2018 Interim Report

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

Contents

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Wang Bin
Ms. Tian Ying
Mr. Lam Tet Foo

NON-EXECUTIVE DIRECTOR

Mr. Zhang Yanlin

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Xu Dunkai
Ms. Feng Xin
Mr. Hu Quansen

AUTHORISED REPRESENTATIVES

Mr. Wang Bin
Ms. Tian Ying

AUDIT COMMITTEE

Mr. Hu Quansen *(Chairman)*
Ms. Feng Xin
Mr. Xu Dunkai

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Mr. Wang Bin *(Chairman)*
Ms. Feng Xin
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
(with effect from 30 June 2017)

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 22, 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

FINANCIAL HIGHLIGHTS

KEY FINANCIAL INFORMATION

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Key Financial Information		
Revenue	**147,291**	150,440
Gross profit	**19,896**	25,453
Loss before tax	**(17,959)**	(11,189)
Loss for the period	**(18,192)**	(12,482)
Total comprehensive expense for the period	**(17,074)**	(14,654)

	As at 30 June 2018	As at 31 December 2017
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Non-current assets	**214,166**	209,502
Current assets	**273,981**	259,880
Current liabilities	**189,925**	154,086
Net current assets	**84,056**	105,794
Total assets	**488,147**	469,382
Total assets less current liabilities	**298,222**	315,296
Total equity	**297,685**	314,759
Cash and cash equivalents	**135,569**	160,868

KEY FINANCIAL RATIOS

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Gross profit margin	**13.5%**	16.9%
Net loss margin	**(12.4)%**	(8.3)%
Trade receivables turnover days	**57**	61
Inventory turnover days	**79**	71

	As at 30 June 2018	As at 31 December 2017
	RMB'000	RMB'000
Gearing ratio[(1)]	**19.9%**	17.5%
Current ratio[(2)]	**1.44**	1.69

Notes:

1. Gearing ratio represents the ratio of total borrowings to total assets.

2. Current ratio represents the ratio of current assets to current liabilities.

REVENUE OF THE GROUP ANALYSED BY PRODUCT CATEGORIES

	Six months ended 30 June			
	2018	**2018**	2017	2017
	RMB'000	**%**	RMB'000	%
Knitted fabrics	**28,580**	**19.4**	24,613	16.4
Innerwear products	**118,711**	**80.6**	125,827	83.6
Total	**147,291**	**100.0**	150,440	100.0

REVENUE OF THE GROUP ANALYSED BY REGIONAL DISTRIBUTION

	Six months ended 30 June			
	2018	**2018**	2017	2017
	RMB'000	**%**	RMB'000	%
Japan	**30,445**	**20.7**	82,729	55.0
PRC	**56,590**	**38.4**	54,435	36.2
United States and others	**60,256**	**40.9**	13,276	8.8
Total	**147,291**	**100.0**	150,440	100.0

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In the first half of 2018 ("**Period under Review**"), China's economic growth slowed but the development pace of textile industry has stable. Notwithstanding the growth of export induced by the gradual recovery of world economy and the mild devaluation of Renminbi prompted by the tax cut, rate hike and balance sheet reduction in the United States ("**U.S.**"), the growth of global demand for textiles has been slowly decreasing. Affected by the Sino-US trade war and the deleveraging policy promulgated by the Chinese government, the lingering negative impact of economic growth casted severe challenges to the China's textile market. According to the announcement of The State Statistical Bureau, the growth of gross domestic product ("**GDP**") in China in the first half of 2018 was 6.8% which was slightly lower than the same period last year but was showing progress. By the end of June 2018, the total exports of textiles and apparel reached US$127.542 billion, representing a year-on-year growth of 3.24% which dropped by 2.4 percentage points compared with to the first quarter of 2018. In which, the total export of textiles reached US$58.332 billion, representing a year-on-year growth of 10.28% which down by 2.1 percentage points compared to the first quarter.

In view of the domestic market in China, since 2017, the market demand for textile and apparel has begun to pick up and domestic sales have shown a recovering trend, which have driven up the profitability of the entire industry. However, problems such as overcapacity in textile enterprises and destocking of garment enterprises, indicate that the intensive adjustment in the textile industry will continue in China. In the meantime, since the beginning of this year, the export market of China's garment has been facing severe competition from Southeast Asia and South Asia countries such as Vietnam, Bangladesh, India and Indonesia in the international bulk garment orders, causing the market share of China's textile and garment in the import market of Europe, U.S. and Japan declined by 3.68%, 3.93% and 3.11% respectively, compared with the same period in 2017. This downward trend was in line with the shrinkage of market share of China's textile and garment in the import markets of Europe and U.S. in recent years.

