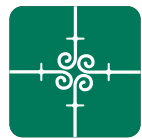


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**福田實業(集團)有限公司**  
**Fountain Set (Holdings) Limited**

(Incorporated in Hong Kong with limited liability) (Stock Code: 420)

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

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 2019 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	
		2019	2018
		HK\$'000 千港元	HK\$'000 千港元
	Notes 附註		
Revenue	營業額	4	3,388,393
Cost of sales	銷售成本		(2,971,489)
			3,760,117
			(3,392,098)
Gross profit	毛利		416,904
Other revenue	其他收入		32,013
Other gains and losses	其他收益及虧損		(24,235)
Distribution and selling expenses	分銷及銷售費用		(72,509)
Administrative expenses	行政費用		(217,720)
Finance costs	融資成本	5	(19,476)
Share of profit of an associate	應佔一間聯營公司之盈利		286
			442
Profit before income tax expense	除所得稅支出前盈利		115,263
Income tax expense	所得稅支出	6	(24,666)
			87,185
Profit for the period	是期間盈利	7	90,597
			68,653
Profit for the period attributable to:	應佔是期間盈利：		
Owners of the Company	本公司擁有人		82,685
Non-controlling interests	非控股權益		7,912
			63,754
			4,899
			90,597
			68,653
			HK cents 港仙
Earnings per share	每股盈利		HK cents 港仙
– Basic	– 基本	9	6.8
			5.3
– Diluted	– 攤薄	9	6.8
			5.3

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

		Note 附註	2019 HK\$'000 千港元	2018 HK\$'000 千港元
Profit for the period	是期間盈利	7	90,597	68,653
Other comprehensive income, net of tax	其他全面收益(經扣除稅項)			
Item that may be reclassified subsequently to profit or loss:	其後可能重新分類至損益之項目:			
Exchange differences arising on translation of foreign operations	換算海外業務產生之匯兌差額		(2,022)	1,985
Other comprehensive income for the period	是期間其他全面收益		(2,022)	1,985
Total comprehensive income for the period	是期間全面收益總值		88,575	70,638
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		81,420	64,802
Non-controlling interests	非控股權益		7,155	5,836
			88,575	70,638

# 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
		2019	2018
		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	53,920	55,841
Property, plant and equipment	物業、機器及設備	10 1,487,403	1,556,139
Right-of-use assets	使用權資產	11 262,110	–
Prepaid lease payments	預付租賃款項		
– non-current portion	– 非流動部份	–	94,025
Other intangible assets	其他無形資產	13,568	15,075
Interest in an associate	於一間聯營公司之權益	20,187	19,901
Deferred tax assets	遞延稅項資產	45,107	30,725
		<b>1,882,295</b>	<b>1,771,706</b>
<b>Current assets</b>	<b>流動資產</b>		
Inventories	存貨	12 1,466,746	1,479,107
Trade and bills receivables	營業及票據應收款項	13 1,293,166	1,236,970
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	13 144,361	179,425
Prepaid lease payments	預付租賃款項		
– current portion	– 流動部份	–	2,599
Tax recoverable	可收回稅項	3,445	5,070
Restricted bank deposits	受限制銀行存款	9,884	13,981
Short-term bank deposits	短期銀行存款	119,023	76,856
Bank balances and cash	銀行結餘及現金	815,555	898,810
		<b>3,852,180</b>	<b>3,892,818</b>
<b>Current liabilities</b>	<b>流動負債</b>		
Trade and bills payables	營業及票據應付款項	14 812,058	770,819
Other payables and accruals	其他應付款項及應計費用	14 248,534	296,277
Contract liabilities	合約負債	18,165	17,834
Lease liabilities – current portion	租賃負債 – 流動部份	25,442	–
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	7,687	4,269
Deferred income – current portion	遞延收入 – 流動部份	1,622	1,622
Tax payable	應付稅項	27,533	20,505
Bank borrowings – due within one year	銀行借貸 – 一年內到期	15 374,641	495,707
		<b>1,595,782</b>	<b>1,687,133</b>
<b>Net current assets</b>	<b>流動資產淨值</b>	<b>2,256,398</b>	<b>2,205,685</b>
<b>Total assets less current liabilities</b>	<b>資產總值減流動負債</b>	<b>4,138,693</b>	<b>3,977,391</b>

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

		(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
		2019	2018
	Notes 附註	HK\$'000 千港元	HK\$'000 千港元
<b>Non-current liabilities</b>	<b>非流動負債</b>		
Deferred income – non-current portion	遞延收入 – 非流動部份	<b>56,557</b>	57,367
Bank borrowings – due after one year	銀行借貸 – 一年後到期	<b>352,319</b>	302,806
Lease liabilities – non-current portion	租賃負債 – 非流動部份	<b>175,741</b>	–
Deferred tax liabilities	遞延稅項負債	<b>15,647</b>	15,973
		<b>600,264</b>	376,146
<b>Net assets</b>	<b>資產淨值</b>	<b>3,538,429</b>	3,601,245
<b>Capital and reserves</b>	<b>資本及儲備</b>		
Share capital	股本	<b>886,738</b>	865,716
Other reserves	其他儲備	<b>2,476,102</b>	2,567,084
Equity attributable to owners of the Company	本公司擁有人應佔權益	<b>3,362,840</b>	3,432,800
Non-controlling interests	非控股權益	<b>175,589</b>	168,445
<b>Total equity</b>	<b>權益總值</b>	<b>3,538,429</b>	3,601,245

# NOTES 附註

## 1. GENERAL INFORMATION

The Company is a public limited company incorporated in Hong Kong and its issued 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 2018 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 2018 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”).

## 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis. These condensed consolidated financial statements have been prepared with the same accounting policies adopted in the 2018 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 2019.

## 1. 一般資料

本公司為在香港註冊成立的公眾有限公司，其已發行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2018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2018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. 主要會計政策

本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2018年全年財務報表相同，惟與開始期間於2019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。

### 3. PRINCIPAL ACCOUNTING POLICIES (continued)

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 2019.

Hong Kong Financial Reporting Standard ("HKFRS") 16	Leases
HK(IFRIC) – Interpretation 23	Uncertainty over Income Tax Treatments
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23, Borrowing Costs
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, Business combinations
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 11, Joint arrangements
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKFRS 9	Prepayment Features with Negative Compensation

The impact of the adoption of HKFRS 16 Leases has been summarised below. The other new and revised standards, amendments and interpretations that are effective from 1 January 2019 did not have any significant impact on the Group's accounting policies.

### 3. 主要會計政策 (續)

於本中期間，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2019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16號	租賃
香港(國際財務報告詮釋委員會)–詮釋第23號	所得稅處理之不确定性
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
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12號之修訂本，所得稅
香港財務報告準則2015年至2017年週期之年度改進	香港財務報告準則第3號之修訂本，業務合併
香港財務報告準則2015年至2017年週期之年度改進	香港財務報告準則第11號之修訂本，合營安排
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
香港會計準則第19號之修訂本	計劃修訂、縮減或結清
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

採納香港財務報告準則第16號租賃之影響概述如下。自2019年1月1日起生效之其他新訂及經修訂準則、修訂本及詮釋並無對本集團之會計政策造成任何重大影響。

### 3. PRINCIPAL ACCOUNTING POLICIES (continued)

#### HKFRS 16 – Leases

##### (i) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases (“HKAS 17”), HK(IFRIC)-Interpretation 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Interpretation 15 Operating Leases-Incentives and HK(SIC)-Interpretation 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee’s perspective, almost all leases are recognised in the statement of financial position as right-of-use assets and lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor’s perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group’s accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to sections (ii) to (v) of this note.

