



INTERIM REPORT

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2021



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

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# CORPORATE INFORMATION

## EXECUTIVE DIRECTORS

Mr. Wang Bin  
Ms. Tian Ying  
Mr. Du Shuwei

## NON-EXECUTIVE DIRECTOR

Mr. Zhang Yanlin

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Xu Dunkai  
Ms. Zhao Weihong  
Mr. Hu Quansen

## AUTHORISED REPRESENTATIVES

Ms. Tian Ying  
Mr. Lee Yin Sing

## AUDIT COMMITTEE

Mr. Hu Quansen (*Chairman*)  
Ms. Zhao Weihong  
Mr. Xu Dunkai

## REMUNERATION COMMITTEE

Mr. Xu Dunkai (*Chairman*)  
Ms. Tian Ying  
Mr. Hu Quansen

## NOMINATION COMMITTEE

Mr. Wang Bin (*Chairman*)  
Ms. Zhao Weihong  
Mr. Hu Quansen

## COMPANY SECRETARY

Mr. Lee Yin Sing, *CPA*

## AUDITOR

SHINEWING (HK) CPA Limited

## LEGAL ADVISER

*As to Hong Kong law:*  
Loeb & Loeb LLP

## REGISTERED OFFICE

P.O. Box 3340  
Road Town  
Tortola  
British Virgin Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 4408, 44/F  
183 Queen's Road East  
Wan Chai  
Hong Kong

## PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 102 Renmin Dong Road  
Zhucheng City  
Shandong Province  
The PRC

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE BVI

Tricor Services (BVI) Limited  
P.O. Box 3340, Road Town, Tortola  
British Virgin Islands

## BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
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](http://www.greatimeintl.com)

# FINANCIAL HIGHLIGHTS

## KEY FINANCIAL INFORMATION

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<b>Key Financial Information</b>		
Revenue	190,420	193,318
Gross profit	42,577	47,879
Profit before tax	1,654	3,940
Loss for the period	(1,008)	(1,688)
Total comprehensive expense for the period	(10,560)	(1,159)
	<b>As at 30 June 2021 RMB'000 (Unaudited)</b>	As at 31 December 2020 RMB'000 (Audited)
Non-current assets	195,715	212,235
Current assets	287,032	264,727
Current liabilities	193,775	176,461
Net current assets	93,257	88,266
Total assets	482,747	476,962
Total assets less current liabilities	288,972	300,501
Total equity	287,667	298,227
Cash and cash equivalents	114,693	140,599

## KEY FINANCIAL RATIOS

	For the six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Gross profit margin	22.4%	24.8%
Net loss margin	(0.5)%	(0.9)%
Trade receivables turnover days	63	53
Inventory turnover days	87	80
	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Gearing ratio <sup>(1)</sup>	21.3%	21.6%
Current ratio	1.5	1.5

Note:

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



# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY REVIEW

Entering the year of 2021, the international business environment continued to be complex and unstable, and the Chinese government made proactive deployments to introduce flexible strategies to control the pandemic and promote widespread vaccination, so that the economic and social development would recover in an orderly manner. According to National Bureau of Statistics, China's GDP recorded a year-on-year growth of 12.7% in the first half of 2021. As the economy recovered steadily, production and manufacturing resumed in an orderly manner. Market demand for products also gradually increased and the overall market expectations were good.

With the increase in COVID-19 vaccination rates, the threat of the pandemic has eased and the global demand for anti-pandemic supplies has declined. In addition, despite that consumer sentiment in Europe and the United States continued to rebound, as other developed countries gradually resumed work and production, there was a re-allocation in the market supply. Coupled with the new round of the outbreak in Southeast Asia in the second quarter of this year, China's exports faced downward pressure. According to the statistics released by the General Administration of Customs, the total export value of textile products from China decreased in the first half of 2021, and the cumulative export value of textile products decreased by 7.38% year-on-year. At the same time, the US-China tariff continues, and the US is likely to increase imports from other Southeast Asian countries, bringing uncertainties to the industry. Textile enterprises in the PRC still need to remain cautious about the pandemic development domestically and abroad and the evolving prospects of the Sino-US economic and trade relations.

## BUSINESS REVIEW

The Group has been devoting active efforts to diversifying its business to reduce business risks and expanding source of income. The Group continues to play a role as an original equipment manufacturer ("**OEM**") innerwear supplier of numerous major international clothing brands, and operates production plants in China and Myanmar.