In 2018, the Sino-US trade war has become a major challenge for the development of China export industry. Although the impact on the export of China's textile and apparel is limited in the short term as China's textile and garment products are not among the list of retaliatory tariffs. However, the Group will stay cautious on the export business with U.S., as the tension between two countries under the trade war has been growing.

BUSINESS OVERVIEW

Since Greatime International Holdings Limited (the "**Group**") announced its name change from "Grand Concord International Holdings Limited", and its Chinese name change from "廣豪國際控股有限公司" to "廣泰國際控股有限公司" on 26 June 2017, the Group has been concentrating on pursuing a more diversified business portfolio in reducing the current business risk and improving source of revenue.

During the Period under Review, the Group continued to play the role as an original equipment manufacturer ("**OEM**") innerwear supplier of numerous major international clothing brands, and operated production plants in China and Myanmar, targeting the People's Republic of China ("**PRC**") and Japan as the major market. The Group's revenue recorded a decrease of 2.1% to approximately RMB147.3 million (2017: RMB150.4 million), which led to a loss of approximately RMB18.2 million (Loss for the corresponding period in 2017: RMB12.5 million).

During the Period under Review, the Group's revenue from knitted fabrics was approximately RMB28.6 million, respectively; and the revenue from innerwear products was approximately RMB118.7 million, respectively.

The main reasons accounting for the loss were the muted performance in the Chinese market and the shrinkage of demand in the Japanese functional innerwear market from its peak earlier. In March 2018, the Japanese Cabinet formally approved the Chemical Substances Assessment Law and Manufacturing Regulations reported to the World Trade Organisation ("**WTO**") earlier, therefore, it is expected that the restrictions on the entry of textile products into Japan will be increased. As one of the largest markets for the Group's functional innerwear, the policy may bring challenges to the Group in further developing its functional innerwear market in Japan.

During the Period under Review, the Group continued to export garments to major export markets including Japan, U.S. and Europe. The revenue generated from the export of garment accounted to RMB78.1 million, representing a 53% of the total revenue. Furthermore, in order to reinforce the business foundation and maintain reasonable gross margins, the Group has been exploring new markets of fabrics and innerwear products and initiating more business measures, such as seeking strategic partnerships with customers in the Association of Southeast Asian Nations ("**ASEAN**") region to ensure timely response to the transformation of market trend.

The group has been flexible in adjusting the production capacity in production plants in different regions in order to accommodate the ever-changing market trend as well as to support the Belt and Road Initiatives ("**BRI**") by giving its best endeavor to identify suitable investment opportunities along the BRI region. During the reviewing period, the Group's wholly-owned subsidiary, Win Glory Company Manufacturing Company Limited ("**Win Glory**") maintained a stable revenue, contributing RMB3.0 million to the total revenue of the Group. Meanwhile, the Group has recently paid a 30-year rental for another piece of land in Myanmar to further expand its garment businesses and the operation of the land remained stable.

During the Period under Review, the Group has been benefited from different opportunities arising from BRI countries. The rapid development of Myanmar economy laid a solid foundation for the Group's business. The Group will continue to expand the production business in Myanmar, in order to release its commercial potential and, further mobilize the development of textile and garment industry in Myanmar through committing a series of trading and commercial activities in achieving a mutually beneficial win-win situation.

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 six months ended 30 June 2018, with corresponding comparative figures for 2017:

	Six months ended 30 June			
	2018		2017	
	RMB'000	**%**	RMB'000	%
Knitted fabrics	**28,580**	**19.4**	24,614	16.4
Innerwear products	**118,711**	**80.6**	125,826	83.6
Total	**147,291**	**100.0**	150,440	100.0

For the six months ended 30 June 2018, the Group recorded a revenue of approximately RMB147.3 million (2017: RMB150.4 million), representing a decrease of approximately RMB3.1 million, or approximately 2.0%, as compared with that for the corresponding period in 2017. The sales volume of fabrics and innerwear for the six months ended 30 June 2018 were approximately 1,420 tons and 8.0 million pieces respectively (2017: 1,253 tons and 8.5 million pieces respectively). The decrease in revenue was mainly due to the decrease in the sales of the Group's innerwear products from approximately RMB125.8 million for six months ended 30 June 2017 to approximately RMB118.7 million for six months ended 30 June 2018.

