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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)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

The board of directors of Fountain Set (Holdings) Limited (the "Company", the "Directors" and the "Board", respectively) announces that the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2017 are as follows:

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

FOR THE YEAR ENDED 31 DECEMBER 2017 截至2017年12月31日止年度

		Notes 附註	2017 HK\$'000 千港元	2016 HK\$'000 千港元
Revenue	營業額	3	6,913,785	6,328,714
Cost of sales	銷售成本		(6,162,290)	(5,553,590)
Gross profit	毛利		751,495	775,124
Other revenue	其他收入		44,892	48,338
Other gains and losses	其他收益及虧損		22,250	(48,452)
Distribution and selling expenses	分銷及銷售費用		(172,868)	(163,756)
Administrative expenses	行政費用		(412,891)	(424,275)
Finance costs	融資成本	4	(22,533)	(19,506)
Share of profit of an associate	應佔一間聯營公司之盈利		1,905	595
Profit before income tax expense	除所得稅支出前盈利		212,250	168,068
Income tax expense	所得稅支出	5	(36,304)	(18,076)
Profit for the year	是年度盈利	6	175,946	149,992
Profit for the year attributable to:	應佔是年度盈利:			
Owners of the Company	本公司擁有人		156,846	127,903
Non-controlling interests	非控股權益		19,100	22,089
			175,946	149,992
			HK cents 港仙	HK cents 港仙
Earnings per share	每股盈利			
– Basic	– 基本	8	13.0	10.6
– Diluted	– 攤薄	8	13.0	10.6

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

FOR THE YEAR ENDED 31 DECEMBER 2017 截至2017年12月31日止年度

		Note 附註	2017 HK\$'000 千港元	2016 HK\$'000 千港元
Profit for the year	是年度盈利	6	175,946	149,992
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 year	年內重估可供出售金融資產產生之收益淨值		272	1,410
Exchange differences arising on translation of foreign operations	換算海外業務產生之匯兌差額		16,434	(16,051)
Release upon disposal of available-for-sale financial assets	處置可供出售金融資產時轉出		(901)	(3,012)
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		1,127	-
Other comprehensive income/(expense) for the year	是年度其他全面收益／（開支）		16,932	(17,653)
Total comprehensive income for the year	是年度全面收益總值		192,878	132,339
Total comprehensive income for the year attributable to:	應佔是年度全面收益總值：			
Owners of the Company	本公司擁有人		168,075	116,000
Non-controlling interests	非控股權益		24,803	16,339
			192,878	132,339

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 綜合財務狀況表

AS AT 31 DECEMBER 2017 於2017年12月31日

			At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
		Notes 附註		
Non-current assets	非流動資產			
Investment properties	投資物業		60,775	67,410
Property, plant and equipment	物業、機器及設備		1,509,246	1,463,317
Prepaid lease payments – non-current portion	預付租賃款項 – 非流動部分		96,715	99,115
Other intangible assets	其他無形資產		18,346	21,617
Interest in an associate	於一間聯營公司之權益		18,805	16,900
Investment in life insurance policies	人壽保險保單之投資	9	–	20,050
Deferred tax assets	遞延稅項資產		42,877	49,909
			1,746,764	1,738,318
Current assets	流動資產			
Inventories	存貨	10	1,450,187	1,401,911
Trade and bills receivables	營業及票據應收款項	11	1,261,584	1,209,330
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項		261,728	136,420
Prepaid lease payments – current portion	預付租賃款項 – 流動部分		2,604	2,600
Tax recoverable	可收回稅項		3,500	4,479
Restricted bank deposits	受限制銀行存款		13,003	10,406
Short-term bank deposits	短期銀行存款		206,405	177,660
Bank balances and cash	銀行結餘及現金		643,196	690,491
			3,842,207	3,633,297
Current liabilities	流動負債			
Trade and bills payables	營業及票據應付款項	12	817,067	752,140
Other payables and accruals	其他應付款項及應計費用		307,442	322,845
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		5,286	5,499
Deferred income – current portion	遞延收入 – 流動部分		1,622	1,592
Tax payable	應付稅項		18,984	20,912
Bank borrowings – due within one year	銀行借貸 – 一年內到期		515,606	488,191
			1,746,107	1,671,279
Net current assets	流動資產淨值		2,096,100	1,962,018
Total assets less current liabilities	資產總值減流動負債		3,842,864	3,700,336

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 綜合財務狀況表

AS AT 31 DECEMBER 2017 於2017年12月31日

		At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
	Note 附註		
Non-current liabilities	非流動負債		
Deferred income – non-current portion	遞延收入—非流動部分	58,989	60,370
Bank borrowings – due after one year	銀行借貸—一年後到期	219,623	179,453
Deferred tax liabilities	遞延稅項負債	7,876	6,868
		286,488	246,691
Net assets	資產淨值	3,556,376	3,453,645
Capital and reserves	資本及儲備		
Share capital	股本	865,716	865,716
Other reserves	其他儲備	2,536,545	2,432,336
Equity attributable to owners of the Company	本公司擁有人應佔權益	3,402,261	3,298,052
Non-controlling interests	非控股權益	154,115	155,593
Total equity	權益總值	3,556,376	3,453,645

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 years ended 31 December 2017 and 31 December 2016 included in this final results announcement does not constitute the Company’s statutory annual consolidated financial statements for those years 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 (Chapter 622 of the Laws of Hong Kong) (the “Companies Ordinance”) is as follows:

The Company has delivered the financial statements of the Group for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2017 in due course.

The Company’s independent auditor has reported on those financial statements of the Group for both years. 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 section 406(2), 407(2) or (3) of the Companies Ordinance.

1. 一般資料

本公司為在香港註冊成立的公眾有限公司而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。

本末期業績公告所載有關截至2017年12月31日及2016年12月31日止年度之財務資料，並不構成本公司於該等年度之法定年度綜合財務報表，但摘錄自該等財務報表。根據香港法例第622章公司條例(「公司條例」)第436條須予披露有關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本集團截至2016年12月31日止年度之財務報表，並將會在適當時間遞交截至2017年12月31日止年度之財務報表。

本公司獨立核數師已就本集團該兩個年度之財務報表作出報告。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. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Adoption of new/revised HKFRSs – effective on 1 January 2017

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of these amendments has no material impact on the Group’s financial statements.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
HKFRS 16	Leases ²

2. 採納香港財務報告準則（「香港財務報告準則」）

(a) 採納新訂／經修訂之香港財務報告準則—於2017年1月1日生效

香港財務報告準則 2014年至2016年週期之年度改進	香港財務報告準則 第12號之修訂本，披露於其他實體之權益
香港會計準則第7號之修訂本	披露計劃
香港會計準則第12號之修訂本	就未變現虧損確認遞延稅項資產

採納該等修訂本對本集團的財務報表並無重大影響。

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則

下列可能與本集團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。本集團目前擬於該等變動生效日期應用該等變動。

香港財務報告準則 第9號	金融工具 ¹
香港財務報告準則 第15號	客戶合同收入 ¹
香港財務報告準則 第16號	租賃 ²

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

HK(IFRIC) 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC) 23	Uncertainty over Income Tax Treatments ²
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures ¹
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendment to HKAS 23, Borrowing Costs ²
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ²
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15) ¹
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ²
Amendments to HKAS 40	Transfers of Investment Property ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

³ 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.

2. 採納香港財務報告準則（「香港財務報告準則」）（續）

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則（續）

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 ¹
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 ²
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之投資 ¹
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 ²
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 ¹
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 ²
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） ¹
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 ²
香港會計準則第40號之修訂本	轉撥投資物業 ¹
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 ³

¹ 於2018年1月1日或之後開始之年度期間生效

² 於2019年1月1日或之後開始之年度期間生效

³ 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。

3. 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 year.