During the period from 1 January 2021 to 30 June 2021 ("**Period under Review**"), the Group's revenue recorded a decrease of approximately 1.5% to approximately RMB190.4 million (2020: RMB193.3 million) and loss for the period was approximately RMB1.0 million (2020: loss of RMB1.7 million). Compared to the same period of 2020, the Group's revenue was basically the same. During the Period under Review, the Group's revenue from knitted fabrics was approximately RMB49.4 million, whereas the revenue from innerwear products was approximately RMB141.1 million.

The global economy and business environment improved as the COVID-19 pandemic showed signs of easing. In view of the widespread vaccination against COVID-19 around the world, the exports of the Group's products were not significantly affected due to the improving consumer sentiments and the orderly resumption of production operations. Sales remained stable during the Period under Review.

According to the statistics released by the General Administration of Customs, the total value of imports and exports between China and Japan reached US\$317.5 billion in 2020. Japan remained the Group's largest export country. The Group's export orders from Japan continued to grow steadily by leveraging on the long-term and sincere relationships between the Group and its customers. However, due to the negative impact of the Sino-US trade disputes, the volume of garment export orders to the US continued to be affected. The number of orders from Mainland China and Europe remained stable. During the Period under Review, the Group's revenue from knitted fabrics increased as compared to the corresponding period in 2020, mainly due to the rebound in consumer confidence in the PRC. At the same time, the full resumption of work and production in production bases in the PRC also contributed to the increase in supply.

With the further easing of the COVID-19 pandemic, garment export orders are expected to gradually recover, which is expected to drive the steady growth of the Group's revenue from innerwear products. In addition, despite the political turmoil in Myanmar during the Period under Review, the Group's production base in Myanmar were not affected materially, and the garment processing business was at a normal level and continued to meet the needs of customers.

## 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 2021, with corresponding comparative figures for 2020:

	Six months ended 30 June			
	2021		2020	
	RMB'000	%	RMB'000	%
Knitted fabrics	49,351	25.9	34,254	17.7
Innerwear products	141,069	74.1	159,064	82.3
<b>Total</b>	<b>190,420</b>	<b>100.0</b>	193,318	100.0

For the six months ended 30 June 2021, the Group recorded a revenue of approximately RMB190.4 million (2020: RMB193.3 million), representing a decrease of approximately RMB2.9 million, or approximately 1.5%, as compared with that for the corresponding period in 2020. The sales volume of fabrics and innerwear for the six months ended 30 June 2021 were approximately 2,309 tons and 19.4 million pieces respectively (2020: 1,560 tons and 22.1 million pieces respectively). The decrease in revenue was mainly due to the decrease in the sales of the Group's innerwear products from approximately RMB159.1 million for six months ended 30 June 2020 to approximately RMB141.1 million for six months ended 30 June 2021.



Revenue from knitted fabrics amounted to approximately RMB49.4 million (2020: RMB34.3 million), representing an increase of approximately RMB15.1 million or 44.0% when compared to the corresponding period in 2020, and accounting for approximately 25.9% (2020: 17.7%) of the total revenue of the Group for the six months ended 30 June 2021. The increase was mainly due to the increase in sales volume. The sales volume of knitted fabrics increased by approximately 48.0% to approximately 2,309 tons for the six months ended 30 June 2021 (2020: 1,560 tons). The knitted fabrics products were mainly distributed to branded customers in China. For the six months ended 30 June 2021, the Group took up more fabric knitting and dyeing orders than the same period in 2020.

Revenue from innerwear products amounted to approximately RMB141.1 million (2020: RMB159.1 million), representing approximately 74.1% (2020: 82.3%) of the total revenue for the six months ended 30 June 2021. The sales of innerwear products decreased by RMB18.0 million, or approximately 11.3%. The decrease in sales was mainly due to the decrease in sales volume of the innerwear products. In 2020, the Group received orders of production of fabric face masks of approximately 12 million pieces. However, since there was no such urgent order of fabric face marks noted for the six months ended 30 June 2021, the revenue from innerwear products decreased.

#### Cost of sales

Cost of sales increased by approximately 1.7% from approximately RMB145.4 million for the six months ended 30 June 2020 to approximately RMB147.8 million for the corresponding period in 2021. The increase in cost of sales was mainly due to the increase in the sales of knitted fabrics for the six months ended 30 June 2021.

