difficulties in the recruitment and retention of experienced employees. The Group maintains a good relationship with its employees.

FINAL DIVIDEND

No payment of a final dividend for the Year under Review was recommended by the Board (2019: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS

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

PROSPECTS

The widespread vaccination around the globe and the rate of recovery of global economy will be two key factors in the year 2021. International organisations such as the International Monetary Fund (the "**IMF**") and the Organisation for Economic Co-operation and Development (the "**OECD**") have all put forward a V-shaped reversal forecast of the global economic growth in 2021. IMF forecasts that the growth rate for 2020 and 2021 will be -4.4% and 5.2%, respectively, while OECD forecasts that the growth rate for the year and next year will be -4.2% and 4.2%, respectively. Looking forward to the medium to long-term trend of China, the Regional Comprehensive Economic Partnership (the "**RCEP**") agreement and the new U.S. administration's China policies in 2021 will be under the spotlight. RCEP is the world's largest trade agreement, covering approximately 30% of the world's total population and one-third of the world's GDP. The signing of RCEP is an important driver and supplement to the framework for global trade cooperation under the World Trade Organization, and has a strong push to further shift the focus of the international economy to Asia, which is a significant benefit for China's exports in the medium to long term. It remains to be seen as to the measures the new U.S. administration will eventually take against China.

As China continues to implement the open mutual benefit and win-win strategy, supports economic globalisation, and firmly implements the fundamental national policy of opening up, international cooperation is expected to be further strengthened. The Group is confident that it will achieve long-term development as it continues to consolidate and leverage its own advantages to better grasp the national development strategy, flexibly allocate resources, integrate and acquire through diversified business portfolio, and take flexible measures and business strategies to cope with future challenges.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year under Review.

EVENTS AFTER THE REPORTING PERIOD

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company places high value on its corporate governance practice and the Board firmly believes that a good corporate governance practice can improve accountability and transparency for the benefit of its shareholders. The Company has adopted the code provisions and certain recommended best practices contained in the Corporate Governance Code (the "**Code Provision(s)**"), as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), as the code of the Company. The Board also reviews and monitors the practices of the Company from time to time with an aim to maintaining and improving high standards of corporate governance practices. During the Year under Review, the Company has complied with the Code Provisions set out in the CG Code.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. The Company confirms that, having made specific enquiry of all the Directors, the Directors have complied with the required standards as set out in the Model Code during the Year under Review.

AUDIT COMMITTEE

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

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

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

ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on Wednesday, 26 May 2021. A notice convening the annual general meeting will be published on the websites of the Stock Exchange and the Company and despatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders who are entitled to attend and vote at the annual general meeting, the register of members of the Company will be closed from Friday, 21 May 2021 to Wednesday, 26 May 2021, both dates inclusive, during which period no transfer of shares will be registered. Shareholders are reminded that in order to qualify for attendance at the annual general meeting, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 20 May 2021.

AUDITOR

The Company appointed SHINEWING (HK) CPA Limited as its auditor for the Year under Review. The Company will submit a resolution in the coming Annual General Meeting to re-appoint SHINEWING (HK) CPA Limited as the auditor of the Company.

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

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the Stock Exchange's website at www.hkexnews.hk and the website of the Company at www.greatimeintl.com. The Company's annual report for the year 2020 will be available at the same websites and will be despatched to the Company's shareholders in due course.

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

Hong Kong, 26 March 2021

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