2017

		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
Revenue	營業額											
External sales	對外銷售	1,552,586	1,430,586	654,260	1,024,772	723,035	513,969	51,417	963,160	6,913,785	-	6,913,785
Inter-segment sales (note)	分類間銷售(附註)	4,772,958	2,682,576	-	-	333,261	-	-	146,873	7,935,668	(7,935,668)	-
Total segment revenue	分類營業額總值	6,325,544	4,113,162	654,260	1,024,772	1,056,296	513,969	51,417	1,110,033	14,849,453	(7,935,668)	6,913,785
Results	業績											
Segment profit	分類盈利	127,896	144,589	55,507	86,945	51,406	41,170	4,357	80,884			592,754
Interest income	利息收入											4,557
Unallocated income	未分配收入											23,051
Depreciation and amortisation	折舊及攤銷											(191,150)
Other unallocated expenses	其他未分配支出											(196,334)
Finance costs	融資成本											(22,533)
Share of profit of an associate	應佔一間聯營公司之盈利											1,905
Profit before income tax expense	除所得稅支出前盈利											212,250

3. 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。

以下為本集團於是年度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。

2017年

3. REVENUE AND SEGMENT INFORMATION (Continued)

2016

		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
Revenue	營業額											
External sales	對外銷售	1,439,830	1,119,663	631,045	1,166,770	751,178	407,387	48,589	764,252	6,328,714	-	6,328,714
Inter-segment sales (note)	分類間銷售(附註)	4,414,472	2,369,402	-	-	362,057	28,732	-	152,250	7,326,913	(7,326,913)	-
Total segment revenue	分類營業總值	5,854,302	3,489,065	631,045	1,166,770	1,113,235	436,119	48,589	916,502	13,655,627	(7,326,913)	6,328,714
Results	業績											
Segment profit	分類盈利	133,033	108,964	54,950	101,603	73,728	38,005	4,248	69,442			583,973
Interest income	利息收入											4,587
Unallocated income	未分配收入											2,997
Depreciation and amortisation	折舊及攤銷											(184,524)
Other unallocated expenses	其他未分配支出											(220,054)
Finance costs	融資成本											(19,506)
Share of profit of an associate	應佔一間聯營公司之盈利											595
Profit before income tax expense	除所得稅支出前盈利											168,068

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

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, gain from disposal of available-for-sale financial assets, 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. No analysis on segment assets and liabilities is disclosed as it is not presented to the Board.

3. 營業額及分類資料(續)

2016年

		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
Revenue	營業額											
External sales	對外銷售	1,439,830	1,119,663	631,045	1,166,770	751,178	407,387	48,589	764,252	6,328,714	-	6,328,714
Inter-segment sales (note)	分類間銷售(附註)	4,414,472	2,369,402	-	-	362,057	28,732	-	152,250	7,326,913	(7,326,913)	-
Total segment revenue	分類營業總值	5,854,302	3,489,065	631,045	1,166,770	1,113,235	436,119	48,589	916,502	13,655,627	(7,326,913)	6,328,714
Results	業績											
Segment profit	分類盈利	133,033	108,964	54,950	101,603	73,728	38,005	4,248	69,442			583,973
Interest income	利息收入											4,587
Unallocated income	未分配收入											2,997
Depreciation and amortisation	折舊及攤銷											(184,524)
Other unallocated expenses	其他未分配支出											(220,054)
Finance costs	融資成本											(19,506)
Share of profit of an associate	應佔一間聯營公司之盈利											595
Profit before income tax expense	除所得稅支出前盈利											168,068

附註：分類間銷售之價格乃參照當時之市場價格而釐定。

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、處置可供出售金融資產之收益、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。對分類資產及負債並沒有作出分析披露，因該資料沒有向董事會呈列。

3. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue from the Group's products

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

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Production and sales of dyed fabrics and yarns	製造及銷售色布及紗	5,998,860	5,461,209
Production and sales of garments	製造及銷售成衣	914,925	867,505
		6,913,785	6,328,714

Geographical information

The following is an analysis of geographical location of the Group's non-current assets (note) at the end of the reporting period:

		At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
The PRC	中國	1,506,890	1,470,256
Hong Kong	香港	36,752	39,832
Sri Lanka	斯里蘭卡	159,620	158,086
Others	其他地區	625	185
		1,703,887	1,668,359

Note: Non-current assets excluded deferred tax assets and investment in life insurance policies.

Information about major customers

No revenue from individual customer contributed over 10% of the total revenue of the Group for the years ended 31 December 2017 and 31 December 2016.

3. 營業額及分類資料 (續)

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：

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Production and sales of dyed fabrics and yarns	製造及銷售色布及紗	5,998,860	5,461,209
Production and sales of garments	製造及銷售成衣	914,925	867,505
		6,913,785	6,328,714

地域資料

於報告期終，本集團之非流動資產（附註）按地域位置之分析如下：

		At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
The PRC	中國	1,506,890	1,470,256
Hong Kong	香港	36,752	39,832
Sri Lanka	斯里蘭卡	159,620	158,086
Others	其他地區	625	185
		1,703,887	1,668,359

附註：非流動資產不包括遞延稅項資產及人壽保險保單之投資。

有關主要客戶之資料

截至2017年12月31日及2016年12月31日止年度，來自個別客戶之營業額佔本集團營業總額均無超過10%。

4. FINANCE COSTS

4. 融資成本

		2017	2016
		HK\$'000 千港元	HK\$'000 千港元
Finance costs on:	融資成本：		
Bank borrowings	銀行借貸	22,533	19,506

5. INCOME TAX EXPENSE

5. 所得稅支出

		2017	2016
		HK\$'000 千港元	HK\$'000 千港元
Current tax:	是年度稅項：		
Hong Kong	香港	1,523	2,371
The PRC	中國	22,440	15,893
Other jurisdictions	其他司法地區	3,222	7,604
		27,185	25,868
Under/(over) provision in prior years:	過往年度撥備不足／(超額撥備)：		
Hong Kong	香港	(81)	(40)
The PRC	中國	407	1,717
Other jurisdictions	其他司法地區	820	59
		1,146	1,736
		28,331	27,604
Deferred tax:	遞延稅項：		
Hong Kong	香港	441	291
The PRC	中國	7,368	(10,319)
Other jurisdictions	其他司法地區	164	500
		7,973	(9,528)
		36,304	18,076

Hong Kong Profits Tax is calculated at 16.5% (31 December 2016: 16.5%) of the estimated assessable profit for the year.

香港利得稅乃按是年度之估計應課稅盈利以16.5% (2016年12月31日：16.5%)之稅率計算。

5. INCOME TAX EXPENSE (Continued)

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 is 12%.

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

6. PROFIT FOR THE YEAR

5. 所得稅支出(續)

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為12%。

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。

6. 是年度盈利

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Profit for the year has been arrived at after charging/(crediting):	是年度盈利已扣減/(計入)下列各項:		
Amortisation of deferred income ¹	遞延收入的攤銷 ¹	(1,607)	(1,507)
Amortisation of other intangible assets ³	其他無形資產之攤銷 ³	3,271	3,271
Auditors' remuneration	核數師之薪酬	3,065	3,063
Cost of inventories sold (note i)	存貨銷售成本(附註i)	6,162,290	5,553,590
Depreciation of investment properties	投資物業之折舊	3,780	3,896
Depreciation and impairment of property, plant and equipment	物業、機器及設備之折舊及減值	181,497	174,756
Employee costs (including Directors' emoluments)	僱員成本(包括董事酬金)	961,823	947,128
Gain on disposal of available-for-sale financial assets ²	處置可供出售金融資產之收益 ²	(901)	(751)
Government grants (note ii) ¹	政府補貼(附註ii) ¹	(3,493)	(3,805)
Impairment loss reversed on other receivables, net ²	其他應收款項之減值損失撥回淨值 ²	(89)	(483)
Impairment loss (reversed)/recognised on trade and bills receivables, net ²	營業及票據應收款項之減值損失(撥回)/確認淨值 ²	(19,849)	21,401
Interest income ¹	利息收入 ¹	(4,557)	(4,587)
Loss on deregistration of a subsidiary ²	註銷一間附屬公司之虧損 ²	1,127	-
Loss on disposal/written-off of property, plant and equipment ²	出售/註銷物業、機器及設備之虧損 ²	18,731	13,283
Net exchange (gain)/losses ²	匯兌(收益)/虧損淨值 ²	(21,269)	15,002
Net rental income from investment properties ¹	投資物業的租金收入淨值 ¹	(9,655)	(10,156)
Release of prepaid lease payments	預付租賃款項轉出	2,602	2,601

¹ Included in other revenue
² Included in other gains and losses
³ Included in administrative expenses

¹ 包括在其他收入內
² 包括在其他收益及虧損內
³ 包括在行政費用內

6. PROFIT FOR THE YEAR (Continued)

Notes:

- (i) Cost of inventories sold includes HK\$1,666,095,000 (2016: HK\$1,598,598,000) of staff costs, depreciation, subcontracting fee, provision/(reversal) of write-down of inventories and other manufacturing overheads, which are also included in the respective total amounts disclosed above for each of these types of expenses.
- (ii) Government grants mainly represent grants of HK\$2,109,000 (2016: HK\$3,092,000) received from the PRC local government authority as subsidies to the Group for (a) acquiring certain property, plant and equipment for energy saving scheme and environmental protection scheme implemented by the PRC local government; (b) incentive of foreign trade; and (c) incentive of steady growth of business.