#### Gross profit and gross profit margin

Gross profit decreased by approximately RMB5.3 million, or approximately 11.1%, from approximately RMB47.9 million for the six months ended 30 June 2020 to approximately RMB42.6 million for the six months ended 30 June 2021 as a result of the decrease in sales of innerwear products, which generate a higher gross profit margin than the knitted fabrics products of the Group. The Group's gross profit margin slightly decreased from approximately 24.8% for the six months ended 30 June 2020 to approximately 22.4% for the corresponding period in 2021.

The following table sets forth the Group's gross profits and gross profit margins by products for the six months ended 30 June 2021, with corresponding comparative figures in 2020:

	Six months ended 30 June			
	2021		2020	
	RMB'000	%	RMB'000	%
Knitted fabrics	1,716	3.5	1,792	5.2
Innerwear products	40,861	29.0	46,087	29.0
<b>Total</b>	<b>42,577</b>		47,879	

### Other income and gains

Other income and gains amounted to approximately RMB0.8 million (2020: RMB2.8 million) for the six months ended 30 June 2021 which comprise mainly exchange gain, interest income from bank deposits and government grant. Such decrease was mainly due to less government grants received for the six months ended 30 June 2021.

### Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB0.6 million to approximately RMB6.0 million (2020: RMB5.4 million) for the six months ended 30 June 2021. The increase in selling and distribution expenses was mainly due to the increase in sales volume of fabrics products of the Group, as well as the distribution cost of the same products for the six months ended 30 June 2021.

### Administrative expenses

Administrative expenses decreased by approximately 14.6% to approximately RMB33.1 million (2020: RMB38.8 million) for the six months ended 30 June 2021. The major components of the administrative expenses were staff benefits, depreciation expenses and rental expenses.

The rental expenses and respective management fee decreased for the six months ended 30 June 2021 as the Group ceased to rent certain office premises and used the Group's own property instead.

### Finance costs

Finance costs maintained at approximately RMB2.6 million (2020: RMB2.6 million) for the six months ended 30 June 2021 primarily due to the same level of average bank borrowings when compared to that for the same period in 2020. The effective interest rates charged on bank borrowings for the six months ended 30 June 2021 ranged from 4.38% to 5.22%, which were similar as that of the same period in 2020 (2020: 4.80% to 5.22%).



### Profit before tax

The Group's profit before tax was approximately RMB1.7 million (2020: RMB3.9 million) for the six months ended 30 June 2021. Such decrease in profit before tax was mainly due to the decrease in gross profit. The gross profit of fabrics products and innerwear products decreased from RMB1.8 million and RMB46.1 million, respectively, for the six months ended 30 June 2020 to RMB1.7 million and RMB40.9 million, respectively, for the six months ended 30 June 2021.

### Income tax expense

Income tax expense decreased to approximately RMB2.7 million (2020: RMB5.6 million) for the six months ended 30 June 2021. The Group's effective tax rate for the six months ended 30 June 2021 was 160.9% as compared to 142.8% for the corresponding period in 2020.

### Loss for the period and profit margin

The Group's loss decreased by approximately RMB0.7 million, from approximately a loss of RMB1.7 million for the six months ended 30 June 2020 to a loss of approximately RMB1.0 million for the corresponding period in 2021. The decrease in the loss was mainly due to the decrease in income tax expense.

### Inventories

The inventory balances increased to approximately RMB81.0 million as at 30 June 2021 (as at 31 December 2020: RMB59.1 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 2021. For the six months ended 30 June 2021, the average inventories turnover days was 87 days (for the year ended 31 December 2020: 69 days).

### Trade and bills receivables

Trade and bills receivables increased to approximately RMB80.3 million as at 30 June 2021 (as at 31 December 2020: RMB56.6 million). The increase in trade receivables was mainly due to the increase in sales activities near the end of 30 June 2021 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 63 days (for the year ended 31 December 2020: 40 days).

### Trade payables

Trade payables increased to approximately RMB47.8 million as at 30 June 2021 (as at 31 December 2020: RMB44.3 million). The Group made more purchases of raw materials in anticipation of increased sales orders and delivery, which led to the increase in trade payables.



## 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 2021, the Group's current ratio (calculated as current assets divided by current liabilities) was approximately 1.5 (as at 31 December 2020: 1.5). As at 30 June 2021, the Group had cash and cash equivalents of approximately RMB114.7 million (as at 31 December 2020: RMB140.6 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 2020: RMB103 million). As at 30 June 2021, 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 21.3%, as compared to approximately 21.6% as at 31 December 2020.

