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# 福田實業(集團)有限公司

## Fountain Set (Holdings) Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 420)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board of directors of Fountain Set (Holdings) Limited (the “Company”, the “Directors” and the “Board”, respectively) announces that the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2018 are as follows:

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 簡明綜合損益及其他全面收益表

		(Unaudited) (未經審核)		
		Six months ended 30 June 截至6月30日止6個月		
		2018	2017	
		HK\$'000 千港元	HK\$'000 千港元	
	Notes 附註			
Revenue	營業額	4	3,760,117	3,212,129
Cost of sales	銷售成本		<b>(3,392,098)</b>	(2,894,767)
Gross profit	毛利		<b>368,019</b>	317,362
Other revenue	其他收入		<b>33,479</b>	20,714
Other gains and losses	其他收益及虧損		<b>12,566</b>	19,561
Distribution and selling expenses	分銷及銷售費用		<b>(94,602)</b>	(75,595)
Administrative expenses	行政費用		<b>(219,737)</b>	(190,239)
Finance costs	融資成本	5	<b>(12,982)</b>	(11,193)
Share of profit of an associate	應佔一間聯營公司之盈利		<b>442</b>	845
Profit before income tax expense	除所得稅支出前盈利		<b>87,185</b>	81,455
Income tax expense	所得稅支出	6	<b>(18,532)</b>	(9,872)
Profit for the period	是期間盈利	7	<b>68,653</b>	71,583
Profit for the period attributable to:	應佔是期間盈利：			
Owners of the Company	本公司擁有人		<b>63,754</b>	68,869
Non-controlling interests	非控股權益		<b>4,899</b>	2,714
			<b>68,653</b>	71,583
			<b>HK cents 港仙</b>	<b>HK cents 港仙</b>
Earnings per share	每股盈利			
– Basic	– 基本	9	<b>5.3</b>	5.7
– Diluted	– 攤薄	9	<b>5.3</b>	5.7

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 簡明綜合損益及其他全面收益表

		(Unaudited) (未經審核)	
		Six months ended 30 June 截至6月30日止6個月	
		2018	2017
		HK\$'000 千港元	HK\$'000 千港元
	Note 附註		
Profit for the period	是期間盈利	7	68,653
Other comprehensive income, net of tax	其他全面收益（經扣除稅項）		
Items that may be reclassified subsequently to profit or loss:	其後可能重新分類至損益之項目：		
Net gain arising on revaluation of available-for-sale financial assets during the period	是期間重估可供出售金融資產產生之收益淨值	-	149
Exchange differences arising on translation of foreign operations	換算海外業務產生之匯兌差額	1,985	4,368
Reclassification adjustment of translation reserve upon deregistration of a subsidiary	註銷一間附屬公司時匯兌儲備之重新分類調整	-	1,132
Other comprehensive income for the period	是期間其他全面收益	1,985	5,649
Total comprehensive income for the period	是期間全面收益總值	70,638	77,232
Total comprehensive income for the period attributable to:	應佔是期間全面收益總值：		
Owners of the Company	本公司擁有人	64,802	72,814
Non-controlling interests	非控股權益	5,836	4,418
		70,638	77,232

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION 簡明綜合財務狀況表

			(Unaudited) (未經審核)	(Audited) (經審核)
			At 30 June 於6月30日	At 31 December 於12月31日
			2018	2017
	Notes 附註		HK\$'000 千港元	HK\$'000 千港元
<b>Non-current assets</b>	<b>非流動資產</b>			
Investment properties	投資物業		59,067	60,775
Property, plant and equipment	物業、機器及設備	10	1,547,717	1,509,246
Prepaid lease payments – non-current portion	預付租賃款項 – 非流動部份		95,474	96,715
Other intangible assets	其他無形資產		16,711	18,346
Interest in an associate	於一間聯營公司之權益		19,247	18,805
Deferred tax assets	遞延稅項資產		38,391	42,877
			<b>1,776,607</b>	1,746,764
<b>Current assets</b>	<b>流動資產</b>			
Inventories	存貨	11	1,850,153	1,450,187
Trade and bills receivables	營業及票據應收款項	12	1,342,522	1,261,584
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	12	271,369	261,728
Prepaid lease payments – current portion	預付租賃款項 – 流動部份		2,604	2,604
Tax recoverable	可收回稅項		2,415	3,500
Restricted bank deposits	受限制銀行存款		6,547	13,003
Short-term bank deposits	短期銀行存款		144,760	206,405
Bank balances and cash	銀行結餘及現金		820,890	643,196
			<b>4,441,260</b>	3,842,207
<b>Current liabilities</b>	<b>流動負債</b>			
Trade and bills payables	營業及票據應付款項	13	1,155,522	817,067
Other payables and accruals	其他應付款項及應計費用	13	292,926	307,442
Amounts due to non-controlling shareholders	欠非控股股東款項		80,100	80,100
Amount due to an associate	欠一間聯營公司款項		9,066	5,286
Deferred income – current portion	遞延收入 – 流動部份		1,622	1,622
Tax payable	應付稅項		9,438	18,984
Bank borrowings – due within one year	銀行借貸 – 一年內到期	14	1,022,615	515,606
			<b>2,571,289</b>	1,746,107
<b>Net current assets</b>	<b>流動資產淨值</b>		<b>1,869,971</b>	2,096,100
<b>Total assets less current liabilities</b>	<b>資產總值減流動負債</b>		<b>3,646,578</b>	3,842,864

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION 簡明綜合財務狀況表

		(Unaudited) (未經審核)	(Audited) (經審核)
		At 30 June 於 6 月 30 日	At 31 December 於 12 月 31 日
		2018	2017
		HK\$'000 千港元	HK\$'000 千港元
		Notes 附註	
<b>Non-current liabilities</b> 非流動負債			
Deferred income – non-current portion	遞延收入 – 非流動部份	14	58,178
Bank borrowings – due after one year	銀行借貸 – 一年後到期		58,989
Deferred tax liabilities	遞延稅項負債		73,246
			219,623
			12,243
			<b>143,667</b>
			286,488
<b>Net assets</b> 資產淨值			
			<b>3,502,911</b>
			3,556,376
<b>Capital and reserves</b> 資本及儲備			
Share capital	股本	15	865,716
Other reserves	其他儲備		865,716
			<b>2,477,244</b>
			2,536,545
Equity attributable to owners of the Company	本公司擁有人應佔權益		<b>3,342,960</b>
Non-controlling interests	非控股權益		3,402,261
			<b>159,951</b>
			154,115
<b>Total equity</b> 權益總值			
			<b>3,502,911</b>
			3,556,376

# NOTES 附註

## 1. GENERAL INFORMATION

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and the principal place of business of the Company are Block A, 6/F., Eastern Sea Industrial Building, 29-39 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong.

The financial information relating to the year ended 31 December 2017 that is included in this interim results announcement as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) (the “Companies Ordinance”) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s independent auditor has reported on those financial statements. The independent auditor’s report was unqualified; did not include a reference to any matters to which the independent auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

## 1. 一般資料

本公司為在香港註冊成立的公眾有限公司，其股份於香港聯合交易所有限公司（「聯交所」）上市。本公司的註冊辦事處地址及主要營業地點為香港新界葵涌葵昌路29-39號東海工業大廈A座6樓。

本中期業績公告所載作為比較資料之有關截至2017年12月31日止年度之財務資料並不構成本公司於該年度之法定年度綜合財務報表，但摘錄自該等財務報表。有關根據香港法例第622章公司條例（「公司條例」）第436條須予披露之該等法定財務報表之進一步資料如下：

本公司已根據公司條例第662(3)條及附表6第3部規定向公司註冊處處長呈交截至2017年12月31日止年度之財務報表。

本公司獨立核數師已就該等財務報表作出報告。獨立核數師報告並無保留意見；並無載有獨立核數師在不對其報告出具保留意見之情況下，以強調的方式提請使用者注意的任何事項；及並無載有根據公司條例第406(2)條、第407(2)或(3)條作出的陳述。

## 2. 編製基準

本簡明綜合財務報表乃根據聯交所證券上市規則（「上市規則」）附錄16之適用披露規定及按照香港會計師公會（「香港會計師公會」）頒佈之香港會計準則（「香港會計準則」）第34號中期財務申報而編製。

### 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis. These condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2017 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2018.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2018.

HKFRS 9	Financial Instruments
HKFRS15	Revenue from Contracts with Customers
HK(IFRIC) – Interpretation 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
Amendments to HKAS 40	Transfers of Investment Property

#### HKFRS 9 – Financial Instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (i) classification and measurement; (ii) impairment and (iii) hedge accounting. The adoption of HKFRS 9 from 1 January 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the condensed consolidated interim financial statements.

### 3. 主要會計政策

簡明綜合財務報表乃按歷史成本基準編製。此等簡明綜合中期財務報表所採用之會計政策與編製2017年全年財務報表相同，惟與開始期間於2018年1月1日或之後首次生效的新訂準則或詮釋相關的會計政策除外。

於本中期期間，本集團已首次應用下列由香港會計師公會頒佈並於本集團2018年1月1日開始之財政年度生效之新訂及經修訂準則、修訂本及詮釋。

香港財務報告準則第9號	金融工具
香港財務報告準則第15號	客戶合同收入
香港（國際財務報告詮釋委員會）– 詮釋第22號	外幣交易及預付代價
香港財務報告準則2014年至2016年週期之年度改進	香港會計準則第28號之修訂本，於聯營公司及合營公司的投資
香港財務報告準則第2號之修訂本	以股份為基礎之付款交易的分類及計量
香港財務報告準則第15號之修訂本	客戶合同收入（澄清香港財務報告準則第15號）
香港會計準則第40號之修訂本	轉撥投資物業

#### 香港財務報告準則第9號 – 金融工具

香港財務報告準則第9號於2018年1月1日或之後開始的年度期間取代香港會計準則第39號金融工具：確認及計量，合併金融工具會計之所有三個方面：(i)分類及計量；(ii)減值及(iii)對沖會計。自2018年1月1日起採納香港財務報告準則第9號引致本集團會計政策及簡明綜合中期財務報表確認的金額出現變動。

### 3. PRINCIPAL ACCOUNTING POLICIES (continued)

#### HKFRS 9 – Financial Instruments (continued)

##### (i) Classification and measurement of financial instruments

HKFRS 9 basically retains the existing requirements in HKAS 39 for the classification and measurements of financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no impact on the Group's accounting policies related to financial liabilities and derivative financial instruments as there is no such financial instruments of the Group. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised cost"); (ii) financial assets at fair value through other comprehensive income ("FVTOCI"); or (iii) FVTPL (as defined above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

Amortised cost would be applied to the Group's financial assets. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

### 3. 主要會計政策 (續)

#### 香港財務報告準則第9號 – 金融工具 (續)

##### (i) 金融工具的分類及計量

香港財務報告準則第9號基本上保留了現有香港會計準則第39號有關金融負債之分類及計量的規定。然而，其取消了先前香港會計準則第39號中持至到期金融資產、貸款及應收款項以及可供出售金融資產的金融資產類別。採納香港財務報告準則第9號並不會對本集團有關金融負債及衍生金融工具的會計政策造成重大影響，原因是本集團並無該等金融工具。香港財務報告準則第9號對本集團金融資產分類及計量的影響載列如下。