There were no restrictions with the use of such government grants.

7. DIVIDENDS

Dividend recognised as distribution during the year:	是年度已確認為分派之股息：
2016 final dividend of HK5.3 cents	2016年末期股息每股5.3港仙
(2015 final dividend of HK4.0 cents)	(2015年末期股息：4.0港仙)
per share	

No interim dividend was paid or proposed for both years.

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, has been recommended by the Board and is subject to the approval of the shareholders at the forthcoming annual general meeting of the Company (the "AGM").

6. 是年度盈利 (續)

附註：

- (i) 存貨銷售成本包括1,666,095,000港元(2016年：1,598,598,000港元)員工成本、折舊、加工費用、註銷存貨之撥備／(撥回)及其他製造費用，此等項目亦已包括在上文所披露各類開支之相關總額內。
- (ii) 政府補貼主要指收取來自中國當地政府機構授出的2,109,000港元(2016年：3,092,000港元)作為本集團(a)為中國當地政府實施之節能計劃及環保計劃而購置若干物業、機器及設備；(b)鼓勵外貿；及(c)激勵業務穩定增長之補貼。

該等政府補貼並無使用限制。

7. 股息

	2017	2016
	HK\$'000 千港元	HK\$'000 千港元

	63,866	48,201
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於兩個年度並無已付或擬派中期股息。

董事會建議派付截至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)，並須待股東於本公司應屆股東週年大會(「股東週年大會」)上批准。

8. EARNINGS PER SHARE

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

		2017	2016
		HK\$'000 千港元	HK\$'000 千港元
Earnings	盈利		
Profit for the year attributable to owners of the Company for the purposes 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年度盈利	156,846	127,903

		2017	2016
Number of shares	股份數目		
Weighted average number of ordinary shares for the purposes 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 years ended 31 December 2017 and 31 December 2016 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 years.

9. INVESTMENT IN LIFE INSURANCE POLICIES

In prior period before 2016, the Group entered into two contracts with two insurance companies, which contain seven life insurance policies to insure against the death of seven key members of management of the Group, with an aggregate insured sum of approximately US\$18.8 million (equivalent to approximately HK\$145.8 million). Under these contracts, the beneficiary and policy holder is the Company. The Company has made upfront payments of HK\$36,178,000 in prior period. The monthly insurance costs and administrative charges determined by the insurance companies will be deducted from the account value. The insurers will declare interest (including the guaranteed interest) to the Company on a monthly basis, based on the amount of account value, at a rate to be determined at their own discretion.

8. 每股盈利

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：

		2017	2016
		HK\$'000 千港元	HK\$'000 千港元
每股盈利	盈利		
本公司擁有人應佔是年度盈利	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年度盈利	156,846	127,903

		2017	2016
股份數目	股份數目		
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	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

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年度之平均市價，因此計算截至2017年12月31日及2016年12月31日止年度之每股攤薄盈利時並無假設該等購股權已獲行使。

9. 人壽保險保單之投資

於2016年前之過往期間，本集團與兩間保險公司訂立兩張合約，當中包含七份人壽保險保單，為本集團七名主要管理層成員之身故事宜投保，投保金額合共約為18,800,000美元（相等於約145,800,000港元）。根據該等合約，受益人及保單持有人為本公司。本公司於過往期間已支付預付款項36,178,000港元。每月支付的保費及保險公司釐定的行政費用將從賬戶價值中扣除。保險公司每月可根據賬戶價值按其酌情決定之利率向本公司宣派利息（包括保證利息）。

9. INVESTMENT IN LIFE INSURANCE POLICIES (Continued)

In 2016, the Group terminated a contract which contained five life insurance policies. A gain on disposal amounting to HK\$751,000, which included a reclassification from other comprehensive income of HK\$3,012,000, has been recognised in the consolidated statement of profit or loss in 2016.

During the year, the Group terminated the remaining contract which contained two life insurance policies. A gain on disposal amounting to HK\$901,000, which included a reclassification from other comprehensive income of HK\$901,000, has been recognised in the consolidated statement of profit or loss for the year.

10. INVENTORIES

		At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
Spare parts	備件	42,995	44,992
Raw materials	原料	624,626	646,164
Work-in-progress	半製品	441,275	397,563
Finished goods	製成品	341,291	313,192
		1,450,187	1,401,911

11. TRADE AND BILLS RECEIVABLES

		At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
Trade receivables	營業應收款項	965,409	941,500
Bills receivables	票據應收款項	324,358	316,860
Less: allowance for doubtful debts	減：呆賬撥備	(28,183)	(49,030)
		1,261,584	1,209,330

9. 人壽保險保單之投資(續)

於2016年，本集團終止一張合約（當中包含五份人壽保險保單），處置收益為751,000港元（包括從其他全面收益調撥3,012,000港元）已於2016年在綜合損益表內確認。

於年內，本集團終止餘下之合約（當中包含兩份人壽保險保單），處置收益為901,000港元（包括從其他全面收益調撥901,000港元）已於是年度綜合損益表內確認。

10. 存貨

	At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
Spare parts	42,995	44,992
Raw materials	624,626	646,164
Work-in-progress	441,275	397,563
Finished goods	341,291	313,192
	1,450,187	1,401,911

11. 營業及票據應收款項

	At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
Trade receivables	965,409	941,500
Bills receivables	324,358	316,860
Less: allowance for doubtful debts	(28,183)	(49,030)
	1,261,584	1,209,330

11. TRADE AND BILLS RECEIVABLES (Continued)

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:

		At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
Not yet due	未到期	1,121,989	743,201
Overdue 1-30 days	逾期1-30天	90,821	228,570
Overdue 31-60 days	逾期31-60天	24,211	114,875
Overdue >60 days	逾期超過60天	24,563	122,684
		1,261,584	1,209,330

12. TRADE AND BILLS PAYABLES

Trade payables 營業應付款項
Bills payables 票據應付款項

11. 營業及票據應收款項 (續)

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:

12. 營業及票據應付款項

		At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
Trade payables	營業應付款項	641,859	516,861
Bills payables	票據應付款項	175,208	235,279
		817,067	752,140

12. TRADE AND BILLS PAYABLES (Continued)

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

		At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
Not yet due	未到期	553,549	431,767
Overdue 1-30 days	逾期1-30天	66,510	57,492
Overdue 31-60 days	逾期31-60天	11,144	10,661
Overdue >60 days	逾期超過60天	10,656	16,941
		641,859	516,861

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

As at 31 December 2017, bills payables of HK\$43,345,000 (31 December 2016: HK\$18,920,000) were secured by the Group's restricted bank deposits of HK\$13,003,000 (31 December 2016: HK\$5,676,000).

The average credit period on purchase of goods ranges from 30 days to 120 days. The Group has financial risk management policies in place to ensure that payables are within the credit time frame.

13. SHARE CAPITAL

12. 營業及票據應付款項 (續)

營業應付款項按付款到期日的賬齡分析如下:

	At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
Not yet due	553,549	431,767
Overdue 1-30 days	66,510	57,492
Overdue 31-60 days	11,144	10,661
Overdue >60 days	10,656	16,941
	641,859	516,861

於報告期終，本集團之所有票據應付款項均未到期。

於2017年12月31日，票據應付款項43,345,000港元(2016年12月31日：18,920,000港元)乃由本集團之受限制銀行存款13,003,000港元(2016年12月31日：5,676,000港元)作為抵押。

購貨的平均信貸期介乎30天至120天。本集團已設有財務風險管理政策，以確保應付款項均處於信貸期限內。

13. 股本

		At 31 December 於12月31日 2017	At 31 December 於12月31日 2016
		No. of shares 股份數目	No. of shares 股份數目
		HK\$'000 千港元	HK\$'000 千港元
Ordinary shares, issued and fully paid	普通股，已發行及繳足股本	1,205,026,960	1,205,026,960