As at 30 June 2021, the Group had fixed rate bank borrowings of approximately RMB55 million (as at 31 December 2020: RMB55 million) and variable rate bank borrowings of approximately RMB48 million (as at 31 December 2020: RMB48 million). The effective interest rates on the Group's fixed rate borrowings was 4.80% and variable rate bank borrowings ranged from 4.38% to 5.22% per annum, as at 30 June 2021 (as at 31 December 2020: fixed rate bank borrowings 4.80%; variable rate bank borrowings ranged from 4.62% to 5.22% 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**

As at 30 June 2021, the Group had no material contingent liabilities.

### **Charges on Group assets**

As at 30 June 2021, the Group's bank loans were secured by the Group's right-of-use assets and buildings of carrying amounts of approximately RMB10.5 million and RMB80.6 million, respectively (as at 31 December 2020: RMB10.6 million and RMB84.0 million, respectively).

## **HUMAN RESOURCES**

As at 30 June 2021, the Group employed approximately 2,300 employees. Key components of the Group's remuneration packages include basic salary, medical insurance, discretionary cash bonus and retirement benefit scheme. The Group would conduct periodic reviews of the performance of its employees and their salaries and bonuses are performance-based. During the Period under Review, the Group has neither experienced any significant problems with its employees or disruptions to its operations due to labour disputes, nor has it experienced any difficulties in the recruitment and retention of experienced employees. The Group maintains good relationships with its employees.

## **INTERIM DIVIDEND**

The Board resolved not to declare any interim dividend for the six months ended 30 June 2021 (2020: nil).



## PROSPECTS

In the post-pandemic era, economic activities are relaunched at large, and global fiscal stimulus and accommodative monetary policies are expected to ease the impact of the pandemic. According to the World Economic Outlook report published by the International Monetary Fund, global growth is expected to be 6.0% in 2021, of which China's growth will reach 8.4%. According to the forecast by ASKCI, the size of the home textile industry in the PRC will reach RMB293.7 billion in 2021. With the increase in people's income, higher requirements on living standards and the opening of the two-child policy, the development of the home textile industry will usher in new opportunities.

In addition, China signed the Regional Comprehensive Economic Partnership (the "RCEP") in November 2020. As the world's largest free trade agreement at present, the successful signing of RCEP will drive free and open trade and increase foreign investment in the region and promote regional economic cooperation. At the same time, the biggest breakthrough of RCEP is to realise the arrangement of zero-tariff agreement in the China-Japan Free Trade Zone for the first time, which will be conducive to improving the profitability of the PRC textile enterprises and driving the expansion of export scale.

However, in the face of the further spread of the new variants of virus recently, the efficacy of vaccines, inflation caused by economic rebound and the rising geopolitical risks continue to weigh on the pace of global economic recovery and lives of some people, such operational risks cannot be ignored. With the Group's diversified business and geographical advantages, as well as various economic stimulus policies promulgated by many countries around the world and the wider COVID-19 vaccination, the demand for textile products in China is expected to remain stable in the second half of the year. In addition, the Group will also proactively adjust the production capacity of its production facilities in various regions and identify potential investment projects outside its principal business. Through diversification of business development portfolio and adoption of flexible measures and business strategies to cope with external challenges, the Group will achieve sustainable development and create satisfactory investment returns for shareholders.

## 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 2021.

## MATERIAL ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2021, the Group did not engage in any material acquisitions or disposals.

## EVENT AFTER THE REPORTING PERIOD

As at the date of this interim results announcement, there is no significant event subsequent to 30 June 2021 which would materially affect the Group's operating and financial performance.



## CORPORATE GOVERNANCE

The Company places high value on its corporate governance practice and the Board firmly believes that a good corporate governance practice can improve accountability and transparency for the benefit of its shareholders. The Company has adopted the code provisions and certain recommended best practices contained in the Corporate Governance Code (the “**CG Code**”), as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), as its code of corporate governance. The Board also reviews and monitors the practices of the Company from time to time with an aim to maintain and improve high standards of corporate governance practices. During the six months ended 30 June 2021, the Company has complied with the code provisions set out in the CG Code.

## MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. The Company confirms that, having made specific enquiry of all the Directors, the Directors had complied with the required standards as set out in the Model Code during the six months ended 30 June 2021.

## SHARE CAPITAL

Details of the movements in the Company’s share capital during the Period Under Review are set out in note 17 to the condensed consolidated financial statements.