根據香港財務報告準則第9號，除若干營業應收款項（根據香港財務報告準則第15號，營業應收款項並無包括重大的融資成分）外，實體於初始確認時，將按公平價值計量金融資產，倘並非按公平價值計入損益（「按公平價值計入損益」）的金融資產，則另加交易成本。金融資產分類為：(i) 按攤銷成本（「攤銷成本」）計量的金融資產；(ii) 按公平價值計入其他全面收益（「按公平價值計入其他全面收益」）的金融資產；或(iii) 按公平價值計入損益（定義見上文）。根據香港財務報告準則第9號的金融資產分類一般根據兩個準則：(i) 管理金融資產的業務模式及(ii) 其合約現金流特徵（「僅為支付本金及利息」準則，亦稱為「支付本金及利息準則」）。根據香港財務報告準則第9號，內含衍生工具無須與主體金融資產分開列示。取而代之，混合式金融工具分類時須整體評估。

攤銷成本將應用於本集團的金融資產。按攤銷成本計量的金融資產其後使用實際利率法計量。利息收入、外幣匯兌收益及虧損以及減值於損益確認。終止確認的任何收益於損益確認。

### 3. PRINCIPAL ACCOUNTING POLICIES (continued)

#### HKFRS 9 – Financial Instruments (continued)

##### (i) Classification and measurement of financial instruments (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial instruments as at 1 January 2018:

Financial assets	Original classification under HKAS 39	New classification under HKFRS 9	Carrying amount as at 1 January 2018 under HKAS 39	Carrying amount as at 1 January 2018 under HKFRS 9
	根據香港會計準則第39號的原有類別	根據香港財務報告準則第9號的新類別	根據香港會計準則第39號於2018年1月1日的賬面值 HK\$'000 千港元	根據香港財務報告準則第9號於2018年1月1日的賬面值 HK\$'000 千港元
Trade and bills receivables 營業及票據應收款項	Loans and receivables 貸款及應收款項	Amortised cost 攤銷成本	1,261,584	1,261,584
Prepayments, deposits and other receivables 預付款項、按金及其他應收款項	Loans and receivables 貸款及應收款項	Amortised cost 攤銷成本	261,728	261,728
Restricted bank deposits 受限制銀行存款	Loans and receivables 貸款及應收款項	Amortised cost 攤銷成本	13,003	13,003
Short-term bank deposits 短期銀行存款	Loans and receivables 貸款及應收款項	Amortised cost 攤銷成本	206,405	206,405
Bank balances and cash 銀行結餘及現金	Loans and receivables 貸款及應收款項	Amortised cost 攤銷成本	643,196	643,196

### 3. 主要會計政策 (續)

#### 香港財務報告準則第9號 – 金融工具 (續)

##### (i) 金融工具的分類及計量 (續)

倘金融資產同時符合以下條件，且並無指定為按公平價值計入損益，則該金融資產按攤銷成本計量：

- 該金融資產由一個旨在通過持有金融資產收取合約現金流量的業務模式所持有；及
- 該金融資產的合約條款於特定日期產生的現金流量是符合支付本金及利息準則。

下表概述本集團於2018年1月1日的各類金融工具根據香港會計準則第39號原有的計量類別及根據香港財務報告準則第9號的新計量類別：

### 3. PRINCIPAL ACCOUNTING POLICIES (continued)

#### HKFRS 9 – Financial Instruments (continued)

##### (i) Classification and measurement of financial instruments (continued)

Financial liabilities	Original classification under HKAS 39	New classification under HKFRS 9	Carrying amount as at 1 January 2018 under HKAS 39	Carrying amount as at 1 January 2018 under HKFRS 9
	根據香港會計準則第39號的原有類別	根據香港財務報告準則第9號的新類別	根據香港會計準則第39號於2018年1月1日的賬面值 HK\$'000 千港元	根據香港財務報告準則第9號於2018年1月1日的賬面值 HK\$'000 千港元
Trade and bills payables 營業及票據應付款項	Other financial liabilities 其他金融負債	Amortised cost 攤銷成本	817,067	817,067
Other payables 其他應付款項	Other financial liabilities 其他金融負債	Amortised cost 攤銷成本	92,999	92,999
Bank borrowings 銀行借貸	Other financial liabilities 其他金融負債	Amortised cost 攤銷成本	735,229	735,229
Amounts due to non-controlling shareholders 欠非控股股東款項	Other financial liabilities 其他金融負債	Amortised cost 攤銷成本	80,100	80,100
Amount due to an associate 欠一間聯營公司款項	Other financial liabilities 其他金融負債	Amortised cost 攤銷成本	5,286	5,286

##### (ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit loss ("ECL") model". HKFRS 9 requires the Group to recognise ECL for trade and bills receivables, financial assets at amortised costs, contract assets and debt investment at FVTOCI earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

### 3. 主要會計政策 (續)

#### 香港財務報告準則第9號 – 金融工具 (續)

##### (i) 金融工具的分類及計量 (續)

Financial liabilities	Original classification under HKAS 39	New classification under HKFRS 9	Carrying amount as at 1 January 2018 under HKAS 39	Carrying amount as at 1 January 2018 under HKFRS 9
	根據香港會計準則第39號的原有類別	根據香港財務報告準則第9號的新類別	根據香港會計準則第39號於2018年1月1日的賬面值 HK\$'000 千港元	根據香港財務報告準則第9號於2018年1月1日的賬面值 HK\$'000 千港元
Trade and bills payables 營業及票據應付款項	Other financial liabilities 其他金融負債	Amortised cost 攤銷成本	817,067	817,067
Other payables 其他應付款項	Other financial liabilities 其他金融負債	Amortised cost 攤銷成本	92,999	92,999
Bank borrowings 銀行借貸	Other financial liabilities 其他金融負債	Amortised cost 攤銷成本	735,229	735,229
Amounts due to non-controlling shareholders 欠非控股股東款項	Other financial liabilities 其他金融負債	Amortised cost 攤銷成本	80,100	80,100
Amount due to an associate 欠一間聯營公司款項	Other financial liabilities 其他金融負債	Amortised cost 攤銷成本	5,286	5,286

##### (ii) 金融資產的減值

採納香港財務報告準則第9號更改本集團的減值模式，將由香港會計準則第39號「已產生虧損模式」更改為「預期信貸虧損（「預期信貸虧損」）模式」。香港財務報告準則第9號規定本集團就營業及票據應收款項、按攤銷成本列賬的金融資產、合約資產及按公平價值計入其他全面收益的債務投資較香港會計準則第39號提前確認預期信貸虧損。現金及等同現金項目須受預期信貸虧損模式所限，惟即期減值並不重大。

### 3. PRINCIPAL ACCOUNTING POLICIES (continued)

#### HKFRS 9 – Financial Instruments (continued)

##### (ii) Impairment of financial assets (continued)

Under HKFRS 9, the loss allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the end of the reporting period; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

##### Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group's significant financial assets which are subject to the new expected credit loss model include trade and bills receivables and other receivables. The Group was required to revise its impairment methodology under HKFRS 9 for these classes of financial assets.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition.

The Group has elected to measure loss allowances for trade and bills receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group concluded that the impact of expected credit losses on financial assets was insignificant as at 1 January 2018.

### 3. 主要會計政策 (續)

#### 香港財務報告準則第9號 – 金融工具 (續)

##### (ii) 金融資產的減值 (續)

根據香港財務報告準則第9號，虧損撥備按以下其中一項基準計量：(1)12個月的預期信貸虧損：其為於報告期末後12個月內發生的潛在違約事件導致的預期信貸虧損；及(2)年限內預期信貸虧損：此乃於金融工具預計年期內所有可能由違約事件產生的預期信貸虧損。

##### 預期信貸虧損的計量

預期信貸虧損乃基於根據合約上應收的合約現金流量與本集團預期收取的所有現金流量之間的差額。該差額其後按貼近資產原有的實際利率貼現。

本集團的重大金融資產受新的預期信貸虧損模式所規限，包括營業及票據應收款項及其他應收款項。本集團須就該等類別的金融資產根據香港財務報告準則第9號修訂其減值方法。

其他應收款項的減值乃視乎信貸風險自初始確認後有否顯著增加而按12個月預期信貸虧損或年限內預期信貸虧損計量。

本集團已選用香港財務報告準則第9號簡化法以計量營業及票據應收款項的虧損撥備，並已根據年限內預期信貸虧損計算預期信貸虧損。本集團已設立根據本集團過往信貸虧損經驗計算的撥備矩陣，並按與債務人相關的前瞻性因素及經濟條件調整。

本集團認為於2018年1月1日的預期信貸虧損對金融資產的影響並不重大。

### 3. PRINCIPAL ACCOUNTING POLICIES (continued)

#### HKFRS 9 – Financial Instruments (continued)

##### (iii) Hedge accounting

Hedge accounting under HKFRS 9 has no impact on the Group as the Group does not apply hedge accounting in its hedging relationships.

##### (iv) Transition

The general principle of HKFRS 9 is to apply the standard retrospectively in accordance with HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. For the new classification and measurement requirements, the Group has elected for the exception from the requirement to restate comparative information as set out in the transitional provisions. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

#### HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

### 3. 主要會計政策 (續)

#### 香港財務報告準則第9號 – 金融工具 (續)

##### (iii) 對沖會計

香港財務報告準則第9號的對沖會計對本集團並無影響，此乃由於本集團並未在對沖關係中應用對沖會計。

##### (iv) 過渡

香港財務報告準則第9號的整體原則為根據香港會計準則第8號會計政策、會計估計變動及錯誤追溯應用該準則。就新分類及計量規定而言，本集團選擇豁免過渡條文所載重列比較資料的規定。因此，所提供的比較資料繼續根據本集團先前的會計政策入賬。

#### 香港財務報告準則第15號 – 客戶合同收入

本項新準則設立單一的收入確認框架。該框架的核心原則為實體應確認收入以金額描述轉讓已承諾的貨品或服務予客戶，該金額反映該實體預期就交換該等商品及服務有權獲得的代價。香港財務報告準則第15號將取代現行收入確認指引（包括香港會計準則第18號收入、香港會計準則第11號建築合約及相關詮釋）。

香港財務報告準則第15號要求應用五個步驟確認收入：

- 第一步：識別與客戶的合約
- 第二步：識別合約中的履約責任
- 第三步：釐定交易價
- 第四步：將交易價分配至各履約責任
- 第五步：於各履約責任完成時確認收入

香港財務報告準則第15號包含與特定收入相關的特定指引，該等指引或會改變現時根據香港財務報告準則採用的方法。該準則亦對收入相關的披露作出大幅質化與量化改進。

### 3. PRINCIPAL ACCOUNTING POLICIES (continued)

#### HKFRS 15 – Revenue from Contracts with Customers (continued)

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised goods or services in the contract. HKFRS 15 identifies 3 situations in which control of the promised goods or services is regarded as being transferred over time:

- (a) when the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- (b) when the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) when the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15, the entity recognises revenue for the sale of that goods or services at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

#### ***Nature of the goods, satisfaction of performance obligations and payments***

The Group sells dyed fabrics, yarns and garments. Sales are recognised when control of the products has been transferred, being when the products are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. There is generally only one performance obligation in the contract.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Invoices are usually payable within 60 days.