14. EVENTS AFTER THE REPORTING DATE

- (a) The Company announced on 12 January 2018 that on 9 January 2018, the Company received notification from Chinatex Corporation Limited (“Chinatex Corporation”), an intermediate controlling shareholder of the Company, that the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (the “SASAC”) had transferred its entire equity interest in Chinatex Corporation at nil consideration to COFCO Corporation, a state-owned enterprise established in the PRC and a directly wholly-owned subsidiary of SASAC, upon completion of which COFCO Corporation held 100% of the equity interest in Chinatex Corporation, and became an intermediate controlling shareholder of the Company (the “Restructuring”). Before and after the Restructuring, Chinatex Corporation remains as an intermediate controlling shareholder of the Company and SASAC is the ultimate controlling shareholder of the Company.
- (b) The Company announced on 19 January 2018 that the Company offered to grant share options (the “Share Options”) to subscribe for a total of 26,100,000 ordinary shares of the Company (the “Shares”) to an executive Director and certain employees of the Company and its subsidiaries (the “Grantees”), subject to the acceptance of the Grantees, pursuant to the share option scheme of the Company adopted on 20 January 2011. Among the total Share Options granted, a Share Option to subscribe for 300,000 Shares had been granted to Mr. LAN Jiang, an executive Director, and which had been approved by the independent non-executive Directors pursuant to Rule 17.04(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

14. 報告日後事項

- (a) 本公司於2018年1月12日宣佈，本公司於2018年1月9日收到本公司間接控股股東中國中紡集團有限公司（「中紡集團」）之通知，中國國務院國有資產監督管理委員會（「國資委」）將其所持有中紡集團之全部股權已以零代價轉讓至一間於中國成立之國有企業，並為國資委之直接全資附屬公司中糧集團有限公司（「中糧集團」），轉讓完成後，中糧集團持有中紡集團100%股權，並成為本公司之間接控股股東（「重組」）。於進行重組前後，中紡集團仍為本公司之間接控股股東且國資委仍為本公司之最終控股股東。
- (b) 本公司於2018年1月19日宣佈，本公司根據其於2011年1月20日採納之購股權計劃向一位執行董事及本公司及其附屬公司若干僱員（「承授人」）提出授予購股權（「購股權」）以認購本公司合共26,100,000股普通股股份（「股份」），惟須待承授人接納後方可作實。就所授予之所有購股權中，其中一份購股權乃授予一名執行董事藍江先生以認購300,000股股份，並根據聯交所證券上市規則（「上市規則」）第17.04(1)條要求已獲獨立非執行董事批准。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

BUSINESS REVIEW

2017 was one of the most crucial years for the Group in the course of its development. During the year, the operations of the Group were affected by the non-demand related fluctuation of the price of raw materials, insufficient orders in the industry, and the reduction of sales entities in the end markets. With the additional impact of “double holiday seasons” (meaning the spread of the Chinese new year holiday over two calendar months), the difficulties in sales at the beginning of the year created an accumulated loss in both January and February 2017. Thanks to the strong teamwork and unbeatable cohesiveness within the Company, the Group eventually managed to increase its revenue by 9.2% to HK\$6,913.8 million for the year ended 31 December 2017 (2016: HK\$6,328.7 million). The growth rate was a strong 13.8% for the second half of 2017 (“2H17”). The reason for this growth was the effective strategic plan to capture more fabric orders from the existing customers as well as new customers from the United States, Japan and Europe. During the year under review, the Group’s fabric year-on-year volume growth was approximately 11.4% whereas the average selling price slightly declined by 2.5% year-on-year due to the change of product mix.

Due to the accumulated loss of the first two months and the substantial increase in the costs of chemical dyestuffs and coal price during the year under review, the Group’s gross profit margin during 2017 was 10.9% (2016: 12.2%). The gross profit margin of 2H17 was 11.7%, which was higher than 11.2% year-on-year; the net profit margin of 2H17 was 2.8%, which was also higher than 2.1% year-on-year, reflecting the momentum of our growth. Thanks to the continuous tight internal cost control, the Group’s profit before income tax expenses was HK\$212.3 million for the year ended 31 December 2017 (2016: HK\$168.1 million), and it was a noticeable 26.3% increment year-on-year that exceeded the revenue growth of 9.2%. Profit for the year increased by 17.3% to HK\$175.9 million (2016: HK\$150.0 million). Profit for the year attributable to owners of the Company increased correspondingly by 22.6% to HK\$156.8 million (2016: HK\$127.9 million). Basic earnings per share was HK13.0 cents (2016: HK10.6 cents).

業務回顧

2017年是本集團發展過程中最為重要的一年。在這一年裡，集團的經營遭受到原材料價格非需求性大幅波動，行業內整體訂單不足，終端市場銷售實體減少等三重壓制。本年初由於銷售困難，加上“雙節”影響（即農曆新年假期橫跨兩個曆月），產生2017年1月及2月累計虧損。感謝公司員工強大的團隊精神及無與倫比的凝聚力，集團最終成功於截至2017年12月31日止年度的營業額增加9.2%至6,913,800,000港元（2016年：6,328,700,000港元），當中，尤以2017年下半年的強勁升幅率為13.8%。此乃由於以有效的策略計劃吸納更多現有客戶的面料訂單及美國、日本及歐洲的新客戶。於回顧年內，集團面料出貨量按年增長約11.4%，然而平均售價則由於產品結構的改變而按年輕微下降2.5%。

由於於回顧年內首兩個月之累計虧損及顏化料和煤炭價格大幅上漲，本集團2017年的毛利率為10.9%（2016年：12.2%）。本集團下半年毛利率為11.7%，高於去年同期的11.2%；而下半年純利率為2.8%，也高於去年同期的2.1%，反映了我們增長的勢頭。藉著持續嚴格的內部成本控制，集團於截至2017年12月31日止年度的除稅前盈利為212,300,000港元（2016：168,100,000港元），按年顯著上升26.3%，升幅亦大於營業額升幅之9.2%。年度盈利上升17.3%至175,900,000港元（2016：150,000,000港元）。本公司擁有人應佔年度盈利相應上升22.6%至156,800,000港元（2016：127,900,000港元）。每股基本盈利為13.0港仙（2016：10.6港仙）。

Facing such a difficult environment, the Board made concrete adjustments to the Group's operational strategy, optimally capitalized the Group's production capacity and devoted more effort to developing and refining products, and adapting to the market changes. All staff members of the Group had built team spirit and were determined to achieve the annual operational targets for 2017 in the past three years, and the Group achieved the best annual production output ever during the year under review. Close to full utilization rate in our fabric production facilities was successfully achieved over half of the year under review.

The substantial increment in profit for three consecutive years marked the enhancement of our operating capability and management standards, the significant upgrade of production techniques, and the gradual increase in product development capability after three years of continuous reform, the Group has entered a new stage of growth.

(1) Enhancement of production capacity and management standards

A new production pattern of our three primary fabric production facilities, namely Jiangyin Fuhui Textiles Limited ("Jiangyin Fuhui"), Dongguan Shatin Lake Side Textiles Printing & Dyeing Co., Ltd. ("Dongguan Shatin") and Yancheng Fuhui Textiles Limited ("Yancheng Fuhui"), was established preliminarily after three years of reforms and embodied "sophistication, quality and uniqueness". Our production capacity was enhanced noticeably. We established an operation and management system focusing on the integration of production, supply and sales, thereby laying a solid foundation for the Group's sustainable and steady growth as well as the continuous enhancement of management standards.

Jiangyin Fuhui fabric mill was built in 2001 with a current monthly production capacity of 12.50 million pounds of finished fabric. It is a primary fabric mill of the Group. After streamlining processes, enhancing lean manufacturing and management and upgrading equipment, it has become a mill with extensive varieties, multi-batch, short delivery timeframe and mass production plant that satisfies market demand with high-quality products and services.

在此嚴峻的情況下，董事會果斷調整集團經營策略，最大限度集中發揮集團生產製造能力，加大投入力度，努力開發及改進產品，以適應市場變化。集團廣大職工發揚「同心協力、共同奮鬥」的精神，憑藉過去三年以來改革創新的管理成果頑強拼搏，全面實現2017年全年經營目標，全年生產出貨量的發揮超過了歷史最好水平。在回顧年度有超過一半的時間，我們面料生產設施成功地接近滿產的情況。

2017年盈利連續三年保持大幅度增長，標誌著我們過去三年來的不斷改革，整體經營能力和管理水準全面提升，工藝技術水準顯著提高，產品開發能力逐步增強，集團的發展躍上了新的臺階。

(1) 生產製造能力和經營管理水準全面提高

經過三年來的改革發展面料，初步形成了以「精、優、特」為標誌的三大主力面料生產基地江陰福匯紡織有限公司（「江陰福匯」）、東莞沙田麗海紡織印染有限公司（「沙田麗海」）及鹽城福匯紡織有限公司（「鹽城福匯」）及產能新格局，生產製造能力顯著增強。以「產供銷一體化」為核心的經營管理體系的建立，為集團業績持續穩定增長奠定了基礎，經營管理水準不斷提升。

江陰福匯面料廠房建於2001年，現生產能力月產達1,250萬磅成品面料，為集團主力生產企業。經過流程優化、精益製造及管理提升和裝備更新，目前已經成為基礎產品多品種、多批次、短交期、大批量生產的製造企業，以優質產品和服務滿足市場需求。

Dongguan Shatin fabric mill was built in 1998 with a current monthly production capacity of 7.50 million pounds of finished fabric. It has become a backbone fabric mill of the Group with comprehensive capabilities of producing featured categories and structures, after restructuring its production and management model and improving its workshop of synthetics fabric printing, knitting and dyeing.