Sales of knitted fabrics amounted to approximately RMB28.6 million (2017: RMB24.6 million), representing approximately 19.4% (2017: 16.4%) of the total revenue for the period ended 30 June 2018. The increase in sales of knitted fabrics was mainly due to the increase in sales volume. The sales volume and sales of knitted fabrics increased by approximately 13.3% and 16.3% to approximately 1,420 tons and RMB28.6 million, respectively, for the period ended 30 June 2018 (2017: 1,253 tons and 24.6 million, respectively). The knitted fabrics products were mainly distributed to branded customers in China. For the six months ended 30 June 2018, the Group took up more sub-contracting orders on fabrics dying and printing to better utilise the production capacity of knitted fabrics sector. Due to the better utilisation of the production capacity on the current period, the overall revenue contributed by knitted fabrics increased by RMB4.0 million to RMB28.6 million for the six months ended 30 June 2018.

Sales of innerwear products amounted to approximately RMB118.7 million (2017: RMB125.8 million), representing approximately 80.6% (2017: 83.6%) of the total revenue for the six months ended 30 June 2018. The sales volume of innerwear products decreased from 8.5 million pieces for six months ended 30 June 2017 to 8.0 million pieces in corresponding period in 2018. The decrease in the sales volume was mainly due to the sluggish demand in China, which influenced the sales of innerwear products in domestic market. The average unit selling price of the innerwear products maintained at RMB14.8 per piece in the six months ended 30 June 2018 (2017: RMB14.8 per piece). As the unit selling price maintained at RMB14.8 per piece and the total sales volume decreased, the overall sales of innerwear products decreased.

Cost of sales

Cost of sales increased by approximately 1.9% from approximately RMB125.0 million for the six months ended 30 June 2017 to approximately RMB127.4 million for the corresponding period in 2018. The increase in cost of sales was mainly due to the increase in cost of sales of knitted fabrics from RMB23.3 million for the six months ended 30 June 2017 to RMB27.3 million for the six months ended 30 June 2018, which was in line with the increase in sales of knitted fabrics for the six months ended 30 June 2018.

Gross profit and gross profit margin

Gross profit decreased by approximately RMB5.6 million, or approximately 21.8%, from approximately RMB25.5 million for the six months ended 30 June 2017 to approximately RMB19.9 million for the six months ended 30 June 2018 as a result of the increase in sales and the low gross profit ratio of knitted fabrics. As the gross profit ratio of knitted fabrics was relatively lower than the same of the innerwear products, the increase in percentage of sales of knitted fabrics over the total revenue from 16.4% for the period ended 30 June 2017 to 19.4% for the period ended 30 June 2018 resulted in the decrease in overall gross profit ratio of the Group. The Group's gross profit margin decrease from approximately 16.9% for the six months ended 30 June 2017 to approximately 13.5% for the corresponding period in 2018.

The following table sets forth the Group's gross profits and gross profit margins by products for the six months ended 30 June 2018, with corresponding comparative figures in 2017:

	Six months ended 30 June			
	2018		2017	
	RMB'000	**%**	RMB'000	%
Knitted fabrics	**1,280**	**4.5**	1,293	5.3
Innerwear products	**18,616**	**15.7**	24,160	19.2
Total	**19,896**		25,453	

Other income and gains

Other income and gains amounted to approximately RMB3.8 million (2017: RMB1.7 million) for the six months ended 30 June 2018 which were mainly exchange gain, interest income from bank deposits and gains from sales of scrap materials.

Selling and distribution expenses

Selling and distribution expenses slightly decreased by approximately RMB0.1 million to approximately RMB3.7 million (2017: RMB3.8 million) for the six months ended 30 June 2018. The decrease in selling and distribution expenses was mainly due to the decrease in the transportation expenses from approximately RMB0.6 million for the six months ended 30 June 2017 to approximately RMB0.4 million for the same period of 2018.

Administrative expenses

Administrative expenses increased by approximately 9.8% to approximately RMB35.9 million (2017: RMB32.7 million) for the six months ended 30 June 2018. The Group implemented cost control procedures, resulting in no material increase in the administrative expenses. The major component of the administrative expenses was staff benefits, which included salaries, social welfare and pension expenses.

Total staff benefits decreased to RMB21.1 million for the six months ended 30 June 2018 as compared to RMB22.9 million in the corresponding period in 2017.

Finance costs

Finance costs increased to approximately RMB2.1 million (2017: RMB1.8 million) for the six months ended 30 June 2018 primarily due to the increase in average bank borrowings when compared to that for the same period in 2017. The effective interest rates charged on bank borrowings for the six months ended 30 June 2018 ranged from 4.8% to 5.2%, which were similar as that of the same period in 2017 (2017: 4.5% to 5.0%).

Loss before tax

The Group's loss before tax was approximately RMB18.0 million (2017: RMB11.2 million) for the six months ended 30 June 2018, mainly due to the decrease in gross profit in both knitted fabrics and innerwear products. The gross profit of fabrics products and innerwear products decreased from RMB1.3 million and RMB24.2 million, respectively in six months ended 2017 to RMB1.3 million and RMB18.6 million, respectively in six months ended 2018.