### 3. 主要會計政策 (續)

#### 香港財務報告準則第15號 – 客戶合同收入 (續)

根據香港財務報告準則第15號，收入於客戶獲得合約的承諾貨物或服務的控制權時確認。香港財務報告準則第15號識別下列對承諾貨物或服務的控制權被視為隨時間轉移的3種情況：

- (a) 客戶於實體履約時同時接受及使用實體履約所提供的利益時；
- (b) 客戶可控制實體履約建造或改良中的一项資產（例如在建的商品）時；或
- (c) 實體履約過程中並無建造對實體具可替代用途的資產，而該實體對迄今已完成的履約付款具有強制執行權利時。

倘合約條款及實體活動並不屬於任何該等3種情況，則根據香港財務報告準則第15號，實體於某一指定時間點（即控制權轉移時）就銷售貨物或服務確認收益。所有權風險及回報的轉移僅為於釐定控制權轉移發生時將考慮的其中一項指標。

#### ***貨物的性質、完成履約責任及付款***

本集團銷售色布、紗及成衣。銷售乃在產品的控制權獲轉讓時（即產品轉讓予客戶時）確認，且並無未履行責任而影響客戶對產品的接收時確認。直至產品已運抵指定地點，陳舊過時及虧損風險已轉移至客戶，及客戶已根據銷售合約接收產品，接收條款已失效，或本集團有客觀證據顯示所有接收準則均已達成後，貨品交付方告完成。合約內通常僅有一項履約責任。

應收款項於貨品交付時確認，因從那一刻開始，付款之到期僅須時間的流逝，故收取代價成為無條件。發票通常在60日內支付。

### 3. PRINCIPAL ACCOUNTING POLICIES (continued)

#### HKFRS 15 – Revenue from Contracts with Customers (continued)

##### **Right of return**

Some of the Group's contracts with customers provide customers a right of return (a full or partial refund of any consideration paid within 14 days after the arrival of the goods at the destination).

#### **Nature of change in accounting policy and impact on 1 January 2018**

##### **Right of return**

Under HKAS 18, revenue for these contracts was recognised when a reasonable estimate of the returns could be made, provide that all other revenue recognition criteria are met. If a reasonable estimate could not be made, such revenue would be deferred until the return period lapsed or a reasonable estimate could be made.

Under HKFRS 15, right of return gives rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The application of the constraint on variable consideration increases the amount of revenue that will be deferred. In addition, a refund liability and a right to recover returned goods assets are recognised.

The Group concluded that the impact of refund liability from the right of return was insignificant as at 1 January 2018.

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies. In accordance with the transitional provisions in HKFRS 15, comparative figures have not been restated.

The Group assessed the impacts of adopting HKFRS 15 on its financial statements. Based on the assessment, the adoption of HKFRS 15 has no significant impact on the Group's revenue recognition.

### 3. 主要會計政策 (續)

#### 香港財務報告準則第15號 – 客戶合同收入 (續)

##### **退貨權**

本集團與客戶訂立的部分合約給予客戶享有退貨權 (在將貨物運抵目的地後14日內退還全部或部分已付代價)。

#### **會計政策變動的性質及於2018年1月1日產生的影響**

##### **退貨權**

根據香港會計準則第18號，該等合約的收入於可對退貨作出合理估計時確認，惟須符合所有其他收入確認準則。倘不能合理估計，則將遞延有關收入，直至退貨期失效或可作出合理估計為止。

根據香港財務報告準則第15號，退貨權產生可變代價。可變代價乃於合約開始時估計且受到約束的，直至相關的不確定性於其後解除為止。對可變代價應用約束會增加將予遞延的收入金額。此外，退款責任及收回已退貨物資產的權利予以確認。

本集團認為，於2018年1月1日有關退貨權引致的退款責任的影響並不重大。

本集團已於2018年1月1日起採納香港財務報告準則第15號客戶合同收入，從而引起會計政策變動。根據香港財務報告準則第15號的過渡條文，並無重列比較數字。

本集團已評估採納香港財務報告準則第15號對其財務報表的影響。根據評估，採納香港財務報告準則第15號對本集團的收入確認並無重大影響。

### 3. PRINCIPAL ACCOUNTING POLICIES (continued)

The application of these amendments in the current interim period has no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The following new/revised HKFRSs, potentially relevant to the Group's condensed consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRS 16	Leases <sup>1</sup>
HK(IFRIC) – Interpretation 23	Uncertainty over Income Tax Treatments <sup>1</sup>
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23, Borrowing Costs <sup>1</sup>
Amendments to HKFRS 9	Prepayment Features with Negative Compensation <sup>1</sup>
Amendments to HKAS 19	Employee Benefits <sup>1</sup>
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>2</sup> The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

As at 30 June 2018, the Group's total future minimum lease payments under non-cancellable operating lease of HK\$309,418,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding lease liability in respect of all the leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirement may result changes in measurement, presentation and disclosure as indicated above.

### 3. 主要會計政策 (續)

於本中期間應用該等修訂本並無對該等簡明綜合財務報表呈報之金額及／或該等簡明綜合財務報表所載之披露造成重大影響。

下列可能與本集團簡明綜合財務報表有關之新訂／經修訂香港財務報告準則經已頒佈，惟尚未生效亦未經本集團提早採納。

香港財務報告準則 第16號	租賃 <sup>1</sup>
香港(國際財務報告詮釋委員會) – 詮釋第23號	所得稅處理之不確定性 <sup>1</sup>
香港財務報告準則 2015年至2017年週期之年度改進	香港會計準則第23號之修訂本，借貸成本 <sup>1</sup>
香港財務報告準則 第9號之修訂本	帶有負補償特性之預付款項 <sup>1</sup>
香港會計準則 第19號之修訂本	僱員福利 <sup>1</sup>
香港會計準則 第28號之修訂本	於聯營公司及合營公司的長期權益 <sup>1</sup>
香港財務報告準則 第10號及香港會計準則 第28號之修訂本	投資者與其聯營公司或合營公司之間的資產出售或注資 <sup>2</sup>

<sup>1</sup> 於2019年1月1日或之後開始之年度期間生效

<sup>2</sup> 該等修訂本原訂於2016年1月1日或之後開始之期間生效。生效日期現已延遲／刪除。繼續允許提前應用有關修訂本。

於2018年6月30日，本集團於不可撤銷營運租賃項下的未來最低租賃付款總額為309,418,000港元。初步評估指出，該等安排將符合香港財務報告準則第16號項下的租賃定義，故此，本集團將確認使用權資產以及有關所有租賃的相應租賃負債，除非彼等於應用香港財務報告準則第16號時符合低價值或短期租賃的條件。此外，如上文所示，應用新規定可能導致計量、呈列及披露出現變動。

### 3. PRINCIPAL ACCOUNTING POLICIES (continued)

The Group has already commenced an assessment of the impact of adopting the above standards and amendments to existing standards to the Group. Except as HKFRS 16 described above, the directors of the Company anticipate that the application of other new and amendments to HKFRSs and an interpretation will have no material impact on the Group's financial performance and positions and/or the disclosures to these condensed consolidated financial statements of the Group.

### 4. REVENUE AND SEGMENT INFORMATION

The Board, i.e. the chief operating decision maker, regularly reviews the operating results and financial information based on distinct geographical areas of location of customers, including Hong Kong (place of domicile of the Group), the People's Republic of China (the "PRC"), Taiwan, Korea, Sri Lanka, America, Europe and Others (i.e. representing other geographical locations mainly Bangladesh, Vietnam, Singapore and Macau). All of these geographical areas are operating segments except "Others" which is an aggregation of operating segments.

The following is an analysis of the Group's revenue and profit from the production and sales of dyed fabrics, yarns and garments and results by reportable segment for the period under review.

Six months ended 30 June 2018 (unaudited)

		Hong Kong	The PRC	Taiwan	Korea	Sri Lanka	America	Europe	Others	Segment total	Eliminations	Consolidated
		香港	中國	台灣	韓國	斯里蘭卡	美洲	歐洲	其他地區	分類總值	對銷	綜合
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
<b>REVENUE</b>	<b>營業額</b>											
External sales	對外銷售	914,927	722,216	407,591	477,774	381,841	353,842	11,849	490,077	3,760,117	-	3,760,117
Inter-segment sales	分類間銷售 (附註)											
(note)		2,692,339	1,788,012	-	-	143,469	-	-	84,255	4,708,075	(4,708,075)	-
Total segment revenue	分類營業額總值	3,607,266	2,510,228	407,591	477,774	525,310	353,842	11,849	574,332	8,468,192	(4,708,075)	3,760,117
<b>RESULTS</b>	<b>業績</b>											
Segment profit	分類盈利	62,912	60,246	29,175	34,165	23,168	24,147	836	34,762			269,411
Interest income	利息收入											2,506
Unallocated income	未分配收入											7,606
Unallocated expenses	未分配支出											(179,798)
Finance costs	融資成本											(12,982)
Share of profit of an associate	應佔一間聯營公司之盈利											442
Profit before income tax expense	除所得稅支出前盈利											87,185

### 3. 主要會計政策 (續)

本集團已對採納上述準則及本集團現有準則的修訂本的影響進行評估。除上文香港財務報告準則第16號所披露者外，本公司董事預計應用其他新訂香港財務報告準則及香港財務報告準則修訂本及詮釋將不會對本集團的財務表現及狀況及／或本集團的簡明綜合財務報表披露資料造成重大影響。

### 4. 營業額及分類資料

董事會(即主要營運決策者)根據客戶所在地區不同的地域位置定期審閱經營業績及財務資料，包括香港(本集團所屬地)、中華人民共和國(「中國」)、台灣、韓國、斯里蘭卡、美洲、歐洲及其他地區(即指其他地域位置，主要為孟加拉、越南、新加坡及澳門)。所有該等地域位置為營運分類，而「其他地區」則為綜合之營運分類。

以下為本集團於回顧期間源自製造及銷售色布、紗及成衣按可申報分類劃分之營業額及盈利以及業績所作之分析。

截至2018年6月30日止6個月(未經審核)

#### 4. REVENUE AND SEGMENT INFORMATION (continued)

Six months ended 30 June 2017 (unaudited)

#### 4. 營業額及分類資料 (續)

截至2017年6月30日止6個月(未經審核)

		Hong Kong	The PRC	Taiwan	Korea	Sri Lanka	America	Europe	Others	Segment total	Eliminations	Consolidated
		香港	中國	台灣	韓國	斯里蘭卡	美洲	歐洲	其他地區	分類總值	對銷	綜合
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
<b>REVENUE</b>	<b>營業額</b>											
External sales	對外銷售	741,372	582,180	285,371	556,575	335,309	219,168	26,535	465,619	3,212,129	-	3,212,129
Inter-segment sales (note)	分類間銷售 (附註)	2,320,608	1,311,583	-	-	155,429	-	-	85,611	3,873,231	(3,873,231)	-
Total segment revenue	分類營業額總值	3,061,980	1,893,763	285,371	556,575	490,738	219,168	26,535	551,230	7,085,360	(3,873,231)	3,212,129
<b>RESULTS</b>	<b>業績</b>											
Segment profit	分類盈利	64,001	52,650	24,359	47,516	16,807	19,278	2,260	38,765			265,636
Interest income	利息收入											2,404
Unallocated income	未分配收入											9,707
Unallocated expenses	未分配支出											(185,944)
Finance costs	融資成本											(11,193)
Share of profit of an associate	應佔一間聯營公司之盈利											845
Profit before income tax expense	除所得稅支出前盈利											81,455

Note: Inter-segment sales are charged at price by reference to the prevailing market rates.