Yancheng Fuhui fabric mill was built in 2009 with a monthly production capacity of 4.50 million pounds of finished fabric. Its key development direction is to carry out product research and development, and manufacture refined products in line with Japan and the PRC domestic markets through upgrading equipment and improving production techniques and product development standards.

(2) Implementation of an operating model integrating production, supply and sales, and the steady enhancement of operating results

In order to alter the traditional stand-alone management model of individual manufacturers and convert them from “earning-focused” to “cost-focused”, we have established an operating model that integrates production, supply and sales that centers on five management systems (namely integrated marketing, centralized procurement and supply, unified production dispatching, integrated cost control and collaborated technology) by integrating the resources of various subsidiaries of the Company.

The operating model that integrates production, supply and sales optimizes the allocation of operation resources and facilitates the sharing of internal resources and advantages, with the Group as a market-oriented operating entity and the overall operating targets as the core, thereby maximizing the overall strength of the Group.

Meanwhile, the Group reformulated a management guideline for standardized safety production to reinforce the management for safe production. Safety production responsibility system and safety production management system were improved, and the investigation of hidden danger in production safety was carried out, so that each step of the processes of knitting, dyeing, finishing, printing and garment manufacturing of the subsidiaries of the Company complies with the laws, regulations and requirements of safety production.

沙田麗海面料廠房建於1998年，現生產能力月產達750萬磅成品面料，經過生產及管理模式重組和面料印花、化纖織染車間的改造和提升，以全面生產特色品種和結構面料，成為集團的骨幹面料生產企業。

鹽城福匯面料廠房建於2009年，現生產能力月產達450萬磅成品面料，通過裝備更新和工藝技術和產品開發標準的提升，在集團以產品研發和面向日本與中國內銷市場的精細化產品生產為主要發展方向。

(2) 建立以「產供銷一體化」的經營體系以平穩提升經營水準

通過將公司下屬各企業的資源集中整合協同，以集團整體行銷、集中採購供應、統一生產調度、綜合成本控制及工藝技術協作五項管理系統為核心，構建「產供銷一體化」的經營模式，以此改變過去獨立生產企業自主經營的管理模式及由盈利為本轉為側重成本控制。

「產供銷一體化」經營模式，是以集團作為面向市場的經營主體，以總體經營目標為核心，優化經營資源的配置，促進集團內部資源分享、優勢互補，從而實現集團整體實力最優化。

同時，集團重新制定了安全生產標準化管理指引，加強安全生產管理。集團完善安全生產責任制度和安全管理制，對安全隱患進行調查，使本公司下屬各企業的針織、染整、整理、印花及成衣製造工序各個環節符合了安全生產的法律、法規和要

(3) Marketing Strategies

The Group made adjustments well in advance in our strategic plan based on the changes in customers' consumption structure and the structure of product demand. The Group continued to implement the management model which integrated production, supply and sales. We closely monitored the short-term changes and long-term trend of the market, and increased our efforts in marketing, centralized procurement, production scheduling, cost control and production techniques. We also improved the Group's overall management capabilities and operational efficiency to enhance the market competitiveness of the Group.

In 2017, the Group actively explored markets in Europe and Japan. With the continuous effort of the business development team, we achieved gratifying results in the growth of business volume and it contributed much to the Group in achieving annual operation targets. In 2017, the orders from the European market recorded a low double-digit growth. George, UNIQLO, GU and MUJI are our major new customers that we have collaborated with recently, and we are confident that our continuous collaboration will create a meaningful contribution to our revenue.

For the existing major end-buyer customers of the Group, the Group adheres to the 80/20 rule (i.e. 80% of the sales income derives from 20% of the end-buyer customers) by allocating the quality resources of production and services of the Group to our top 20 major end-buyer customers to increase sales volume. Such a marketing strategy has achieved remarkable results. Through the provision of targeted and differentiated services to the target customers, we can maintain a stable or slightly increase in business volume with such customers. We can also conduct in-depth cooperation with key customers to achieve a breakthrough in cooperative product development and the acceleration of production cycle. In 2017, the proportion of sales volume from the top 10 end-buyer customers increased to 60.0% (2016: 53.8%), and the proportion of sales volume from the top 20 end-buyer customers increased to 78.0% (2016: 75.6%).

For existing small and medium end-buyer customers of the Group, the Group focuses on improving its service ability by actively cooperating with the customers in product specification, quality, delivery and other aspects to increase the sales volume.

(3) 市場營銷策略

本集團根據客戶消費結構與產品需求結構的變化進行預早的策略調整，繼續貫徹「產供銷一體化」管理模式，緊跟市場短期變化與長期趨勢，深化整體行銷、集中採購、生產調度、成本控制及工藝技術，實現集團整體管理能力和經營效益的同步提高，提高集團整體的市場競爭能力。

於2017年，集團積極開拓歐洲及日本市場，在業務拓展團隊的不懈努力下，在集團業務量增長方面取得了可喜的成績，為集團完成年度經營目標提供了保障。於2017年，來自歐洲市場的訂單錄得低雙位數增長。George、UNIQLO、GU及MUJI是近期新增合作的主要客戶，我們有信心持續的合作將為我們未來營業額產生有意義的貢獻。

針對集團現有最終客戶，集團仍然堅持八二原則（即80%的銷售收入主要來源於20%的最終客戶），將集團優質生產與服務資源投入至排名前20名的最終客戶以爭取銷售量增加的行銷策略已取得顯著成效。通過向目標客戶提供富有針對性的差異化服務，實現與此類客戶的業務量保持穩定或略微增長的同時，謀求與重點客戶之間的深度合作，力爭在產品合作開發及加快生產週期方面有所突破。在2017年，前10大最終客戶的銷售量佔比升至60.0%（2016年：53.8%），而前20大最終客戶的銷售量佔比則升至78.0%（2016年：75.6%）。

對於集團現有的中小最終客戶，本集團著力提升服務素質，積極與客戶在產品規格、質量、交付及其他方面合作，以增加銷售量。

(4) Strengthening internal management

In order to strengthen the ability of the Group in market trend analysis and understand the market change as well as customers' demand, the Group shares, analyzes and discusses on market information with different levels of operation through regular internal meetings. Under the operation management model which integrates production, supply and sales, we formulate relevant measures based on the market information. We actively coordinate and cooperate with the procurement department and production department to arrange the raw materials supply and production schedule. We also ensure orderly and efficient daily production, operation and management of the subsidiaries under the Group.

In addition, at the beginning of 2017, we strengthened the management and control of marketing plans. We have understood the timing, extent and direction of policy adjustment. We also made timely and effective adjustments to the marketing strategies based on the operation principle of "prioritizing customers' selection; focusing on major customers; suiting the action to the word and completing every task".

During the year, Balanced Scorecard and Sales Evaluation System (the "SES"), effective business performance management tools, were introduced to all sales divisions. Under the SES, the Group can effectively transform the priority of the annual marketing management target and results requirements into detailed assessment criteria and weights, and make regular comprehensive assessments on the quantity and quality of sales targets of different business teams. By combining the SES assessment results and the feedback from key customers, we can enhance the accuracy of completion progress of operation plans for different levels. We can also strengthen the implementation of the Group's marketing strategies by different levels of the sales department, and effectively implement the Group's market-oriented strategic plans. In addition, the assessment results of the SES will be considered as one of the important factors for the year-end bonus plan of the business department of the Group.