The Group has applied HKFRS 16 using the modified retrospective approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application (1 January 2019). The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The following table summarised the impact of transition to HKFRS 16 on the condensed consolidated statement of financial position as of 31 December 2018 to that of 1 January 2019 as follows (increase/(decrease)):

		At 31 December 2018 under HKAS 17 根據香港會計 準則第17號 於2018年12月31日 HK\$'000 千港元	Effect of adoption of HKFRS 16 採納香港財務報 告準則第16號的 影響 HK\$'000 千港元	At 1 January 2019 under HKFRS 16 根據香港財務報告 準則第16號 於2019年1月1日 HK\$'000 千港元
Right-of-use assets	使用權資產	–	259,061	259,061
Prepaid lease payments – non-current portion	預付租賃款項 – 非流動部份	94,025	(94,025)	–
Prepaid lease payments – current portion	預付租賃款項 – 流動部份	2,599	(2,599)	–
Deferred tax assets	遞延稅項資產	30,725	8,124	38,849
Lease liabilities – non-current portion	租賃負債 – 非流動部份	–	176,120	176,120
Lease liabilities – current portion	租賃負債 – 流動部份	–	18,831	18,831
Retained earnings	滾存盈利	2,522,505	(24,407)	2,498,098
Translation reserve	匯兌儲備	(47,400)	28	(47,372)
Non-controlling interests	非控股權益	168,445	(11)	168,434

### 3. 主要會計政策 (續)

#### 香港財務報告準則第16號 – 租賃

##### (i) 採納香港財務報告準則第16號之影響

香港財務報告準則第16號為租賃會計之會計處理(初步為對承租人之會計處理方法)帶來重大變動。其取代香港會計準則第17號租賃(「香港會計準則第17號」)、香港(國際財務報告詮釋委員會) – 詮釋第4號確定安排是否包括租賃、香港(準則詮釋委員會) – 詮釋第15號經營租賃 – 優惠及香港(準則詮釋委員會) – 詮釋第27號評估涉及租賃法律形式的交易本質。就承租人而言,幾乎所有租賃均於財務狀況表內確認為使用權資產及租賃負債,僅有少數租賃(相關資產為低價值或被釐定為短期租賃)可豁免遵守此原則。就出租人而言,會計處理與香港會計準則第17號大致相同。有關香港財務報告準則第16號對租賃之新定義、其對本集團會計政策之影響及本集團採納香港財務報告準則第16號所容許之過渡方法之詳情,請參閱本附註第(ii)至(v)節。

本集團已使用經修訂追溯法採納香港財務報告準則第16號及將初始應用香港財務報告準則第16號之所有累計影響確認為於初始應用日期(2019年1月1日)對滾存盈利期初結餘之調整。於2018年呈列之比較資料並無重列,並繼續根據香港會計準則第17號及香港財務報告準則第16號之過渡性條文所容許之相關詮釋呈報。

下表概述過渡至香港財務報告準則第16號對截至2018年12月31日至2019年1月1日之簡明綜合財務狀況表之影響(增加/減少):

### 3. PRINCIPAL ACCOUNTING POLICIES (continued)

#### HKFRS 16 – Leases (continued)

##### (i) Impact of the adoption of HKFRS 16 (continued)

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 31 December 2018 could be reconciled to the lease liabilities at the date of initial application recognised in the condensed consolidated statement of financial position as at 1 January 2019:

#### Reconciliation of operating lease commitments to lease liabilities

Operating lease commitments as at 31 December 2018
Less: short-term leases for which lease terms end within 31 December 2019
Less: contract signed in 2018 but commenced in 2019
Less: other adjustments
Less: leases of low-value assets
Less: future interest expenses
Add: finance lease liabilities as at 31 December 2018

#### 營運租賃承擔與租賃負債之對賬

於2018年12月31日之營運租賃承擔	292,331
減：租賃期於2019年12月31日內 完結之短期租賃	(4,043)
減：於2018年簽訂惟於2019年開始之合約	(8,192)
減：其他調整	(1,840)
減：低價值資產之租賃	(8)
減：未來利息開支	(83,297)
加：於2018年12月31日之財務租賃負債	–

HK\$'000 千港元

Total lease liabilities as at 1 January 2019

於2019年1月1日之租賃負債總額

194,951

The weighted average of the incremental borrowing rates applied to lease liabilities recognised in the condensed consolidated statement of financial position as at 1 January 2019 is 5.22%.

於2019年1月1日，應用於在簡明綜合財務狀況表內確認之租賃負債之加權平均增量借款利率為5.22%。

##### (ii) New definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

##### (ii) 租賃之新定義

根據香港財務報告準則第16號，租賃界定為一份合約或合約之一部分，透過轉讓於一段時間內使用一項資產（相關資產）之使用權換取代價。當客戶於整個使用期內均：(a)有權自使用已識別資產取得幾乎所有經濟效益及(b)有權指示使用已識別資產，則該合約轉讓可於一段時間內控制使用該已識別資產之權力。

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee applies the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

就包含一項租賃組成部分及一項或多項額外租賃或非租賃組成部分之合約而言，承租人須按租賃組成部分之相關單獨價格及非租賃組成部分之單獨價格總額將合約內之代價分配至各租賃組成部分，除非承租人採用可行權宜方法，容許承租人按相關資產之類別選擇不將非租賃組成部分由租賃組成部分分隔開來，反而將各租賃組成部分及任何相聯非租賃組成部分視為單一租賃組成部分。

### 3. PRINCIPAL ACCOUNTING POLICIES (continued)

#### HKFRS 16 – Leases (continued)

##### (iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the condensed consolidated statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the condensed consolidated statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised right-of-use assets and lease liabilities at the commencement date of leases.

##### Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use asset at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

### 3. 主要會計政策 (續)

#### 香港財務報告準則第16號 – 租賃 (續)

##### (iii) 作為承租人之會計處理方法

根據香港會計準則第17號，承租人須根據出租人或承租人所承擔附帶於租賃資產擁有權之風險及回報之程度，將租賃分類為營運租賃或財務租賃。倘租賃確定為營運租賃，則承租人將確認營運租賃項下之租賃付款為於租賃期之支出。租賃項下之資產將不會於承租人之簡明綜合財務狀況表內確認。

根據香港財務報告準則第16號，所有租賃（不論為營運租賃或財務租賃）均須於簡明綜合財務狀況表內資本化為使用權資產及租賃負債，惟香港財務報告準則第16號為一間實體提供會計政策選擇，以選擇不資本化(i)短期租賃之租賃及／或(ii)相關資產為低價值之租賃。本集團已選擇不就低價值資產及租賃（租賃期於開始日期少於12個月）確認使用權資產及租賃負債。與該等租賃有關之租賃付款已於租賃期內按直線法支銷。

本集團於租賃之開始日期確認使用權資產及租賃負債。

##### 使用權資產

使用權資產應按成本確認，並包括：(i)租賃負債之初步計量金額（見下文將租賃負債入帳之會計政策）；(ii)於開始日期或之前作出之任何租賃付款，減任何已收取之租賃優惠；(iii)承租人產生之任何初步直接成本；及(iv)承租人於拆除及移除相關資產以恢復至租賃條款及條件所規定之狀態而將予產生之估計成本，除非該等成本乃因生產存貨而產生。本集團按成本減任何累計折舊及任何減值損失計量使用權資產，並就重新計量之任何租賃負債進行調整。

### 3. PRINCIPAL ACCOUNTING POLICIES (continued)

#### HKFRS 16 – Leases (continued)

##### (iii) Accounting as a lessee (continued)

###### Right-of-use asset (continued)

For the Group, leasehold land and buildings which is held for own use would continue to be accounted for under HKAS 16 and would be carried at cost model. The adoption of HKFRS 16 therefore does not have any significant impact on these right-of-use assets. Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises its judgement and determines that it is a separate class of assets apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use assets arising from the properties under tenancy agreements are carried at depreciated cost.

###### Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from the change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

### 3. 主要會計政策 (續)

#### 香港財務報告準則第16號 – 租賃 (續)

##### (iii) 作為承租人之會計處理方法 (續)

###### 使用權資產 (續)

就本集團而言，持有自用之租賃土地及樓宇將繼續根據香港會計準則第16號入賬及以成本模式列值。因此，採納香港財務報告準則第16號對該等使用權資產並無任何重大影響。除上述所用權資產外，本集團亦已根據租賃協議租賃若干物業，當中本集團用其判斷並釐定其持有自用租賃土地及樓宇以外之獨立資產類別。因此，根據租賃協議產生之使用權資產乃以折舊成本列值。

###### 租賃負債

租賃負債應以於租賃開始日期尚未支付之租賃付款之現值確認。倘利率可容易釐定，則租賃付款須使用租賃隱含之利率貼現。倘利率無法容易釐定，則本集團將使用本集團之增量借款利率。

於租賃期內，在租賃開始日期尚未支付之相關資產使用權之以下付款均被視為租賃付款：(i) 固定付款減任何應收租賃優惠；(ii) 基於指數或利率之可變租賃付款（使用於開始日期之指數或利率計量）；(iii) 承租人根據剩餘價值擔保預期應付之金額；(iv) 購買選擇權之行使價（倘承租人合理確定將行使購買權）；及(v) 終止租賃之罰金付款（倘租賃期反映承租人行使終止租賃之權利）。

於開始日期後，承租人將按以下方式計量租賃負債：(i) 增加賬面值以反映租賃負債利率；(ii) 減少賬面值以反映已作出之租賃付款；及(iii) 重新計量賬面值以反映重新評估或租賃調整（例如指數或利率變動產生之未來租賃付款變動、租賃期變動、固定租賃付款之實際變化或購買相關資產評估之變動）。

### 3. PRINCIPAL ACCOUNTING POLICIES (continued)

#### HKFRS 16 – Leases (continued)

##### (iv) Accounting as a lessor

The Group has leased out its investment property to a number of tenants. As the accounting under HKFRS 16 for a lessor is substantially unchanged from the requirements under HKAS 17, the adoption of HKFRS 16 does not have a significant impact on these condensed consolidated interim financial statements.