附註：分類間銷售之價格乃參照當時之市場價格而釐定。

#### 4. REVENUE AND SEGMENT INFORMATION (continued)

Segment profit represents the profit earned by each segment without allocation of central administration costs and other expenses (including non-production related employee benefits expenses, Directors' emoluments, bank charges, etc.), depreciation and amortisation, interest income, loss on disposal/written-off of property, plant and equipment, finance costs, share of profit of an associate, loss on deregistration of a subsidiary, etc.. This is the measure reported to the Board for the purposes of resource allocation and performance assessment.

##### Revenue from the Group's products

The following is an analysis of the Group's revenue from external customers by products:

#### 4. 營業額及分類資料 (續)

分類盈利乃指各分類所賺取的盈利，當中並無計入中央行政成本及其他費用（包括非與生產有關之僱員福利開支、董事酬金、銀行費用等）、折舊及攤銷、利息收入、出售／註銷物業、機器及設備之虧損、融資成本、應佔一間聯營公司之盈利、註銷一間附屬公司之虧損等。此乃為資源分配及績效評估而向董事會匯報之基準。

##### 本集團產品之營業額

以下為按產品劃分本集團來自外部客戶營業額之分析：

		<b>(Unaudited)</b> (未經審核)	
		<b>Six months ended 30 June</b> 截至6月30日止6個月	
		<b>2018</b>	<b>2017</b>
		<b>HK\$'000 千港元</b>	<b>HK\$'000 千港元</b>
Production and sales of dyed fabrics and yarns	製造及銷售色布及紗	<b>3,334,660</b>	2,815,774
Production and sales of garments	製造及銷售成衣	<b>425,457</b>	396,355
		<b>3,760,117</b>	3,212,129
<b>Timing of revenue recognition</b>	<b>確認收入的時間</b>		
At a point in time	在某時間點	<b>3,760,117</b>	3,212,129
Transferred over time	隨時間轉移	-	-
		<b>3,760,117</b>	3,212,129

## 5. FINANCE COSTS

## 5. 融資成本

		(Unaudited) (未經審核)	
		Six months ended 30 June 截至6月30日止6個月	
		2018	2017
		HK\$'000 千港元	HK\$'000 千港元
Finance costs on:	融資成本：		
Bank borrowings	銀行借貸	12,982	11,193

## 6. INCOME TAX EXPENSE

## 6. 所得稅支出

		(Unaudited) (未經審核)	
		Six months ended 30 June 截至6月30日止6個月	
		2018	2017
		HK\$'000 千港元	HK\$'000 千港元
Current tax:	是期間稅項：		
Hong Kong	香港	978	1,792
The PRC	中國	3,930	13,284
Other jurisdictions	其他司法地區	1,897	-
		<b>6,805</b>	15,076
Under/(over) provision in prior years:	過往年度撥備不足／(超額撥備)：		
Hong Kong	香港	-	(20)
The PRC	中國	2,085	377
Other jurisdictions	其他司法地區	827	819
		<b>2,912</b>	1,176
Deferred tax:	遞延稅項：		
Hong Kong	香港	-	-
The PRC	中國	4,830	(7,366)
Other jurisdictions	其他司法地區	3,985	986
		<b>8,815</b>	(6,380)
		<b>18,532</b>	9,872

## 6. INCOME TAX EXPENSE (continued)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

Pursuant to the relevant laws and regulations in Sri Lanka, the tax rate of Sri Lanka subsidiary changed from 12% to 14% effective from 1 April 2018.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

## 7. PROFIT FOR THE PERIOD

## 6. 所得稅支出 (續)

香港利得稅乃按兩個期間之估計應課稅盈利以 16.5% 之稅率計算。

根據中國企業所得稅法 (「企業所得稅法」) 及企業所得稅法實施條例，中國附屬公司之稅率為 25%。

根據斯里蘭卡有關之法律及法規，斯里蘭卡附屬公司之稅率自 2018 年 4 月 1 日起由 12% 變更為 14%。

其他司法地區之稅項是以有關各自司法地區當時之稅率計算。

## 7. 是期間盈利

(Unaudited)

(未經審核)

Six months ended 30 June

截至 6 月 30 日止 6 個月

		2018	2017
		HK\$'000 千港元	HK\$'000 千港元
Profit for the period has been arrived at after charging/(crediting):	是期間盈利已扣減/(計入)下列各項：		
Amortisation of other intangible assets	其他無形資產之攤銷	1,636	1,636
Depreciation of investment properties	投資物業之折舊	1,837	1,896
Depreciation and impairment of property, plant and equipment	物業、機器及設備之折舊及減值	85,469	91,463
Employee costs (including directors' emoluments)	僱員成本 (包括董事酬金)	508,076	455,698
Impairment loss reversed on other receivables, net #	其他應收款項之減值損失撥回淨值 #	(179)	—
Impairment loss reversed on trade and bills receivables, net #	營業及票據應收款項之減值損失撥回淨值 #	(10,029)	(18,589)
Interest income *	利息收入 *	(2,506)	(2,404)
Loss on disposal/written-off of property, plant and equipment #	出售/註銷物業、機器及設備之虧損 #	4,277	6,710
Loss on deregistration of a subsidiary #	註銷一間附屬公司之虧損 #	—	1,132
Net exchange gain #	匯兌收益淨值 #	(6,635)	(8,814)
Net rental income from investment properties *	投資物業之租金收入淨值 *	(4,965)	(4,542)
Release of prepaid lease payments	預付租賃款項轉出	1,259	1,298

\* Included in other revenue

# Included in other gains and losses

\* 包括在其他收入內

# 包括在其他收益及虧損內

## 8. DIVIDENDS

## 8. 股息

(Unaudited)  
(未經審核)  
Six months ended 30 June  
截至6月30日止6個月

2018  
HK\$'000 千港元

2017  
HK\$'000 千港元

Dividend recognised as distribution during the period: 是期間已確認為分派之股息：

2017 final dividend of HK10.4 cents (2016 final dividend: HK5.3 cents) per share 2017年末期股息每股10.4港仙 (2016年末期股息：5.3港仙)

125,323 63,866

No interim dividend in respect of the six months ended 30 June 2018 has been proposed by the Board (six months ended 30 June 2017: Nil).

董事會並無建議派付截至2018年6月30日止6個月之中期股息(截至2017年6月30日止6個月：零)。

The final dividend of HK10.4 cents in respect of the year ended 31 December 2017 (2016: HK5.3 cents) per share, amounting to approximately HK\$125,323,000 (2016: HK\$63,866,000) in total, had been approved at the annual general meeting of the Company held on 10 May 2018 and was paid during the six months ended 30 June 2018.

截至2017年12月31日止年度之末期股息每股10.4港仙(2016年：5.3港仙)，合共約125,323,000港元(2016年：63,866,000港元)已於本公司於2018年5月10日舉行之股東週年大會上獲批准，並已於截至2018年6月30日止6個月期間支付。

## 9. EARNINGS PER SHARE

## 9. 每股盈利

The calculation of the basic earnings and diluted earnings per share attributable to owners of the Company is based on the following data:

本公司擁有人應佔每股基本盈利及攤薄盈利乃根據下列數據計算：

(Unaudited)  
(未經審核)  
Six months ended 30 June  
截至6月30日止6個月

2018  
HK\$'000 千港元

2017  
HK\$'000 千港元

### Earnings

### 盈利

Profit for the period attributable to owners of the Company for the purposes of calculations of basic earnings and diluted earnings per share

就計算每股基本盈利及攤薄盈利所用之本公司擁有人應佔是期間盈利

63,754 68,869

## 9. EARNINGS PER SHARE (continued)

## 9. 每股盈利 (續)

(Unaudited)

(未經審核)

Six months ended 30 June

截至6月30日止6個月

2018

2017

### Number of shares

### 股份數目

Weighted average number of ordinary shares for the purposes of calculations of basic earnings and diluted earnings per share

就計算每股基本盈利及攤薄盈利所用之普通股加權平均數目

1,205,026,960

1,205,026,960

The computation of diluted earnings per share for the six months ended 30 June 2018 and 30 June 2017 does not assume the exercise of the Company's outstanding share options because the adjusted exercise prices of those options calculated in accordance with HKAS 33 "Earnings Per Share" are higher than the average market price of the shares for both periods.

由於根據香港會計準則第33號「每股盈利」計算之本公司尚未行使購股權之經調整行使價高於股份於兩個期間之平均市價，因此計算截至2018年6月30日及2017年6月30日止6個月期間之每股攤薄盈利時並無假設該等購股權已獲行使。

## 10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

The Group incurred expenditure of HK\$128,395,000 during the six months ended 30 June 2018 (six months ended 30 June 2017: HK\$86,607,000) on property, plant and equipment to expand and upgrade the Group's manufacturing facilities.

## 10. 物業、機器及設備之變動

本集團於截至2018年6月30日止6個月，為擴大及增強本集團之生產設施而用於物業、機器及設備的開支為128,395,000港元（截至2017年6月30日止6個月：86,607,000港元）。

## 11. INVENTORIES

## 11. 存貨

(Unaudited)

(Audited)

(未經審核)

(經審核)

At 30 June

At 31 December

於6月30日

於12月31日

2018

2017

HK\$'000 千港元

HK\$'000 千港元

Spare parts	備件	47,965	42,995
Raw materials	原料	879,365	624,626
Work-in-progress	半製品	546,814	441,275
Finished goods	製成品	376,009	341,291
		<b>1,850,153</b>	<b>1,450,187</b>

## 12. TRADE AND BILLS RECEIVABLES/PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group allows a credit period ranging from 30 days to 60 days to its trade customers. The following is an ageing analysis of trade and bills receivables based on the payment due dates net of allowance for doubtful debts:

		(Unaudited) (未經審核)	(Audited) (經審核)
		At 30 June 於6月30日	At 31 December 於12月31日
		2018	2017
		HK\$'000 千港元	HK\$'000 千港元
Not yet due	未到期	1,155,009	1,121,989
Overdue 1 – 30 days	逾期1-30天	152,597	90,821
Overdue 31 – 60 days	逾期31-60天	11,634	24,211
Overdue > 60 days	逾期超過60天	23,282	24,563
		<b>1,342,522</b>	<b>1,261,584</b>

Other receivables as at 30 June 2018 represented value-added tax recoverable of HK\$151,413,000 (31 December 2017: HK\$126,551,000) and prepayments, deposits and other receivables of HK\$119,956,000 (31 December 2017: HK\$135,177,000).

