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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 2020

The board of directors of Fountain Set (Holdings) Limited (the “Company” and the “Directors”, respectively) announces that the audited consolidated results of the Company and its subsidiaries (collectively, the “Group” or the “Fountain Set Group”) for the year ended 31 December 2020 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 2020 截至2020年12月31日止年度

			2020	2019
		<i>Notes 附註</i>	<i>HK\$'000 千港元</i>	<i>HK\$'000 千港元</i>
<b>Revenue</b>	<b>營業額</b>	<i>3</i>	<b>4,943,230</b>	6,605,655
Cost of sales	銷售成本		<b>(4,332,098)</b>	(5,844,703)
<b>Gross profit</b>	<b>毛利</b>		<b>611,132</b>	760,952
Other revenue	其他收入		<b>69,688</b>	63,911
Other gains and losses	其他收益及虧損		<b>(27,313)</b>	(21,448)
Distribution and selling expenses	分銷及銷售費用		<b>(107,256)</b>	(132,514)
Administrative expenses	行政費用		<b>(406,800)</b>	(424,871)
Finance costs	融資成本	<i>4</i>	<b>(19,562)</b>	(37,047)
Share of profit of an associate	應佔一間聯營公司之盈利		<b>2,256</b>	636
<b>Profit before income tax expense</b>	<b>除所得稅支出前盈利</b>		<b>122,145</b>	209,619
Income tax expense	所得稅支出	<i>5</i>	<b>(20,554)</b>	(42,805)
Profit for the year	是年度盈利	<i>6</i>	<b>101,591</b>	166,814
Profit for the year attributable to:	應佔是年度盈利：			
Owners of the Company	本公司擁有人		<b>85,706</b>	141,089
Non-controlling interests	非控股權益		<b>15,885</b>	25,725
			<b>101,591</b>	166,814
			<i>HK cents 港仙</i>	<i>HK cents 港仙</i>
<b>Earnings per share</b>	<b>每股盈利</b>			
– Basic	– 基本	<i>8</i>	<b>7.0</b>	11.6
– Diluted	– 攤薄	<i>8</i>	<b>7.0</b>	11.6

# 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 2020 截至2020年12月31日止年度

		Note 附註	2020 HK\$'000 千港元	2019 HK\$'000 千港元
<b>Profit for the year</b>	是年度盈利	6	<b>101,591</b>	166,814
<b>Other comprehensive income, net of tax</b>	其他全面收益 (經扣除稅項)			
<b>Item that may be reclassified subsequently to profit or loss:</b>	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		<b>21,035</b>	(9,319)
<b>Other comprehensive income for the year</b>	是年度其他全面收益		<b>21,035</b>	(9,319)
<b>Total comprehensive income for the year</b>	是年度全面收益總值		<b>122,626</b>	157,495
<b>Total comprehensive income for the year attributable to:</b>	應佔是年度全面收益總值：			
Owners of the Company	本公司擁有人		<b>103,004</b>	135,237
Non-controlling interests	非控股權益		<b>19,622</b>	22,258
			<b>122,626</b>	157,495

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

AS AT 31 DECEMBER 2020 於2020年12月31日

			At 31 December 於12月31日 2020 HK\$'000 千港元	At 31 December 於12月31日 2019 HK\$'000 千港元
		Notes 附註		
<b>Non-current assets</b>	<b>非流動資產</b>			
Investment properties	投資物業		72,524	51,545
Property, plant and equipment	物業、機器及設備		1,341,494	1,435,486
Right-of-use assets	使用權資產		217,398	244,479
Other intangible assets	其他無形資產		9,045	12,060
Deposit paid for purchase of plant and equipment	購買機器及設備的已付按金		12,506	17,879
Interest in an associate	於一間聯營公司之權益		22,793	20,537
Deferred tax assets	遞延稅項資產		71,062	53,819
			<b>1,746,822</b>	1,835,805
<b>Current assets</b>	<b>流動資產</b>			
Inventories	存貨	9	1,218,169	1,255,906
Trade and bills receivables	營業及票據應收款項	10	1,027,493	1,129,994
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項		166,967	127,564
Tax recoverable	可收回稅項		3,342	2,223
Restricted bank deposits	受限制銀行存款		7,351	8,055
Short-term bank deposits	短期銀行存款		229,313	168,175
Bank balances and cash	銀行結餘及現金		1,026,254	769,178
			<b>3,678,889</b>	3,461,095
<b>Current liabilities</b>	<b>流動負債</b>			
Trade and bills payables	營業及票據應付款項	11	964,731	823,798
Other payables and accruals	其他應付款項及應計費用		280,312	266,863
Contract liabilities	合約負債		22,014	15,315
Lease liabilities – current portion	租賃負債—流動部分		31,399	31,053
Amounts due to non-controlling shareholders	欠非控股股東款項		64,525	80,100
Amount due to an associate	欠一間聯營公司款項		5,861	7,179
Deferred income – current portion	遞延收入—流動部分		3,701	1,622
Tax payable	應付稅項		17,487	37,800
Bank borrowings – due within one year	銀行借貸—一年內到期		229,606	67,923
			<b>1,619,636</b>	1,331,653
<b>Net current assets</b>	<b>流動資產淨值</b>		<b>2,059,253</b>	2,129,442
<b>Total assets less current liabilities</b>	<b>資產總值減流動負債</b>		<b>3,806,075</b>	3,965,247

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

AS AT 31 DECEMBER 2020 於2020年12月31日

		At 31 December 於12月31日 2020	At 31 December 於12月31日 2019
	Note 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 – 非流動部分	66,311	55,745
Bank borrowings – due after one year	銀行借貸 – 一年後到期	7,142	154,459
Lease liabilities – non-current portion	租賃負債 – 非流動部分	146,037	158,783
Deferred tax liabilities	遞延稅項負債	6,796	11,204
		<b>226,286</b>	380,191
<b>Net assets</b>	<b>資產淨值</b>	<b>3,579,789</b>	3,585,056
<b>Capital and reserves</b>	<b>資本及儲備</b>		
Share capital	股本	889,810	889,810
Reserves	儲備	2,504,762	2,529,651
Equity attributable to owners of the Company	本公司擁有人應佔權益	<b>3,394,572</b>	3,419,461
Non-controlling interests	非控股權益	<b>185,217</b>	165,595
<b>Total equity</b>	<b>權益總值</b>	<b>3,579,789</b>	3,585,056

# 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 years ended 31 December 2020 and 31 December 2019 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 2019 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 of the Group for the year ended 31 December 2020 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.

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

### (a) Adoption of new or amended HKFRSs

Amendments to HKFRS 3	Definition of a Business <sup>1</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>1</sup>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform <sup>1</sup>
Amendment to HKFRS 16	COVID-19-Related Rent Concessions <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020.

<sup>2</sup> Effective for annual periods beginning on or after 1 June 2020.

None of these new or amended HKFRSs has a material impact on the Group’s results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period except for the amendment to HKFRS 16, COVID-19-Related Rent Concessions. Impact on the applications of this amended HKFRS is summarised below.

## 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。

本末期業績公告所載有關截至2020年12月31日及2019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2019年12月31日止年度之財務報表，並將會在適當時間遞交本集團截至2020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作出保留意見之情況下，以強調的方式提請注意的任何事項；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. 採納香港財務報告準則（「香港財務報告準則」）

### (a) 採納新訂或經修訂之香港財務報告準則

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9號、香港會計準則第39號及香港財務報告準則第7號之修訂本	利率基準改革 <sup>1</sup>
香港財務報告準則第16號之修訂本	COVID-19相關租金減免 <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> 於2020年6月1日或之後開始之年度期間生效。

以上新訂或經修訂香港財務報告準則對本集團當前或過往期間的業績及財務狀況並無重大影響。於本會計期間，本集團並無提前應用任何尚未生效之新訂或經修訂香港財務報告準則，惟香港財務報告準則第16號之修訂本，COVID-19相關租金減免除外。應用該經修訂香港財務報告準則的影響概述如下。

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

### (a) Adoption of new or amended HKFRSs (continued)

#### ***Amendment to HKFRS 16, COVID-19-Related Rent Concessions***

HKFRS 16 was amended to provide a practical expedient to lessees in accounting for rent concessions arising as a result of the COVID-19 pandemic, by including an additional practical expedient in HKFRS 16 that permits entities to elect not to account for rent concessions as modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 pandemic and only if all of the following criteria are satisfied:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) the reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with this practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of lease modification. Lessees shall apply other requirements of HKFRS 16 in accounting for the rent concession.

Accounting for rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

The Group has elected to early adopt the amendment and apply the practical expedient for all rent concessions that meet the criteria. In accordance with the transitional provisions, the Group has applied the amendment retrospectively, and has not restated prior period figure. As the rent concessions have arisen during the current financial period, there is no retrospective adjustment to opening balance of retained earnings at 1 January 2020 on initial application of the amendment.

## 2. 採納香港財務報告準則（「香港財務報告準則」）（續）

### (a) 採納新訂或經修訂之香港財務報告準則（續）

#### **香港財務報告準則第16號之修訂本， COVID-19相關租金減免**

修訂香港財務報告準則第16號乃因COVID-19疫情產生的租金減免為承租人提供可行權宜方法進行會計處理，透過包括在香港財務報告準則第16號中，允許享有選擇不列賬租金減免（作為修訂）的權利的額外可行權宜方法。可行權宜方法僅在滿足以下所有標準的情況下，方可應用於由於COVID-19疫情的直接後果而產生的租金減免：

- (a) 租賃付款變動導致租賃代價有所修改，而經修改代價與緊接變動前租賃代價大致相同，或少於緊接變動前租賃代價；
- (b) 租賃付款的減幅僅影響原到期日為2021年6月30日或之前的付款；及
- (c) 租賃的其他條款及條件並無實質性變動。

符合該等標準的租金減免可根據可行權宜方法進行會計處理，意味著承租人不必評估租金減免是否符合租賃修改的定義。承租人應用香港財務報告準則第16號中的其他規定對該租金減免進行會計處理。

將租金減免作為租賃修訂進行會計處理，將會導致本集團採用經修訂貼現率對租賃負債進行重新計量，以反映經修訂代價，並將租賃負債變動的影響入賬列為使用權資產。通過應用可行權宜方法，本集團毋須釐定經修訂貼現率，而租賃負債變動的影響則於引起租金減免的事項或狀況發生期間於損益內反映。

本集團已選擇提早採納修訂本及對所有符合標準的租金減免採用可行權宜方法。根據過渡條例，本集團已追溯應用該修訂，且並未重列過往期間數字。由於租金減免乃於當前財政期間產生，故於初始應用該修訂時並無對於2020年1月1日滾存盈利的期初結餘作出追溯調整。

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

### (b) New or amended HKFRSs that have been issued but are not yet effective

The following amendments to 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.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Hong Kong Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>4</sup>
Amendments to HKAS 16	Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>5</sup>
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 <sup>1</sup>
Annual Improvements to HKFRSs 2018-2020 Cycle	Amendment to HKFRS 9, Financial Instruments <sup>2</sup>
Annual Improvements to HKFRSs 2018-2020 Cycle	Amendment to illustrative examples accompanying HKFRS 16, Leases <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>5</sup> The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

## 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或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香港財務報告準則之修訂本已經頒佈，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。