Income tax expense

Income tax expense decreased to approximately RMB0.2 million (2017: RMB1.3 million). The Group's effective tax rate for the six months ended 30 June 2018 was negative 1.3% as compared to negative 11.6% for the corresponding period in 2017.

Loss for the period and loss margin

The Group's loss increased by approximately RMB5.7 million, from approximately a loss of RMB12.5 million for the six months ended 30 June 2017 to a loss of approximately RMB18.2 million for the corresponding period in 2018. The increase in the loss was mainly due to the decrease in gross profit of approximately RMB5.6 million as mentioned in the above paragraphs.

Inventories

The inventory balances increased to approximately RMB66.5 million as at 30 June 2018 (as at 31 December 2017: RMB43.5 million) reflecting an increase in the purchases of raw materials and the amount of finished goods in anticipation of increased sales orders and delivery in the second half of 2018. For the six months ended 30 June 2018, the average inventories turnover days was 79 days (as at 31 December 2017: 60 days).

Trade and bills receivables

Trade and bills receivables increased to approximately RMB50.1 million as at 30 June 2018 (as at 31 December 2017: RMB42.0 million). The average trade receivables turnover days increased to approximately 57 days (for the year ended 31 December 2017: 52 days) as the Group granted longer credit terms to domestic customers to maintain a better relationship with the customers.

Trade and bills payables

Trade and bills payables increased to approximately RMB52.5 million as at 30 June 2018 (as at 31 December 2017: RMB45.3 million). The Group made more purchases of raw materials in anticipation of increased sales orders and delivery in the second half of 2018, which led to the increase in the trade and bills 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 2018, the Group's current ratio (calculated as current assets divided by current liabilities) was approximately 1.44 (as at 31 December 2017: 1.69). As at 30 June 2018, the Group had cash and cash equivalents of approximately RMB135.6 million (as at 31 December 2017: RMB160.9 million), which were mainly generated from or utilised in daily operations, including sales of products, purchase of materials and obtaining of the short-term bank loans of approximately RMB97.0 million (as at 31 December 2017: RMB82.0 million). As at 30 June 2018, 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 19.9%, as compared to approximately 17.5% as at 31 December 2017.

As at 30 June 2018, the Group had no fixed rate bank borrowings of approximately RMB49 million (as at 31 December 2017: RMB40 million) and variable rate bank borrowings of approximately RMB48 million (as at 31 December 2017: RMB42 million). The effective interest rates on the Group's fixed rate borrowings was 4.87% variable rate bank borrowings ranged from 4.95% to 5.17% per annum, as at 30 June 2018 (as at 31 December 2017: fixed rate bank borrowings 4.95%; variable rate bank borrowings ranged from 4.99% to 5.03% 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 the PRC 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 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 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 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 exposure and will consider hedging or factoring significant foreign currency exposure should the need arise.

Contingent liabilities

As at 30 June 2018, the Group had no material contingent liabilities.

Charges on Group assets

As at 30 June 2018, the Group's bank loans were secured by the Group's machinery, buildings and land use rights of carrying amounts of approximately RMB6.2 million, RMB63.8 million and RMB11.4 million, respectively (as at 31 December 2017: RMB6.8 million, RMB66.3 million and RMB11.5 million, respectively). As at 30 June 2018, the Group also pledged its bank deposits of approximately RMB1.2 million (as at 31 December 2017: RMB1.5 million) and RMB0.6 million bills receivables (as at 31 December 2017: RMB0.6 million) to secure short-term bills payables.

HUMAN RESOURCES

As at 30 June 2018, 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 2018 (2017: Nil).

PROSPECTS

Looking forward to the second half of 2018, China's economy is expected to maintain a steady growth. With the further promotion and implementation of BRI, the domestic consumption upgrading trend is becoming more obvious and center greater market potential and broader demand prospects of China textile industry. Therefore, the expected domestic development of the textile industry will remain stable. However, seldom can the unfavorable factors be ignored: the production capacity is increasing while the number of orders is shrinking and the cost of production and energy is rising, all adding variables to the industry development.

In view of the overseas market, although the recovery trend of the world economy is expected to continue in the second half of 2018 and the import and export trade of textile industry may remain stable, the uncertainties under the Sino-US trade war, local protectionism, tax hike and mild increase of interest rate caused by gradual normalization of easing policies by central banks as well as the increase of corporate financial costs continue to exert instability to the export market of textile industry.