(4) 加強內部管理

為加強集團對市場走勢的分析與預判的能力，切實把握市場變化與客戶需求，集團以內部例會形式對市場動態向營業各個層級進行資訊共用、分析和討論。依託「產供銷一體化」經營管理模式，將市場訊息轉化為行動對策，與採購、生產部門就關於原材料供應和生產排期的工作安排相互協調、積極配合，保證集團各附屬企業的日常生產及經營及管理 work 得以高效有序地進行。

此外，2017年年初，我們提出以「選客為先，主客為重，言出必行，使命必達」作為行為準則，並以此為基礎，加強行銷計劃的管控密度，把握政策調整的時間、力度與方向，對行銷策略進行及時有效的調整。

於回顧年內，「平衡計分卡」(Balanced Scorecard) 及行銷團隊評價系統 (Sales Evaluation System) 引入至所有營業團隊，作為主要的營業績效管理工具。基於行銷團隊評價系統，集團能夠有效將全年行銷管理目標與業績要求的優先性轉化為具體評價指標和計算權重，通過定期對各營業團隊的銷售目標完成的數量與品質進行綜合評估。一方面，將行銷團隊評價系統評核結果與重點客戶的回饋相結合，能夠提高各層級關於營業計劃完成進度的準確性，另一方面，能夠加強營業部各個層級對集團整體行銷策略的執行力，切實落實集團以市場需求為導向的戰略部署。此外，行銷團隊評價系統的評價結果將會作為集團營業部年終獎勵計劃的重要參考條件之一。

In order to improve the Group's production management, the Group has implemented various management methods and reforming measures in service and product quality to fully utilize their production capacity. In terms of service quality, the Group has restructured the former production control department by dividing it into the customer service team and production management team, which are responsible for collection and delivery of information and production scheduling to improve service quality, follow up and adjust the production processes for each order, and ensure that the orders are completed and delivered as required by the customers.

Based on this, we have established a regular meeting system and utilized a series of big data derived from the production management model to identify problems related to production and solve them. We further ensure the delivery and quality of products.

For product quality, our subsidiaries strengthened the mechanisms of management, the control of raw materials, the quality inspection covering the whole process and providing quick responses to enable the whole process management before, during and after production. It helped us strengthen the stability of product quality in each production process and effectively enhance the overall production efficiency of our subsidiaries. In addition to ensuring the overall production volume, most of our fabric mills maintained their product inspection pass rate at above 99% throughout 2017.

(5) Accelerating product development

In 2017, in addition to strengthening the factory internal management and enhancing the production stability, the Group actively cooperated with its upstream and downstream suppliers on research and development of new high value-added fabric to continuously increase the number of orders placed with the Group.

In 2017, new fabric were developed based on the notion of "fashionable, technological and green", and produced with high-quality fiber with high functionality in a smart, green and environmentally friendly manner. As such, future products will be combined with new types of raw materials (such as biomass synthetic fiber and ultra-spun cotton fiber). There may also be knitted fabric and pattern designs which fully utilize the newly acquired weaving, dyeing and sorting equipment. We aspire to develop a series of comfortable, fashionable and environmentally friendly products with functionality.

為完善集團之生產管理，集團從服務與產品品質入手，提出並落實了多項管理辦法與改革措施，使自身生產能力得以充分發揮。在服務品質方面，集團將原生控部進行改組，分為客服組和生管組，分別負責資訊搜集與傳遞和生產排期工作，以此在提升服務品質的同時，跟進和調節各訂單的生產進程，確保訂單按客戶交期要求完成。

在此基礎上，建立生產例會制度，利用一系列生產管理模型大數據，以鑒定並解決相關生產問題，以此進一步保證產品的交期與品質。

在產品品質方面，各生產企業通過加強原材料管控、全過程質檢及快速反應等機制，實現產品生產的事前、事中、事後的全過程管理，有利於增強產品在各個製造環節的品質穩定性，有效提升企業整體的生產效率。在保證整體產量的基礎上，於2017年，我們大部份的面料廠房全年的產品合格率均保持在99%以上。

(5) 加快產品開發

於2017年，集團不斷加強廠房內部管理，提高生產穩定性，積極與上、下游供應商協同研究及開發高附加值的新布種，以持續增加集團與客戶的訂單數量。

於2017年開發了新布種方向，聚焦於「時尚、科技、綠色」主題，以高端智慧製造，綠色環保製造的高品質高性能纖維為原料。因此，未來開發方向將利用新型原料，如生物質合成纖維及超紡棉纖維等，結合針織布種和花型設計，充分利用新購買的織造、染整和分類設備，開發一系列舒適、時尚、環保和功能性產品。

(6) Equipment upgrade

According to the requirements of Made in China 2025, Intelligent Manufacturing Development Plan (2016–2020) and the Standards for Printing and Dyeing Industry (2017), key sectors in the traditional manufacturing industry will mostly transit to digital manufacturing by 2020 with a penetration rate of 70% for utilization of digital tools for research and development. The utilization rate of numerical control in key processes will be over 50% and the penetration rate of digital workshops and smart factories will be over 20%.

For the printing and dyeing industry, the Chinese government requires the printing and dyeing industry in restructuring, transformation and upgrade, thereby accelerating the high-end manufacturing development of the PRC's manufacturing industry. Printing and dyeing enterprises will accelerate the transformation and reform through innovation and optimize the internal structure to respond to the challenges from the changes in the external market environment on a case-by-case basis. Most of the enterprises began to eliminate their existing production equipment and gradually apply new digital, automated and intelligent equipment in the production process to reduce the overall costs and produce newly differentiated and high value-added products to capture the shares in their respective market segments.

(7) Dividend

In view of the financial results and cash flow situation of the Group, the Board has recommended the payment of a final dividend of HK10.4 cents per share for the year ended 31 December 2017 (2016: HK5.3 cents per share). The total dividend for the year ended 31 December 2017 would be HK10.4 cents per share (payout ratio: 80.0%) as compared with HK5.3 cents per share (payout ratio: 50.0%) for the year ended 31 December 2016. Subject to the approval of the shareholders of the Company (the "Shareholders") at the forthcoming AGM to be held on Thursday, 10 May 2018, it is expected that the payment of the final dividend will be made on or before Thursday, 31 May 2018. Going forward, the Group is committed to maintaining similar range of dividend payout ratio as our dividend policy so as to provide rewarding investment return to the Shareholders.

(8) Events after the Reporting Date

Save as disclosed in note 14 above, the Group did not have any significant events after the reporting date (i.e. 31 December 2017) and up to the date of this announcement.

(6) 裝備升級

根據《中國製造2025》、《智慧製造發展規劃2016–2020》和《印染行業規範條件(2017版)》所提出的要求，在2020年傳統製造業重點領域基本實現數位化製造，實現企業數位化研發工具普及率70%，關鍵工序數控化率超過50%，數位化車間／智慧工廠普及率超過20%。

對於印染行業而言，中國政府要求以此促進印染行業產業結構調整、轉型升級，推動中國製造業向高端製造加速推進。印染企業必須加快轉型升級，以創新為引領，優化內部結構，逐次應對外部市場環境變化帶來的挑戰。絕大部分企業著重開始從淘汰原生產設備入手，逐步將數位化、自動化及智慧化的新設備應用於生產環節，降低綜合成本，並且生產差異化及附加值的新產品搶佔細分市場。

(7) 股息

鑒於集團之財務業績及現金流情況，董事會建議就截至2017年12月31日止年度派發每股10.4港仙末期股息(2016年：5.3港仙)。截至2017年12月31日止年度總股息為每股10.4港仙(派息比率：80.0%)，相對截至2016年12月31日止年度總股息為每股5.3港仙(派息比率：50.0%)。待即將於2017年5月10日(星期四)舉行的股東週年大會上獲本公司股東(「股東」)批准後，末期股息預期於2018年5月31日(星期四)或之前派付。展望未來，本集團期望能維持類似派息比率範圍的派息政策，以提供可觀投資回報予股東。

(8) 報告日後事項

除上述附註14所披露外，本集團自報告日(即2017年12月31日)後至本公告日期止，並沒有任何重大事項發生。

FINANCIAL REVIEW

The key operating and financial indicators of the Group for the year ended 31 December 2017 are set out below:

財務回顧

本集團截至2017年12月31日止年度之主要經營及財務指標呈列如下：

		2017	2016
Statement of Profit or Loss Items	損益表項目		
(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	6,913,785	6,328,714
Gross profit	毛利	751,495	775,124
EBITDA*	息稅折舊及攤銷前利潤	406,833	350,009
Profit for the year	是年度盈利	175,946	149,992
Profit attributable to owners of the Company	本公司擁有人應佔盈利	156,846	127,903
Basic earnings per share (HK cents)	每股基本盈利(港仙)	13.0	10.6
Key Financial Ratios	主要財務比率		
Profitability ratios	盈利能力比率		
Gross profit margin (%)	毛利率(%)	10.9%	12.2%
EBITDA* margin (%)	息稅折舊及攤銷前利潤率(%)	5.9%	5.5%
Expenses as a % of revenue	開支佔營業額比率		
Distribution and selling expenses	分銷及銷售費用	2.5%	2.6%
Administrative expenses	行政費用	6.0%	6.7%
Finance costs	融資成本	0.3%	0.3%
Asset efficiency	資產效率		
Inventory turnover period (days)	存貨周轉期(日)	86	92
Trade and bills receivables turnover period (days)	營業及票據應收款項周轉期(日)	67	70
Trade and bills payables turnover period (days)	營業及票據應付款項周轉期(日)	48	50