## SHARE OPTION SCHEME

Prior to the listing of the Company’s shares, the Company had conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 19 August 2011 which became unconditional and effective on 24 November 2011. The purpose of the Share Option Scheme is to enable the Group to grant options to the eligible participants (as specified in the section headed “Share Option Scheme” in the prospectus of the Company issued on 14 November 2011) as incentives or rewards for their contribution to the Group.

The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the total number of shares of the Company in issue at the time of its adoption (i.e. 380,000,000 shares), without prior approval from the Company’s shareholders in general meeting, and the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme must not exceed 30% of the total number of shares of the Company in issue from time to time. The number of shares issued and to be issued in respect of which options were granted and may be granted to any individual in any 12 months is not permitted to exceed 1% of the shares of the Company in issue at any point of time without prior approval from the Company’s shareholders in general meeting. Options granted to substantial shareholders or independent non-executive directors, or any of their respective associates, which would result in the shares issued and to be issued upon exercise of all options already granted and to be granted to such person in the 12-month period up to and including the date of the grant in excess of 0.1% of the Company’s issued share capital and with an aggregate value in excess of HK\$5 million, based on the closing price of the Company’s shares at the date of the grant, must be approved in advance by the Company’s shareholders in general meeting.



Options granted must be taken up within 21 days from the date of offer of grant upon payment of HK\$1 per grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

During the six months ended 30 June 2021, no options to subscribe for ordinary shares in the Company were granted under the Share Option Scheme.

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

As at 30 June 2021, 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 2021 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 2021, 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 <sup>(1)</sup>	Approximate percentage of shareholding
Junfun Investment Limited	Beneficial owner	260,661,501 (L)	52.73%
Joint Full International Limited	Through controlled corporation <sup>(2)</sup>	260,661,501 (L)	52.73%
Wintime Holding Group Co. Ltd.* (永泰控股集團有限公司) ("Wintime Group")	Through controlled corporation <sup>(2)</sup>	260,661,501 (L)	52.73%
Wintime Technology Investment Co. Ltd.* (永泰科技投資有限公司) ("Wintime Investment")	Through controlled corporation <sup>(2)</sup>	260,661,501 (L)	52.73%
Wang Guangxi	Through controlled corporation <sup>(2)</sup>	260,661,501 (L)	52.73%
Guo Tianshu	Interest of spouse <sup>(3)</sup>	260,661,501 (L)	52.73%

\* For identification purpose only

Notes:

- (1) The letter "L" denotes long position in the shares.
- (2) Junfun Investment Limited is wholly-owned by Joint Full International Limited, which is in turn wholly-owned by Wintime Group. Wintime Group is owned as to 98.48% by Wintime Investment, which is in turn wholly-owned by Mr. Wang Guangxi. By virtue of the SFO, each of Joint Full International Limited, Wintime Group, Wintime Investment and Mr. Wang Guangxi is deemed to be interested in the shares of the Company that Junfun Investment Limited is interested in.
- (3) Ms. Guo Tianshu is the spouse of Mr. Wang Guangxi. By virtue of the SFO, Ms. Guo Tianshu is deemed to be interested in the shares of the Company that Mr. Wang Guangxi is interested in.



Save as disclosed above, as at 30 June 2021, 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. Hu Quansen (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 2021.

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. Hu Quansen and one executive Director, Ms. Tian Ying. 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. Hu Quansen 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 2021 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 2021

	NOTES	Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<b>Revenue</b>		<b>190,420</b>	193,318
Cost of sales		<b>(147,843)</b>	(145,439)
Gross profit		<b>42,577</b>	47,879
Other income and gains	5	<b>779</b>	2,809
Selling and distribution expenses		<b>(6,043)</b>	(5,436)
Administrative expenses		<b>(33,109)</b>	(38,762)
Finance costs	6	<b>(2,550)</b>	(2,550)
<b>Profit before tax</b>		<b>1,654</b>	3,940
Income tax expense	7	<b>(2,662)</b>	(5,628)
<b>Loss for the period</b>	8	<b>(1,008)</b>	(1,688)
Other comprehensive (expense) 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		<b>(9,552)</b>	529
<b>Total comprehensive expense for the period</b>		<b>(10,560)</b>	(1,159)
<b>Loss per share</b>			
– Basic and diluted (RMB cents)	10	<b>(0.2)</b>	(0.3)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	NOTES	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	11	171,206	184,146
Investment property		3,319	3,541
Right-of-use assets	12	18,343	20,923
Deposits paid to acquire property, plant and equipment	13	2,157	3,019
Deferred tax assets		690	606
		<b>195,715</b>	212,235
<b>Current assets</b>			
Inventories		81,039	59,149
Trade receivables	14	80,326	51,600
Bill receivables		–	4,967
Prepayments and other receivables		10,645	7,852
Amounts due from related companies		274	337
Income tax receivables		55	223
Cash and bank balances		114,693	140,599
		<b>287,032</b>	264,727