##### (v) Transition

As mentioned above, the Group has applied HKFRS 16 using the modified retrospective approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application (1 January 2019). The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 January 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 January 2019.

The Group has elected to recognise all the right-of-use assets as at 1 January 2019 for leases previously classified as operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. For all these right-of-use assets, the Group has applied HKAS 36 Impairment of Assets as at 1 January 2019 to assess if there was any impairment as on that date.

The Group has also applied the following practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (1 January 2019) and accounted for those leases as short-term leases; (iii) excluded the initial direct costs from the measurement of the right-of-use asset as at 1 January 2019 and (iv) reliance on previous assessments on whether leases are onerous.

### 3. 主要會計政策 (續)

#### 香港財務報告準則第16號 – 租賃 (續)

##### (iv) 作為出租人之會計處理方法

本集團已出租其投資物業予若干租戶。由於香港財務報告準則第16號項下之出租人會計處理方法與香港會計準則第17號項下之規定大致相同，故採納香港財務報告準則第16號並不會對該等簡明綜合中期財務報表造成重大影響。

##### (v) 過渡

誠如上文所述，本集團已使用經修訂追溯法採納香港財務報告準則第16號及將初始應用香港財務報告準則第16號之所有累計影響確認為於初始應用日期（2019年1月1日）對滾存盈利期初結餘之調整。於2018年呈列之比較資料並無重列，並繼續根據香港會計準則第17號及香港財務報告準則第16號之過渡性條文所容許之相關詮釋呈報。

本集團已於2019年1月1日就先前應用香港會計準則第17號分類為經營租賃之租賃確認租賃負債，並以餘下租賃付款之現值計量該等租賃負債，採用承租人於2019年1月1日之增量借款利率貼現。

本集團已選擇於2019年1月1日就先前根據香港會計準則第17號分類為營運租賃之租賃確認全部使用權資產，猶如香港財務報告準則第16號已自開始日期起應用，但採用承租人於初次應用日期之增量借款利率貼現。就全部該等使用權資產而言，本集團已於2019年1月1日應用香港會計準則第36號資產減值以評估於該日是否存在任何減值。

本集團亦已應用以下可行權宜方法：(i)對具有大致相似特點之租賃組合應用單一貼現率；(ii)對期限於初次應用日期（2019年1月1日）起計12個月內結束之租賃應用豁免，不確認使用權資產及租賃負債，並將該等租賃入賬為短期租賃；(iii)於2019年1月1日於使用權資產之計量撇除初步直接成本及(iv)依賴先前就租賃是否有虧損性之評估。

### 3. PRINCIPAL ACCOUNTING POLICIES (continued)

#### HKFRS 16 – Leases (continued)

##### (v) Transition (continued)

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying HKAS 17 and HK(IFRIC)-Interpretation 4 Determining whether an Arrangement contains a Lease.

The following amendments to HKAS and HKFRS, 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.

Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>1</sup>
Amendments to HKFRS 3	Definition of a Business <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 2020

<sup>2</sup> The amendments were originally intended to be effective for annual 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.

The Group has already commenced an assessment of the impact of adopting the above amendments to HKFRS and HKAS to the Group. The directors of the Company anticipate that the application of these amendments to HKFRS and HKAS 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.

### 3. 主要會計政策 (續)

#### 香港財務報告準則第16號 – 租賃 (續)

##### (v) 過渡 (續)

本集團亦已選擇不重新評估合約於初次應用日期是否或包含租賃。反而，就於過渡日期前訂立之合約，本集團依賴其應用香港會計準則第17號及香港（國際財務報告詮釋委員會）詮釋第4號釐定一項安排是否包含租賃而作出之評估。

下列可能與本集團簡明綜合財務報表有關之香港會計準則及香港財務報告準則之修訂本經已頒佈，惟尚未生效亦未經本集團提早採納。

香港會計準則第1號及香港會計準則第8號之修訂本	重大的定義 <sup>1</sup>
香港財務報告準則第3號之修訂本	業務的定義 <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2020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日或之後開始之年度期間生效。生效日期現已延遲／刪除。繼續允許提前應用有關修訂本。

本集團已對採納上述香港財務報告準則及香港會計準則的修訂本對本集團產生的影響進行評估。本公司董事預計應用香港財務報告準則及香港會計準則的該等修訂本將不會對本集團的財務表現及狀況及／或本集團的該等簡明綜合財務報表披露資料造成重大影響。

#### 4. REVENUE AND SEGMENT INFORMATION

The board of directors of the Company, 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 Company), the People's Republic of China (the "PRC"), Taiwan, Korea, Sri Lanka, America, Europe and Others (i.e. representing other geographical locations mainly Bangladesh, Cambodia, 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 2019 (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	620,145	811,865	371,465	423,068	421,084	235,010	17,130	488,626	3,388,393	-	3,388,393
Inter-segment sales (note)	分類間銷售(附註)	2,054,130	1,069,574	-	-	143,701	-	-	77,780	3,345,185	(3,345,185)	-
Total segment revenue	分類營業額總值	2,674,275	1,881,439	371,465	423,068	564,785	235,010	17,130	566,406	6,733,578	(3,345,185)	3,388,393
<b>RESULTS</b>	<b>業績</b>											
Segment profit	分類盈利	56,276	88,650	37,783	43,005	34,652	14,945	1,742	48,866			325,919
Interest income	利息收入											4,103
Unallocated income	未分配收入											3,711
Unallocated expenses	未分配支出											(199,280)
Finance costs	融資成本											(19,476)
Share of profit of an associate	應佔一間聯營公司之盈利											286
Profit before income tax expense	除所得稅支出前盈利											115,263

#### 4. 營業額及分類資料

本公司董事會(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(本公司所屬地)、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、柬埔寨、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、紗及成衣按可匯報分類劃分之營業額及盈利以及業績所作之分析。

##### 截至2019年6月30日止6個月(未經審核)

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

Six months ended 30 June 2018 (unaudited)

#### 4. 營業額及分類資料 (續)

截至2018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	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 (note)	分類間銷售 (附註)	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

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, impairment loss on property, plant and equipment, finance costs, share of profit of an associate, etc.. This is the measure reported to the board of directors of the Company for the purposes of resource allocation and performance assessment. As further explained in note 3(i), the Group has adopted the modified retrospective approach on the adoption of HKFRS 16. As a result, right-of-use assets and lease liabilities under HKFRS 16 have been recognised but comparative information is not restated.

##### Disaggregation of revenue

Disaggregation of revenue from contracts with customers by products and timing of revenue recognition are as follows:

#### 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、物業、機器及設備之減值損失、融資成本、應佔一間聯營公司之盈利等。此乃為資源分配及績效評估而向本公司董事會匯報之基準。誠如附註3(i)所進一步闡述，本集團已就採納香港財務報告準則第16號採納經修訂追溯法。因此，香港財務報告準則第16號項下之使用權資產及租賃負債已獲確認，惟並無重列比較資料。

##### 收入分列

按產品及按確認收益時間劃分的客戶合同收入分列如下：

		<b>(Unaudited)</b> (未經審核)	
		<b>Six months ended 30 June</b> 截至6月30日止6個月	
		2019	2018
		<i>HK\$'000</i> 千港元	<i>HK\$'000</i> 千港元
<b>Revenue from contracts with customers within the scope of HKFRS 15:</b>	香港財務報告準則第15號範圍內的客戶合同收入：		
Production and sales of dyed fabrics and yarns	製造及銷售色布及紗	<b>2,963,069</b>	3,334,660
Production and sales of garments	製造及銷售成衣	<b>425,324</b>	425,457
		<b>3,388,393</b>	3,760,117
<b>Timing of revenue recognition:</b>	確認收入的時間：		
At a point in time	在某時間點	<b>3,388,393</b>	3,760,117
Transferred over time	隨時間轉移	-	-
		<b>3,388,393</b>	3,760,117

## 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	
		2019	2018
		HK\$'000 千港元	HK\$'000 千港元
Finance costs on:	融資成本：		
Bank borrowings	銀行借貸	14,303	12,982
Lease liabilities	租賃負債	5,173	-
		<b>19,476</b>	<b>12,982</b>