To be more proactive in coping challenges and seizing opportunities, the Group will give its best endeavors in different aspects such as to strengthen innovation, enhance cost efficiency, improve product structure and optimize client base for the purpose of strengthening core competencies. At the same time, the Group has been actively looking for and expanding into business with better investment value in order to broaden revenue stream and balance operation risks. We hope to fully seize market opportunities and realize sustainable development by leveraging on our leading market position, favorable brand image, quality product and abundant management and operating experience in achieving more desirable returns to our shareholders.

USE OF PROCEEDS FROM SHARES PLACEMENT

As disclosed in the announcements of the Company dated 9 October 2017 and 17 October 2017, the Company had completed the placing of 82,388,000 ordinary shares on 17 October 2017 which generated a net proceed of approximately HK$68.9 million, which was intended to be used for general working capital of the Group to purchase raw materials and cover administrative expenses, and for developing new business opportunities that may be identified by the Company from time to time.

As at 30 June 2018, the aforesaid net proceed has been applied as follows:

		Intended use of proceeds HK$'000	Actual use of proceeds HK$'000
(i)	As general working capital to	68,900	
	(a) purchase raw materials	for (i)(a), (i)(b)	–
	(b) cover administrative expenses	and (ii)	4,500
(ii)	For developing new business opportunities		–
Total:		68,900	4,500

The above mentioned uses are consistent with the intended use of proceeds as disclosed in the announcement of the Company dated 9 October 2017. The Group will constantly evaluate its business plan and may change or modify plan against the changing market condition to attain sustainable business growth of the Group. All the unutilised balances have been placed in licensed banks in Hong Kong. The unutilised balances will be applied by the Company for general working capital and for developing new business opportunities.

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 securities during the six months ended 30 June 2018.

MATERIAL ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2018, the Group did not engage in any material acquisitions or disposals.

EVENT AFTER THE REPORTING PERIOD

As at the date of this interim report, there is no significant event subsequent to 30 June 2018 which would materially affect the Group's operating and financial performance as at the date of the unaudited condensed consolidated interim results.

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 the code of the Company. 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 2018, the Company has complied with the code provisions (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 six months ended 30 June 2018.

SHARE CAPITAL

Details of the movements in the Company's share capital during the year are set out in note 15 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, 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 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. 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 share capital and with a 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.

Options granted must be taken up within 21 days from the date 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 2018, 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 2018, 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 2018 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

As at 30 June 2018, to the best knowledge of the Directors, the records of interest (being 5% or more of the issued share capital of the Company, other than the Directors or the chief executive of the Company) as registered in the register kept by the Company under section 336 of the SFO were as follows:

Name	Capacity	Number of shares[(1)]	Approximate percentage of shareholding
Junfun Investment Limited	Beneficial owner	260,661,501 (L)	52.73%

Note:

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

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 making recommendation 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 that auditor; 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 reviewing the financial controls, internal control and risk management systems.

The Audit Committee comprises Mr. Hu Quansen *(Chairman)*, Ms. Feng Xin 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 2018.

The Audit Committee has reviewed with the management in relation to 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 (the "**Remuneration Committee**") of the Company 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, and making recommendations to the Board of 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 (the "**Nomination Committee**") of the Company 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 qualified to become the 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. Feng Xin 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 2018 and up to the date of this report, there were no changes to information required to be disclosed by the Directors 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 2018

		Six months ended 30 June	
		2018	2017
	NOTES	**RMB'000**	RMB'000
		(Unaudited)	(Unaudited)
Revenue		**147,291**	150,440
Cost of sales		**(127,395)**	(124,987)
Gross profit		**19,896**	25,453
Other income and gains	*4*	**3,824**	1,685
Selling and distribution expenses		**(3,669)**	(3,837)
Administrative expenses		**(35,923)**	(32,696)
Finance costs	*5*	**(2,087)**	(1,794)
Loss before tax		**(17,959)**	(11,189)
Income tax expense	*6*	**(233)**	(1,293)
Loss for the period	*7*	**(18,192)**	(12,482)
Other comprehensive income (expense) for the period			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**1,118**	(2,172)
Total comprehensive expense for the period		**(17,074)**	(14,654)
Loss per share			
– Basic and diluted (RMB cents)	*9*	**(3.7)**	(3.0)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	NOTES	**30 June 2018 RMB'000 (Unaudited)**	31 December 2017 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	*10*	**195,160**	190,798
Goodwill		**–**	–
Prepaid lease payments	*10*	**14,192**	14,354
Prepayments		**2,774**	2,862
Deposits paid to acquire property, plant and equipment	*11*	**1,727**	942
Deferred tax assets		**313**	546
		214,166	209,502
Current assets			
Inventories		**66,521**	43,497
Trade and bills receivables	*12*	**50,071**	41,966
Prepayments and other receivables		**20,240**	11,593
Prepaid lease payments	*10*	**410**	408
Restricted bank deposits		**1,170**	1,548
Cash and bank balances		**135,569**	160,868
		273,981	259,880
Current liabilities			
Trade and bills payables	*13*	**52,470**	45,304
Accruals and other payables		**28,294**	19,265
Advance from customers		**7,574**	2,930
Loan from a shareholder		**4,191**	4,191
Interest-bearing borrowings	*14*	**97,000**	82,000
Income tax payables		**396**	396
		189,925	154,086
Net current assets		**84,056**	105,794
Total assets less current liabilities		**298,222**	315,296
Non-current liability			
Deferred tax liabilities		**537**	537
Net assets		**297,685**	314,759
Capital and reserves			
Share capital		**148,929**	148,929
Reserves		**148,756**	165,830
Total equity		**297,685**	314,759