香港會計準則第1號之修訂本	流動或非流動負債分類及香港詮釋第5號(2020)，財務報表的呈報— 借入人對載有按 要求償還條款的 定期貸款的分類 <sup>4</sup>
香港會計準則第16號之修訂本	用作擬定用途前的 所得款項 <sup>2</sup>
香港會計準則第37號之修訂本	虧損合約—履行合 約的成本 <sup>2</sup>
香港財務報告準則第 3號之修訂本	概念框架的引用 <sup>3</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>5</sup>
香港會計準則第39 號、香港財務報告 準則第4號、香港財 務報告準則第7號、 香港財務報告 準則第9號及香港 財務報告準則第16 號之修訂本	利率基準改革—第 二階段 <sup>1</sup>
香港財務報告準則 2018年至2020年 週期之年度改進	香港財務報告準則 第9號之修訂本， 金融工具 <sup>2</sup>
香港財務報告準則 2018年至2020年 週期之年度改進	香港財務報告準則 第16號隨附的 闡釋範例之 修訂本，租賃 <sup>2</sup>

<sup>1</sup> 於2021年1月1日或之後開始之年度期間生 效。

<sup>2</sup> 於2022年1月1日或之後開始之年度期間生 效。

<sup>3</sup> 對收購日期為2022年1月1日或之後開始的 首個年度期間開始當日或之後的業務合併 有效。

<sup>4</sup> 於2023年1月1日或之後開始之年度期間生 效。

<sup>5</sup> 該等修訂將追溯應用於有待釐定的日期或 之後開始的年度期間產生的資產出售或注 資。

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

### (b) New or amended HKFRSs that have been issued but are not yet effective (continued)

#### ***Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and Hong Kong Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause***

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Hong Kong Interpretation 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to Hong Kong Interpretation 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and does not change the existing requirements.

The directors of the Company do not anticipate that the application of the amendments and revision in the future will have an impact on the consolidated financial statements.

#### ***Amendments to HKAS 16, Proceeds before Intended Use***

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, are recognised in profit or loss.

The directors of the Company are currently assessing the impact that the application of the amendments will have on the Group’s consolidated financial statements. The directors of the Company anticipate that the application of the amendments will likely have an impact on the Group’s accounting policies in respect of the construction of assets, as certain proceeds of selling items produced whilst bringing assets under construction are currently deducted from the cost of the asset.

#### ***Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract***

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

## 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或經修訂香港財務報告準則（續）

#### ***香港會計準則第1號之修訂本，流動或非流動負債分類及香港詮釋第5號(2020)，財務報表的呈報—借款人對載有按要求償還條款的定期貸款的分類***

修訂本澄清，負債應基於報告期末存在之權利分類為流動或非流動負債，明確規定，分類不受有關實體是否會行使其延遲清償債務權利之預期，並闡述於報告期終倘已遵守契約，則存在該權利。修訂本引入「結算」的定義，以明確表示結算乃指將現金、股權工具、其他資產或服務轉移至交易對手方。

香港詮釋第5號(2020)因應於2020年8月頒佈香港會計準則第1號之修訂本而予以修訂。香港詮釋第5號(2020)之修訂更新詮釋之措辭以與香港會計準則第1號之修訂本一致，使結論並無變動及並無更改現有規定。

本公司董事預期日後應用該等修訂本及修訂將不會對綜合財務報表產生影響。

#### ***香港會計準則第16號之修訂本，用作擬定用途前的所得款項***

該等修訂本禁止從物業、機器及設備項目的成本中扣除資產達到能夠按照管理層擬定的方式開展經營所必要的位置及條件而產生的任何出售項目所得款項。反之，出售有關項目的所得款項及生產該等項目的成本於損益確認。

本公司董事當前正評估應用該等修訂本對本集團綜合財務報表的影響。本公司董事預期，應用該等修訂本將可能對本集團有關在建資產的會計政策有所影響，因於在建資產之已生產銷售項目之若干所得款項當前是從資產成本中扣除。

#### ***香港會計準則第37號之修訂本，虧損合約—履行合約的成本***

該等修訂本訂明「履行合約的成本包括與合約直接相關的成本」。與合約直接相關的成本既可為履行合約的增量成本（如直接勞工及材料），亦可為與履行合約直接相關的其他成本分配（如用於履行合約的物業、機器及設備項目的折舊支出分配）。

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

### (b) New or amended HKFRSs that have been issued but are not yet effective (continued)

#### **Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract** (continued)

The directors of the Company are currently assessing the impact that the application of the amendments will have on the Group’s consolidated financial statements. The directors of the Company anticipate that the application of the amendments will likely have an impact on the Group’s accounting policies in respect of the determination of when contracts are onerous, and the measurement of provision for onerous contracts recognised.

#### **Amendments to HKFRS 3, Reference to the Conceptual Framework**

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC) Interpretation 21, Levies, the acquirer applies HK(IFRIC) Interpretation 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

#### **Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture.

The directors of the Company anticipate that the application of these amendments may have an impact on the consolidated financial statements in future periods should such transaction arise.

## 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或經修訂香港財務報告準則（續）

#### **香港會計準則第37號之修訂本，虧損合約—履行合約的成本**（續）

本公司董事當前正評估應用該等修訂本對本集團綜合財務報表的影響。本公司董事預期，應用該等修訂本將可能對本集團有關確定合約產生虧損時間以及已確認虧損合約撥備計量的會計政策有所影響。

#### **香港財務報告準則第3號之修訂本，概念框架的引用**

該等修訂本更新香港財務報告準則第3號，令其指經修訂2018年財務報告概念框架，而非於2010年頒佈的版本。該等修訂本為香港財務報告準則第3號增加一項要求，即對香港會計準則第37號範圍內的義務而言，收購方應於收購日期應用香港會計準則第37號確定是否因過往事件而存在當前義務。就屬於香港（國際財務報告詮釋委員會）詮釋第21號，徵費，範圍的徵費而言，收購方應用香港（國際財務報告詮釋委員會）詮釋第21號確定導致支付徵費責任的義務事件是否已於收購日期前發生。該等修訂本亦增加明確聲明，即收購方不確認於業務合併收購的或有資產。

本公司董事預期日後應用該等修訂本及修訂將不會對綜合財務報表產生影響。

#### **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**

該等修訂本澄清投資者與其聯營公司或合營企業之間出現的資產出售或注資情況。當與聯營公司或合營公司之交易以權益法入賬時，失去對並無包含業務之附屬公司的控制權產生之收益或虧損於損益確認且僅以非相關投資者於該聯營公司或合營公司之權益為限。類似地，按於成為聯營公司或合營公司之任何前附屬公司之保留權益公平價值重新計量產生之收益或虧損，於損益確認且僅以非相關投資者於新聯營公司或合營公司之權益為限。

本公司董事預期應用該等修訂本可能對未來期間之綜合財務報表產生影響（倘發生有關交易）。

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

### (b) New or amended HKFRSs that have been issued but are not yet effective (continued)

#### **Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16, Interest Rate Benchmark Reform – Phase 2**

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the “Reform”). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

#### **Annual Improvements to HKFRSs 2018-2020 Cycle, Amendment to HKFRS 9, Financial Instruments**

The annual improvements amend a number of standards, including HKFRS 9, Financial Instruments, which clarify the fees included in the ‘10 per cent’ test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other’s behalf are included.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on consolidated the financial statements.

#### **Annual Improvements to HKFRSs 2018-2020 Cycle, Amendment to illustrative examples accompanying HKFRS 16, Leases**

The annual improvements amend a number of standards, including HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

## 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或經修訂香港財務報告準則（續）

#### **香港會計準則第39號、香港財務報告準則第4號、香港財務報告準則第7號、香港財務報告準則第9號及香港財務報告準則第16號之修訂本，利率基準改革－第二階段**

該等修訂本解決因利率基準改革（「改革」）而導致公司以替代基準利率取替舊利率基準時可能影響財務報告之問題。該等修訂對於2019年11月頒佈之修訂進行補充，內容有關：(a)合約現金流量之變化，而實體毋須就改革要求之變動終止確認或調整金融工具之賬面值，而是更新實際利率以反映替代基準利率之變動；(b)對沖會計處理，倘對沖滿足其他對沖會計標準，則實體毋須僅因其作出改革所要求之變更而中止其對沖會計處理；及(c)披露，實體將被要求披露有關改革產生之新風險以及其如何管理過渡至替代基準利率之資料。

本公司董事預期日後應用該等修訂本將不會對綜合財務報表產生影響。

#### **香港財務報告準則2018年至2020年週期之年度改進，香港財務報告準則第9號之修訂本，金融工具**

年度改進修訂多個準則（包括香港財務報告準則第9號金融工具），其釐清於評估是否終止確認金融負債時計入香港財務報告準則第9號第B3.3.6段中「百分之十」測試之費用，解釋僅計入實體與貸款人之間支付或收取之費用（包括實體或貸款人代表另一方支付或收取之費用）。

本公司董事預期日後應用該等修訂本將不會對綜合財務報表產生影響。

#### **香港財務報告準則2018年至2020年週期之年度改進，香港財務報告準則第16號隨附的闡釋範例之修訂本，租賃**

年度改進修訂多個準則（包括香港財務報告準則第16號租賃），其修訂用作說明之例子13，以刪除出租人償還租賃物業裝修之說明，以解決因該例子中如何說明租賃獎勵措施而可能出現與處理租賃獎勵有關之任何潛在混淆情況。

本公司董事預期日後應用該等修訂本將不會對綜合財務報表產生影響。

### 3. REVENUE AND SEGMENT INFORMATION

The board of directors of the Company (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 segments for the year.

2020	2020年	Hong Kong 香港 HK\$'000 千港元	The PRC 中國 HK\$'000 千港元	Taiwan 台灣 HK\$'000 千港元	Korea 韓國 HK\$'000 千港元	Sri Lanka 斯里蘭卡 HK\$'000 千港元	America 美洲 HK\$'000 千港元	Europe 歐洲 HK\$'000 千港元	Others 其他地區 HK\$'000 千港元	Segment total 分類總值 HK\$'000 千港元	Eliminations 對銷 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Revenue	營業額											
External sales	對外銷售	608,561	1,602,187	352,448	398,678	737,851	205,977	57,174	980,354	4,943,230	-	4,943,230
Inter-segment sales (note)	分類間銷售 (附註)	2,581,795	1,216,163	-	-	200,970	-	-	57,461	4,056,389	(4,056,389)	-
Total segment revenue	分類營業額總值	3,190,356	2,818,350	352,448	398,678	938,821	205,977	57,174	1,037,815	8,999,619	(4,056,389)	4,943,230
Results	業績											
Segment profit	分類盈利	58,644	175,986	37,969	42,891	65,244	7,870	6,163	103,929			498,696
Interest income	利息收入											7,574
Unallocated income	未分配收入											1,635
Depreciation, amortisation and impairment loss	折舊、攤銷及減值損失											(211,477)
Other unallocated expenses	其他未分配支出											(156,977)
Finance costs	融資成本											(19,562)
Share of profit of an associate	應佔一間聯營公司之盈利											2,256
Profit before income tax expense	除所得稅支出前盈利											122,145

### 3. 營業額及分類資料

本公司董事會（「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，主要為孟加拉國、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。