## 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	
		2019	2018
		HK\$'000 千港元	HK\$'000 千港元
Current tax:	是期間稅項：		
Hong Kong	香港	13,457	978
The PRC	中國	12,121	3,930
Other jurisdictions	其他司法地區	4,110	1,897
		<b>29,688</b>	<b>6,805</b>
Under provision in prior years:	過往年度撥備不足：		
The PRC	中國	745	2,085
Other jurisdictions	其他司法地區	783	827
		<b>1,528</b>	<b>2,912</b>
Deferred tax:	遞延稅項：		
Hong Kong	香港	(882)	-
The PRC	中國	(5,354)	4,830
Other jurisdictions	其他司法地區	(314)	3,985
		<b>(6,550)</b>	<b>8,815</b>
		<b>24,666</b>	<b>18,532</b>

## 6. INCOME TAX EXPENSE (continued)

In March 2018, the Hong Kong Government introduced a two-tiered profits tax rates regime by enacting the Inland Revenue (Amendment) (No. 3) Ordinance 2018 (the "Ordinance"). Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of qualifying group entity will be taxed at 8.25% and assessable profits above HK\$2 million will be taxed at 16.5% for the six months ended 30 June 2019 and 2018. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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)

香港政府在2018年3月通過《2018年稅務(修訂)(第3號)條例》(「該條例」),實施利得稅兩級制。截至2019年及2018年6月30日止6個月,根據利得稅兩級制,合資格集團實體首2,000,000港元應課稅盈利之稅率為8.25%,而超過2,000,000港元的應課稅盈利之稅率為16.5%。不符合利得稅兩級制的集團實體的盈利將繼續按固定稅率16.5%繳納稅項。

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	
		2019	2018
		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	1,508	1,636
Depreciation of investment properties	投資物業之折舊	1,783	1,837
Depreciation of property, plant and equipment	物業、機器及設備之折舊	92,449	85,469
Depreciation of right-of-use assets	使用權資產之折舊	14,215	-
Employee costs (including directors' emoluments)	僱員成本(包括董事酬金)	492,129	508,076
Impairment loss on property, plant and equipment #	物業、機器及設備之減值損失#	16,695	-
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 recognised/(reversed) on trade and bills receivables, net #	營業及票據應收款項之已確認/(撥回)減值損失淨值#	9,370	(10,029)
Interest income *	利息收入*	(4,103)	(2,506)
Loss on disposal/written-off of property, plant and equipment #	出售/註銷物業、機器及設備之虧損#	897	4,277
Low-value assets leases expenses	低價值資產租賃支出	4	-
Net exchange gain #	匯兌收益淨值#	(2,727)	(6,635)
Net rental income from investment properties *	投資物業之租金收入淨值*	(5,201)	(4,965)
Release of prepaid lease payments	預付租賃款項轉出	-	1,259
Short-term lease expenses	短期租賃支出	3,733	-

\* 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

		<b>(Unaudited)</b> (未經審核)	
		<b>Six months ended 30 June</b> 截至6月30日止6個月	
		2019	2018
		<i>HK\$'000</i> 千港元	<i>HK\$'000</i> 千港元
Dividend recognised as distribution during the period:	是期間已確認為分派之股息：		
2018 final dividend of HK10.64 cents (2017 final dividend: HK10.4 cents) per share	2018年末期股息 每股10.64港仙(2017年 末期股息：10.4港仙)	<b>130,071</b>	125,323
2018 special dividend of HK1.33 cents (2017 special dividend: Nil) per share	2018年特別股息 每股1.33港仙 (2017年特別股息：無)	<b>16,259</b>	–
		<b>146,330</b>	125,323

No interim dividend in respect of the six months ended 30 June 2019 has been proposed by the board of directors of the Company (six months ended 30 June 2018: Nil).

本公司董事會並無建議派付截至2019年6月30日止6個月之中期股息(截至2018年6月30日止6個月：無)。

The final dividend of HK10.64 cents in respect of the year ended 31 December 2018 (2017: HK10.4 cents) per share, amounting to approximately HK\$130,071,000 (2017: HK\$125,323,000) in total, and the special dividend of HK1.33 cents in respect of the year ended 31 December 2018 (2017: Nil) per share, amounting to approximately HK\$16,259,000 (2017: Nil) in total, had been approved at the annual general meeting of the Company held on 10 May 2019 and was paid during the six months ended 30 June 2019.

截至2018年12月31日止年度之末期股息每股10.64港仙(2017年：10.4港仙)，合共約130,071,000港元(2017年：125,323,000港元)，以及截至2018年12月31日止年度之特別股息每股1.33港仙(2017年：無)，合共約16,259,000港元(2017年：無)，已於2019年5月10日舉行之本公司股東週年大會上獲批准，並已於截至2019年6月30日止6個月內派付。

## 9. 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:

## 9. 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：

		<b>(Unaudited)</b> (未經審核)	
		<b>Six months ended 30 June</b> 截至6月30日止6個月	
		2019	2018
		<i>HK\$'000</i> 千港元	<i>HK\$'000</i> 千港元
<b>Earnings</b>	<b>盈利</b>		
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	<b>82,685</b>	63,754

## 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

2019

2018

Number of shares	股份數目		
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	就計算每股基本盈利所用之普通股加權平均數目	1,213,558,396	1,205,026,960
Effect of dilutive potential ordinary shares in respect of share options outstanding	潛在攤薄普通股對尚未行使購股權之影響	889,195	-
Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share	就計算每股攤薄盈利所用之普通股加權平均數目	1,214,447,591	1,205,026,960

The computation of basic earnings per share for the six months ended 30 June 2019 is based on the profit attributable to ordinary equity shareholders of the Company of HK\$82,685,000 (six months ended 30 June 2018: HK\$63,754,000) and the weighted average of 1,213,558,396 ordinary shares (six months ended 30 June 2018: 1,205,026,960 ordinary shares) during the period.

截至2019年6月30日止6個月之每股基本盈利乃按期內本公司普通股股權持有人應佔盈利82,685,000港元(截至2018年6月30日止6個月: 63,754,000港元)及加權平均數目1,213,558,396股普通股(截至2018年6月30日止6個月: 1,205,026,960股普通股)計算。

The computation of diluted earnings per share for the six months ended 30 June 2019 is based on the profit attributable to ordinary equity shareholders of the Company of HK\$82,685,000 (six months ended 30 June 2018: HK\$63,754,000) and the weighted average of 1,214,447,591 ordinary shares (six months ended 30 June 2018: 1,205,026,960 ordinary shares) after adjusting for the potential dilutive effect caused by the share options granted under the share option scheme. Its computation is done to determine the number of ordinary shares that could have been acquired at fair value (determined as the average market price of the Company's ordinary shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of ordinary shares calculated above is compared with the number of ordinary shares that would have been issued assuming the exercise of the share options.

截至2019年6月30日止6個月之每股攤薄盈利乃於調整根據購股權計劃授出之購股權導致之潛在攤薄影響後，根據本公司普通股股權持有人應佔盈利82,685,000港元(截至2018年6月30日止6個月: 63,754,000港元)及加權平均數目1,214,447,591股普通股(截至2018年6月30日止6個月: 1,205,026,960股普通股)計算。已根據尚未行使的購股權附帶之認購權之貨幣價值計算可按公平價值(釐定為本公司普通股之平均市價)收購之普通股數目。上述所計算之普通股數目會與假設購股權獲行使時理應發行之普通股數目作出比較。

The computation of diluted earnings per share for the six months ended 30 June 2018 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.

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之平均市價，因此計算截至2018年6月30日止6個月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\$43,295,000 during the six months ended 30 June 2019 (six months ended 30 June 2018: HK\$128,395,000) on property, plant and equipment to expand and upgrade the Group's manufacturing facilities.

## 11. MOVEMENTS IN RIGHT-OF-USE ASSETS

The Group has entered into several leases for factory and office in the PRC, Macau and Indonesia during the six months ended 30 June 2019. Right-of-use assets amounting to HK\$17,349,000 has been recognised for the current period. In addition, prepaid lease payments presented as a separate item on the condensed consolidated statement of financial position is grouped as part of right-of-use assets with effect from 1 January 2019.