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Attributable to owners of the Company						
	Share capital	Statutory reserve	Exchange reserve	Special reserve	Other reserve	Retained earnings	Total
	RMB'000	RMB'000 *(Note (a))*	RMB'000	RMB'000 *(Note (b))*	RMB'000 *(Note (c))*	RMB'000	RMB'000
As at 1 January 2017 (audited)	91,106	37,191	3,444	(83)	5,800	153,610	291,068
Loss for the period	–	–	–	–	–	(12,482)	(12,482)
Other comprehensive expense for the period:							
Exchange differences arising on translation of foreign operations	–	–	(2,172)	–	–	–	(2,172)
Total comprehensive expense for the period	–	–	(2,172)	–	–	(12,482)	(14,654)
As at 30 June 2017 (unaudited)	91,106	37,191	1,272	(83)	5,800	141,128	276,414
As at 1 January 2018 (audited)	**148,929**	**37,191**	**(259)**	**(83)**	**5,800**	**123,181**	**314,759**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**(18,192)**	**(18,192)**
Other comprehensive income for the period:							
Exchange differences arising on translation of foreign operations	**–**	**–**	**1,118**	**–**	**–**	**–**	**1,118**
Total comprehensive (income) expense for the period	**–**	**–**	**1,118**	**–**	**–**	**(18,192)**	**(17,074)**
As at 30 June 2018 (unaudited)	**148,929**	**37,191**	**859**	**(83)**	**5,800**	**104,989**	**297,685**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2018

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 2018

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash generated from operations		
Increase in inventories	**(23,088)**	(9,587)
Increase in trade and bills receivables	**(8,093)**	(4,761)
(Increase) decrease in prepayments and other receivables	**(8,645)**	1,677
Increase in trade and bills payables	**7,166**	24,530
Increase in accruals and other payables	**9,028**	3,721
Other operating cash flows	**826**	5,128
	(22,806)	20,708
Income tax paid	**–**	(1,481)
Net cash (used in) generated from operating activities	**(22,806)**	19,227
Net cash used in investing activities		
Purchase of property, plant and equipment	**(17,436)**	(9,793)
Other investing cash flows	**675**	(4,950)
	(16,761)	(14,743)
Net cash generated from (used in) financing activities		
New borrowings raised	**56,000**	60,000
Repayment of borrowings	**(41,000)**	(66,000)
Other financing cash flows	**(1,970)**	(1,794)
	13,030	(7,794)
Net decrease in cash and cash equivalents	**(26,537)**	(3,310)
Cash and cash equivalents at 1 January	**160,868**	109,876
Effect of foreign exchange rate changes	**1,238**	(981)
Cash and cash equivalents at 30 June, represented by cash and bank balances	**135,569**	105,585

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

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) 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 in Hong Kong is located at Room 4408, 44/F, 183 Queen's Road East, Wan Chai, Hong Kong.

The Company and its subsidiaries (the "**Group**") are principally engaged in the manufacturing of knitted fabrics and innerwear. The ultimate holding company of the Company is Junfun Investment Limited, 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 a subsidiary established in Myanmar is denoted in Burmese Kyat.

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 AND CHANGE IN ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except as described below.

In the current interim period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2018.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

2. PRINCIPAL AND CHANGE IN ACCOUNTING POLICIES (Continued)

The application of the new and revised HKFRSs in the current interim period 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 condensed consolidated financial statements.

2.1 HKFRS 9 Financial instruments

HKFRS 9 replaced HKAS 39 Financial Instruments: Recognition and Measurement, and introduces new requirements for the 1) classification and measurement of financial assets and financial liabilities; 2) impairment of financial assets and 3) general hedge accounting. The Group has applied HKFRS 9 retrospectively to financial instruments that have not been derecognised at the date of initial application (i.e. 1 January 2018) in accordance with the transition provisions under HKFRS 9, and chosen not to restate comparative information. Differences in the carrying amounts of financial assets and financial liabilities on initial application are recognised in retained earnings and other components of equity as at 1 January 2018.

