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GREATIME INTERNATIONAL HOLDINGS LIMITED

廣泰國際控股有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock Code: 844)

DISCLOSEABLE TRANSACTION ADVANCE TO AN ENTITY

THE LOAN AGREEMENT

The Board announces that on 26 June 2023, the Lender, a wholly owned subsidiary of the Company, entered into the Loan Agreement with the Borrower pursuant to which the Lender has agreed to lend to the Borrower the Loan for a term of not more than 30 days from drawdown date.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Loan exceeded 5% but all of them are less than 25%, the entering into of the Loan Agreement and the transactions contemplated thereunder constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the amount of the financial assistance granted to the Borrower did not exceed 8% under the assets ratio as defined under Rule 13.13 of the Listing Rules, the grant of the Loan was not subject to the general disclosure obligations under Rule 13.15 of the Listing Rules.

The Company's failure to comply with the reporting and announcement requirements in respect of the Loan constitute a breach of Rules 14.34 of the Listing Rules. The failure was due to an oversight and inadvertent misunderstanding of the Listing Rules by some of the management of the Group involved in the provisions of the Loan, they were not reported to the Company until during the course of preparation of the interim report for the six months ended 30 June 2023.

THE LOAN AGREEMENT

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Date:	26 June 2023
Parties:	Zhucheng Yumin Knitting Co., Ltd* (諸城裕民針織有限公司) as the Lender Zhucheng Fangli Clothing Co., Ltd.* (諸城方利製衣有限公司) as the Borrower
Principal loan amount:	RMB20 million
Interest rate:	5% per annum. The daily interest rate is calculated on a 360-day basis per year. The Loan was not secured with any security. The interest rate of 5% was made with reference to the interest rates of existing loans of the Group borrowed from local banks, which ranged from 4.8% to 5%. The Board considered that the provision of the Loan with 5% interest rate without security to the Borrower was in the interest of the Group mainly because minimal interest income could be generated from the idle funds if placed as normal bank deposits and the 5% interest generated from the Loan could cover the cost of borrowings of the Lender.
Term:	Not more than 30 days from the Loan's drawdown date, and drawdown can take place upon the Loan Agreement becomes effective.
Purpose:	The Loan will be used by the Borrower to support its momentary cash flow turnover needs for its production and operation.

In order to utilize idle funds and to maintain good relationship with the Borrower who is a long term customer of the Group, taking into consideration the normal operation funding needs of the Group and the interest rate and the short term of the Loan, the management of the Lender approved and granted the Loan to the Borrower.

Repayment: The Borrower shall repay all the interest accrued on the Loan and the principal amount of the Loan on the repayment date.

The Borrower has fully repaid the Loan and the interest accrued on 13 July 2023.

Default interest: If the Borrower fails to pay any sum which becomes due under the Loan Agreement, it shall pay interest on such unpaid sum from and including the due date up to and including the date of actual payment at a default rate of 8% per annum.

Effective date: The Loan Agreement will become effective on the date of signing.

The Loan was financed by the Group's internal resources. The Lender had assessed the relevant credit risks including but not limited to (i) the background and long history of operation of the Borrower, (ii) timely payment history of the Borrower as customer of the Group, (iii) the length of business relationship between the Group and the Borrower, (iv) the Borrower's reason for borrowing the Loan, (v) any previous default of payment by the Borrower to third parties, (vi) repayment ability of the Borrower, and (vii) the amount of funds of the Group for normal operation before and after granting the Loan and during the term of the Loan. The Lender had also reviewed the latest audited financial statement of the Borrower for the year ended 31 December 2022, the latest management account of the Borrower for May 2023 and information relating to bank loans of the Borrower. To the best of the Directors' knowledge and information, the Directors were not aware of any default by the Borrower.

REASONS FOR THE LOAN AGREEMENT

The making of the Loan under the Loan Agreement constituted provision of financial assistance by the Group under the Listing Rules. The terms of the Loan Agreement were negotiated on an arm's length basis among the Lender and the Borrower with regarding to, among others, prevailing commercial practices and the amount of the Loan. The terms of the Loan including the interest rate charged on the Borrower were determined with reference to the range of market interest rate after arm's length negotiations.