## 12. INVENTORIES

Spare parts	備件
Raw materials	原料
Work-in-progress	半製品
Finished goods	製成品

## 10. 物業、機器及設備之變動

本集團於截至2019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43,295,000港元（截至2018年6月30日止6個月：128,395,000港元）。

## 11. 使用權資產之變動

本集團於截至2019年6月30日止6個月就中國、澳門及印尼之工廠及辦公室訂立若干租約。使用權資產17,349,000港元已於本期間確認。此外，於簡明綜合財務狀況表呈列為單獨項目之預付租賃款項已歸類為使用權資產之一部分，自2019年1月1日起生效。

## 12. 存貨

		(Unaudited) (未經審核)	(Audited) (經審核)
		At 30 June 於6月30日 2019	At 31 December 於12月31日 2018
		HK\$'000 千港元	HK\$'000 千港元
Spare parts	備件	35,665	40,573
Raw materials	原料	610,928	626,960
Work-in-progress	半製品	437,287	441,646
Finished goods	製成品	382,866	369,928
		<b>1,466,746</b>	1,479,107

### 13. 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 invoice dates, as at the end of the reporting period:

		(Unaudited) (未經審核)	(Audited) (經審核)
		At 30 June 於6月30日 2019	At 31 December 於12月31日 2018
		HK\$'000 千港元	HK\$'000 千港元
Within 1 month	1個月內	<b>677,287</b>	680,287
1 to 2 months	1至2個月	<b>388,675</b>	325,606
2 to 3 months	2至3個月	<b>155,338</b>	143,777
Over 3 months	3個月以上	<b>89,733</b>	98,149
		<b>1,311,033</b>	1,247,819
Less: allowance for doubtful debts	減：呆賬撥備	<b>(17,867)</b>	(10,849)
		<b>1,293,166</b>	1,236,970

Other receivables as at 30 June 2019 represented value-added tax recoverable of HK\$54,146,000 (31 December 2018: HK\$87,794,000) and prepayments, deposits and other receivables of HK\$90,215,000 (31 December 2018: HK\$91,631,000).

### 13. 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發票日期於報告期終的賬齡分析如下：

於2019年6月30日，其他應收款項乃指可收回增值稅54,146,000港元（2018年12月31日：87,794,000港元）及預付款項、按金及其他應收款項90,215,000港元（2018年12月31日：91,631,000港元）。

**14. TRADE AND BILLS PAYABLES/OTHER PAYABLES AND ACCRUALS**

**14. 營業及票據應付款項／其他應付款項及應計費用**

		(Unaudited) (未經審核)	(Audited) (經審核)
		At 30 June 於6月30日 2019	At 31 December 於12月31日 2018
		HK\$'000 千港元	HK\$'000 千港元
Trade payables	營業應付款項	593,662	525,832
Bills payables	票據應付款項	218,396	244,987
		<b>812,058</b>	770,819

The following is an ageing analysis of trade and bills payables based on the invoice dates, as at the end of the reporting period:

營業及票據應付款項按發票日期於報告期終的賬齡分析如下：

		(Unaudited) (未經審核)	(Audited) (經審核)
		At 30 June 於6月30日 2019	At 31 December 於12月31日 2018
		HK\$'000 千港元	HK\$'000 千港元
Within 1 month	1個月內	346,152	357,205
1 to 2 months	1至2個月	265,710	266,508
2 to 3 months	2至3個月	82,376	55,599
Over 3 months	3個月以上	117,820	91,507
		<b>812,058</b>	770,819

Other payables and accruals as at 30 June 2019 represented other payables of HK\$91,788,000 (31 December 2018: HK\$125,710,000) and accruals of HK\$156,746,000 (31 December 2018: HK\$170,567,000).

於2019年6月30日，其他應付款項及應計費用指其他應付款項91,788,000港元（2018年12月31日：125,710,000港元）及應計費用156,746,000港元（2018年12月31日：170,567,000港元）。

## 15. BANK BORROWINGS

During the six months ended 30 June 2019, the Group obtained new bank borrowings of HK\$742,590,000 (six months ended 30 June 2018: HK\$868,603,000) and made repayments of HK\$814,558,000 (six months ended 30 June 2018: HK\$508,349,000). 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 rate of bank borrowings of the Group is 3.50% (31 December 2018: 3.09%) per annum and are repayable by installments over a period from one to three years. All bank borrowings were unsecured for the six months ended 30 June 2019 and the year ended 31 December 2018.

## 16. SHARE CAPITAL

Ordinary shares, issued and fully paid	普通股，已發行及繳足股本
At beginning of the period/year	於期／年初
Exercise of share options	行使購股權
At end of the period/year	於期／年終

In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the ordinary shares of the Company do not have a par value.

## 15. 銀行借貸

截至2019年6月30日止6個月，本集團取得新銀行借貸742,590,000港元（截至2018年6月30日止6個月：868,603,000港元）及已償還814,558,000港元（截至2018年6月30日止6個月：508,349,000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3.50%（2018年12月31日：3.09%），並須於介乎1年至3年期間內分期償還。截至2019年6月30日止6個月及截至2018年12月31日止年度，所有銀行借貸均為無抵押。

## 16. 股本

		(Unaudited) (未經審核) At 30 June 2019 於2019年6月30日		(Audited) (經審核) At 31 December 2018 於2018年12月31日	
		No. of shares 股份數目	HK\$'000 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				
At beginning of the period/year	於期／年初	1,205,026,960	865,716	1,205,026,960	865,716
Exercise of share options	行使購股權	17,450,000	21,022	–	–
At end of the period/year	於期／年終	1,222,476,960	886,738	1,205,026,960	865,716

根據香港公司條例（第622章）第135條，本公司的普通股並無票面價值。

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

## BUSINESS REVIEW 業務回顧

2019 marks the 50th anniversary of the Group since it was established back in 1969. Global financial markets experienced a turbulent ride in the first half of 2019 (“1H2019”) primarily due to the U.S.-China trade overhang and sluggish global economic growth. However, the Group was able to continue its strategic development and to maintain a solid financial profile. 1H2019 was an encouraging period for the Group in terms of the growth in gross profit margin and net profit margin. The demand momentum of the fabric business was carried forward from 2018 especially during the first four months of 2019; nevertheless, it was our strategy to deliberately reduce the output volume of our fabric business when compared with the same period last year to maintain higher operational efficiency. Even though our total sales volume of fabric reduced by approximately 21.2% as compared to the first half of 2018 (“1H2018”), thanks to the improved product mix and the higher priced product proportion which led to the increase in the average selling price, our total revenue was HK\$3,388.4 million in 1H2019 (1H2018: HK\$3,760.1 million), only 9.9% reduction as compared with 1H2018. In addition, the prices of our major raw materials, including cotton yarn and fuel slightly decreased during 1H2019 as compared with 1H2018, resulting in higher gross profit and gross profit margin. The gross profit margin increased by 2.5 percentage points from 9.8% in 1H2018 to 12.3% in 1H2019. Profit for the period was HK\$90.6 million in 1H2019, a significant increment of 32.0% from that of 1H2018 (1H2018: HK\$68.7 million).

Our overall operating costs were under control in 1H2019, the percentage to sales of our distribution and selling expenses as well as administrative expenses remained at a similar level when compared with that of the same period last year. The distribution and selling expenses during the period under review decreased by 23.4% to HK\$72.5 million (1H2018: HK\$94.6 million), representing 2.1% of the total revenue, a decrease from 2.5% in 1H2018. At the same time, the administrative expenses also decreased by 0.9% to HK\$217.7 million (1H2018: HK\$219.7 million), representing 6.4% of the total revenue, a slight increase of 0.6 percentage point compared to that of 1H2018 (1H2018: 5.8%).

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 RMB14,549/ton as at 28 June 2019 and was RMB15,839/ton as at 2 January 2019. The China cotton price index was at the highest in April 2019 at RMB16,119/ton and at the lowest in June 2019 at RMB14,412/ton. When compared with a year before, the China cotton price index CCINDEX2129B was RMB16,945/ton as at 29 June 2018, and RMB16,217/ton as at 2 January 2018. From the year-on-year comparison between 29 June 2018 and 28 June 2019, a 14.1% decrease was recorded.

According to the China coal industry website, the monitoring data shown on 21 June 2019 based on the China coal price index (national comprehensive) was 160.2, down by 4.7 points year-on-year. The Group continued focusing on lean management, technology automation, machinery upgrade, cost reduction and control initiatives to boost overall operating profitability. Basic earnings per share was HK6.8 cents in 1H2019 (1H2018: HK5.3 cents).