2.1.1 Classification and measurements

At the date of initial application of HKFRS 9, the Group's management has reviewed and assessed all financial assets held by the Group on the basis of the Group's business model for managing these financial assets and their contractual cash flow characteristics, and has classified its financial assets and financial liabilities into the appropriate categories of HKFRS 9, as explained below:

Trade and bills receivables and other receivables previously classified as loan and receivables carried at amortised cost:

They are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets continue to be subsequently measured at amortised cost upon application of HKFRS 9.

2.1.2 Impairment of financial assets

The Group has the following type of financial instruments that are subject to the new impairment requirements under HKFRS 9.

Trade receivables at amortised cost:

The Group applied the simplified approach to provide for expected credit losses ("**ECL**") under HKFRS 9 and recognised lifetime expected losses for all trade receivables. The trade receivables are grouped based on shared credit risk characteristics and past due information for measuring ECL.

Financial assets with low credit risk/credit risk has not increased significantly:

The Group measured a 12-month ECL in respect of other financial assets including bills receivables, other receivables, restricted bank deposits and cash and bank balances for which credit risk has not increased significantly since initial recognition.

Based on assessment by the management of the Group, no loss allowance at 1 January 2018 was made.

3. SEGMENT INFORMATION

The Group's operating segments, by category of products, based on information reported to the chief operating decision maker for the purpose of resource allocation and performance assessment are as follows:

1) Innerwear products – manufacturing of innerwear and garments
2) Knitted fabrics – manufacturing of fabrics

The following tables present revenue and profit information for the Group's reportable segments for the six months ended 30 June 2018 and 2017, respectively.

	Six months ended 30 June 2018		
	Innerwear products RMB'000 (Unaudited)	Knitted fabrics RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue			
External sales	**118,711**	**28,580**	**147,291**
Inter-segment revenue	**56,049**	**22,057**	**78,106**
Elimination	**(56,049)**	**(22,057)**	**(78,106)**
Group's revenue	**118,711**	**28,580**	**147,291**
Segment loss	**(5,987)**	**(5,757)**	**(11,744)**
Other income			**830**
Finance costs			**(2,087)**
Unallocated head office and corporate expenses			**(4,958)**
Loss before tax			**(17,959)**

3. **SEGMENT INFORMATION** (Continued)

	Six months ended 30 June 2017		
	Innerwear products RMB'000 (Unaudited)	Knitted fabrics RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue			
External sales	125,826	24,614	150,440
Inter-segment revenue	78,456	29,396	107,852
Elimination	(78,456)	(29,396)	(107,852)
Group's revenue	125,826	24,614	150,440
Segment (loss) profit	105	(2,786)	(2,681)
Other income			443
Finance costs			(1,794)
Unallocated head office and corporate expenses			(7,157)
Loss before tax			(11,189)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 2. Segment profit or loss represents the profit earned or loss made by each segment without allocation of bank interest income, certain other income, directors' emoluments, 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.

3. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Innerwear products	**200,277**	190,772
Knitted fabrics	**142,831**	114,120
Unallocated assets	**145,039**	164,490
Total assets	**488,147**	469,382
Innerwear products	**56,158**	47,237
Knitted fabrics	**30,324**	18,371
Unallocated liabilities	**103,980**	89,015
Total liabilities	**190,462**	154,623

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 operating, prepayments for general operating, certain prepayments and other receivables, deferred tax assets, restricted bank deposits and cash and bank balances.

All liabilities are allocated to operating segments other than other payables for general operating, income tax payables, interest-bearing borrowings, loan from a shareholder and deferred tax liabilities.

4. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Interest income	**830**	443
Exchange gain, net	**584**	297
Sales of scrap material	**1,984**	875
Gain on disposal of property, plant and equipment, net	**–**	27
Reversal of impairment recognised in respect of trade receivables	**300**	–
Others	**126**	43
	3,824	1,685

5. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Wholly repayable within five years:		
Interest on bank loans	**2,106**	1,924
Less: amounts capitalised in the cost of qualifying assets	**(19)**	(130)
	2,087	1,794

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax		
– Provision for the year	**–**	1,063
– Over provision in prior years	**–**	230
Deferred tax	**233**	–
	233	1,293

7. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging:		
Salaries and other benefits	**54,184**	53,945
Contributions to retirement benefit scheme	**5,693**	5,123
Total staff costs (including directors' emoluments)	**59,877**	59,068
Cost of inventories recognised as an expense	**127,395**	124,987
Amortisation of prepaid lease payments	**204**	149
Depreciation of property, plant and equipment	**12,154**	12,534
Loss (gain) on disposal of property, plant and equipment, net	**506**	(27)
Operating lease rentals in respect of rented premises	**1,509**	251

8. DIVIDENDS

No dividends were paid, declared or proposed during the period (six months ended 30 June 2017: nil). The directors of the Company have determined that no dividend will be paid in respect of the interim period.