## 12. 營業及票據應收款項／預付款項、按金及其他應收款項

本集團提供介乎30天至60天信貸期予其營業客戶。營業及票據應收款項根據付款到期日（經扣除呆賬撥備）的賬齡分析如下：

於2018年6月30日，其他應收款項乃指可收回增值稅151,413,000港元（2017年12月31日：126,551,000港元）及預付款項、按金及其他應收款項119,956,000港元（2017年12月31日：135,177,000港元）。

## 13. TRADE AND BILLS PAYABLES/OTHER PAYABLES AND ACCRUALS

		(Unaudited) (未經審核)	(Audited) (經審核)
		At 30 June 於6月30日	At 31 December 於12月31日
		2018	2017
		HK\$'000 千港元	HK\$'000 千港元
Trade payables	營業應付款項	837,830	641,859
Bills payables	票據應付款項	317,692	175,208
		<b>1,155,522</b>	<b>817,067</b>

## 13. 營業及票據應付款項／其他應付款項及應計費用

### 13. TRADE AND BILLS PAYABLES/OTHER PAYABLES AND ACCRUALS (continued)

The following is an ageing analysis of trade payables based on the payment due dates:

Not yet due	未到期
Overdue 1 – 30 days	逾期 1-30 天
Overdue 31 – 60 days	逾期 31-60 天
Overdue > 60 days	逾期超過 60 天

### 13. 營業及票據應付款項／其他應付款項及應計費用（續）

營業應付款項按付款到期日之賬齡分析如下：

	(Unaudited) (未經審核) At 30 June 於 6 月 30 日 2018 HK\$'000 千港元	(Audited) (經審核) At 31 December 於 12 月 31 日 2017 HK\$'000 千港元
	<b>773,173</b>	553,549
	<b>47,642</b>	66,510
	<b>7,897</b>	11,144
	<b>9,118</b>	10,656
	<b>837,830</b>	641,859

All the bills payables of the Group were not yet due at the end of the reporting period.

Other payables and accruals as at 30 June 2018 represented other payables of HK\$131,856,000 (31 December 2017: HK\$125,117,000) and accruals of HK\$161,070,000 (31 December 2017: HK\$182,325,000).

於報告期終，本集團之所有票據應付款項均未到期。

於 2018 年 6 月 30 日，其他應付款項及應計費用指其他應付款項 131,856,000 港元（2017 年 12 月 31 日：125,117,000 港元）及應計費用 161,070,000 港元（2017 年 12 月 31 日：182,325,000 港元）。

### 14. BANK BORROWINGS

During the six months ended 30 June 2018, the Group obtained new bank borrowings of HK\$868,603,000 (six months ended 30 June 2017: HK\$818,901,000) and made repayments of HK\$508,349,000 (six months ended 30 June 2017: HK\$743,794,000). These bank borrowings obtained and repaid are mainly denominated in Hong Kong dollar ("HKD") and US dollar ("USD"). The bank borrowings raised were mainly used to repay the existing bank borrowings or as working capital of the Group.

The bank borrowings of the Group are mainly variable rate borrowings. The average effective interest rates of bank borrowings of the Group is 2.59% (31 December 2017: 2.63%) per annum and are repayable by installments over a period from one to three years. All bank borrowings are unsecured for the period ended 30 June 2018 and the year ended 31 December 2017.

### 14. 銀行借貸

截至 2018 年 6 月 30 日止 6 個月，本集團取得新銀行借貸 868,603,000 港元（截至 2017 年 6 月 30 日止 6 個月：818,901,000 港元）及已償還 508,349,000 港元（截至 2017 年 6 月 30 日止 6 個月：743,794,000 港元）。該等已取得及已償還之銀行借貸主要以港元（「港元」）及美元（「美元」）計值。所籌集之銀行借貸乃主要用作償還現有的銀行借貸或用作本集團之營運資金。

本集團銀行借貸主要為浮息借貸。本集團銀行借貸之平均實際年利率為 2.59%（2017 年 12 月 31 日：2.63%），並須於介乎 1 年至 3 年期間內分期償還。截至 2018 年 6 月 30 日止期間及截至 2017 年 12 月 31 日止年度，所有銀行借貸均為無抵押。

**15. SHARE CAPITAL****15. 股本**

		<b>(Unaudited)</b> (未經審核)		<b>(Audited)</b> (經審核)	
		<b>At 30 June 2018</b> 於2018年6月30日		At 31 December 2017 於2017年12月31日	
		<b>No. of shares</b> 股份數目	<b>HK\$'000</b> 千港元	No. of shares 股份數目	HK\$'000 千港元
Ordinary shares, issued and fully paid	普通股，已發行及 繳足股本	<b>1,205,026,960</b>	<b>865,716</b>	1,205,026,960	865,716

# MANAGEMENT DISCUSSION & ANALYSIS 管理層討論及分析

## BUSINESS REVIEW 業務回顧

The first half of 2018 (“1H2018”) was an encouraging period for the Group in terms of the growth in volume as the output volume of our fabric business reached a record high for the interim results. Thanks to the valuable clients for their supports and encouragement, we were able to maintain almost full utilization rate during the period under review. During 1H2018, cotton price increased noticeably and created certain abnormal operation flow to all industry players, and thus, the Group’s gross profit margin remained almost flat when compared with that of the same period last year. The Group was highly driven to achieve the pre-set target sales and major key performance indicators and was capable of increasing noticeable output volume of our fabric business segment by 17.7% when compared with that of the first half of 2017 (“1H2017”). The total revenue of the Group remarkably increased by 17.1% to HK\$3,760.1 million for the six months ended 30 June 2018 (1H2017: HK\$3,212.1 million). The increase in sales volume was mainly contributed by continuous strategically placing more effort and resources on our established mass market clients. Our selling price of fabric remained flat when compared with that of 1H2017. Profit before income tax expense was HK\$87.2 million in 1H2018, an increment of 7.0% from 1H2017 (1H2017: HK\$81.5 million).

Although the significant increase in the revenue has normally led to an overall rise of the overall operating costs, the percentage to sales of our distribution and selling expenses as well as the administrative expenses remained at very similar level when compared with that of the same period last year. The distribution and selling expenses during the period under review increased to HK\$94.6 million (1H2017: HK\$75.6 million) by 25.1%, representing 2.5% of the total revenue, a slight increase from 2.4% in 1H2017. At the same time, the administrative expenses also increased by 15.5% to HK\$219.7 million (1H2017: HK\$190.2 million), representing 5.8% of the total revenue, a reduction of 0.1 percentage point compared to that of 1H2017 (1H2017: 5.9%).

According to the information published on the website of the China Cotton Association (中國棉花協會), the China cotton price index CCINDEX2129B (中國棉花價格指數) was RMB16,945/ton as at 29 June 2018 and RMB16,217/ton as at 2 January 2018. The China cotton price index was at the lowest in May 2018 at RMB16,092/ton and at the highest in June 2018 at RMB17,399/ton. When compared to a year before, the China cotton price index CCINDEX2129B was RMB16,324/ton as at 30 June 2017, and RMB16,139/ton as at 3 January 2017. From the year-on-year comparison between 30 June 2017 and 29 June 2018, a 3.8% increment was recorded. The US Cotlook A Index was at US93.25 cents/lb as at 29 June 2018 and US89.35 cents/lb as at 2 January 2018. The US Cotlook A Index was at its lowest in February 2018 at US86.6 cents/lb and at its highest in June 2018 at US101.7 cents/lb. When compared to a year before, the US Cotlook A Index was at US83.33 cents/lb as at 30 June 2017, and US79.65 cents/lb as at 3 January 2017. From the year-on-year comparison between 30 June 2017 and 29 June 2018, an 11.9% increment was recorded. To conclude, the increase of cotton price during the period under review affected the cotton yarn price, which in turn led to a negative impact on our gross profit margin.

2018年上半年(「1H2018」)，本集團於銷量增長的表現令人鼓舞，面料業務的產量達至中期業績的記錄高位。感謝客戶的寶貴支持及鼓勵，我們於回顧期內幾乎維持完全的產能使用率。於1H2018，棉花價格顯著上升令所有行業參與者產生異常運作流程，因此與去年同期相比本集團的毛利率幾乎持平。本集團竭力實現預設的銷售目標及主要關鍵績效指標，與2017年上半年(「1H2017」)相比將面料業務銷量顯著提升17.7%。截至2018年6月30日止6個月，本集團總營業額顯著上升17.1%至3,760.1百萬港元(1H2017: 3,212.1百萬港元)。銷量提高主要由於繼續策略性地對基礎穩固的大眾市場客戶投入更多精力及資源所致。布料售價與1H2017相比持平。1H2018之除所得稅支出前盈利為87.2百萬港元，較1H2017增加7.0%(1H2017: 81.5百萬港元)。

雖然營業額的大幅度上升正常地引致整體營運成本增加，但分銷及銷售費用和行政費用佔營業額之百分比則較去年同期維持非常相似水平。於回顧期內，分銷及銷售費用上升至94.6百萬港元(1H2017: 75.6百萬港元)，升幅為25.1%，佔總營業額的2.5%，相比起1H2017的2.4%略為上升。同時，行政費用亦上升至219.7百萬港元(1H2017: 190.2百萬港元)，升幅為15.5%，佔總營業額的5.8%，較1H2017的5.9%輕微回落0.1個百分點。

根據中國棉花協會網站公佈資訊，中國棉花價格指數CCINDEX2129B於2018年6月29日為每噸人民幣16,945元，而於2018年1月2日則為每噸人民幣16,217元。中國棉花價格指數分別於2018年5月及2018年6月錄得最低每噸人民幣16,092元及最高每噸人民幣17,399元的水平。對比上一年度，中國棉花價格指數CCINDEX2129B於2017年6月30日為每噸人民幣16,324元，於2017年1月3日則為每噸人民幣16,139元。於2017年6月30日至2018年6月29日期間按年錄得3.8%增長。美國Cotlook A指數於2018年6月29日為每磅93.25美分，於2018年1月2日則為每磅89.35美分。美國Cotlook A指數分別於2018年2月及2018年6月錄得最低每磅86.6美分及最高每磅101.7美分的水平。對比上一年度，於2017年6月30日，美國Cotlook A指數為每磅83.33美分，而於2017年1月3日則為每磅79.65美分。於2017年6月30日至2018年6月29日期間按年錄得11.9%增長。綜上所述，棉花價格於回顧期內的上漲影響了棉紗價格，亦對我們的毛利率造成不利影響。

According to the China coal industry website, the monitoring data shown on 22 June 2018 based on the China coal price index (national comprehensive) was 164.92, up by 11.2 points year-on-year. Under the challenges on the surge in raw materials and fuel costs when compared to those of the same period last year, the Group had faced high pressure on the costs of goods sold, and thus, the gross profit margin basically remained flat to 9.8% for 1H2018 (1H2017: 9.9%), mainly attributable to its focus on lean management, technology automation, machinery upgrade, cost reduction and control initiatives to boost overall operating profitability. Basic earnings per share was HK5.3 cents in 1H2018 (1H2017: HK5.7 cents).