2019年標誌著於1969年創業的集團踏入50週年。受中美貿易威脅持續及全球經濟增長疲弱，全球金融市場在2019年上半年（「1H2019」）經歷震盪。然而，本集團得以推進策略發展，並保持穩健的財務狀況。1H2019之毛利率及盈利率增長令人鼓舞，面料業務的需求勢頭由2018年持續，於2019年的首四個月尤其顯著。然而，為維持更高的營運效率，本集團策略性地較去年同期降低了面料業務的出貨量。儘管本集團的面料總銷售量較2018年上半年（「1H2018」）減少了近21.2%，受惠於產品組合的改進及貴價產品的佔比提升，本集團在1H2019的總營業額為3,388.4百萬港元（1H2018: 3,760.1百萬港元），僅較1H2018下跌9.9%。此外，在1H2019，本集團的主要原材料，包括棉紗和燃料的價格對比1H2018輕微下跌，為本集團帶來了較高的毛利和毛利率。毛利率由1H2018的9.8%增加至1H2019的12.3%，百分比的增幅為2.5。1H2019的年度盈利為90.6百萬港元，相比1H2018大幅上升了32.0%（1H2018：68.7百萬港元）。

本集團於1H2019的營運成本受控，分銷及銷售費用和行政費用佔營業額之百分比較去年同期維持接近水平。回顧期內的分銷及銷售費用下降23.4%至72.5百萬港元（1H2018：94.6百萬港元），佔總營業額的2.1%，較1H2018的2.5%下跌。同時，行政費用亦下跌至217.7百萬港元（1H2018：219.7百萬港元），跌幅為0.9%，行政費用佔總營業額的6.4%，較1H2018的5.8%輕微上升0.6個百分點（1H2018: 5.8%）。

根據中國棉花協會網站公佈資訊，中國棉花價格指數CCINDEX2129B於2019年6月28日為每噸人民幣14,549元，而2019年1月2日則為每噸人民幣15,839元。中國棉花價格指數分別於2019年4月及2019年6月錄得最高每噸人民幣16,119元和最低每噸人民幣14,412元的水平。對比上一年度，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，於2018年1月2日則為每噸人民幣16,217元，於2018年6月29日至2019年6月28日期間，按年錄得14.1%跌幅。

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2019年6月21日中國煤炭指數為160.2，按年下跌4.7點。集團繼續注重精益管理、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1H2019年，每股基本盈利為6.8港仙（1H2018: 5.3港仙）。

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 minimise credit risks and enhance working capital through effective credit management. As a result, the gross aged trade and bills receivables based on the invoice dates outstanding over 3 months had decreased to HK\$89.7 million on 30 June 2019 from HK\$98.1 million on 31 December 2018.

Continuous restructuring and consolidating of 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 for 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\$2,963.1 million and accounted for 87.4% of the Group's total revenue.

### **Production and Sales of Garments**

Revenue from the production and sales of garments for 1H2019 was approximately HK\$425.3 million and accounted for 12.6% of the Group's total revenue.

### **Dividend**

In view of the general practice of the Company to only recommend a final dividend, the Board has resolved not to declare any interim dividend for the six months ended 30 June 2019. Nevertheless, the Board will consider changing the practice and may declare interim dividend in the future. Unless special circumstances arise, the Group is committed to maintaining a similar range of dividend payout ratio as our dividend policy so as to provide rewarding investment return to the shareholders of the Company (the "Shareholders"), subject to the dividend policy stated on page 65 of 2018 annual report of the Company.

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，以發票日起計賬齡超過3個月之營業及票據應收款項總額由2018年12月31日的98.1百萬港元下降至2019年6月30日的89.7百萬港元。

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至每月約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2,963.1百萬港元的營業額，佔集團總營業額的87.4%。

### **製造及銷售成衣**

1H2019成衣製造及銷售的營業額約為425.3百萬港元，佔集團總營業額的12.6%。

### **股息**

鑒於本公司於一般情況下只建議派發末期股息，本公司董事會決定及宣佈就截至2019年6月30日止6個月內不予派發任何中期股息。然而，董事會將考慮改變此做法及有可能於未來派發中期股息。若沒有發生特殊情況，除受限於本公司2018年年報第65頁之股息政策外，本集團期望能維持與派息政策類似的派息比率，以提供可觀投資回報予本公司的股東（「股東」）。

## Awards and Certifications

## 獎項及認證

Our awards and certificates accredited during 1H2019 were as follows:

在2019年上半年，集團所獲獎項及認證如下：

No.	Name of Award/ Certification	Type of Document	Date of Issue (Year/Month) 頒發日期 (年/月)	Issuing Unit/Organisation 發出單位/機構
文件序號	獎項/認證名稱	文件類型	頒發日期 (年/月)	發出單位/機構
<b>Jiangyin Fuhui Textiles Limited 江陰福匯紡織有限公司</b>				
1	2018 Key and Major Enterprise of Jiangyin* 2018年度江陰市重點骨幹企業	Award 獎牌	2019/1	Jiangyin Municipal Party Committee of Communist Party of the PRC, Jiangyin Municipal People's Government* 中共江陰市委，江陰市人民政府
2	2018 Outstanding Enterprise of Environmental Protection* 2018年度生態環境保護先進企業	Award 獎牌	2019/1	Environmental Protection Committee of Jiangyin High-tech Industrial Development Zone* 江陰高新區生態環境保護委員會
3	2018 Outstanding Enterprise of Foreign Investment* 2018年度外商投資先進企業	Award 獎牌	2019/2	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	2018 Outstanding Enterprise of Import and Export Trade* 2018年度外貿進出口先進企業	Award 獎牌	2019/2	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	2018 Charitable Enterprise* 2018年度熱心慈善企業	Award 獎牌	2019/2	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
6	Five-star Enterprise in Caring for the Next Generation of Jiangyin* 江陰市企業關心下一代工作五星級示範關工委	Award 獎牌	2019/3	Jiangyin Working Committee in Caring for the Next Generation* 江陰市關心下一代工作委員會
7	2018 Outstanding Enterprise of Blood Donation without Compensation* 2018年度無償獻血先進單位	Award 獎牌	2019/6	Jiangyin Blood Donation Administration Committee* 江陰市獻血管理委員會
8	2018-2019 Advanced grass-roots party organisation of High-tech Industrial Development Zone* 2018-2019年度高新區先進基層黨組織	Award 獎牌	2019/6	Jiangyin High-tech Industrial Development Zone Committee of Communist Party of China* 中共江陰高新區工作委員會

No.	Name of Award/ Certification	Type of Document	Date of Issue (Year/Month) 頒發日期 (年/月)	Issuing Unit/Organisation 發出單位/機構
文件序號	獎項/認證名稱	文件類型		
<b>Yancheng Fuhui Textiles Limited 鹽城福匯紡織有限公司</b>				
9	2018 Corporate High Quality Development Contribution Award* 2018年度企業高質量發展貢獻獎	Award 獎牌	2019/2	CPC Yancheng Economic-Technological Development Zone Working Committee* 中共鹽城經濟技術開發區工作委員會
10	2018 Outstanding Three-star Enterprise* 2018年度爭星創優三星企業	Award 獎牌	2019/2	Yancheng Economic-Technological Development Zone Management Committee* 鹽城經濟技術開發區管理委員會
11	Environmental Management System Certificate* 環境管理體系認證	Certification 證書	2019/2	Yancheng Municipal People's Government* 鹽城市人民政府
<b>Ningbo Young Top Garments Co., Ltd. 寧波創裕製衣有限公司</b>				
12	2018 Outstanding Supplier Award* 2018年優秀供應商獎	Award 獎牌	2019/1	Li Ning (China) Sports Goods Co., Ltd. 李寧(中國)體育用品有限公司
13	2018 Outstanding Contribution Award* 2018年突出貢獻獎	Award 獎牌	2019/3	Li Ning (China) Sports Goods Co., Ltd. 李寧(中國)體育用品有限公司
14	2018 Excellent On-time Delivery Award* 2018年度優秀交期獎	Award 獎牌	2019/3	Li Ning (China) Sports Goods Co., Ltd. 李寧(中國)體育用品有限公司
<b>Ocean Lanka (Private) Limited 海洋蘭卡(私人)有限公司</b>				
15	OHSAS 18001 - Occupational Health & Safety Management System Certification OHSAS 18001—職業健康和安全管理系統認證證書#	Certification 證書	2019/2	SGS United Kingdom Ltd. 英國通用檢測認證有限公司#
16	Good Manufacturing Practice (GMP) Certification 良好作業規範(GMP)認證證書#	Certification 證書	2019/3	SGS United Kingdom Ltd. 英國通用檢測認證有限公司#
17	Next Laboratory Accreditation Certification Next 實驗室認證證書#	Certification 證書	2019/5	Next Retail (UK) Ltd.

\* English names are only the translation of their respective official Chinese names. In case of inconsistencies, the Chinese names shall prevail.

\* 英文名稱僅為官方中文名稱之譯文。倘有歧異，概以中文名稱為準。

# Chinese names are only the translation of their respective official English names. In case of inconsistencies, the English names shall prevail.

# 中文名稱僅為官方英文名稱之譯文。倘有歧異，概以英文名稱為準。

## OUTLOOK

According to the World Bank Group's June 2019 Global Economic Prospects Report, global growth in 2019 is expected to slow to 2.6%, reflecting weaker-than-expected trade and investment at the start of the year. Growth is projected to gradually rise to 2.8% by 2021, predicated on continued benign global financing conditions and a modest recovery in emerging market and developing economies ("EMDEs"). However, growth in EMDEs remains constrained by subdued investment. Risks are firmly on the downside, in part reflecting the possibility of a further escalation of trade tensions. Growth among EMDEs is projected to fall to 4% in 2019 before recovering to 4.6% in 2020. Growth among advanced economies as a group is anticipated to slow in 2019 at 1.7%.