With reference to the terms and conditions of other loans borrowed by the Group from local banks, in particular, the 5% interest rate is among the highest rate and the term of the Loan is relatively short, and based on the credit risks assessed as mentioned above, especially the repayment ability of the Borrower and the long term business relationship with the Borrower, the Directors considered that the terms and conditions of the Loan Agreement were of normal commercial terms, fair and reasonable and were in the interests of the Company and the Shareholders as a whole.

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The provision of the Loan was approved and ratified by the Board on 30 August 2023. None of the Directors have a material interest in the provision of the Loan. As such, no Directors were required to abstain from voting on the relevant resolutions.

REMEDIAL ACTIONS

The Company deeply regrets its non-compliance with the Listing Rules but the Company would like to stress that such delay in compliance with the Listing Rules was inadvertent and unintentional. The Board will adopt the following measures to strengthen the relevant internal control procedures to prevent the occurrence of similar incidents in the future:

- (a) the Borrower has fully repaid the loan and the interest accrued on 13 July 2023;
- (b) the Company has conducted a comprehensive review and self-examination of the previous advances to entities, and hereby makes this announcement on advance to entity that should have been disclosed but was not previously disclosed;

- (c) the Company will arrange for training sessions for the Directors and senior management of the Group to remind them, in particular the finance department, to report transactions which may constitute notifiable and/or connected transactions under the Listing Rules to the Group's compliance personnel and seek professional advice if necessary to ensure that they understand the requirements under the Listing Rules and the relevant rules and regulations;
- (d) the Company will review, strengthen and continue to monitor the relevant internal control measures of the Group, including but not limited to contract signing procedures, to ensure that current and future transactions will be conducted in compliance with the applicable requirements under the Listing Rules and other relevant rules and regulations. In particular, the internal control manual in relation to transactions will be updated such that each subsidiary of the Group when planning to transact with independent third parties with consideration over RMB10 million or with applicable size tests of 5% or more not in the ordinary course of business, they will need to inform the Board in advance and obtain approval from the Board before signing any agreement for any transaction. Management of all subsidiaries of the Group are required to strictly follow the updated manual; and
- (e) the Company will work more closely with its internal legal and compliance department on compliance issues; and shall, as and when appropriate and necessary, consult other professional advisers before entering into any potential notifiable transaction. If necessary, the Company might also consult the Stock Exchange on the proper treatment of the proposed transaction. Going forward, the Company will continue to comply with the management procedures of making financial assistance to entities and make such disclosure in a timely manner to ensure compliance with the Listing Rules.

INFORMATION OF THE GROUP AND THE LENDER

The Group is principally engaged in manufacturing of and provision of processing services on innerwear products and knitted fabrics.

The Lender is a wholly-owned subsidiary of the Company established in the PRC with limited liability. The Lender is principally engaged in manufacturing of fabrics, provision of fabric knitting, printing and dyeing services.

INFORMATION OF THE BORROWER

The Borrower is a company established in the PRC with limited liability and is principally engaged in garment manufacturing. The Borrower is ultimately owned by Zhao Xuefang (趙學芳) and Zhao Xiaozhou (趙小舟), both of whom are PRC residents and are principally engaged in garment manufacturing. To the best knowledge, information and belief of the Board and after making all reasonable enquiries, the Borrower and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

The Borrower is a long term customer of the Group which has over six years business relationship with the Group.

DEFINITIONS

In this announcement, the following expressions have the following meanings:

“Board”	the board of Directors
“Borrower”	Zhucheng Fangli Clothing Co., Ltd.* (諸城方利製衣有限公司), a company established in the PRC with limited liability
“Company”	Greatime International Holdings Limited, a company incorporated in the British Virgin Islands with limited liability on 8 December 2010 and the Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Lender”	Zhucheng Yumin Knitting Co., Ltd* (諸城裕民針織有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Loan”	the loan in the principal amount of RMB20 million granted by the Lender to the Borrower pursuant to the terms of the Loan Agreement
“Loan Agreement”	the loan agreement dated 26 June 2023 and entered into between the Lender and the Borrower relating to the provision of the Loan
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board
Greatime International Holdings Limited
廣泰國際控股有限公司
Wang Bin
Chairman

Hong Kong, 28 September 2023

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

* *for identification purpose only*