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

### 3. 營業額及分類資料 (續)

2019	2019年	Hong Kong 香港 HK\$'000 千港元	The PRC 中國 HK\$'000 千港元	Taiwan 台灣 HK\$'000 千港元	Korea 韓國 HK\$'000 千港元	Sri Lanka 斯里蘭卡 HK\$'000 千港元	America 美洲 HK\$'000 千港元	Europe 歐洲 HK\$'000 千港元	Others 其他地區 HK\$'000 千港元	Segment total 分類總值 HK\$'000 千港元	Eliminations 對銷 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Revenue	營業額											
External sales	對外銷售	1,024,837	1,820,310	648,284	696,241	874,650	407,693	56,220	1,077,420	6,605,655	-	6,605,655
Inter-segment sales (note)	分類間銷售 (附註)	3,835,433	1,877,950	-	-	290,897	-	-	127,171	6,131,451	(6,131,451)	-
Total segment revenue	分類營業額總值	4,860,270	3,698,260	648,284	696,241	1,165,547	407,693	56,220	1,204,591	12,737,106	(6,131,451)	6,605,655
Results	業績											
Segment profit	分類盈利	94,966	201,706	66,209	71,100	84,885	21,913	5,741	109,419			655,929
Interest income	利息收入											10,058
Unallocated income	未分配收入											2,035
Depreciation, amortisation and impairment loss	折舊、攤銷及減值損失											(240,078)
Other unallocated expenses	其他未分配支出											(181,914)
Finance costs	融資成本											(37,047)
Share of profit of an associate	應佔一間聯營公司之盈利											636
Profit before income tax expense	除所得稅支出前盈利											209,619

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。

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 of investment properties, property, plant and equipment and other intangible assets, interest income, impairment loss and loss on disposal/written-off of property, plant and equipment, finance costs, share of profit of an associate, 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.

分類盈利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（包括與非生產有關之僱員福利開支、董事酬金、銀行費用等）、投資物業、物業、機器及設備及其他無形資產之折舊及攤銷、利息收入、物業、機器及設備之減值損失及出售／撇銷虧損、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)

#### Disaggregation of revenue

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

		2020 HK\$'000 千港元	2019 HK\$'000 千港元
<b>Revenue from contracts with customers within the scope of HKFRS 15:</b>	<b>香港財務報告準則第15號範圍內的客戶合同收入：</b>		
Production and sales of dyed fabrics and yarns	製造及銷售色布及紗	4,322,991	5,804,550
Production and sales of garments	製造及銷售成衣	620,239	801,105
		<b>4,943,230</b>	6,605,655
<b>Timing of revenue recognition:</b>	<b>確認收入的時間：</b>		
At a point in time	在某時間點	4,943,230	6,605,655
Transferred over time	隨時間轉移	-	-
		<b>4,943,230</b>	6,605,655

The following table provides information about trade and bills receivables and contract liabilities from contracts with customers.

下表提供有關營業及票據應收款項以及來自客戶合同的合約負債資料。

		At 31 December 於12月31日 2020 HK\$'000 千港元	At 31 December 於12月31日 2019 HK\$'000 千港元
Trade and bills receivables (note 10)	營業及票據應收款項 (附註10)	1,027,493	1,129,994
Contract liabilities	合約負債	22,014	15,315

#### 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 2020 and 31 December 2019.

#### 有關主要客戶之資料

截至2020年12月31日及2019年12月31日止年度，來自個別客戶之收入佔本集團營業總額均無超過10%。

### 4. FINANCE COSTS

Finance costs on:

Bank borrowings  
Lease liabilities

融資成本：

銀行借貸  
租賃負債

		2020 HK\$'000 千港元	2019 HK\$'000 千港元
		10,632	27,027
		8,930	10,020
		<b>19,562</b>	37,047

### 3. 營業額及分類資料 (續)

#### 營業額分列

按產品及按確認收入時間劃分的客戶合同收入分列如下：

### 4. 融資成本

## 5. INCOME TAX EXPENSE

## 5. 所得稅支出

		2020 HK\$'000 千港元	2019 HK\$'000 千港元
Current tax:	是年度稅項：		
Hong Kong	香港	9,969	11,042
The PRC	中國	22,203	39,158
Other jurisdictions	其他司法地區	8,806	9,677
		<b>40,978</b>	59,877
(Over)/under provision in prior years:	過往年度(超額撥備) / 撥備不足：		
Hong Kong	香港	(34)	(45)
The PRC	中國	(384)	547
Other jurisdictions	其他司法地區	1,601	2,115
		<b>1,183</b>	2,617
		<b>42,161</b>	62,494
Deferred tax:	遞延稅項：		
Hong Kong	香港	(3,117)	1,481
The PRC	中國	(15,711)	(14,836)
Other jurisdictions	其他司法地區	(2,779)	(6,334)
		<b>(21,607)</b>	(19,689)
		<b>20,554</b>	42,805

Under the Hong Kong two-tiered profits tax rates regime, the first HK\$2,000,000 of assessable profits of one subsidiary of the Company, which is a qualifying corporation, is taxed at 8.25% and the remaining assessable profits at 16.5%. The profits of other group entities not elected for the two-tiered profits tax rates regime will continue to be taxed at 16.5%.

根據香港利得稅兩級制，本公司一間為合資格企業的附屬公司的首2,000,000港元應課稅盈利稅率為8.25%，而餘下的應課稅盈利則為16.5%。不選取利得稅兩級制的其他集團實體之盈利將繼續按稅率16.5%課稅。

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%.

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%。

Pursuant to the relevant laws and regulations in Sri Lanka, the tax rate of Sri Lanka subsidiary is 14%.

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14%。

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

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. PROFIT FOR THE YEAR

## 6. 是年度盈利

		2020 HK\$'000 千港元	2019 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)：		
Amortisation of deferred income (note i) <sup>1</sup>	遞延收入之攤銷 (附註i) <sup>1</sup>	<b>(1,643)</b>	(1,622)
Amortisation of other intangible assets <sup>3</sup>	其他無形資產之攤銷 <sup>3</sup>	<b>3,015</b>	3,015
Auditors' remuneration	核數師之薪酬		
– BDO Limited	– 香港立信德豪會計師事務所有限公司	<b>2,913</b>	2,952
– Other auditors	– 其他核數師	<b>47</b>	48
Cost of inventories sold (note ii)	存貨銷售成本 (附註ii)	<b>4,332,098</b>	5,844,703
Depreciation of investment properties	投資物業之折舊	<b>3,735</b>	3,544
Depreciation and impairment of property, plant and equipment	物業、機器及設備之折舊及減值	<b>204,727</b>	233,519
Depreciation of right-of-use assets	使用權資產之折舊	<b>30,527</b>	29,945
Employee costs (including directors' emoluments)	僱員成本 (包括董事酬金)	<b>813,296</b>	963,911
Government grants (note iii) <sup>1</sup>	政府補貼 (附註iii) <sup>1</sup>	<b>(18,417)</b>	(4,005)
Interest income <sup>1</sup>	利息收入 <sup>1</sup>	<b>(7,574)</b>	(10,058)
Loss on disposal/written-off of property, plant and equipment <sup>2</sup>	出售／撇銷物業、機器及設備之虧損 <sup>2</sup>	<b>11,286</b>	14,841
Net exchange losses <sup>2</sup>	匯兌虧損淨值 <sup>2</sup>	<b>2,218</b>	1,120
Net rental income from investment properties <sup>1</sup>	投資物業之租金收入淨值 <sup>1</sup>	<b>(11,772)</b>	(11,282)
Provision for impairment loss recognised on trade and bills receivables, net <sup>2</sup>	營業及票據應收款項之減值損失撥備確認淨值 <sup>2</sup>	<b>13,966</b>	6,079
COVID-19-related rent concessions <sup>1</sup>	COVID-19相關租金減免 <sup>1</sup>	<b>(2,082)</b>	–
Research and development costs	研發成本	<b>35,197</b>	16,295
Written-off of other receivables <sup>2</sup>	撇銷其他應收款項 <sup>2</sup>	<b>–</b>	11

<sup>1</sup> Included in other revenue

<sup>2</sup> Included in other gains and losses

<sup>3</sup> Included in administrative expenses

### Notes:

- (i) Amortisation of deferred income represents grants received from the PRC local government authority as subsidies to the Group for acquiring property, plant and equipment for business development and energy saving scheme implemented by the PRC local government.
- (ii) Cost of inventories sold includes HK\$1,377,761,000 (2019: HK\$1,702,274,000) of staff costs, depreciation and impairment of property, plant and equipment, depreciation of right-of-use assets, subcontracting fee, recognition/(reversal) of write-down of inventories and other manufacturing overheads. Staff costs, depreciation and impairment of property, plant and equipment and depreciation of right-of-use assets are also included in the respective total amounts disclosed above for each of these types of expenses.
- (iii) Government grants include grants received from the PRC local government authority as subsidies to the Group for incentive of foreign trade and steady growth of business. There were no restrictions with the use of such government grants. Government grants also include government support programs introduced in response to the COVID-19 pandemic. Included in profit or loss is HK\$9,352,950 of government grants (2019: Nil) obtained relating to supporting the payroll of the Group's employees from the Hong Kong Government and the Macau Government. The Group has elected to present this government grant separately, rather than reducing the related expense. The Group had to commit to spending the assistance on payroll expenses, and not to reduce employee head count below prescribed levels for a specified period of time. At the end of the reporting period, the Group does not have any unfulfilled obligations relating to this program.

<sup>1</sup> 包括在其他收入內

<sup>2</sup> 包括在其他收益及虧損內

<sup>3</sup> 包括在行政費用內

### 附註：

- (i) 遞延收入攤銷指收取來自中國當地政府機構授予本集團用作購入物業、機器及設備之補貼，該等補貼乃用於業務發展及中國當地政府執行的節能計劃。
- (ii) 存貨銷售成本包括1,377,761,000港元（2019年：1,702,274,000港元）之員工成本、物業、機器及設備折舊及減值、使用權資產折舊、加工費用、撇銷存貨確認／(回撥)及其他製造費用。員工成本、物業、機器及設備折舊及減值以及使用權資產折舊亦已包括在上文所披露各類開支之相關總額內。
- (iii) 政府補貼包括收取來自中國當地政府機構授出作為本集團鼓勵外貿及業務穩定增長之補貼。該等政府補貼的使用並無限制。政府補貼亦包括因應COVID-19疫情而引入的政府支持計劃。自香港政府及澳門政府獲得與支持本集團僱員薪金有關的政府補貼9,352,950港元（2019年：無）計入損益。本集團已選擇單獨呈列該政府補貼，而非扣減相關開支。本集團須承諾將援助用於薪金開支且於特定時期內不得將僱員人數減少至規定水平以下。於報告期終，本集團並無與該計劃有關的任何未履行義務。

## 7. DIVIDENDS

## 7. 股息

		2020 HK\$'000 千港元	2019 HK\$'000 千港元
Dividend recognised as distribution during the year:	是年度已確認為分派之股息：		
2019 final dividend of HK9.28 cents (2018: HK10.64 cents) per share	2019年末期股息每股9.28港仙 (2018年：每股10.64港仙)	<b>113,683</b>	130,071
2019 special dividend of HK1.16 cents (2018: HK1.33 cents) per share	2019年特別股息每股1.16港仙 (2018年：每股1.33港仙)	<b>14,210</b>	16,259
		<b>127,893</b>	146,330

No interim dividend was paid or proposed for both years.