With trade and manufacturing showing signs of marked weakness, EMDEs world merchandise trade volume growth rate is expected to fall to 2.6% in 2019 — down from 3.0% in 2018 (World Trade Organisation, April 2019). As the weakness in manufacturing abates, global trade is expected to stabilise to an average of 3.2% in 2020 to 2021, affected by the weaker global economy and US-China trade tension.

Looking forward to the second half of 2019, the world economy and the retail market are expected to remain uncertain while consumer sentiments remain sluggish. Little direct impact had been made to the Group's business previously as the Group does not directly export fabric to the US from China, nevertheless, as the uncertainties resulting from the US-China trade war noticeably increase, customers' attitude due to psychological factors towards ordering fabric products in China turns even more conservative, and therefore, they continue to adopt the strategy of deferred procurement. Meanwhile, some customers also speed up adjusting the procurement supply chain and transferring their order book. This may create unfavourable situations where the number of product orders of domestic fabric textile manufacturers gradually declines and the market risk increases. The Group holds a prudently conservative attitude towards the performance in the second half of the year. Nevertheless, the Group has been working closely with new clients, including several popular and quality Japanese brands, which provide attractive business 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 do the best altogether to bring long-term values and returns to all Shareholders through various measures on cost reduction.

### Our appreciation

Finally, we would like to express our gratitude to the shareholders, customers, business partners and suppliers for their continuous unfaltering support during the increase in economic instability. We would also like to thank our dedicated staff for their commitment and contributions to the success of the Group.

## 展望

根據世界銀行集團2019年6月的《全球經濟展望報告》，預計2019年全球增長將放緩至2.6%，反映出年初時貿易和投資低於預期。預計到2021年增長率將逐步上升至2.8%，這主要得益於持續良好的全球融資條件以及新興市場和發展中經濟體（「新興經濟體」）的溫和復甦。然而，新興經濟體的增長仍然受到低迷投資的制約。風險下行確定，部分反映了貿易緊張局勢進一步升級的可能性。預計新興經濟體2019年增長將下滑至4%，2020年復甦至4.6%。預計發達經濟體作為一個整體2019年增長則放緩至1.7%。

隨著貿易和製造業出現明顯疲弱的跡象，全球商品貿易量增長率預計將在2019年降至2.6%，低於2018年的3.0%（世界貿易組織，2019年4月）。隨著製造業疲軟，全球經濟疲軟和中美貿易緊張局勢的影響，2020至2021年全球貿易預計將穩定至平均3.2%的水準。

展望2019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。由於集團並非直接從中國向美國出口面料或服裝，所以一直以來貿易戰對本集團的業務幾乎沒有直接影響。然而，由於中美貿易戰的不確定性顯著增加，客戶對於在中國面料產品的落單態度因心理因素影響而變得更加趨於保守，進而繼續採取延期採購的策略，部份客戶同時加快調整採購供應鏈，轉移訂單，可能引起國內面料紡織生產企業的產品訂單數量逐漸下降的不利情況，市場風險增加。集團對下半年的業績抱審慎保守的態度。然而，集團一直緊密跟進新客戶，包括於數個受歡迎及優質的日本品牌，而該等品牌未來業務潛能巨大。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的措施方案，縱使全球經濟及市況瞬息萬變，本集團上下一心全力以赴，為全體股東帶來源源不斷的價值及回報。

### 致謝

最後，我們謹向所有股東、客戶、業務夥伴和供應商致謝，感謝他們在經濟不確定性增加的同時仍持續給予支持。我們亦感激各位員工為集團的成功所作出的投入、承諾和貢獻。

# FINANCIAL REVIEW 財務回顧

The key operating and financial indicators of the Group for the six months ended 30 June 2019 are set out below:

本集團截至2019年6月30日止6個月之主要經營及財務指標呈列如下：

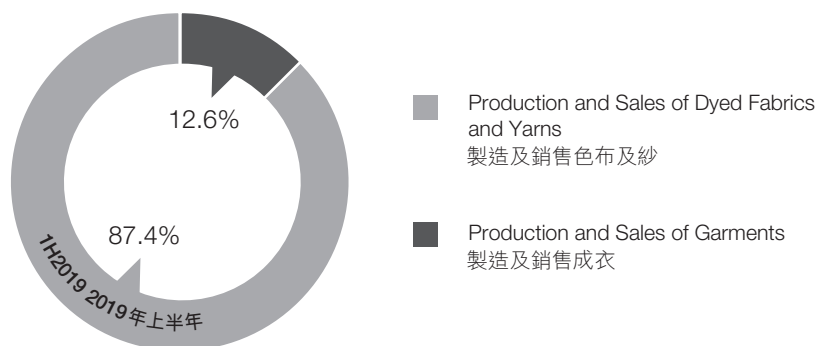
		<b>Six months ended 30 June</b>	
		<b>截至6月30日止6個月</b>	
		<b>2019</b>	2018
<b>Statement of Profit or Loss Items</b>	<b>損益表項目</b>		
(All amounts in HK\$ thousands unless otherwise stated)	(除特別註明外所有金額均以千港元列示)		
Revenue	營業額	<b>3,388,393</b>	3,760,117
Gross profit	毛利	<b>416,904</b>	368,019
EBITDA *	息稅折舊及攤銷前利潤	<b>236,782</b>	185,469
Profit for the period	是期間盈利	<b>90,597</b>	68,653
Profit attributable to owners of the Company	本公司擁有人應佔盈利	<b>82,685</b>	63,754
Basic earnings per share (HK cents)	每股基本盈利 (港仙)	<b>6.8</b>	5.3
<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>12.3%</b>	9.8%
EBITDA margin (%)	息稅折舊及攤銷前利潤率(%)	<b>7.0%</b>	4.9%
<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>2.1%</b>	2.5%
Administrative expenses	行政費用	<b>6.4%</b>	5.8%
Finance costs	融資成本	<b>0.6%</b>	0.3%
<b>Asset efficiency</b>	<b>資產效率</b>		
Inventory turnover period (days)	存貨周轉期(日)	<b>89</b>	98
Trade and bills receivables turnover period (days)	營業及票據應收款項周轉期(日)	<b>69</b>	65
Trade and bills payables turnover period (days)	營業及票據應付款項周轉期(日)	<b>49</b>	62
* 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
		<b>於6月30日</b>	於12月31日
		<b>2019</b>	2018
<b>Asset ratios</b>	<b>資產比率</b>		
Current ratio <sup>#</sup>	流動比率 <sup>#</sup>	<b>2.4</b>	2.3
Net debt/EBITDA ratio (annualised)	淨債務／息稅折舊及攤銷前利潤率(年化)	<b>(0.9)</b>	(0.4)
<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>0.7</b>	0.6

<sup>#</sup> Current ratio is calculated by dividing current assets by current liabilities.  
流動比率的計算方法是將流動資產除以流動負債。

## Revenue

The Group's revenue for the six months ended 30 June 2019 amounted to approximately HK\$3,388,393,000 (six months ended 30 June 2018: HK\$3,760,117,000).

## Revenue by business segments



In the first half of 2019, the Group's core business, production and sales of dyed fabrics and yarns, generated revenue of approximately HK\$2,963,069,000 (six months ended 30 June 2018: HK\$3,334,660,000), which accounted for 87.4% (six months ended 30 June 2018: 88.7%) of the Group's total revenue. Revenue from production and sales of garments was approximately HK\$425,324,000 (six months ended 30 June 2018: HK\$425,457,000), which accounted for 12.6% (six months ended 30 June 2018: 11.3%) of the Group's total revenue.

## Cost of Sales and Gross Profit

For the six months ended 30 June 2019, overall cost of sales of the Group amounted to approximately HK\$2,971,489,000 (six months ended 30 June 2018: HK\$3,392,098,000) and overall gross profit margin was 12.3% (six months ended 30 June 2018: 9.8%).

During the period under review, the Group's revenue decreased by 9.9% compared with the same period last year, which was mainly due to the decrease in sales volume of fabric by approximately 21.2%. The growth in the average selling price of fabric led to an increase in gross profit margin as compared with last year.

## Distribution and Selling Expenses

For the six months ended 30 June 2019, the Group's overall distribution and selling expenses amounted to approximately HK\$72,509,000 (six months ended 30 June 2018: HK\$94,602,000), which accounted for 2.1% (six months ended 30 June 2018: 2.5%) of the Group's total revenue.