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AS AT 30 JUNE 2021

	NOTES	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
<b>Current liabilities</b>			
Trade payables	15	47,803	44,269
Accruals and other payables		25,616	18,884
Contract liabilities		5,521	1,184
Amount due to a related company		3,825	859
Loan from a shareholder		4,181	4,228
Interest-bearing borrowings	16	103,000	103,000
Lease liabilities	12	1,859	1,816
Income tax payables		1,970	2,221
		<b>193,775</b>	176,461
Net current assets		<b>93,257</b>	88,266
Total assets less current liabilities		<b>288,972</b>	300,501
<b>Non-current liabilities</b>			
Deferred tax liabilities		467	473
Lease liabilities	12	838	1,801
		<b>1,305</b>	2,274
<b>Net assets</b>		<b>287,667</b>	298,227
<b>Capital and reserves</b>			
Share capital	17	148,929	148,929
Reserves		138,738	149,298
<b>Total equity</b>		<b>287,667</b>	298,227

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Attributable to owners of the Company						Total
	Share capital	Statutory reserve	Exchange reserve	Special reserve	Other reserve	Retained earnings	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Note (a))		(Note (b))	(Note (c))		
As at 1 January 2020 (audited)	148,929	38,235	1,651	(83)	5,800	95,531	290,063
Loss for the period	-	-	-	-	-	(1,688)	(1,688)
Other comprehensive income for the period:							
Exchange differences arising on translation of foreign operations	-	-	529	-	-	-	529
Total comprehensive income (expense) for the period	-	-	529	-	-	(1,688)	(1,159)
As at 30 June 2020 (unaudited)	148,929	38,235	2,180	(83)	5,800	93,843	288,904
As at 1 January 2021 (audited)	<b>148,929</b>	<b>40,595</b>	<b>893</b>	<b>(83)</b>	<b>5,800</b>	<b>102,093</b>	<b>298,227</b>
Loss for the period	-	-	-	-	-	(1,008)	(1,008)
Other comprehensive expense for the period:							
Exchange differences arising on translation of foreign operations	-	-	(9,552)	-	-	-	(9,552)
Total comprehensive expense for the period	-	-	(9,552)	-	-	(1,008)	(10,560)
As at 30 June 2021 (unaudited)	<b>148,929</b>	<b>40,595</b>	<b>(8,659)</b>	<b>(83)</b>	<b>5,800</b>	<b>101,085</b>	<b>287,667</b>



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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 2021

	<b>Six months ended 30 June</b>	
	<b>2021</b> <b>RMB'000</b> <b>(Unaudited)</b>	2020 RMB'000 (Unaudited)
Cash (used in) generated from operations		
Increase in inventories	<b>(22,894)</b>	(3,909)
Increase in trade receivables	<b>(30,356)</b>	(33,441)
Decrease in bills receivables	<b>4,933</b>	–
Increase in prepayments and other receivables	<b>(2,909)</b>	(617)
Increase in trade payables	<b>3,534</b>	17,001
Increase in accruals and other payables	<b>5,795</b>	2,536
Increase in contract liabilities	<b>4,337</b>	1,122
Other operating cash flows	<b>21,195</b>	19,705
	<b>(16,365)</b>	2,397
PRC income tax paid	<b>(2,693)</b>	(1,925)
<b>Net cash (used in) generated from operating activities</b>	<b>(19,058)</b>	472
Net cash (used in) generated from investing activities		
Purchase of property, plant and equipment	<b>(1,321)</b>	(459)
Repayment from loan receivables	–	4,055
Deposits paid to acquire property, plant and equipment	<b>(2,157)</b>	–
Other investing cash flows	<b>474</b>	389
	<b>(3,004)</b>	3,985

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Net cash (used in) generated from financing activities		
New borrowings raised	75,000	75,000
Repayment of borrowings	(75,000)	(70,000)
Repayment of lease liabilities	(883)	(1,078)
Other financing cash flows	520	2,075
	<b>(363)</b>	5,997
Net (decrease) increase in cash and cash equivalents	<b>(22,425)</b>	10,454
Cash and cash equivalents at 1 January	140,599	93,755
Effect of foreign exchange rate changes	<b>(3,481)</b>	875
Cash and cash equivalents at 30 June, represented by cash and bank balances	<b>114,693</b>	105,084



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 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. The ultimate holding company of the Company is Junfun Investment Limited ("**Junfun**"), a limited liability company incorporated in the Cayman Islands.