於兩個年度並無已付或擬派中期股息。

The final dividend of HK7.00 cents in respect of the year ended 31 December 2020 (2019: HK9.28 cents and special dividend of HK1.16 cents) per share, amounting to approximately HK\$85,752,000 (2019: HK\$113,683,000 and special dividend of HK\$14,210,000) has been recommended by the Board and will be subject to the approval of the shareholders at the forthcoming annual general meeting of the Company.

董事會建議派付截至2020年12月31日止年度之末期股息每股7.00港仙 (2019年：9.28港仙及特別股息1.16港仙)，金額達約85,752,000港元 (2019年：113,683,000港元及特別股息14,210,000港元)，並將須待股東於本公司應屆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:

## 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：

		2020 HK\$'000 千港元	2019 HK\$'000 千港元
<b>Earnings</b>	<b>盈利</b>		
Profit for the year attributable to ordinary equity shareholders of the Company for the purpose of computation 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普通股股權持有人應佔是年度盈利	<b>85,706</b>	141,089
		<b>2020</b>	2019
<b>Number of shares</b>	<b>股份數目</b>		
Weighted average number of ordinary shares for the purpose of computation 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	<b>1,225,026,960</b>	1,218,336,385
Effect of dilutive potential ordinary shares in respect of share options outstanding	有關尚未行使購股權對攤薄潛在普通股之影響	-	740,894
Weighted average number of ordinary shares for the purpose of computation 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	<b>1,225,026,960</b>	1,219,077,279

## 8. EARNINGS PER SHARE (continued)

### (a) Basic earnings per share

The computation of basic earnings per share for the year ended 31 December 2020 is based on the profit attributable to ordinary equity shareholders of the Company of HK\$85,706,000 (2019: HK\$141,089,000) and the weighted average of 1,225,026,960 ordinary shares (2019: 1,218,336,385 ordinary shares) during the year.

### (b) Diluted earnings per share

The Company had no potentially dilutive ordinary shares outstanding for the year ended 31 December 2020. The computation of diluted earnings per share for the year ended 31 December 2019 was based on the profit attributable to ordinary equity shareholders of the Company of HK\$141,089,000 and the weighted average of 1,219,077,279 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 the 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.

## 9. INVENTORIES

		At 31 December 於12月31日 2020 HK\$'000 千港元	At 31 December 於12月31日 2019 HK\$'000 千港元
Spare parts	備件	26,165	35,597
Raw materials	原料	437,988	489,695
Work-in-progress	半製品	380,750	422,006
Finished goods	製成品	373,266	308,608
		<b>1,218,169</b>	1,255,906

## 10. TRADE AND BILLS RECEIVABLES

		At 31 December 於12月31日 2020 HK\$'000 千港元	At 31 December 於12月31日 2019 HK\$'000 千港元
Trade receivables	營業應收款項	857,558	913,513
Bills receivables	票據應收款項	194,991	231,019
Less: allowance for doubtful debts	減：呆賬撥備	(25,056)	(14,538)
		<b>1,027,493</b>	1,129,994

## 8. 每股盈利 (續)

### (a) 每股基本盈利

截至2020年12月31日止年度之每股基本盈利乃按年內本公司普通股股權持有人應佔盈利85,706,000港元(2019年: 141,089,000港元)及加權平均數目1,225,026,960股普通股(2019年: 1,218,336,385股普通股)計算。

### (b) 每股攤薄盈利

截至2020年12月31日止年度,本公司並無發行在外之具潛在攤薄影響之普通股。截至2019年12月31日止年度之每股攤薄盈利乃於調整經由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141,089,000港元及加權平均數目1,219,077,279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按公平價值(釐定為本公司普通股之平均市價)可收購之普通股數目。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。

## 9. 存貨

	At 31 December 於12月31日 2020 HK\$'000 千港元	At 31 December 於12月31日 2019 HK\$'000 千港元
Spare parts	26,165	35,597
Raw materials	437,988	489,695
Work-in-progress	380,750	422,006
Finished goods	373,266	308,608
	<b>1,218,169</b>	1,255,906

## 10. 營業及票據應收款項

	At 31 December 於12月31日 2020 HK\$'000 千港元	At 31 December 於12月31日 2019 HK\$'000 千港元
Trade receivables	857,558	913,513
Bills receivables	194,991	231,019
Less: allowance for doubtful debts	(25,056)	(14,538)
	<b>1,027,493</b>	1,129,994

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

		<b>At 31 December</b> 於12月31日 <b>2020</b> <i>HK\$'000 千港元</i>	At 31 December 於12月31日 2019 <i>HK\$'000 千港元</i>
Within 1 month	1個月內	<b>586,759</b>	667,466
1 to 2 months	1至2個月	<b>278,901</b>	322,236
2 to 3 months	2至3個月	<b>116,324</b>	93,737
Over 3 months	3個月以上	<b>70,565</b>	61,093
		<b>1,052,549</b>	1,144,532
Less: allowance for doubtful debts	減：呆賬撥備	<b>(25,056)</b>	(14,538)
		<b>1,027,493</b>	1,129,994

## 11. TRADE AND BILLS PAYABLES

Trade payables  
Bills payables

營業應付款項  
票據應付款項

**631,840**  
**332,891**

640,537  
183,261

**964,731**

823,798

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

		<b>At 31 December</b> 於12月31日 <b>2020</b> <i>HK\$'000 千港元</i>	At 31 December 於12月31日 2019 <i>HK\$'000 千港元</i>
Within 1 month	1個月內	<b>726,372</b>	627,948
1 to 2 months	1至2個月	<b>146,890</b>	117,429
2 to 3 months	2至3個月	<b>49,141</b>	38,800
Over 3 months	3個月以上	<b>42,328</b>	39,621
		<b>964,731</b>	823,798

## 10. 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發票日期於報告期終的賬齡分析如下：

## 11. 營業及票據應付款項

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：

## 11. TRADE AND BILLS PAYABLES (continued)

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

As at 31 December 2020, bills payables of HK\$28,991,000 (31 December 2019: HK\$19,313,000) were secured by the Group's restricted bank deposits of HK\$5,798,000 (31 December 2019: HK\$5,767,000).

The credit period on purchase of goods ranges from 30 days to 120 days.

## 12. SHARE CAPITAL

		At 31 December 於12月31日 2020		At 31 December 於12月31日 2019	
		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				
At beginning of the year	於年初	1,225,026,960	889,810	1,205,026,960	865,716
Exercise of share options	行使購股權	-	-	20,000,000	24,094
At end of the year	於年終	1,225,026,960	889,810	1,225,026,960	889,810

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.

## 11. 營業及票據應付款項 (續)

於報告期終，本集團之所有票據應付款項均未到期。

於2020年12月31日，票據應付款項28,991,000港元(2019年12月31日：19,313,000港元)乃由本集團之受限制銀行存款5,798,000港元(2019年12月31日：5,767,000港元)作為抵押。

購貨的信貸期介乎30天至120天。

## 12. 股本

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

## BUSINESS REVIEW

2020 was the most difficult year in the Fountain Set Group's business history in the past decade. Since the beginning of the year, the Fountain Set Group was bombarded by both the domestic COVID-19 epidemic and the global COVID-19 pandemic (the "Pandemic"), and had experienced the most serious business crisis in its development history due to market standstill and faced unprecedented risks and pressure in our operation. In this crisis, the Fountain Set Group overcame the difficulties and went through the testing. With its management experience accumulated through self-reform and development as well as its industry-leading manufacturing capabilities, the Fountain Set Group made concerted efforts and worked diligently to overcome major operating risks, maintained the foundation for corporate survival, reduced operating losses, and strived to restore operating growth. By the end of the second quarter of 2020, its operating performance had resumed growth, and operating conditions became stable with improvement.

Due to the disturbance of production and business caused by the Pandemic, the revenue of the Group for the year ended 31 December 2020 decreased by 25.2% to HK\$4,943,230,000 (2019: HK\$6,605,655,000). The decrease was the result of the extremely disruption of the overall consumer market including city lockdowns, temporary suspension of retail operation as well as temporary closure of the production plants led by the Pandemic in 2020. All staff of the Group worked very hard to achieve a rebound of 35.4% on revenue from HK\$2,099,734,000 during the first half of 2020 ("1H2020") (first half of 2019 ("1H2019"): HK\$3,388,393,000) to HK\$2,843,496,000 during the second half of 2020 ("2H2020") (second half of 2019 ("2H2019"): HK\$3,217,262,000). During the year under review, the Group's fabric year-on-year volume reduction was approximately 21.4% whereas the average selling price decreased by 5.6% year-on-year.

Although the revenue reduced noticeably in the full year of 2020 which was mainly due to the significantly reduced revenue during the beginning of the Pandemic in 1H2020, given the relatively stable prices of cotton yarn, being the major raw materials of the Group as well as the continuous stringent reduction in cost of goods sold and the further market consolidation, the gross profit margin of the Group in 2020 was higher than the corresponding period last year by 0.9 percentage point to 12.4% (2019: 11.5%). The gross profit of 2H2020 was HK\$53,440,000 higher than the corresponding period last year to HK\$397,488,000 (2H2019: HK\$344,048,000) while the gross profit margin of 2H2020 was 3.3 percentage points higher than the corresponding period last year to 14.0% (2H2019: 10.7%).

## 管理層討論及分析

### 業務回顧

2020年是福田集團近十年來經營歷程中最艱難的一年。年初以來，福田集團受到國內疫情和全球疫情（「疫情」）的雙重衝擊，經歷了公司發展歷程中最為嚴重的一次，由於市場停頓而引發嚴重的經營危機，經營面臨的風險和壓力前所未有。在這場危機中，福田集團克服困難，經受考驗，憑借自身改革發展中積累的管理經驗和行業領先的生產製造能力，齊心協力，頑強拼搏，著力化解重大經營風險，維護企業生存基礎，減少經營損失，努力恢復經營增長。至2020年第二季度末，經營業績恢復增長，經營狀態穩定向好。

由於疫情引致的生產及業務上的擾亂，集團於截至2020年12月31日止年度的營業額減少25.2%至4,943,230,000港元（2019年：6,605,655,000港元）。此乃由於2020年疫情導致整個消費市場受到嚴重破壞的結果，包括城市封鎖、零售業暫停及生產工廠暫時關閉。集團全體員工勤奮努力，實現營業額由2020年上半年（「2020年上半年」）的2,099,734,000港元（2019年上半年（「2019年上半年」）：3,388,393,000港元）反彈35.4%至2020年下半年（「2020年下半年」）的2,843,496,000港元（2019年下半年（「2019年下半年」）：3,217,262,000港元）。於回顧年內，集團面料出貨量按年減少約21.4%，而平均售價則按年減少5.6%。

儘管營業額於2020年全年明顯減少（此乃主要由於2020年上半年疫情初期營業額大幅減少所致），但由於集團的主要原材料棉紗價格相對穩定以及持續嚴格實施降低銷售成本策略和進一步的市場整合，因此，本集團2020年的毛利率高於去年同期0.9個百分點至12.4%（2019年：11.5%）。2020年下半年的毛利高於去年同期53,440,000港元至397,488,000港元（2019年下半年：344,048,000港元），而2020年下半年的毛利率高於去年同期3.3個百分點至14.0%（2019年下半年：10.7%）。

Thanks to the tightened control in the distribution and selling expenses, the administrative expenses as well as the finance costs in 2020, the earnings before interest, tax, depreciation and amortisation margin was 6.4% in 2020, the second highest for the past seven financial years, which was almost flat when compared with the same period last year (2019: 6.6%). The profit for the period in 2H2020 increased by 54.9% when comparing with the same period last year to HK\$118,023,000 (2H2019: HK\$76,217,000). In addition, the profit for the period was a significant jump from a loss for the period of HK\$16,432,000 in 1H2020 to a profit of HK\$118,023,000 in 2H2020. Overall, the profit for the year in 2020 was HK\$101,591,000, a reduction of only 39.1% (2019: HK\$166,814,000) despite there was a loss in 1H2020. The profit margin increased by 1.8 percentage points to 4.2% in 2H2020 (2H2019: 2.4%), while the profit margin for the full year of 2020 was 2.1% (2019: 2.5%) which showed how hard the Group worked towards achieving the profit recovery from the loss in 1H2020. Basic earnings per share in 2020 was HK7.0 cents (2019: HK11.6 cents).