9. LOSS PER SHARE

The calculation of basic loss per share for the six months ended 30 June 2018 is based on the loss attributable to owners of the Company of approximately RMB18,192,000 and weighted average number of ordinary shares of 494,335,330 in issue during the six months ended 30 June 2018. The calculation of basic loss per share for the six months ended 30 June 2017 is based on the loss attributable to owners of the Company of approximately RMB12,482,000 and weighted average number of ordinary shares of 411,947,330 in issue during the six months ended 30 June 2017.

Diluted loss per share was the same as the basic loss per share as there were no potential dilutive ordinary share outstanding during the six months ended 30 June 2018 and 2017.

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

During the six months ended 30 June 2018, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of approximately RMB757,000 (six months ended 30 June 2017: approximately RMB866,000), resulting in a net loss on disposal of approximately RMB506,000 (six months ended 30 June 2017: net gain on disposal of approximately RMB27,000).

During the six months ended 30 June 2018, the Group acquired approximately RMB17,319,000 (six months ended 30 June 2017: RMB9,662,000) of property, plant and equipment.

During the six months ended 30 June 2018, no prepaid lease payment on land use rights was acquired by the Group (six months ended 30 June 2017: RMB3,801,000).

11. DEPOSITS PAID TO ACQUIRE PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2018, the Group paid deposits of approximately RMB1,727,000 (31 December 2017: HK$942,000) to acquire certain property, plant and equipment for the expansion and improvement of production facilities.

12. 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 doubtful debts, based on the invoice date at the end of the reporting period, is presented as follows:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
0 – 30 days	**33,919**	32,335
31 – 60 days	**9,949**	3,070
61 – 90 days	**1,525**	1,053
Over 90 days	**3,998**	4,908
	49,391	41,366

13. TRADE AND BILLS PAYABLES

The average credit period on purchase of raw materials granted by the Group's suppliers was from 30 to 120 days. The ageing analysis of trade and bills payables, based on the invoice date at the end of the reporting period, is presented as follows:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
0 – 30 days	**39,162**	32,689
31 – 90 days	**11,447**	10,781
91 – 180 days	**1,348**	1,211
Over 180 days	**513**	623
	52,470	45,304

14. INTEREST-BEARING BORROWINGS

During the six months ended 30 June 2018, the Group obtained new bank borrowings amounting to approximately RMB56,000,000 (six months ended 30 June 2017: RMB60,000,000) and repaid the bank borrowings amounting to approximately RMB41,000,000 (six months ended 30 June 2017: RMB66,000,000).

15. SHARE CAPITAL

Authorised:

As at 30 June 2018 and 31 December 2017, the Company was authorised to issue a maximum of 1,000,000,000 shares with no par value.

Issued and fully paid:

	Number of shares	Amount RMB'000
Issued and fully paid:		
At 1 January 2017	411,947,330	91,106
Issue of shares upon share placing *(note)*	82,388,000	57,823
At 31 December 2017 (audited), 1 January 2018 and 30 June 2018 (unaudited)	494,335,330	148,929

Note: On 17 October 2017, pursuant to a resolution passed by shareholders, the Company issued additional 82,388,000 shares at an issue price of HK$0.85 each. Transaction cost directly attributable to the share placement amounted to approximately RMB589,000.

All the ordinary shares issued during the year ended 31 December 2017 rank pari passu with the then existing shares in all respects. No such share placing occurred during the six months ended 30 June 2017 and 2018.

16. CAPITAL COMMITMENT

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Amount contracted for but not provided for in respect of acquisition of property, plant and equipment	–	–

17. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure bills payables to suppliers and bank loans of the Group at the end of the reporting period:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Prepaid lease payments	**11,383**	11,532
Buildings	**63,808**	66,332
Machinery	**6,199**	6,846
Restricted bank deposits	**1,170**	1,548
Bills receivables	**600**	600
	83,160	86,858

18. MATERIAL RELATED PARTY TRANSACTIONS

(i) Balances:

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

(ii) Transactions with related parties:

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

(iii) Key management compensation:

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

	Six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Short-term benefits	**3,217**	3,307
Post-employment benefits	**31**	45
	3,248	3,352

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

19. APPROVAL OF THE FINANCIAL STATEMENTS

These unaudited condensed consolidated financial statements were approved and authorised for issue by the board of directors on 28 August 2018.