During the period under review, the Group further improved the production efficiency through continuously reinforcing its lean production management and applying automated equipment, thereby promoting sustained business growth of the Group. The Group has continuously replaced and upgraded numerous relatively less updated and less efficient production facilities in our fabric mills including circular knitted fabric machines, continuous tumble dryers, stenters, fabric shrinkage machines, fabric dyeing machines and fabric printing machines with new and latest models which provide better production efficiency, less wastage and higher energy saving.

During the period under review, the Group strategically targeted to minimize credit risks and enhance working capital through effective credit management. As a result, the total overdue trade and bills receivables based on the payment due dates net of allowance for doubtful debts (overdue 31-60 days and overdue > 60 days) had significantly reduced to HK\$34.9 million on 30 June 2018 from HK\$48.8 million on 31 December 2017.

Continuous restructuring and consolidating our subsidiaries with the aims to streamline operation and reduce costs was successfully implemented during the period under review.

## Production and Sales of Dyed Fabrics and Yarns

The Group's total production capacity of four fabric mills in both the PRC and Sri Lanka was approximately 27.5 million pounds of fabric dyeing per month, which was the same figure of the same period last year.

For the period under review, the Group's core business, production and sales of dyed fabrics and yarns, generated revenue of approximately HK\$3,334.7 million and accounted for 88.7% of the Group's total revenue.

## Production and Sales of Garments

Revenue from the production and sales of garments for 1H2018 was approximately HK\$425.4 million and accounted for 11.3% of the Group's total revenue.

根據中國煤炭工業網，中國煤炭價格指數（全國綜合指數）監測數據顯示於2018年6月22日中國煤炭指數為164.92，按年同期上升11.2點。鑒於原材料及燃料成本與去年同期相比大幅增長，本集團面對高生產成本壓力，因此，1H2018的毛利率基本持平至9.8%（1H2017：9.9%），主要由於集團注重精益管理、技術自動化、機械升級、成本削減及管控措施，藉以提升整體經營效益。於1H2018，每股基本盈利為5.3港仙（1H2017：5.7港仙）。

於回顧期內，本集團透過不斷加強精益生產管理及應用自動化設備，以進一步提高生產效率，促進集團業務持續增長。集團繼續更換及升級面料廠房多個相對落後及效率相對較低的生產設備，使用節能增效及降低損耗的最新款圓筒針織面料機、面料連續拋縮機、定型機、縮水機、染布機及印花機。

於回顧期內，本集團依照策略目標，通過有效的信貸管理盡力地降低信貸風險，同時增加營運資金。因此，逾期營業及票據應收款項根據付款到期日（經扣除呆賬撥備）（逾期31-60天及逾期超過60天）總額由2017年12月31日的48.8百萬港元按年大幅減少至2018年6月30日的34.9百萬港元。

於回顧期內，本集團持續重組及整合附屬公司的工作得以圓滿實施，成功精簡營運並降低成本。

## 製造及銷售色布及紗

本集團位於中國大陸和斯里蘭卡的4家面料工廠的印染產能為每月合共約2,750萬磅，數字與去年同期一樣。

在回顧期內，本集團核心業務 — 色布及紗的製造及銷售，為集團帶來約3,334.7百萬港元的營業額，佔集團總營業額的88.7%。

## 製造及銷售成衣

1H2018成衣製造及銷售的營業額約為425.4百萬港元，佔集團總營業額的11.3%。

## Dividend

In view of the general practice of the Company to only recommend a final dividend, the Board has resolved not to declare the payment of any interim dividend for the six months ended 30 June 2018. Unless special circumstances arise, the Group intends to declare a dividend for the financial year of 2018 similar to the dividend payout ratio declared in the financial year of 2017.

## Awards & Certifications

Our awards and certificates accredited during 1H2018 are as follows:

No.	Name of Award/ Certification	Type of Document	Year/Month of Issue	Issued by
文件序號	獎項／認證名稱	文件類型	頒發年／月	發出單位
<b>Jiangyin Fuhui Textiles Limited 江陰福匯紡織有限公司</b>				
1	2017 Outstanding Enterprise of Safety in Production* 2017年度安全生產先進單位	Award 獎牌	2018/1	Jiangyin Municipal People's Government Work Safety Committee* 江陰市人民政府安全生產委員會
2	2017 Outstanding Enterprise of Ecological Civilization Building* 2017年度生態文明建設先進企業	Award 獎牌	2018/1	Jiangyin High-tech Industrial Development Zone Committee of Communist Party of China* 中共江陰高新技術產業開發區工作委員會 Administration Committee of Jiangyin High-tech Industrial Development Zone* 江陰高新技術產業開發區管理委員會
3	2017 Outstanding Enterprise of Foreign Investment* 2017年度外商投資先進企業	Award 獎牌	2018/1	Jiangyin High-tech Industrial Development Zone Committee of Communist Party of China* 中共江陰高新技術產業開發區工作委員會 Administration Committee of Jiangyin High-tech Industrial Development Zone* 江陰高新技術產業開發區管理委員會
4	2017 Outstanding Enterprise of Import and Export Trade* 2017年度外貿進出口先進企業	Award 獎牌	2018/1	Jiangyin High-tech Industrial Development Zone Committee of Communist Party of China* 中共江陰高新技術產業開發區工作委員會 Administration Committee of Jiangyin High-tech Industrial Development Zone* 江陰高新技術產業開發區管理委員會
5	2017 Charitable Enterprise* 2017年度熱心慈善企業	Award 獎牌	2018/1	Jiangyin High-tech Industrial Development Zone Committee of Communist Party of China* 中共江陰高新技術產業開發區工作委員會 Administration Committee of Jiangyin High-tech Industrial Development Zone* 江陰高新技術產業開發區管理委員會

## 股息

鑒於本公司於一般情況下只建議派發末期股息，董事會決定及宣佈就截至2018年6月30日止6個月內不予派發任何中期股息。若沒有發生特殊情況，本集團擬於2018年財政年度派發與2017年財政年度相近的派息比率。

## 獎項及認證

在2018年上半年，集團所獲獎項及認證如下：

No. 文件序號	Name of Award/ Certification 獎項／認證名稱	Type of Document 文件類型	Year/Month of Issue 頒發年／月	Issued by 發出單位
<b>Jiangyin Fuhui Textiles Limited</b> (continued) 江陰福匯紡織有限公司 (續)				
6	2017 Top 10 International Enterprise* 2017年度十佳外貿企業	Award 獎牌	2018/2	Jiangyin Municipal Party Committee of Communist Party of China, Jiangyin Municipal People's Government* 中共江陰市委，江陰市人民政府
7	2017 Key and Major Enterprise of Jiangyin* 2017年度江陰市重點骨幹企業	Award 獎牌	2018/2	Jiangyin Municipal Party Committee of Communist Party of China, Jiangyin Municipal People's Government* 中共江陰市，委江陰市人民政府
8	2017 Outstanding Enterprise of Ecological Civilization Building and 263 Program* 2017年度生態文明建設暨「263」 專項行動先進企業	Award 獎牌	2018/3	Jiangyin Environmental Protection Committee* 江陰市環境保護委員會 Jiangyin "263" Program Leading Group* 江陰市「263」專項行動領導小組
9	2017 Outstanding Enterprise of "AnKang Cup" Competition of Wuxi* 2017年度無錫市「安康杯」 競賽優勝單位	Award 獎牌	2018/4	Wuxi Federation of Trade Unions* 無錫市總工會 Wuxi State Administration of Work Safety* 無錫市安全生產監督管理局
10	2017 Outstanding Enterprise of Blood Donation Without Compensation* 2017年度無償獻血先進單位	Award 獎牌	2018/6	Jiangyin Blood Donation Administration Committee* 江陰市獻血管理委員會
<b>Yancheng Fuhui Textiles Limited</b> 鹽城福匯紡織有限公司				
11	2017 Outstanding Three-star Enterprise* 2017年度爭星創優三星企業	Award 獎牌	2018/2	Yancheng Municipal People's Government* 鹽城市人民政府
12	2017 Corporate Development Contribution Award* 2017年度企業發展貢獻獎	Award 獎牌	2018/2	CPC Yancheng Economic and Technological Development Zone Working Committee* 中共鹽城經濟技術開發區工作委員會 Yancheng Economic and Technological Development Zone Management Committee* 鹽城經濟技術開發區管理委員會
13	2017 Outstanding Enterprise for Production Safety* 2017年度安全生產工作先進	Award 獎牌	2018/2	Yancheng Integrated Duty-Free Area Working Committee* 中共鹽城綜合保稅區工作委員會 Yancheng Integrated Duty-Free Area Management Committee* 鹽城綜合保稅區管理委員會

No. 文件序號	Name of Award/ Certification 獎項／認證名稱	Type of Document 文件類型	Year/Month of Issue 頒發年／月	Issued by 發出單位
<b>Yancheng Fuhui Textiles Limited</b> (continued) 鹽城福匯紡織有限公司 (續)				
14	TCP test certificate TCP 測試認證證書#	Certification 證書	2018/3	Intertek Group 天祥集團#
15	Vice President of Printing and Dyeing Branch of China Knitting Industrial Association* 中國針織工業協會印染分會 副會長單位	Award 獎牌	2018/4	China Knitting Industrial Association* 中國針織工業協會
<b>Dongguan Shatin Lake Side Textiles Printing &amp; Dyeing Co., Ltd.</b> 東莞沙田麗海紡織印染有限公司				
16	2017 Outstanding Enterprise for Export* 2017年度實際出口先進企業	Award 獎牌	2018/1	Chinese Communist Party Shatian Town Committee/People's Government of Shatian Town* 中共沙田鎮委員會／東莞市沙田鎮人民政府
17	Model Worker's Home* 模範職工之家	Award 獎牌	2018/2	Trade Union of COFCO Corporation * 中糧集團有限公司工會
18	Vice President of Printing and Dyeing Branch of China Knitting Industrial Association* 中國針織工業協會印染分會 副會長單位	Award 獎牌	2018/4	China Knitting Industrial Association* 中國針織工業協會

\* The English names are the translation of their respective official Chinese names and are for reference only.

\* 英文名稱僅為官方中文名稱之譯文，只供參考。

# The Chinese names are only the translation of their respective official English names and are for reference only.

# 中文名稱僅為官方英文名稱之譯文，只供參考。

## OUTLOOK 展望

According to the World Bank Group's June 2018 Global Economic Prospects Report, the global economic growth will remain robust at 3.1 percent in 2018 despite recent moderation. Afterwards, it is projected to moderate in 2019-2020, edging down to 2.9 percent by the end of the forecast period as international trade and financial conditions tighten. In emerging market and developing economies (EMDEs), overall growth is projected to plateau, reaching 4.7 percent in 2019 and 2020, up from 4.5 percent in 2018, as obstacles to growth in commodity exporters diminish, while activity in commodity importers continues to be robust. Activity in advanced economies is expected to moderate in 2018, as monetary policy stimulus is pared down, energy prices rise, and the effect of U.S. fiscal expansion wanes. In the Euro Area and Japan, growth forecasts become slower, reflecting higher energy prices and increased borrowing costs. Investment across advanced economies has firmed, while private consumption growth has moderated. Wages and inflation expectations have edged up intermittently, pointing to incipient signs of rising price pressures. Although recent indicators in advanced economies suggest some moderations, they continue to point to solid investment and above-potential growth this year across countries.