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

The condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange Hong Kong Limited.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial information 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 2020, except as described below.

In the current interim period, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in Hong Kong Financial Reporting Standards ("**HKFRSs**") and the following amendments to HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2021.

Amendments to HKFRS 16	COVID-19 Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to HKFRSs in the current 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.

### 3. SIGNIFICANT EVENT

Myanmar's military has launched coup and occurred one and a half year, 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 stabilised.

### 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

The following tables present revenue and profit information for the Group's reportable segments for the six months ended 30 June 2021 and 2020, respectively.

	Six months ended 30 June 2021		
	Innerwear products RMB'000 (Unaudited)	Knitted fabrics RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Revenue</b>			
External sales	141,069	49,351	190,420
Inter-segment revenue	81,510	48,687	130,197
Elimination	(81,510)	(48,687)	(130,197)
<b>Group's revenue</b>	<b>141,069</b>	<b>49,351</b>	<b>190,420</b>
<b>Segment profit (loss)</b>	<b>13,153</b>	<b>(2,053)</b>	<b>11,100</b>
Other income			184
Finance costs			(2,542)
Unallocated head office and corporate expenses			(7,088)
<b>Profit before tax</b>			<b>1,654</b>



#### 4. SEGMENT INFORMATION (Continued)

	Six months ended 30 June 2020		
	Innerwear products RMB'000 (Unaudited)	Knitted fabrics RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Revenue</b>			
External sales	159,064	34,254	193,318
Inter-segment revenue	77,763	32,634	110,397
Elimination	(77,763)	(32,634)	(110,397)
<b>Group's revenue</b>	<b>159,064</b>	<b>34,254</b>	<b>193,318</b>
<b>Segment profit (loss)</b>	<b>20,734</b>	<b>(7,192)</b>	<b>13,542</b>
Other income			698
Finance costs			(2,550)
Unallocated head office and corporate expenses			(7,750)
<b>Profit before tax</b>			<b>3,940</b>

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 2. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of bank interest income, rental income 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 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:

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Innerwear products	<b>179,905</b>	173,207
Knitted fabrics	<b>175,868</b>	153,357
Unallocated assets	<b>126,974</b>	150,398
<b>Total assets</b>	<b>482,747</b>	476,962
Innerwear products	<b>47,705</b>	37,114
Knitted fabrics	<b>32,752</b>	26,990
Unallocated liabilities	<b>114,623</b>	114,631
<b>Total liabilities</b>	<b>195,080</b>	178,735

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than property, plant and equipment for general operation, investment property for general operation, right-of-use assets for general operation, prepayments for general operation, certain other receivables, income tax receivables, deferred tax assets and cash and bank balances; and
- all liabilities are allocated to operating segments other than other payables for general operation, lease liabilities, loan from a shareholder, income tax payables, interest-bearing borrowings and deferred tax liabilities.

## 5. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Bank interest income	181	236
Exchange gain, net	223	277
Sales of scrap material	–	553
Net gain on disposal of property, plant and equipment	85	1
Reversal of impairment loss on other receivables	–	38
Reversal of impairment loss on amounts due from related companies	–	261
Government grant ( <i>note</i> )	104	982
Others	186	461
	<b>779</b>	<b>2,809</b>

*Note:* During the six months ended 30 June 2021, the Group recognised government grants of approximately RMB88,000 received from the PRC government as incentives primarily to encourage the technology development of the Group and the contribution to the local economic development and approximately RMB16,000 received from 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.

## 6. FINANCE COSTS

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Interest on lease liabilities	102	66
Interest on bank loans	2,448	2,484
	<b>2,550</b>	<b>2,550</b>

## 7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
PRC Enterprise Income Tax		
– Provision for the year	2,750	5,607
Deferred tax	(88)	21
	<b>2,662</b>	5,628

## 8. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Loss for the period has been arrived at after crediting:		
Salaries and other benefits	56,809	53,849
Contributions to retirement benefit scheme	1,774	699
Total staff costs (including directors' emoluments)	<b>58,583</b>	54,548
Cost of inventories recognised as an expense	148,775	145,439
Depreciation of property, plant and equipment	13,080	12,368
Depreciation of investment property	222	222
Depreciation of right-of-use assets	1,651	1,346
Provision of impairment loss on inventories (included in cost of sales)	932	–
Impairment loss on trade receivables (included in administrative expenses)	1,476	797

## 9. DIVIDENDS

No dividend was paid, declared or proposed during the period (six months ended 30 June 2020: 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 2021 is based on the loss attributable to owners of the Company of approximately RMB1,008,000 (six months ended 30 June 2020: approximately RMB1,688,000) and weighted average number of ordinary shares of 494,335,330 in issue during the six months ended 30 June 2021 (six months ended 30 June 2020: 494,335,330).