## Final Dividend

After reviewing the financial results and cash flow situation of the Group, the Board has resolved to recommend the payment of a final dividend of HK7.00 cents per share in respect of the year ended 31 December 2020 (the "Final Dividend"). The total dividend for the year ended 31 December 2020 would be HK7.00 cents per share (payout ratio: 100%), as compared with HK10.44 cents per share (payout ratio: 90%) for the year ended 31 December 2019. Subject to the approval of the shareholders of the Company (the "Shareholders") at the forthcoming annual general meeting of the Company to be held on Friday, 7 May 2021, it is expected that the payment of the Final Dividend will be made on or about Monday, 31 May 2021. Going forward in 2021, the Group expects to maintain a similar range of dividend payout ratio as our dividend policy so as to provide rewarding investment return to the Shareholders, subject to the dividend policy.

## (1) Combating against the Pandemic and striving to resume work and production

In the beginning of 2020, with the Pandemic spreading domestically in the PRC, most parts of the country were in an emergency and occluded anti-pandemic state and economic operation came to a standstill. The Fountain Set Group's production enterprises had suspended their operation and production and resulted in serious economic losses. The management of the Fountain Set Group mobilised and united all circles to resolutely win the battle against the "pandemic".

All staff under the Fountain Set Group made preparations for the Pandemic prevention and control and production of the Company and its subsidiaries. With the president's office as the highest accountable authority, and the hierarchical executive agency and implementation work units being set up to form a group prevention and control regime under unified management and three-tier accountability units, the Pandemic prevention work response plans were elaborately formulated and strived to achieve scientific and effective measures with detailed implementation responsibilities.

得益於2020年對分銷及銷售費用、行政費用以及融資成本的嚴格控制，於2020年的息稅折舊及攤銷前利潤率為6.4%，為過去七個財政年度的第二高水平，與去年同期相比幾乎持平（2019年：6.6%）。2020年下半年的期間盈利較去年同期增加54.9%至118,023,000港元（2019年下半年：76,217,000港元）。此外，是期間盈利由2020年上半年是期間虧損16,432,000港元大幅上升至2020年下半年盈利118,023,000港元。整體而言，儘管2020年上半年錄得虧損，但2020年的年度盈利為101,591,000港元，降幅只有39.1%（2019年：166,814,000港元）。2020年下半年盈利率提高1.8個百分點至4.2%（2019年下半年：2.4%），而2020年全年的盈利率為2.1%（2019年：2.5%），表明集團為扭轉2020年上半年虧損並達至盈利復蘇所付出的積極努力。2020年每股基本盈利為7.0港仙（2019年：11.6港仙）。

## 末期股息

經審視集團之財務業績及現金流情況，董事會決議建議就截至2020年12月31日止年度派發每股7.00港仙末期股息（「末期股息」）。截至2020年12月31日止年度總股息為每股7.00港仙（派息比率：100%），相對截至2019年12月31日止年度總股息為每股10.44港仙（派息比率：90%）。待在即將於2021年5月7日（星期五）舉行的本公司股東週年大會上獲本公司股東（「股東」）批准後，末期股息預期將於2021年5月31日（星期一）或之前派付。展望2021年，除受限於股息政策外，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股東。

## (1) 抗擊疫情，全力推進復工復產

2020年初，國內疫情擴散，全國大部分地區相繼進入緊急封閉抗疫狀態，經濟運行陷入停頓，福田集團各生產企業停工停產，經濟損失嚴重。在正確領導下，福田集團全體動員，緊密團結，堅決打贏防「疫」戰。

福田集團全體動員，做好公司及下屬生產企業疫情防控和生產準備工作。以集團總裁辦公會為最高責任機構，分層下設執行機構和落實工作單位，形成統一管理、三級責任單位落實的群防群控體系，精細制定防疫工作應對預案，力爭做到措施科學有效，責任細化落實。

Since February 2020, the Fountain Set Group launched an emergency coordination mechanism for production, supply and sales to ensure that the preparation for resumption of work and production and the Pandemic prevention and control were in place, and a secured system for raw materials preparation, energy supply, logistics protection and rapid response mechanism was established. Its enterprises began to resume work in batches in an orderly manner on 9 February 2020, and employees started production works on 11 February 2020. At the same time, while all parts of the country were still under lockdown, companies had tried their best to take various measures to bring most of their employees back to the factory to resume production. The Fountain Set Group's subordinate companies had used large transportation vehicles on over 100 occasions. More than 800 employees scattered in three provinces and regions and over 50 counties and cities were transported back to the factory in only two days and the first batch of products were packaged and shipped on 12 February 2020.

## **(2) Resisting risks and maintaining enterprise survival foundation**

The Pandemic broke out globally and caused abrupt impact to the market. Since its global widespread in late March 2020, countries had successively adopted occluded measures and markets came to a standstill. The global retail market suffered the most. Except for large-scale supermarkets in Europe and the United States of America (the "USA") offering daily necessities that met the space requirements of the Pandemic prevention, all textile and apparel retail stores were temporarily closed due to lockdown and the Pandemic prevention measures adopted by various countries. At the same time, under the impact of the Pandemic, brand commercial companies had ceased operation in accordance with government regulations and restrictions. Companies and commercial organisations, including major clothing brand companies in USA, stopped their operations. Furthermore, regions in Central America, South Asia, including Sri Lanka, Bangladesh and other countries with concentrated clothing manufacturing were affected by the Pandemic, with a large number of clothing companies halted their production.

The European and American markets had come to a complete standstill, the demand for textile and apparel markets plummeted, and the operation of the global textile supply chain was interrupted. The direct impact on textile export companies, including the Fountain Set Group, was a sharp reduction in orders and the operating situation for textile and apparel export companies was acute.

自2020年2月，福田集團啟動產供銷應急聯動協調機制，保證復工復產與疫情防控準備落實到位，建立原料準備、能源供應、物流保障、快速響應的保障體系。各生產企業於2020年2月9日開始分批有序復工，各企業人員陸續到崗，並於2020年2月11日開始生產。同時，在國內各地尚處在封閉狀態下，各生產企業想盡辦法，採取各項措施，將大部分員工從各地接回工廠復工生產。福田集團下屬生產企業累計動用大型交通車輛100餘次，將分佈在三省區、50多個縣市的800餘名員工接運到廠，並僅用兩天的時間，將首批產品於2020年2月12日裝運出廠。

## **(2) 抵禦風險，維護企業生存基礎**

新冠疫情在全球範圍爆發，疫情對市場造成突如其來的衝擊。自2020年3月下旬疫情在全球蔓延以來，各國相繼採取封閉措施，市場陷入停頓。全球零售市場受到的衝擊最大，由於各國採取隔離防疫措施，歐洲及美利堅眾合國（「美國」）地區除保障生活必需的符合防疫空間要求的大型超市以外，紡織服裝零售實體商店全部暫停營業。同時，品牌商業公司在疫情影響下，按照各國政府的規定限制，公司及各地商業機構停止運作，其中包括美國各主要服裝品牌企業。此外，中美洲地區，南亞地區，包括斯里蘭卡、孟加拉等服裝製造集中國家受疫情影響，大量製衣企業停產。

歐美市場全面陷入停頓，紡織服裝市場需求銳減，全球紡織供應鏈的運作中斷，對包括福田在內的紡織出口企業的直接影響是訂單急劇減少，紡織服裝出口企業經營形勢嚴峻。

**(i) Efforts to restore production and stabilise business operation**

The lengthy impact of the Pandemic on export textile companies was unexpected, and production companies were facing operation difficulties. Apart from Chinese New Year holidays, the industries affected by the Pandemic suffered losses overall in February 2020. After the full resumption of production and work in March 2020, it was hit by the Pandemic when both the production and exports dropped significantly from April to June 2020. After the production and work resumption, various production companies under the Fountain Set Group faced the arduous task of making up for the shipment delay of a large number of pre-ordered products and ensuring the delivery of current orders in March 2020. While the Pandemic has not yet mitigated, the production companies under the Fountain Set Group overcame various difficulties such as labour shortage, insufficient technical staff and raw materials shortage. Works needed to be rushed and it endeavoured to increase production capacity, ensured current products delivery to make up for the delay in production shortage in February 2020, so as to recover the operating losses caused by the Pandemic. In early April 2020, the Pandemic outbreak reached its peak. Most of the Fountain Set's major buyers had ceased operations, and all of their retail stores in European and American countries were suspended. Therefore, from April to June 2020, major customers reduced orders substantially.

**(ii) Striving relentlessly to resist business risk impact**

With its group companies not occurring major risk incidents and production activities of production units kept on operating, these were the foundation conditions for maintaining the survival and development of an enterprise. Stabilising the business status, avoiding major business risks, and minimising losses to the greatest extent caused by the Pandemic impact were the core tasks of the management of the Fountain Set Group this year.

In the 1H2020, despite the huge impact on its operations, the Fountain Set Group calmly responded to the risk situation and took decisive measures to protect and self-rescue, and spared no efforts to maintain the foundation for its survival.

First of all, while controlling the new raw materials inventory under the approach of "produce based on sales, prepare materials based on production", the purpose of reducing inventory level was achieved by concentrated consumption of raw materials and finished products inventory caused by order cancellation and reduction.

Secondly, by adopting measures such as intensifying efforts in receivables collection, investigating customers credit risks, and collecting overdue accounts receivable in a centralised manner, the Group strictly controlled credit limits, enhanced capital management, stringent income and expenditure breakeven, adjusted capital reserves, and accelerated liquidity turnover. As a result, the Group maintained its liquidity ability in payments.