Although the recent trade war between China and the US has brought uncertainties to the future of the textile industry, little direct impact had been made to the Group's business as the Group does not directly export fabric to the US from China. Garment and other relevant products of the Group have been strategically altered to be produced in our garment factories outside of China for the US orders. A small proportion of our customers from China do trade with the US and they may suffer from the trade war, thereby indirectly undermining the Group's performance. However, knitted garment, the Group's customers' principal exports, was not included in the tariff lists released by the US Trade Representative (USTR) pursuant to Section 301 of the Trade Act of 1974 as at 13 August 2018. Even if the US further expands the coverage of the list in the future, the indirect impact to the Group's business is still expected to be insignificant due to the limited number of this type of customers. Thus, the Group is still confident that the negative impact of the trade war will be limited at a minimum level.

Due to the fact that the Group's fabric business production has maintained full utilization rate for a certain period of time, the Group is currently actively planning for a new fabric business production site outside of China.

Looking forward to the second half of 2018, the world economy and the retail market are expected to remain uncertain while consumer sentiments remain sluggish. The Group is prudently optimistic about its performance in the second half of the year as the order book and production capacity continue to remain promising while cotton price has been stabilized recently. The Group has been working closely with the new clients, including several popular and quality Japanese brands as mentioned in our 2017 annual report, which provide attractive potential going forward. The Group has long been the pioneer in developing innovative products together with our customers in the textile and apparel industry and will continue to allocate resources in this area in the future.

Notwithstanding the ever-changing global economic and market conditions, the Group is determined to accomplish the budgetary target for the year through various measures on cost reduction and production expansion, and offer long-term values and returns to all shareholders.

根據世界銀行集團發佈的2018年6月期全球經濟展望報告，2018年全球經濟增速預期提升至3.1%，不受制於近期回落。隨後2019-2020年全球增長將放緩，由於國際貿易放緩和全球融資條件趨緊，預測期末將降至2.9%。隨著商品出口商所面臨的增長阻力減小，同時商品進口商的運營活動持續強勁，以及商品出口商反彈上升趨勢持續，2019年及2020年的新興市場及發展中經濟體的經濟增長預期從2018年的4.5%上升至4.7%。由於財政刺激措施被削減，能源價格上升及美國財政增長衰弱，發達經濟體的活動於2018年預期將放緩。至於歐元區及日本，增長預測亦放慢，反映出能源價格和借貸成本均上升。發達經濟體的投資整體穩固，而個人消費增長溫和。預計通脹及工資間歇地上漲，意味著價格壓力上升的先兆。雖然發達經濟體最近的指標表明有所放緩，但它們繼續指向今年各國的穩健投資和高於潛在增長。

雖然最近中美之間的貿易戰給紡織業的未來帶來了不確定因素，但由於本集團並非直接從中國向美國出口面料或服裝，而是策略性地將美國訂單轉移到中國境外的服裝工廠生產，因此貿易戰對本集團的業務幾乎沒有直接影響。本集團一小部分來自中國的客戶確實會與美國進行貿易，貿易戰可能會對他們的業務做成負面影響，從而間接影響集團的表現。然而，本集團客戶的主要出口貨品針織服裝並未包括在美國貿易代表（USTR）根據1974年「貿易法」第301條發佈的關稅清單中。即使美國進一步擴大該清單的覆蓋範圍，由於此類客戶數量有限，其對集團業務的間接影響甚小。因此，本集團仍然相信貿易戰的負面影響將限制於最低水平。

鑑於本集團於過去一段時期已維持布業務生產之完全產能使用率，本集團現正積極籌劃建立一個在中國境外之布業務生產基地。

展望2018年下半年，全球經濟及零售市場預期依然不明朗，消費者氛圍持續低迷。由於訂單和產量持續向好，近期棉花價格穩定，本集團對下半年度的業績抱審慎樂觀態度。本集團一直緊密跟進新客戶，包括於2017年年報提及的數個受歡迎及優質的日本品牌，而該等品牌未來潛能巨大。本集團一直與紡織及服裝行業的客戶聯手走在開發創新產品的前端，日後在該方面將繼續投入資源。

憑藉本集團各項降成本、增產能的措施方案，縱使全球經濟及市況瞬息萬變，本集團依然決心完成本年度的預算目標，為全體股東帶來源源不斷的價值及回報。

## FINANCIAL REVIEW 財務回顧

The key operating and financial indicators of the Group for the six months ended 30 June 2018 are set out below:

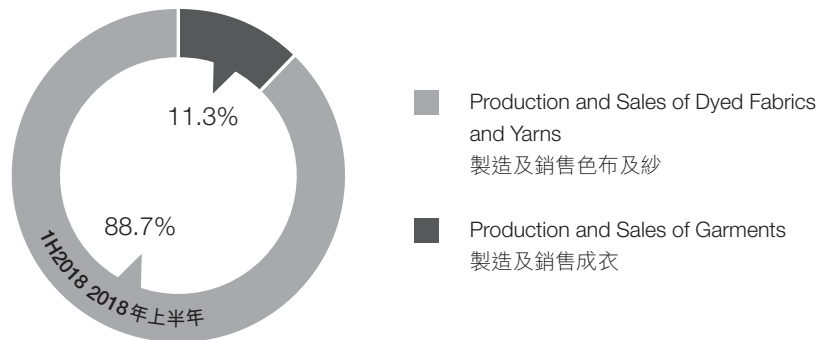
本集團截至2018年6月30日止6個月之主要經營及財務指標呈列如下：

		<b>Six months ended 30 June</b>	
		截至6月30日止6個月	
		2018	2017
<b>Statement of Profit or Loss Items</b>	<b>損益表項目</b>		
(All amounts in HK\$ thousands unless otherwise stated)	(除特別註明外所有金額均以千港元列示)		
Revenue	營業額	<b>3,760,117</b>	3,212,129
Gross profit	毛利	<b>368,019</b>	317,362
EBITDA*	息稅折舊及攤銷前利潤	<b>185,469</b>	186,227
Profit for the period	是期間盈利	<b>68,653</b>	71,583
Profit attributable to owners of the Company	本公司擁有人應佔盈利	<b>63,754</b>	68,869
Basic earnings per share (HK cents)	每股基本盈利(港仙)	<b>5.3</b>	5.7
<b>Key Financial Ratios</b>	<b>主要財務比率</b>		
<b>Profitability ratios</b>	<b>盈利能力比率</b>		
Gross profit margin (%)	毛利率(%)	<b>9.8%</b>	9.9%
EBITDA* margin (%)	息稅折舊及攤銷前利潤率(%)	<b>4.9%</b>	5.8%
<b>Expenses as a % of revenue</b>	<b>開支佔營業額比率</b>		
Distribution and selling expenses	分銷及銷售費用	<b>2.5%</b>	2.4%
Administrative expenses	行政費用	<b>5.8%</b>	5.9%
Finance costs	融資成本	<b>0.3%</b>	0.3%
<b>Asset efficiency</b>	<b>資產效率</b>		
Inventory turnover period (days)	存貨周轉期(日)	<b>98</b>	92
Trade and bills receivables turnover period (days)	營業及票據應收款項周轉期(日)	<b>65</b>	72
Trade and bills payables turnover period (days)	營業及票據應付款項周轉期(日)	<b>62</b>	52
* EBITDA means earnings before interest, tax, depreciation and amortisation EBITDA 解釋為息稅折舊及攤銷前利潤			
		<b>At 30 June</b>	At 31 December
		於6月30日	於12月31日
		<b>2018</b>	2017
<b>Asset ratios</b>	<b>資產比率</b>		
Current ratio	流動比率	<b>1.7</b>	2.2
Net debt/EBITDA ratio (annualised)	淨債務/息稅折舊及攤銷前利潤率(年化)	<b>0.3</b>	(0.3)
<b>Gearing ratio</b>	<b>資本負債比率</b>		
Total liabilities/Equity attributable to owners of the Company	負債總值/本公司擁有人應佔權益	<b>0.8</b>	0.6

## Revenue

The Group's revenue for the six months ended 30 June 2018 amounted to approximately HK\$3,760,117,000 (six months ended 30 June 2017: HK\$3,212,129,000).

## Revenue by business segments



In the first half of 2018, the Group's core business, production and sales of dyed fabrics and yarns, generated revenue of approximately HK\$3,334,660,000 (six months ended 30 June 2017: HK\$2,815,774,000), accounted for 88.7% (six months ended 30 June 2017: 87.7%) of the Group's total revenue. Revenue from production and sales of garments was approximately HK\$425,457,000 (six months ended 30 June 2017: HK\$396,355,000), accounted for 11.3% (six months ended 30 June 2017: 12.3%) of the Group's total revenue.

## Cost of Sales and Gross Profit Margin

For the six months ended 30 June 2018, overall cost of sales of the Group amounted to approximately HK\$3,392,098,000 (six months ended 30 June 2017: HK\$2,894,767,000) and overall gross profit margin was 9.8% (six months ended 30 June 2017: 9.9%).

During the period under review, the Group's revenue increased by 17.1%, mainly due to an increase in sales volume of fabric by approximately 17.7%.

## Distribution and Selling Expenses

For the six months ended 30 June 2018, the Group's overall distribution and selling expenses amounted to approximately HK\$94,602,000 (six months ended 30 June 2017: HK\$75,595,000), accounted for 2.5% (six months ended 30 June 2017: 2.4%) of the Group's total revenue.

## 營業額

集團截至2018年6月30日止6個月的營業額約為3,760,117,000港元(截至2017年6月30日止6個月: 3,212,129,000港元)。

## 營業額按業務分類

於2018年上半年,集團核心業務—製造及銷售色布及紗的營業額約為3,334,660,000港元(截至2017年6月30日止6個月: 2,815,774,000港元),佔集團營業額總值的88.7%(截至2017年6月30日止6個月: 87.7%)。製造及銷售成衣的營業額約為425,457,000港元(截至2017年6月30日止6個月: 396,355,000港元),佔集團營業額總值的11.3%(截至2017年6月30日止6個月: 12.3%)。

## 銷售成本及毛利率

集團截至2018年6月30日止6個月之整體銷售成本約為3,392,098,000港元(截至2017年6月30日止6個月: 2,894,767,000港元),整體毛利率為9.8%(截至2017年6月30日止6個月: 9.9%)。

於回顧期內,本集團的營業額上升17.1%,主要是由於面料銷售量增加約17.7%。

## 分銷及銷售費用

集團截至2018年6月30日止6個月之整體分銷及銷售費用約為94,602,000港元(截至2017年6月30日止6個月: 75,595,000港元),佔集團營業額總值的2.5%(截至2017年6月30日止6個月: 2.4%)。

## Administrative Expenses

For the six months ended 30 June 2018, the Group's overall administrative expenses amounted to approximately HK\$219,737,000 (six months ended 30 June 2017: HK\$190,239,000), accounted for 5.8% (six months ended 30 June 2017: 5.9%) of the Group's total revenue.

## Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)

For the six months ended 30 June 2018, the Group's EBITDA amounted to approximately HK\$185,469,000 (six months ended 30 June 2017: HK\$186,227,000) and the EBITDA margin was 4.9% (six months ended 30 June 2017: 5.8%).

## Finance Costs

For the six months ended 30 June 2018, the Group's finance costs amounted to approximately HK\$12,982,000 (six months ended 30 June 2017: HK\$11,193,000), represented 0.3% (six months ended 30 June 2017: 0.3%) of the Group's total revenue.

## Capital Expenditure

During the period under review, the Group invested approximately HK\$128,395,000 (six months ended 30 June 2017: HK\$86,607,000) in additions of property, plant and equipment. The Group expects its capital expenditure for the whole financial year to remain at an average level of the past two financial years.

## Income Tax Expense

For the six months ended 30 June 2018, income tax expense of the Group amounted to approximately HK\$18,532,000 (six months ended 30 June 2017: HK\$9,872,000).

## 行政費用

集團截至2018年6月30日止6個月之整體行政費用約為219,737,000港元(截至2017年6月30日止6個月:190,239,000港元),佔集團營業額總值的5.8%(截至2017年6月30日止6個月:5.9%)。

## 息稅折舊及攤銷前利潤(EBITDA)

集團截至2018年6月30日止6個月之息稅折舊及攤銷前利潤約為185,469,000港元(截至2017年6月30日止6個月:186,227,000港元),息稅折舊及攤銷前利潤率為4.9%(截至2017年6月30日止6個月:5.8%)。

## 融資成本

集團截至2018年6月30日止6個月之融資成本約12,982,000港元(截至2017年6月30日止6個月:11,193,000港元),佔集團營業額總值的0.3%(截至2017年6月30日止6個月:0.3%)。

## 資本開支

於回顧期內,集團已投資約128,395,000港元(截至2017年6月30日止6個月:86,607,000港元)以增加物業、機器及設備。集團預期整個財政年度的資本開支將維持在過去兩年財政年度的平均水平。

## 所得稅支出

集團截至2018年6月30日止6個月之所得稅支出約為18,532,000港元(截至2017年6月30日止6個月:9,872,000港元)。

## Liquidity and Financial Resources

As at 30 June 2018, the Group's net assets amounted to approximately HK\$3,502,911,000 (31 December 2017: HK\$3,556,376,000). The key figures of the Group's financial position were as follows:

## 資金流動性及財政資源

於2018年6月30日，集團資產淨值約為3,502,911,000港元（2017年12月31日：3,556,376,000港元）。集團財務狀況的主要資料如下：

		<b>At 30 June</b> 於6月30日 <b>2018</b> <b>HK\$'000 千港元</b>	At 31 December 於12月31日 2017 HK\$'000 千港元
Non-current assets	非流動資產	<b>1,776,607</b>	1,746,764
Current assets	流動資產	<b>4,441,260</b>	3,842,207
<b>Total assets</b>	<b>資產總值</b>	<b>6,217,867</b>	5,588,971
Current liabilities	流動負債	<b>2,571,289</b>	1,746,107
Non-current liabilities	非流動負債	<b>143,667</b>	286,488
<b>Total liabilities</b>	<b>負債總值</b>	<b>2,714,956</b>	2,032,595
<b>Net assets</b>	<b>資產淨值</b>	<b>3,502,911</b>	3,556,376

The Group met its funding requirements in its usual course of operation by cash flows from operations as well as long-term and short-term bank borrowings. Capital expenditure was mainly financed by long-term bank borrowings.

集團以營運所得現金流量及銀行的長短期貸款應付日常資金需要，而資本開支則主要由長期銀行貸款撥付。

As at 30 June 2018, the principal financial covenant figures/ratios (according to the banks' definitions) were as follows:

於2018年6月30日，主要的財務契約數據／比率（根據銀行的定義）如下：

		<b>At 30 June</b> 於6月30日 <b>2018</b>	At 31 December 於12月31日 2017
Consolidated tangible net worth	綜合淨有形資產	<b>HK\$3,202,023,000</b>	HK\$3,124,272,000
Consolidated total bank debt to consolidated tangible net worth	綜合總銀行負債對 綜合淨有形資產比例	<b>0.3</b>	0.2
Consolidated EBITDA to consolidated interest expense	綜合息稅折舊及攤銷前利潤對 綜合利息支出比例	<b>14.3</b>	18.1
Consolidated current assets to consolidated current liabilities	綜合流動資產對 綜合流動負債比例	<b>1.7</b>	2.2
Consolidated capital expenditure	綜合資本開支	<b>HK\$128,395,000</b>	HK\$231,326,000

## Risk Management

The Group follows a stringent and prudent risk management policy to manage foreign exchange and interest rate risks.

The sales and the purchase of raw materials of the Group were mainly denominated in HKD, USD and Renminbi ("RMB"). Since the Group mainly carries out production in China, we are exposed to foreign exchange risk arising from RMB exposure. The Group has been closely monitoring the exchange rate fluctuation for USD and RMB and will continue to monitor the trend of the exchange rate and adopt appropriate measures in order to mitigate the foreign currency risk in a cautious manner.

In addition, bank borrowings of the Group were denominated in HKD and USD and interests were mainly charged on a floating rate basis. Since the market expects that the interest rates in the United States might rise in the coming year, the Group will continue to monitor the interest rates fluctuation in the market and will adopt appropriate measures to minimize the interest rate risk.

## 風險管理

集團會依據嚴格及審慎的風險管理政策應對外匯及利率風險。

集團之銷售和原料採購以港元、美元及人民幣為主。而主要的生產基地位於中國，故涉及人民幣所產生之外匯風險。集團一直密切監察美元及人民幣匯率的變動，會採取謹慎的方法，適時審視匯率的走勢，安排合適的措施以減低風險。

此外，集團的銀行借貸以港元和美元為單位，利息主要以浮動利率計算。由於市場預期美國於來年仍有加息的可能，本集團將繼續留意市場的利率波動，並安排合適的措施以減低利率上升的風險。

## EMPLOYEES AND REMUNERATION POLICIES 僱員及酬金政策

As at 30 June 2018, the Group had approximately 9,100 (30 June 2017: 10,170) full-time employees. The Group will continue to implement streamlined production so as to further minimize our labour cost. The Group's emolument policies are formulated on the performance of individual employee and the salary trends in various regions, which are reviewed regularly. Subject to the Group's profitability, the Group may also distribute a discretionary bonus to its employees as an incentive for their contribution to the Group.

The Group has established a share option scheme for its employees, and also provides regular training courses and subsidies for continuing education so as to improve the skills of its employees with respect to production, selling and management.

集團於2018年6月30日之全職僱員人數約為9,100人(2017年6月30日: 10,170人)。本集團將繼續實施精簡生產,以盡量減少勞動力成本。集團的僱員酬金政策是根據個別僱員的工作表現及各地區薪酬趨勢而制定並定期作出檢討。集團亦會因應集團之盈利情況,酌情發放花紅予僱員以鼓勵他們對集團之貢獻。

集團為僱員設有一項購股權計劃,亦會提供定期培訓課程及資助進修計劃,以提高僱員之生產、銷售及管理技能。

## PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES 購回、出售及贖回本公司之上市證券

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

於回顧期內,本公司及其任何附屬公司並無購回、出售或贖回本公司之任何上市證券。

## CORPORATE GOVERNANCE CODE 企業管治守則

Throughout the period from 1 January 2018 to 30 June 2018, the Company has applied the principles of, and complied with, all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "CG Code"). However, with effect from 23 January 2015, Mr. ZHAO Yao, the Chairman and an Executive Director, has taken up the position of the chief executive officer of the Company, details of which were set out in the announcement of the Company dated 23 January 2015. This deviated from code provision A.2.1 of the CG Code, which stipulates that the responsibilities between the chairman and chief executive officer should be divided. However, having considered the current status of the Group, vesting the roles of both chairman and chief executive officer in the same person enables the Group to more efficiently plan its overall strategy and achieve the budgeted target. The Board believes that the balance of power and authority under this arrangement is adequately ensured by the Board which comprises experienced, professional and high caliber individuals with a sufficient number thereof being independent non-executive Directors (the "INEDs").

由2018年1月1日至2018年6月30日止期間,本公司已應用及一直遵守上市規則附錄14所載之企業管治守則(「企管守則」)之原則及所有適用之守則條文。但自2015年1月23日起,主席及執行董事趙耀先生開始兼任本公司行政總裁職務,詳情已載於日期為2015年1月23日之公告。此會偏離企管守則條文A.2.1的規定,主席與行政總裁的角色應有區分,不應由一人同時兼任,但考慮到本集團現時的情況,由同一名人士同時擔任主席及行政總裁兩個職務可以讓本集團更有效率地計劃整體策略及完成預算目標。由於董事會由經驗豐富人士及專業人士組成(包括充足的獨立非執行董事人數),相信會有足夠能力確保職能及權力在此安排下得到平衡。

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS 董事進行證券交易的標準守則

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”) as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all Directors, the Company confirmed that all Directors had complied with the required standard set out in the Model Code for the period under review.

本公司已採納標準守則為其有關董事進行證券交易之守則。經向所有董事作出查詢後，本公司確認所有董事於回顧期內均已遵守標準守則所要求的標準。

## AUDIT COMMITTEE'S REVIEW 審核委員會審閱

The Company has established an audit committee of the Board (the “Audit Committee”) for the purposes of reviewing and providing supervision over the Company's financial reporting process, risk management and internal controls. The Audit Committee presently comprises 1 non-executive Director and 2 INEDs, and 1 of the INEDs acts as the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited interim results of the Company for the six months ended 30 June 2018.

本公司已成立董事會審核委員會（「審核委員會」），藉以檢討及監察本公司之財務申報程序、風險管理及內部監控制度。審核委員會現由1名非執行董事及2名獨立非執行董事組成，並由其中1名獨立非執行董事擔任審核委員會主席。審核委員會已審閱本公司截至2018年6月30日止6個月之未經審核中期業績。

## PUBLICATIONS OF 2018 INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

### 刊發2018年中期業績公告及中期報告

This results announcement is published on the respective websites of the Company ([www.fshl.com](http://www.fshl.com)) and the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)). The 2018 interim report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and available on the respective websites of the Company and the Stock Exchange in due course.

本業績公告將分別於本公司網站([www.fshl.com](http://www.fshl.com))及聯交所網站([www.hkex.com.hk](http://www.hkex.com.hk))刊登。載有上市規則規定的所有資料之2018年中期報告將會於適當時候寄發予本公司股東，並且分別刊載於本公司及聯交所網站。

By order of the Board

**Fountain Set (Holdings) Limited**  
**ZHAO Yao**

*Chairman and Chief Executive Officer*

Hong Kong, 28 August 2018

*As at the date of this announcement, the Board comprises 4 executive Directors, namely Mr. ZHAO Yao (Chairman and Chief Executive Officer), Mr. LIU Xianfu, Mr. TAO Yongming and Mr. YAU Hang Tat Andrew; 2 non-executive Directors, namely Dr. YEN Gordon (Vice Chairman) and Mr. SUN Fuji; and 3 INEDs, namely Mr. NG Kwok Tung, Mr. YING Wei and Mr. William LAM.*