Diluted loss per share for the six months ended 30 June 2021 and 2020 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 2021 (six months ended 30 June 2020: nil).

## 11. PROPERTY, PLANT AND EQUIPMENT AND PREPAID LEASE PAYMENTS ON LAND USE RIGHTS

During the six months ended 30 June 2021, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of approximately RMB147,000 (six months ended 30 June 2020: approximately RMB152,000), resulting in a net gain on disposal of approximately RMB85,000 (six months ended 30 June 2020: net gain on disposal of approximately RMB1,000).

During the six months ended 30 June 2021, the Group acquired approximately RMB5,460,000 (six months ended 30 June 2020: approximately RMB9,266,000) of property, plant and equipment.

## 12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

### (i) Right-of-use assets

As at 30 June 2021, the carrying amounts of right-of-use assets were approximately RMB5,634,000 and RMB12,709,000 (31 December 2020: approximately RMB7,409,000 and RMB13,514,000) in respect of the leased properties and prepaid lease payments on land use rights. During the six months ended 30 June 2021, no addition of lease agreement was entered by the Group.

### (ii) Lease liabilities

As at 30 June 2021, the carrying amount of lease liabilities was approximately RMB2,697,000 (31 December 2020: approximately RMB3,617,000). During the six months ended 30 June 2021, 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	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Depreciation expense on right-of-use assets	1,651	1,346
Interest expense on lease liabilities	102	66
Expense relating to short-term leases	522	820
Expense relating to leases of low value assets	3	–

(iv) Others

During the six months ended 30 June 2021, the total cash outflow for leases amount to approximately RMB1,510,000 (six months ended 30 June 2020: approximately RMB1,898,000).

## 13. DEPOSITS PAID TO ACQUIRE PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2021, the Group paid deposits of approximately RMB2,157,000 (31 December 2020: approximately RMB3,019,000) to acquire certain property, plant and equipment for the expansion and improvement of production facilities.

## 14. 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 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
0–30 days	46,860	31,507
31–60 days	11,683	9,335
61–90 days	8,598	3,767
Over 90 days	13,185	6,991
	<b>80,326</b>	51,600



## 15. TRADE 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 payables, based on the invoice date at the end of the reporting period, is presented as follows:

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
0-30 days	<b>34,387</b>	32,228
31-90 days	<b>11,463</b>	10,881
91-180 days	<b>1,496</b>	644
Over 180 days	<b>457</b>	516
	<b>47,803</b>	44,269

## 16. INTEREST-BEARING BORROWINGS

During the six months ended 30 June 2021, the Group obtained new bank borrowings amounting to approximately RMB75,000,000 (six months ended 30 June 2020: approximately RMB75,000,000) and repaid the bank borrowings amounting to approximately RMB75,000,000 (six months ended 30 June 2020: approximately RMB70,000,000).

## 17. SHARE CAPITAL

### Authorised:

As at 30 June 2021 and 31 December 2020, the Company was authorised to issue a maximum of 1,000,000,000 shares with no par value.

### Issued and fully paid:

	<b>Number of shares</b>	<b>Amount RMB'000</b>
Issued and fully paid:		
At 1 January 2020, 31 December 2020 (audited), 1 January 2021 and 30 June 2021 (unaudited)	494,335,330	148,929

## 18. 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:

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Right-of-use assets	<b>10,492</b>	10,640
Buildings	<b>80,575</b>	84,018
	<b>91,067</b>	94,658

## 19. 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:

	<b>Six months ended 30 June</b>	
	<b>2021 RMB'000 (Unaudited)</b>	2020 RMB'000 (Unaudited)
Short-term benefits	<b>6,102</b>	5,637
Post-employment benefits	<b>81</b>	47
	<b>6,183</b>	5,684

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.

## 20. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved and authorised for issue by the board of directors on 27 August 2021.