* EBITDA means earnings before interest, tax, depreciation and amortisation
EBITDA解釋為息稅折舊及攤銷前利潤

		At 31 December 於12月31日 2017	At 31 December 於12月31日 2016
Asset ratios	資產比率		
Current ratio	流動比率	2.2	2.2
Net debt/EBITDA ratio	淨債務／息稅折舊及攤銷前 利潤率	(0.3)	(0.6)
Gearing Ratio	資本負債比率		
Total liabilities/Equity attributable to owners of the Company	負債總值／本公司擁有人 應佔權益	0.6	0.6

Revenue

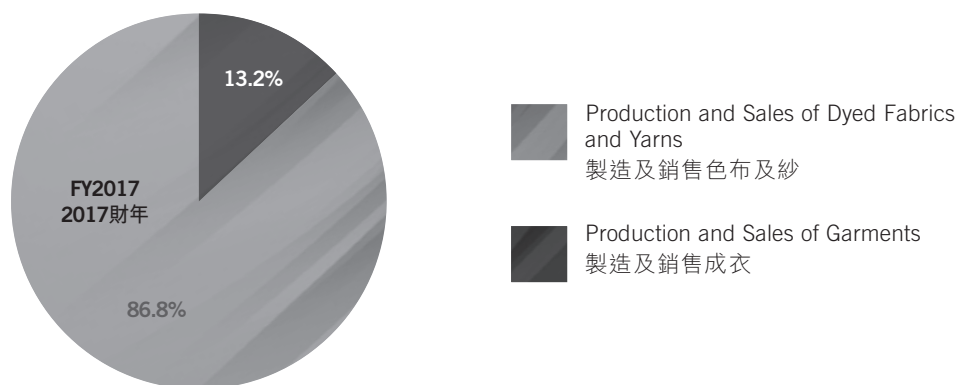
The Group's revenue for the year ended 31 December 2017 amounted to approximately HK\$6,913,785,000 (2016: HK\$6,328,714,000).

營業額

集團截至2017年12月31日止年度的營業額約為6,913,785,000港元（2016年：6,328,714,000港元）。

Revenue by business segments

營業額按業務分類



In current year, the Group's core business, production and sales of dyed fabrics and yarns, generated revenue of approximately HK\$5,998,860,000 (2016: HK\$5,461,209,000), accounted for 86.8% (2016: 86.3%) of the Group's total revenue. Revenue from production and sales of garments was approximately HK\$914,925,000 (2016: HK\$867,505,000), accounted for 13.2% (2016: 13.7%) of the Group's total revenue.

於本年度，集團核心業務－製造及銷售色布及紗的營業額約為5,998,860,000港元（2016年：5,461,209,000港元），佔集團營業額總值的86.8%（2016年：86.3%）。製造及銷售成衣的營業額約為914,925,000港元（2016年：867,505,000港元），佔集團營業額總值的13.2%（2016年：13.7%）。

Cost of Sales and Gross Profit Margin

For the year ended 31 December 2017, overall cost of sales of the Group amounted to approximately HK\$6,162,290,000 (2016: HK\$5,553,590,000) and overall gross profit margin was 10.9% (2016: 12.2%).

During the year under review, the Group's revenue increased by 9.2%, mainly caused by the increase in sales volume of fabric by approximately 11.4%. The decline in average selling price of fabric and the increase in energy costs led to a decrease in gross profit margin as compared with last year.

Distribution and Selling Expenses

For the year ended 31 December 2017, the Group's overall distribution and selling expenses amounted to approximately HK\$172,868,000 (2016: HK\$163,756,000), accounted for 2.5% (2016: 2.6%) of the Group's total revenue.

Administrative Expenses

For the year ended 31 December 2017, the Group's overall administrative expenses amounted to approximately HK\$412,891,000 (2016: HK\$424,275,000), accounted for 6.0% (2016: 6.7%) of the Group's total revenue.

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

For the year ended 31 December 2017, the Group's EBITDA amounted to approximately HK\$406,833,000 (2016: HK\$350,009,000) and the EBITDA margin was 5.9% (2016: 5.5%).

Finance Costs

For the year ended 31 December 2017, the Group's finance costs amounted to approximately HK\$22,533,000 (2016: HK\$19,506,000), representing 0.3% (2016: 0.3%) of the Group's total revenue.

銷售成本及毛利率

集團截至2017年12月31日止年度之整體銷售成本約為6,162,290,000港元(2016年: 5,553,590,000港元), 整體毛利率為10.9%(2016年: 12.2%)。

於回顧年內, 本集團的營業額上升9.2%, 主要是由於面料銷售量增加約11.4%。而毛利率遜於去年, 主要因為面料平均售價下跌以及能源成本上漲。

分銷及銷售費用

集團截至2017年12月31日止年度之整體分銷及銷售費用約為172,868,000港元(2016年: 163,756,000港元), 佔集團營業額總值的2.5%(2016年: 2.6%)。

行政費用

集團截至2017年12月31日止年度之整體行政費用約為412,891,000港元(2016年: 424,275,000港元), 佔集團營業額總值的6.0%(2016年: 6.7%)。

息稅折舊及攤銷前利潤(EBITDA)

集團截至2017年12月31日止年度之息稅折舊及攤銷前利潤約為406,833,000港元(2016年: 350,009,000港元), 息稅折舊及攤銷前利潤率為5.9%(2016年: 5.5%)。

融資成本

集團截至2017年12月31日止年度之融資成本約22,533,000港元(2016年: 19,506,000港元), 佔集團營業額總值的0.3%(2016年: 0.3%)。

Capital Expenditure

During the year under review, the Group invested approximately HK\$231,326,000 (2016: HK\$256,485,000) in additions of property, plant and equipment. The Group expects its capital expenditure for the next financial year to remain at an average of the past two years.

Income Tax Expense

For the year ended 31 December 2017, income tax expense of the Group amounted to approximately HK\$36,304,000 (2016: HK\$18,076,000).

Profit Attributable to Owners of the Company

For the year ended 31 December 2017, profit attributable to owners of the Company was approximately HK\$156,846,000 (2016: HK\$127,903,000) and corresponding profit margin was 2.3% (2016: 2.0%).

Inventory

As at 31 December 2017, the Group's inventory amounted to approximately HK\$1,450,187,000 (31 December 2016: HK\$1,401,911,000). The inventory turnover period was 86 days, a decrease of 6 days compared with 92 days in 2016.

Trade and Bills Receivables

As at 31 December 2017, the Group's trade and bills receivables amounted to approximately HK\$1,261,584,000 (31 December 2016: HK\$1,209,330,000). Trade and bills receivables turnover period was 67 days, a decrease of 3 days compared with 70 days in 2016.

Trade and Bills Payables

As at 31 December 2017, the Group's trade and bills payables amounted to approximately HK\$817,067,000 (31 December 2016: HK\$752,140,000). Trade and bills payables turnover period was 48 days, a decrease of 2 days compared with 50 days in 2016.