## Administrative Expenses

For the six months ended 30 June 2019, the Group's overall administrative expenses amounted to approximately HK\$217,720,000 (six months ended 30 June 2018: HK\$219,737,000), which accounted for 6.4% (six months ended 30 June 2018: 5.8%) of the Group's total revenue.

## 營業額

集團截至2019年6月30日止6個月的營業額約為3,388,393,000港元(截至2018年6月30日止6個月:3,760,117,000港元)。

## 營業額按業務分類

於2019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2,963,069,000港元(截至2018年6月30日止6個月:3,334,660,000港元),佔集團營業額總值的87.4%(截至2018年6月30日止6個月:88.7%)。製造及銷售成衣的營業額約為425,324,000港元(截至2018年6月30日止6個月:425,457,000港元),佔集團營業額總值的12.6%(截至2018年6月30日止6個月:11.3%)。

## 銷售成本及毛利

集團截至2019年6月30日止6個月之整體銷售成本約為2,971,489,000港元(截至2018年6月30日止6個月:3,392,098,000港元),整體毛利率為12.3%(截至2018年6月30日止6個月:9.8%)。

於回顧期內,本集團的營業額與去年同期相比下跌9.9%,主要是由於面料銷售量減少約21.2%。而毛利率高於去年,主要原因為面料平均售價上升。

## 分銷及銷售費用

集團截至2019年6月30日止6個月之整體分銷及銷售費用約為72,509,000港元(截至2018年6月30日止6個月:94,602,000港元),佔集團營業額總值的2.1%(截至2018年6月30日止6個月:2.5%)。

## 行政費用

集團截至2019年6月30日止6個月之整體行政費用約為217,720,000港元(截至2018年6月30日止6個月:219,737,000港元),佔集團營業額總值的6.4%(截至2018年6月30日止6個月:5.8%)。

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

For the six months ended 30 June 2019, the Group's EBITDA amounted to approximately HK\$236,782,000 (six months ended 30 June 2018: HK\$185,469,000) and the EBITDA margin was 7.0% (six months ended 30 June 2018: 4.9%).

## **Finance Costs**

For the six months ended 30 June 2019, the Group's finance costs amounted to approximately HK\$19,476,000 (six months ended 30 June 2018: HK\$12,982,000), representing 0.6% (six months ended 30 June 2018: 0.3%) of the Group's total revenue.

## **Capital Expenditure**

During the period under review, the Group invested approximately HK\$43,295,000 (six months ended 30 June 2018: HK\$128,395,000) in additions of property, plant and equipment. The Group's capital commitments primarily relate to the acquisition of property, plant and equipment. As at 30 June 2019, the Group had contracted capital commitments of approximately HK\$43,550,000 (31 December 2018: HK\$20,000,000) in relation to the acquisition of property, plant and equipment.

## **Income Tax Expense**

For the six months ended 30 June 2019, income tax expense of the Group amounted to approximately HK\$24,666,000 (six months ended 30 June 2018: HK\$18,532,000).

## **息稅折舊及攤銷前利潤(EBITDA)**

集團截至2019年6月30日止6個月之息稅折舊及攤銷前利潤約為236,782,000港元(截至2018年6月30日止6個月:185,469,000港元),息稅折舊及攤銷前利潤率為7.0%(截至2018年6月30日止6個月:4.9%)。

## **融資成本**

集團截至2019年6月30日止6個月之融資成本約19,476,000港元(截至2018年6月30日止6個月:12,982,000港元),佔集團營業額總值的0.6%(截至2018年6月30日止6個月:0.3%)。

## **資本開支**

於回顧期內,集團已投資約為43,295,000港元(截至2018年6月30日止6個月:128,395,000港元)以增加物業、機器及設備。集團的資本承擔主要涉及購買物業、機器及設備。於2019年6月30日,集團有關購買物業、機器及設備的已簽約資本承擔約為43,550,000港元(2018年12月31日:20,000,000港元)。

## **所得稅支出**

集團截至2019年6月30日止6個月之所得稅支出約為24,666,000港元(截至2018年6月30日止6個月:18,532,000港元)。

## Liquidity and Financial Resources

As at 30 June 2019, the Group's net assets amounted to approximately HK\$3,538,429,000 (31 December 2018: HK\$3,601,245,000). The key figures of the Group's financial position were as follows:

## 資金流動性及財政資源

於2019年6月30日，集團資產淨值約為3,538,429,000港元（2018年12月31日：3,601,245,000港元）。財務狀況的主要數據如下：

		<b>At 30 June</b> 於6月30日 <b>2019</b> <i>HK\$'000 千港元</i>	At 31 December 於12月31日 2018 <i>HK\$'000 千港元</i>
Non-current assets	非流動資產	<b>1,882,295</b>	1,771,706
Current assets	流動資產	<b>3,852,180</b>	3,892,818
<b>Total assets</b>	<b>資產總值</b>	<b>5,734,475</b>	5,664,524
Current liabilities	流動負債	<b>1,595,782</b>	1,687,133
Non-current liabilities	非流動負債	<b>600,264</b>	376,146
<b>Total liabilities</b>	<b>負債總值</b>	<b>2,196,046</b>	2,063,279
<b>Net assets</b>	<b>資產淨值</b>	<b>3,538,429</b>	3,601,245

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 2019, the principal financial covenant figures/ratios (according to the definitions of the Group's principal banks) were as follows:

於2019年6月30日，主要的財務契約數據／比率（根據本集團主要往來銀行的定義）如下：

		<b>At 30 June</b> 於6月30日 <b>2019</b>	At 31 December 於12月31日 2018
Consolidated tangible net worth	綜合淨有形資產	<b>HK\$3,258,885,000</b>	HK\$3,162,107,000
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>0.2</b>	0.3
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>12.2</b>	14.1
Consolidated current assets to consolidated current liabilities	綜合流動資產對 綜合流動負債比例	<b>2.4</b>	2.3
Consolidated capital expenditure	綜合資本開支	<b>HK\$43,295,000</b>	HK\$242,653,000

## Risk Management

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

The sale 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. The Group will continue to monitor the interest rates fluctuation in the market and will adopt appropriate measures to minimise the interest rate risk.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2019, the Group had approximately 8,800 (30 June 2018: 9,100) full-time employees. The Group will continue to implement streamlined production so as to further minimise its 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 Company 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.

## PURCHASE, SALE AND REDEMPTION OF THE COMPANY’S LISTED SECURITIES

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

## CORPORATE GOVERNANCE CODE

Throughout the period from 1 January 2019 to 30 June 2019, 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”) except for code provision A.2.1 of the CG Code. With effect from 23 January 2015, the Chairman and an Executive Director, Mr. ZHAO Yao, has taken up the position of 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 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 a sufficient number thereof being independent non-executive Directors (the “INEDs”).

## 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。

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。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。

## 僱員及酬金政策

集團於2019年6月30日之全職僱員人數約為8,800人（2018年6月30日：9,100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。

本公司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。

## 購回、出售及贖回本公司之上市證券

於回顧期內，本公司並無贖回其上市證券，本公司或其任何附屬公司亦無購回或出售任何有關證券。

## 企業管治守則

由2019年1月1日至2019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，惟企管守則之守則條文第A.2.1條除外。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，詳情已載於本公司日期為2015年1月23日之公告。此會偏離企管守則之守則條文第A.2.1條的規定，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、專業及高質素人士組成（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

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, they have confirmed that they had complied with the required standard set out in the Model Code for the period under review.

## AUDIT COMMITTEE’S REVIEW

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 control systems. 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 2019.

## PUBLICATION OF 2019 INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the respective websites of the Company ([www.fshl.com](http://www.fshl.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2019 interim 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 in the manner as required by the Listing Rules.

By Order of the Board

**Fountain Set (Holdings) Limited**

**ZHAO Yao**

Chairman and Chief Executive Officer

Hong Kong, 22 August 2019

*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 (Non-executive Vice Chairman) and Mr. SUN Fuji; and 3 INEDs, namely Mr. NG Kwok Tung, Mr. YING Wei and Mr. William LAM.*

## 董事進行證券交易的標準守則

本公司已採納上市規則附錄10所載上市發行人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。經向所有董事作出具體查詢後,所有董事已確認彼等於回顧期內均已遵守標準守則所要求的標準。

## 審核委員會審閱

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2019年6月30日止6個月之未經審核中期業績。

## 刊發2019年中期業績公告及中期報告

本業績公告分別於本公司網站([www.fshl.com](http://www.fshl.com))及聯交所網站([www.hkexnews.hk](http://www.hkexnews.hk))刊登。載有上市規則規定的所有資料之本公司之2019年中期報告將會於適當時候寄發予股東,並且按上市規則要求的形式分別刊載於本公司及聯交所網站。