**(i) 努力恢復生產穩定企業經營**

疫情對出口紡織企業影響持續時間之長始料未及，各生產企業經營困難。除農曆新年假期影響以外，2020年2月份受國內疫情影響行業普遍虧損，2020年3月份全面復產復工後又受到全球疫情帶來的市場衝擊，並集中表現在第二季度2020年4月至6月生產量和出口量大幅下降。復產復工後，2020年3月份福田集團各生產企業都面臨補交前期大量訂單產品出貨和保證當期訂單產品交貨的艱巨任務。在疫情尚未緩解的情況下，福田集團下屬生產企業克服生產人員短缺、技術人員不足、原料物資供應緊缺等各種困難，加緊趕工，努力提高產能，保證當期產品交貨，補足2020年2月開工不足延遲交貨的產品，挽回疫情造成的經營損失。至2020年4月初，全球疫情爆發進入高峰，福田公司主要買家已停止運作，其位於歐美國家的全部零售店鋪暫停營業。因此，2020年4月至6月期間，主要客戶減單幅度較大。

**(ii) 頑強拚搏抵禦經營風險衝擊**

集團企業運營不發生重大風險事故，生產企業生產活動不停止運轉，是保持企業生存乃至於發展的基礎條件，穩定福田集團的經營狀態，避免發生重大經營風險，進而把疫情衝擊造成的損失減少到最小範圍，是今年福田集團經營管理工作的核心任務。

2020年上半年，福田集團經營遭受巨大的衝擊，福田集團沉着應對風險局面，果斷採取措施自保自救，全力維護企業生存基礎。

首先，在採取「以銷定產、以產備料」的方式使新增原料庫存得以控制的同時，通過集中消化因訂單取消和減少造成的原料和成品庫存，實現了壓降庫存的目的。

其次，通過採取加大力度催收貨款，排查客戶信用風險，集中催收逾期應收賬款等措施，嚴格控制信用額度，加強資金管理，嚴格收支平衡，調整資金儲備，加快了資金周轉速度，使資金支付能力得以保持。

Thirdly, by controlling the total number of staff, adjusting staff structure, and reducing surplus staff, the Group's labour costs and expenses were significantly reduced.

Fourthly, by adjusting marketing policies, the Group associated with major customers and major buyers to establish a mechanism for mutual assistance and cooperation in responding to crises. Through the joint formulation in market strategies, pricing strategies and product strategies, the Group, major customers and major buyers worked together to respond to the impact of the Pandemic.

### **(3) Withstanding the challenges with business resuming growth with positive development**

In 2020, owing to the dual impact of domestic and foreign Pandemic, the Fountain Set Group suffered the most serious business crisis in its history caused by market standstill. During this crisis, the Fountain Set Group overcame the difficulties, went through the testing, worked together and strived hard to resolve major business risks, maintained business survival foundation, reduced operating losses and endeavoured to restore operating growth. By the end of the second quarter of 2020, the operating results had achieved recovery growth, and our operating conditions were stable and improving.

#### ***(i) Overcoming difficulties to recover operating losses caused by the Pandemic***

Given that the world-wide Pandemic might still pose a secondary impact on global economic recovery, it would take a long and difficult process for the market to fully recover back to the level before the Pandemic. In the third quarter of 2020, the Fountain Set Group seized the favourable opportunity of the Pandemic mitigation and adopted aggressive sales strategies. By lean and flexible production organisation, accurate and efficient supply security, it gave full play to the advantages of "production, supply and sales integration" management, proactively catered market demand and rapidly increased production capacity to enter a period of business recovery and growth ahead of industry peers after the Pandemic outbreak.

Since the fourth quarter of 2020, the apparel market recovered slowly and brought growth in orders for production enterprises, however the unfavourable factors affecting market recovery also increased gradually. The impact of the Pandemic on the market caused changes in market procurement and supply mechanism and product structure, weakened bulk purchase predictability, changed the structure of demand varieties, and increased the varieties for random purchase and trial sales. The halt in sales and the inventory pressure in spring and summer had caused production enterprises and brand companies to operate under tremendous pressure, with sluggish sales growth and slow processing in postponed orders and delayed inventory supply. The procurement and supply system of raw materials faced reorganisation due to various factors. Production costs had little room for reduction, with labour shortage and reduced mobility occurred, and labour costs went up. The increase in orders in small batches, multiple varieties and short delivery periods became the main pressure in production.

第三，以控制人員總量，調整人員結構，減少富餘人員等方式，使各項人工成本和費用支出得以明顯降低。

第四，調整營銷政策，聯合大客戶和主要買家，建立互助合作應對危機的機制，通過共同制定市場策略、價格策略和產品策略，使各方共同應對疫情衝擊的設想得以實現。

### **(3) 經受考驗，經營恢復增長企穩向好**

2020年，受到國內、國外疫情的雙重衝擊，福田集團遭受了公司歷年來最為嚴重的一次由於市場停頓而引發的嚴重的經營危機。在這場危機中，福田集團克服困難，經受考驗，齊心協力，頑強拚搏，著力化解重大經營風險，維護企業生存基礎，減少經營損失，努力恢復經營增長。至2020年第二季度末，公司經營業績實現恢復性增長，經營狀態穩定向好。

#### ***(i) 克服困難挽回疫情造成的經營損失***

鑒於全球疫情仍有可能對全球經濟的恢復帶來二次衝擊，市場完全恢復到疫情之前的水平仍需要經歷一個漫長而艱難的過程。進入2020年第三季度後，福田集團抓住全球疫情趨緩的有利時機，採取積極進取的銷售策略，精益柔性的生產組織，準確高效的供應保障，發揮「產供銷一體化」經營管理的優勢，主動迎合市場需求，快速提升生產能力，先於同行企業在疫情爆發後進入經營恢復增長期。

自2020年第四季度以來，服裝市場的緩慢恢復給生產企業訂單帶來增長，但影響市場恢復的不利因素也逐漸增大。全球疫情對市場造成的衝擊使市場採購供應體系和產品結構發生改變，採購批量預計性減弱，需求品種結構產生變化，隨機性採購和試銷品種增加。銷售停頓和春夏兩季庫存的壓力使生產企業和品牌企業負重運行，銷售增長乏力，遲期訂單、緩交庫存處理緩慢。原料採購供應體系受到多種因素影響面臨重組。生產成本壓降空間有限，勞動力短缺和流動減少，用工成本上升，小批量、多品種、短交期的訂單增加成為生產主要壓力。

The management team of the Fountain Set Group always maintained a strong will to deal with the crisis and was also highly cautious in business philosophy. On one hand, it seized the transient market recovery opportunity, actively expanded sales and increased the number of orders to create favourable conditions for improving annual efficiency and stable operation, while controlling costs, increasing operating income, maintaining a stable and positive operating situation to form out of the business crisis and strived to create operation efficiency.

On the other hand, it accelerated the reorganisation of the raw materials procurement and supply system to cope with the possible supply constraints in future, curb the abnormal rise in raw materials prices, increase the proportion of yarn procurement applicability classification and reduce procurement costs. The Fountain Set Group strengthened its production scheduling planning and scientifically used its production capacity to effectively respond to the increase in small-batch and multi-variety orders, and also improved product quality, reduced quality costs and production losses.

**(ii) *Getting out of the predicament to achieve business recovery growth***

The operation and management system of “production, supply and sales integration” plays a key supporting role in the process of the Fountain Set Group’s response to operating crises and market risks. In the crisis of this year, owing to the sudden impact on the market, all plans related to production and operation were disrupted, with market stagnated and supply chain interrupted. Under such circumstances, the five sub-systems under the operation and management system of “production, supply and sales integration”, namely overall sales, centralised procurement, unified scheduling, cost control and technical cooperation played a dominant role in maintaining the foundation for corporate survival and operation. Production enterprises could effectively adjust schedules, control costs, cooperate and complement with one another, and could always maintain close contact with the market. Not only could they leverage limited orders to maintain enterprise basic operation within the Group, but also effectively control and reduce inventory. These measures assisted the Group to overcome the crisis and quickly gear up for market recovery, provide effective support for the Group to prepare entering the operation recovery growth in advance.

福田集團經營團隊對此始終保持應對危機的堅強意志和高度謹慎的經營理念。一方面，抓住短暫的市場恢復時機，在積極擴大銷售，增加訂單數量，為全年效益提升穩定經營創造有利條件的同時，控制成本，提高經營收益，保持企業走出經營危機形成的穩定向好的經營局面，努力創造經營效益。

另一方面，加快原料採購供應體系重組，應對未來可能出現的供應受限，抑制原料價格非正常上漲，提高紗線適用性分類採購比例，降低採購成本。加強生產調度計劃安排，科學利用產能，有效應對小批量、多品種訂單增加，提高產品品質，降低質量成本和生產損耗。

**(ii) *走出困境實現企業經營恢復性增長***

「產供銷一體化」經營管理體系在福田集團應對經營危機、化解市場風險的過程中起到了關鍵的支撐作用。在今年這場危機中，由於市場遭受突如其來的衝擊，所有與生產經營相關的計劃運行被打亂，市場停滯，供應鏈中斷。在這樣的情況下，「產供銷一體化」經營管理體系所具有的整體營銷、集中採購、統一調度、成本控制、技術協作五方面子系統在維護企業生存基礎，維持企業經營運轉方面發揮了優勢作用，有效地調整進度，控制成本，各生產企業相互配合支援，並且始終保持企業與市場間的緊密關係。不僅利用有限的訂單保持集團企業的基本運行，有效控制庫存，壓降庫存，是集團渡過危機，快速跟進市場復甦，使集團先期進入經營恢復性增長提供了有效支撐。

#### **(4) Facing challenges to achieve high-quality development during the 14th Five-Year Plan**

The current global economy is undergoing significant changes, and economic globalisation is facing challenges. Under the impact of many uncertain factors, the global textile industry layout is constantly changing, and a new global textile industry and textile trade layout are taking shape. China's textile industry is facing unprecedented challenges, and it needs to accelerate adjusting its development strategy to facilitate transformation and upgrading. Facing severe situation and challenges, the Fountain Set Group comprehensively analyses the changes in macroeconomic situation, accurately grasps global economic and industrial development trends, and integrates the requirements of China's textile industry development and our own innovative development practices during the 13th Five-Year Plan period to comprehensively plan the 14th Five-Year development strategy and promote high-quality development with innovation.

##### ***(i) Innovation-led development during the 13th Five-Year Plan period achieving remarkable results***

During the 13th Five-Year Plan period, the Fountain Set Group achieved remarkable results in process technologies innovation, and propelled technology transformation of equipment and improvement of process technology that significantly improved production efficiency and process technology standard. On one hand, through equipment upgrade and transformation, it introduced production equipment with advanced technology into production, and improved manufacturing capacity significantly. The production enterprises under the Group successively introduced and put into production a series of equipment with advanced technology, thus significantly improved production efficiency and manufacturing capacity.

On the other hand, by continuously promoting production and application of process technology improvement results and comprehensively improving the level of production technology, the Fountain Set Group achieved fruitful results in advancing process technology improvement. Following a batch of new processes and new technologies were applied to production practices, the production process had been optimised, with production efficiency and product quality significantly improved, and production losses and production costs also decreased obviously.