資本開支

於回顧年內，集團已投資約為231,326,000港元（2016年：256,485,000港元）以增加物業、機器及設備。集團預期下一財政年度的資本開支將維持在過去兩年的平均水平。

所得稅支出

集團截至2017年12月31日止年度之所得稅支出約為36,304,000港元（2016年：18,076,000港元）。

本公司擁有人應佔盈利

集團截至2017年12月31日止年度之本公司擁有人應佔盈利約為156,846,000港元（2016年：127,903,000港元），其相關盈利率為2.3%（2016年：2.0%）。

存貨

集團於2017年12月31日之存貨約為1,450,187,000港元（2016年12月31日：1,401,911,000港元）。存貨周轉期為86天，與2016年92天相比減少6天。

營業及票據應收款項

集團於2017年12月31日之營業及票據應收款項約為1,261,584,000港元（2016年12月31日：1,209,330,000港元）。營業及票據應收款項周轉期為67天，與2016年70天相比減少3天。

營業及票據應付款項

集團於2017年12月31日之營業及票據應付款項約為817,067,000港元（2016年12月31日：752,140,000港元）。營業及票據應付款項周轉期為48天，與2016年50天相比減少2天。

Liquidity and Financial Resources

As at 31 December 2017, the Group's net assets amounted to approximately HK\$3,556,376,000 (31 December 2016: HK\$3,453,645,000). The key figures of financial position were as follows:

資金流動性及財政資源

於2017年12月31日，集團資產淨值約為3,556,376,000港元（2016年12月31日：3,453,645,000港元）。財務狀況的主要資料如下：

		At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
Non-current assets	非流動資產	1,746,764	1,738,318
Current assets	流動資產	3,842,207	3,633,297
Total assets	資產總值	5,588,971	5,371,615
Current liabilities	流動負債	1,746,107	1,671,279
Non-current liabilities	非流動負債	286,488	246,691
Total liabilities	負債總值	2,032,595	1,917,970
Net assets	資產淨值	3,556,376	3,453,645

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 31 December 2017, the principal financial covenant figures/ratios (according to the banks' definitions) were as follows:

於2017年12月31日，主要的財務契約數據／比率（根據銀行的定義）如下：

		At 31 December 於12月31日 2017	At 31 December 於12月31日 2016
Consolidated tangible net worth	綜合淨有形資產	HK\$3,124,272,000	HK\$3,067,813,000
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	0.2	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	18.1	17.9
Consolidated current assets to consolidated current liabilities	綜合流動資產對 綜合流動負債比例	2.2	2.2
Consolidated capital expenditure	綜合資本開支	HK\$231,326,000	HK\$256,485,000

During the year ended 31 December 2017, the Group had complied with all covenant ratios and undertakings.

於截至2017年12月31日止年度內，本集團已遵守所有契約比率及承諾。

As at 31 December 2016, the annual capital expenditure of the Group exceeded the limit of general undertakings to a bank. The Group obtained a waiver letter from a relevant bank not to demand for immediate repayment of the bank borrowings.

於2016年12月31日，本集團年度資本開支超出對一間銀行的一般承諾限額。本集團已從有關銀行獲得豁免書免除即時償還銀行貸款要求。

Risk Management

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

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。

The sale and the purchase of raw materials of the Group were mainly denominated in Hong Kong dollars ("HKD"), United States dollars ("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.

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。集團一直密切留意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。

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 minimise the interest rate risk.

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

As at 31 December 2017, the Group had approximately 9,345 (2016: 9,900) 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 share option schemes 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.

OUTLOOK

The Group is strongly committed to increasing sales with existing quality customers as well as growing new customers. On the other hand, the Group is also dedicated in significantly reducing the overall costs to maintain its competitiveness in the already challenging market. A series of operational equipment upgrades in all our fabric mills will continue to contribute greatly to the benefits of the Group in the long run. The Group will maintain a prudent and pragmatic approach. The Board and the management believe that the Group's marketing and sales strategies and the above operational measures can play a positive role in the long-term business development and continuous efficiency improvement, so that the Group can enjoy higher profitability, a stable financial position and a solid foundation for better performance.

僱員及酬金政策

集團於2017年12月31日之全職僱員人數約為9,345人(2016年:9,900人)。本集團將繼續實施精簡生產,以盡量減少勞工成本。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。

前景

集團積極致力於藉助優質客戶以及不斷增長的新客戶增加銷量。另一方面,集團亦矢志大幅削減整體成本以於挑戰重重的市場保持競爭力。面料廠房正進行一系列的營運設備升級,將有助集團之長遠利益。集團將保持務實審慎的態度。董事會及管理層認為集團的營銷及銷售策略和上述各種營運措施均能為長期業務發展帶來正面作用,繼續著力提升效益,致使集團能提高盈利能力,確保財務穩健,為創出更佳的業績打好基礎。

CORPORATE GOVERNANCE CODE 企業管治守則

Throughout the year from 1 January 2017 to 31 December 2017 (the “Year”), the Company has consistently adopted 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”), except for the deviation disclosed below, as guidelines to reinforce our corporate governance principles.

With effect from 23 January 2015, Mr. ZHAO Yao, the chairman of the Board 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 Company’s announcement dated 23 January 2015. This deviated from code provision A.2.1 of the CG Code which stipulates that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. 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 plan its overall strategy more efficiently 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 sufficient number thereof being independent non-executive Directors.

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. In response to the specific enquiries made by the Company on all Directors, they have confirmed that they had complied with the required standard set out in the Model Code throughout the Year.

ANNUAL GENERAL MEETING 股東週年大會

It is proposed that the AGM will be held on Thursday, 10 May 2018. The notice of the AGM will be dispatched to the Shareholders and available on the respective websites of the Company and the Stock Exchange in due course.

由2017年1月1日起至2017年12月31日止年度（「本年度」），本公司一貫地採納及遵守上市規則附錄14所載之企業管治守則之全部適用守則條文（「企管守則」），惟下文所披露的偏離情況除外，作為強化本公司企業管治原則之方針。

自2015年1月23日起，董事會主席及執行董事趙耀先生開始兼任本公司行政總裁職務，詳情已載於本公司日期為2015年1月23日之公司公告。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。

本公司已採納上市規則附錄10所載上市公司董事進行證券交易的標準守則（「標準守則」）為其有關董事進行證券交易之守則。就本公司向所有董事作出具體查詢後，彼等已確認於本年度內已遵守標準守則所要求的標準。

本公司之股東週年大會擬於2018年5月10日（星期四）舉行。股東週年大會之通告將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。

CLOSURE OF REGISTER OF MEMBERS 暫停辦理股份過戶登記

In relation to the AGM

The register of members of the Company (the “Register of Members”) will be closed from Monday, 7 May 2018 to Thursday, 10 May 2018, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, the non-registered shareholders must lodge all transfer documents accompanied by the relevant share certificates with the Company’s share registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong for registration, not later than 4:30 p.m. on Friday, 4 May 2018.

In relation to the proposed final dividend

Conditional on the passing of the resolution approving the payment of a final dividend in respect of the Year by the Shareholders at the AGM, the Register of Members will be closed from Monday, 21 May 2018 to Friday, 25 May 2018, both dates inclusive, during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend, the non-registered Shareholders must lodge all transfer documents accompanied by the relevant share certificates with the Company’s share registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong for registration, not later than 4:30 p.m. on Friday, 18 May 2018.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

購回、出售或贖回本公司之上市證券

During the Year, the Company had not redeemed its listed securities, nor did the Company or any of its subsidiaries purchase or sell any of such securities.

就股東週年大會而言

本公司於2018年5月7日（星期一）至2018年5月10日（星期四）（首尾兩天包括在內），暫停辦理股份過戶登記手續。股東如欲出席股東週年大會並於會上投票，非登記股東須於2018年5月4日（星期五）下午4時30分前，將所有過戶文件連同相關股票，一併送交本公司的股份過戶登記處寶德隆證券登記有限公司，地址為香港北角電氣道148號21樓2103B室，辦妥過戶登記手續。

就擬派末期股息而言

待股東於股東週年大會上通過批准宣派本年度之末期股息之決議案後，本公司將於2018年5月21日（星期一）至2018年5月25日（星期五）（首尾兩天包括在內），暫停辦理股份過戶登記手續。股東如欲收取建議派發之末期股息，非登記股東須於2018年5月18日（星期五）下午4時30分前，將所有過戶文件連同相關股票，一併送交本公司的股份過戶登記處寶德隆證券登記有限公司，地址為香港北角電氣道148號21樓2103B室，辦妥過戶登記手續。

本年度內，本公司並未有贖回其上市證券，本公司及其附屬公司亦無購買或出售該等證券。

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 independent non-executive Directors, and one of the independent non-executive Directors acts as the chairman of the Audit Committee. The Audit Committee has reviewed the audited final results, the systems of risk management and internal control of the Company for the Year.

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本年度之經審核末期業績、風險管理及內部監控制度。

PUBLICATION OF 2017 FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

刊發2017年末期業績公告及年報

This results announcement is published on the respective websites of the Company (www.fshl.com) and the Stock Exchange (www.hkex.com.hk). The 2017 annual report of the Company containing all the information required by the Listing Rules will be dispatched to the Shareholders 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)及聯交所網站(www.hkex.com.hk)刊登。載有上市規則規定的所有資料之本公司之2017年年報將會於適當時候寄發予股東，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, 26 March 2018

As at the date of this announcement, the Board comprises 3 executive Directors, namely Mr. ZHAO Yao, Mr. CHEN Minghong and Mr. LAN Jiang; 2 non-executive Directors, namely Dr. YEN Gordon and Mr. ZHANG Chong; and 3 independent non-executive Directors, namely Mr. NG Kwok Tung, Mr. YING Wei and Mr. William LAM.