#### **(4) 「十四五」規劃實現高質量發展面臨挑戰**

當前全球經濟正經歷重大變革，經濟全球化正面臨挑戰，在諸多不確定性因素的影響下，全球紡織產業格局不斷變化。新的全球紡織產業和紡織品貿易格局正在形成，中國紡織產業面臨前所未有的挑戰，必須加快調整發展戰略促進轉型升級。面對嚴峻的形勢和挑戰，福田集團全面分析宏觀經濟形勢的變化，準確把握全球經濟產業發展的趨勢，結合中國紡織工業發展的要求，以及自身在「十三五」期間創新發展的實踐，全面規劃「十四五」發展戰略，以創新引領推進企業高質量發展。

##### ***(i) 「十三五」創新引領發展成效顯著***

「十三五」期間福田集團工藝技術創新成效顯著，推進裝備技術改造和工藝技術改進，生產效率和工藝技術水平顯著提升。一方面，通過裝備升級改造，引進具有先進工藝特徵的生產設備投入生產，製造能力提升效果顯著，福田集團下屬生產企業陸續引進一批具有先進工藝特色的設備投入生產，生產效率和製造能力顯著提高。

另一方面，通過不斷推進工藝技術改進成果的生產運用，使生產工藝技術水平全面提升。福田集團推進工藝技術改進取得了豐碩成果，隨著一批新工藝、新技術的研發成果陸續應用於生產實踐，優化了生產工藝流程，生產效率和產品質量大幅提升，生產損耗和生產成本也明顯降低。

After years of continuous product development and improvement research work, the Fountain Set Group achieved fruitful results in terms of product development and variety improvement in 2020. By utilising new materials and new technologies, it achieved results in nearly 1,000 varieties of four major series, namely product upgrades, new material applications, functional series and environmental protection products. Some of these achievements won awards for invention and innovation, and were recognised and acclaimed by the market.

The application of new fibers and new materials continued to deepen and a number of achievements were transformed into new products and launched into the market, which enhanced the development of new materials functional fabrics of the Fountain Set Group to a new level. On this basis, cotton-covered silk plain weave products and cotton-covered cotton plain weave products had been put into production. In addition, a batch of products characterised by high wearability, strong texture, energy saving and environmental protection, such as atmospheric tangible cationic polyester staple fiber products, expanded acrylic mixed fiber products, and polyester filament products hit the market one after another, effectively facilitated the diversification and refinement of the product portfolio of the Fountain Set Group.

The development and improvement of multi-layer composite structure fabrics also achieved new results. Through continuous research and tests in recent years, our development of three-layer composite fabrics was extended to five-layer composite fabrics without altering the existing equipment. The variety and features of such products were further enhanced and broadened. At present, multi-layer composite sports and casual apparel fabrics became one of the main products of the Fountain Set Group.

The technological transformation project of the Fountain Set Group's intelligent information system is planned to be implemented in 2021. The project aims to replace the existing MENU system and build a manufacturing execution (MES+) system based on the Internet of Things. Through the use of information technology and MES+ system, the standardisation of process technology can be realised to improve the predictability and accuracy of the implementation of production plan, and lean manufacturing and flexible manufacturing can be achieved from the past obsolete push-production approach to comprehensively improve the production efficiency and factory management standard, which is the basic information platform of the Fountain Set Group's "production, supply and sales integration" management system.

## (5) Events after the Reporting Period

The Group did not have any significant events after the end of the reporting period (i.e. 31 December 2020) and up to the date of this announcement.

經過幾年來不斷的產品開發和改進的研究工作，2020年福田集團產品開發和品種改進取得了良好的成果。利用新材料、新技術，在產品升級、新材料應用、功能系列和環保產品四大系列近1,000多個品種取得成果，其中部分成果獲得了發明專項和創新獎項，得到了市場認可和好評。

新纖維、新材料的應用不斷深化，一批成果已經轉化為新型產品投入市場，使福田集團新材料功能性面料開發提升到了新的水平。在此基礎上，棉蓋絲平紋產品、棉蓋棉平紋產品已經投入生產。另外，常壓易染陽離子聚酯短纖產品、膨脹腈綸混合纖維產品和滌綸長絲產品等一批具有服用性高、質地感強、節能環保型的產品正在陸續投放市場，為福田集團品種多樣化和精品化發展起到了有效的促進作用。

多層復合結構布種的開發和改進也取得了新的成果。通過近年來的不斷研究、試驗，在不改變現有設備的情況下，從三層復合織物的開發已經向五層復合織物延伸，該類產品的品種和性能進一步提升和拓寬。目前，多層復合運動休閒服裝類面料，成為福田集團的主要產品之一。

福田公司智能化信息系統技術改造項目，計劃於2021年開始實施。該項目以替換現有MENU系統為目的，並以物聯網為基礎，構建生產製造執行(MES+)系統。通過信息化手段與MES+系統，可實現工藝技術標準化，提升生產計劃執行的可預知性與準確性，從落後的推動式生產實現精益製造與柔性製造，全面提升生產效率和工廠管理水平，是福田集團「產供銷一體化」管理體系的信息化基礎平台。

## (5) 報告日後事項

本集團自報告日(即2020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 2020 are set out below:

# 財務回顧

本集團截至2020年12月31日止年度之主要經營及財務指標呈列如下：

		2020	2019
<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>4,943,230</b>	6,605,655
Gross profit	毛利	<b>611,132</b>	760,952
EBITDA*	息稅折舊及攤銷前利潤	<b>316,486</b>	438,540
Profit for the year	是年度盈利	<b>101,591</b>	166,814
Profit attributable to owners of the Company	本公司擁有人應佔盈利	<b>85,706</b>	141,089
Basic earnings per share (HK cents)	每股基本盈利 (港仙)	<b>7.0</b>	11.6
<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>12.4%</b>	11.5%
EBITDA* margin (%)	息稅折舊及攤銷前利潤率(%)	<b>6.4%</b>	6.6%
<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>2.2%</b>	2.0%
Administrative expenses	行政費用	<b>8.2%</b>	6.4%
Finance costs	融資成本	<b>0.4%</b>	0.6%
<b>Asset efficiency</b>	<b>資產效率</b>		
Inventory turnover period (days)	存貨周轉期 (日)	<b>103</b>	78
Trade and bills receivables turnover period (days)	營業及票據應收款項周轉期 (日)	<b>76</b>	62
Trade and bills payables turnover period (days)	營業及票據應付款項周轉期 (日)	<b>82</b>	51

\* EBITDA means earnings before interest, tax, depreciation and amortisation.

\* EBITDA解釋為息稅折舊及攤銷前利潤。

Asset ratios	資產比率		
Current ratio <sup>#</sup>	流動比率 <sup>#</sup>	2.3	2.6
Net debt/EBITDA ratio	淨債務／息稅折舊及攤銷前利潤率	(3.2)	(1.6)
<b>Gearing ratio</b>			
Total liabilities/Equity attributable to owners of the Company	負債總額／本公司擁有人應佔權益	0.5	0.5

<sup>#</sup> Current ratio is calculated by dividing current assets by current liabilities.

<sup>#</sup> 流動比率的計算方法是將流動資產除以流動負債。

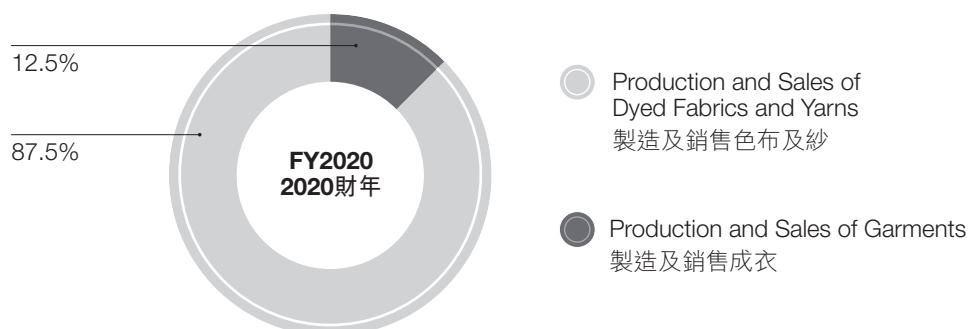
## Revenue

The Group's revenue for the year ended 31 December 2020 amounted to approximately HK\$4,943,230,000 (2019: HK\$6,605,655,000).

## 營業額

集團截至2020年12月31日止年度的營業額約為4,943,230,000港元（2019年：6,605,655,000港元）。

## Revenue by business segments



## 營業額按業務分類

In the year under review, the Group's core business, production and sales of dyed fabrics and yarns, generated revenue of approximately HK\$4,322,991,000 (2019: HK\$5,804,550,000), which accounted for 87.5% (2019: 87.9%) of the Group's total revenue. Revenue from production and sales of garments was approximately HK\$620,239,000 (2019: HK\$801,105,000), which accounted for 12.5% (2019: 12.1%) of the Group's total revenue.

於回顧年度，集團核心業務—製造及銷售色布及紗的營業額約為4,322,991,000港元（2019年：5,804,550,000港元），佔集團營業額總值的87.5%（2019年：87.9%）。製造及銷售成衣的營業額約為620,239,000港元（2019年：801,105,000港元），佔集團營業額總值的12.5%（2019年：12.1%）。

## Cost of Sales and Gross Profit

For the year ended 31 December 2020, overall cost of sales of the Group amounted to approximately HK\$4,332,098,000 (2019: HK\$5,844,703,000) and overall gross profit margin was 12.4% (2019: 11.5%).

## 銷售成本及毛利

集團截至2020年12月31日止年度之整體銷售成本約為4,332,098,000港元（2019年：5,844,703,000港元），整體毛利率為12.4%（2019年：11.5%）。

During the year under review, the Group's revenue decreased by 25.2% compared with the last year, which was mainly due to the decrease in sales volume of fabric by 21.4% triggered by the outbreak of the COVID-19 worldwide. Compared with the last year, the drop in production cost led to an increase in gross profit margin.

於回顧年內，本集團的營業額下跌25.2%，主要是由於新型冠狀病毒病於世界各地爆發，引致面料銷售量減少約21.4%。與去年相比，毛利率上升是由於生產成本下降引致。

## Distribution and Selling Expenses

For the year ended 31 December 2020, the Group's overall distribution and selling expenses amounted to approximately HK\$107,256,000 (2019: HK\$132,514,000), which accounted for 2.2% (2019: 2.0%) of the Group's total revenue.

## Administrative Expenses

For the year ended 31 December 2020, the Group's overall administrative expenses amounted to approximately HK\$406,800,000 (2019: HK\$424,871,000), which accounted for 8.2% (2019: 6.4%) of the Group's total revenue.

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

For the year ended 31 December 2020, the Group's EBITDA amounted to approximately HK\$316,486,000 (2019: HK\$438,540,000) and the EBITDA margin was 6.4% (2019: 6.6%).

## Finance Costs

For the year ended 31 December 2020, the Group's finance costs amounted to approximately HK\$19,562,000 (2019: HK\$37,047,000), representing 0.4% (2019: 0.6%) of the Group's total revenue.

## Capital Expenditure

During the year under review, the Group invested approximately HK\$135,777,000 (2019: HK\$134,619,000) in additions of property, plant and equipment. The Group's capital commitments primarily related to the acquisition of property, plant and equipment. As at 31 December 2020, the Group had contracted capital commitments of approximately HK\$105,938,000 (31 December 2019: HK\$84,406,000) in relation to the acquisition of property, plant and equipment.

## Income Tax Expense

For the year ended 31 December 2020, income tax expense of the Group amounted to approximately HK\$20,554,000 (2019: HK\$42,805,000).

## Profit Attributable to Owners of the Company

For the year ended 31 December 2020, profit attributable to owners of the Company was approximately HK\$85,706,000 (2019: HK\$141,089,000) and the corresponding profit margin was 1.7% (2019: 2.1%).

## 分銷及銷售費用

集團截至2020年12月31日止年度之整體分銷及銷售費用約為107,256,000港元(2019年: 132,514,000港元), 佔集團營業額總值的2.2%(2019年: 2.0%)。

## 行政費用

集團截至2020年12月31日止年度之整體行政費用約為406,800,000港元(2019年: 424,871,000港元), 佔集團營業額總值的8.2%(2019年: 6.4%)。

## 息稅折舊及攤銷前利潤(EBITDA)

集團截至2020年12月31日止年度之息稅折舊及攤銷前利潤約為316,486,000港元(2019年: 438,540,000港元), 息稅折舊及攤銷前利潤率為6.4%(2019年: 6.6%)。

## 融資成本

集團截至2020年12月31日止年度之融資成本約為19,562,000港元(2019年: 37,047,000港元), 佔集團營業額總值的0.4%(2019年: 0.6%)。

## 資本開支

於回顧年內, 集團已投資約135,777,000港元(2019年: 134,619,000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2020年12月31日, 集團有關購買物業、機器及備的已簽約資本承擔約為105,938,000港元(2019年12月31日: 84,406,000港元)。

## 所得稅支出

集團截至2020年12月31日止年度之所得稅支出約為20,554,000港元(2019年: 42,805,000港元)。

## 本公司擁有人應佔盈利

集團截至2020年12月31日止年度之本公司擁有人應佔盈利約為85,706,000港元(2019年: 141,089,000港元), 其相關盈利率為1.7%(2019年: 2.1%)。

## Inventories

As at 31 December 2020, the Group's inventories amounted to approximately HK\$1,218,169,000 (31 December 2019: HK\$1,255,906,000). The inventory turnover period was 103 days, an increase of 25 days compared with 78 days in 2019.

## Trade and Bills Receivables

As at 31 December 2020, the Group's trade and bills receivables amounted to approximately HK\$1,027,493,000 (31 December 2019: HK\$1,129,994,000). Trade and bills receivables turnover period was 76 days, an increase of 14 days compared with 62 days in 2019.

## Trade and Bills Payables

As at 31 December 2020, the Group's trade and bills payables amounted to approximately HK\$964,731,000 (31 December 2019: HK\$823,798,000). Trade and bills payables turnover period was 82 days, an increase of 31 days compared with 51 days in 2019.

As at 31 December 2020, bills payables of HK\$28,991,000 (31 December 2019: HK\$19,313,000) were secured by the Group's restricted bank deposits of HK\$5,798,000 (31 December 2019: HK\$5,767,000).

## Liquidity and Financial Resources

As at 31 December 2020, the Group's net assets amounted to approximately HK\$3,579,789,000 (31 December 2019: HK\$3,585,056,000). The key figures of the Group's financial position were as follows:

## 存貨

集團於2020年12月31日之存貨約為1,218,169,000港元(2019年12月31日: 1,255,906,000港元)。存貨周轉期為103天,與2019年78天相比增加25天。

## 營業及票據應收款項

集團於2020年12月31日之營業及票據應收款項約為1,027,493,000港元(2019年12月31日: 1,129,994,000港元)。營業及票據應收款項周轉期為76天,與2019年62天相比增加14天。

## 營業及票據應付款項

集團於2020年12月31日之營業及票據應付款項約為964,731,000港元(2019年12月31日: 823,798,000港元)。營業及票據應付款項周轉期為82天,與2019年51天相比增加31天。

於2020年12月31日,票據應付款項28,991,000港元(2019年12月31日: 19,313,000港元)乃由本集團之受限制銀行存款5,798,000港元(2019年12月31日: 5,767,000港元)作為抵押。

## 資金流動性及財政資源

於2020年12月31日,集團資產淨值約為3,579,789,000港元(2019年12月31日: 3,585,056,000港元)。集團財務狀況的主要資料如下:

		<b>At 31 December 於12月31日 2020 HK\$'000千港元</b>	At 31 December 於12月31日 2019 HK\$'000千港元
Non-current assets	非流動資產	<b>1,746,822</b>	1,835,805
Current assets	流動資產	<b>3,678,889</b>	3,461,095
<b>Total assets</b>	<b>資產總值</b>	<b>5,425,711</b>	5,296,900
Current liabilities	流動負債	<b>1,619,636</b>	1,331,653
Non-current liabilities	非流動負債	<b>226,286</b>	380,191
<b>Total liabilities</b>	<b>負債總值</b>	<b>1,845,922</b>	1,711,844
<b>Net assets</b>	<b>資產淨值</b>	<b>3,579,789</b>	3,585,056

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 2020, the principal financial covenant figures/ratios (according to the definitions of the Group's principal banks) were as follows:

於2020年12月31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 31 December 於12月31日 2020</b>	At 31 December 於12月31日 2019
Consolidated tangible net worth	綜合淨有形資產	<b>HK\$3,195,548,000</b> 港元	HK\$3,182,250,000港元
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>0.1</b>	0.1
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>16.2</b>	11.8
Consolidated current assets to consolidated current liabilities	綜合流動資產對綜合流動負債比例	<b>2.3</b>	2.6
Consolidated capital expenditure	綜合資本開支	<b>HK\$135,777,000</b> 港元	HK\$134,619,000港元

During the years ended 31 December 2020 and 2019, the Group had complied with all covenant ratios and undertakings.

於截至2020年及2019年12月31日止年度內，本集團已遵守所有契約比率及承諾。

## 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 HKD, USD and 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。而集團主要的生產基地位於中國，故涉及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外匯風險。

In addition, bank borrowings of the Group were denominated in HKD and USD and interests were mainly charged on a floating rate basis. The average effective interest rate of bank borrowings of the Group was 2.46% (2019: 3.81%) per annum for the year ended 31 December 2020 and the bank borrowings were repayable not later than three years. All bank borrowings were unsecured for the years ended 31 December 2020 and 31 December 2019. 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。本集團銀行借貸之平均實際年利率為2.46%（2019：3.81%），並須於不多於3年期間內分期償還。截至2020年12月31日及2019年12月31日止年度，所有銀行借貸均為無抵押。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風險。

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2020, the Group had approximately 7,600 (31 December 2019: 8,300) 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 based 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.

## 僱員及酬金政策

集團於2020年12月31日之全職僱員人數約為7,600人（2019年12月31日：8,300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。

The Company has established a share option scheme for its employees (expired on 19 January 2021), 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.

本公司為僱員設有一項購股權計劃（已於2021年1月19日到期），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。

## OUTLOOK

The sales momentum of the 2H2020 has been seen in the first quarter of 2021, showing encouraging financial results compared to the same period last year.

### Promoting high-quality development innovatively during the 14th Five-Year Plan period

There is still a considerable gap between the current level of technological development of China's textile industry and the goal of being a textile powerhouse. Therefore, the textile enterprises in China should adhere to the strategic direction of taking innovation as the lead, transforming development momentum with technology to promote high-quality development for a long period of time in future.

The reshaping of the global textile industry layout and the complicated evolution of textile production and trade environment determine the instability of the textile industry layout and its development in future. The rise of emerging economies, the advancement of technologies and brands in developed countries in Europe and USA and the return of manufacturing industries made Chinese textile enterprises facing a passive situation. Chinese textile enterprises can only maintain their ability to compete in the market only if they could improve their capabilities in four sectors: technological innovation, product upgrade, production capacity coordination and market cultivation.

During the 14th Five-Year Plan period, the Fountain Set Group will lead the transformation and upgrading innovatively to facilitate high-quality development and achieve sustainable green development through technological innovation and management innovation, so as to become an industry leader in the manufacture and management of high-quality knitted fabrics.

Intelligent manufacturing is of important significance for textile enterprises in improving production efficiency, changing traditional production models, enhancing international competitiveness and achieving high-quality development. In the future, the Fountain Set Group should adhere to promoting intelligent manufacturing step by step according to the development path of three basic paradigms of digitalisation, networking and intelligence based on the results of existing informatisation construction.

### Increase business share of overseas market

The Group will accelerate the development of the domestic textile market and expand the proportion of domestic product sales to form a new situation of coordinated development that complements the international markets internally and externally. With developing industrial textiles as a new growth segment for the domestic market, and taking medical textiles as the entry point, the Group will enter the industrial textile market with constant deepening and expansion, enable it to become a new source of growth in future.

### Continuous investment in Research and Development

The Group will put more efforts in product research and development. By taking functional fabrics, multi-fiber composite fabrics and fabrics for green environmental clothing as the main direction, we will increase product varieties, expand product applications in the industry, and transform from a sub-contracting enterprise to a manufacturing enterprise to improve the quality of development.

We believe that all of our staff members will work towards the Board's direction and objectives as well as implement the work plans set by the Board, and will further map out our long-term development strategy. With our spirit of "diligence, frugality, sincerity and integrity" and our general direction to "stabilise operation and to enhance development", we shall keep on enhancing our efficiency and exploring the market with persistent efforts for bringing the Group to a new level. We look forward to completing our annual operating tasks and targets with excellent performances, and creating brilliant returns and results for our shareholders. We are prepared to turn challenges into opportunities and will forge ahead against all odds.

## 前景

2021年第一季度可以見到2020年下半年的銷售勢頭，與去年同期相比，所顯示的財務業績令人鼓舞。

### 「十四五」創新推動高質量發展

中國紡織產業科技發展的現時水平與紡織強國的目標還有一定的差距。因此，中國紡織製造企業在未來相當長一段時期內需要堅持以創新為引領，以科技轉換發展動能，推動高質量發展的戰略方向。

全球紡織產業格局重塑和紡織品生產、貿易環境的複雜演變，決定了未來紡織產業格局和發展的不穩定性，新興經濟體的崛起、歐美發達國家技術和品牌的領先和製造業回歸，使中國紡織製造企業面臨被動局面，中國紡織企業唯有提高科技創新、產品升級、產能協同、市場培育等四個方面的能力，才能保持市場競爭的能力。

「十四五」期間，福田集團要以創新引領轉型升級推動高質量發展，通過技術創新和管理創新，實現可持續綠色發展，成為具有行業領先地位的優質針織面料的製造管理者。

智能製造對於紡織製造企業提升生產效率、改變傳統生產模式、提高國際競爭力、實現高質量發展，具有重要意義。福田集團未來應堅持在現有信息化建設成果的基礎上，按照數字化、網絡化、智能化三種基本範式的發展路徑，分步推進智能製造。

### 增加海外市場領域

加快發展國內紡織品市場，擴大產品內銷比例，形成與國際市場內外互補的協調發展新局面，以發展產業用紡織品為新的內銷市場增長領域，以醫用紡織品為切入點，進入產業用紡織品市場領域並不斷深化拓展，使其成為未來新的增長來源。

### 持續投資研發

加大產品研發，以功能性面料、多纖維復合織物、綠色環保服用面料等為主要方向，增加產品品種，擴大產品應用的行業領域，由加工型企業向產品製造型企業轉變，提高發展質量。

我們相信在全體員工依從董事會制定的方向和目標，精誠團結，全面貫徹董事會的工作部署，繼續研討集團長期發展戰略規劃，秉承集團「勤、儉、誠、信」的精神，按照「穩經營、促發展」既定方針，營運效率定能不斷提高，並拓展市場，為福田實業集團再上新臺階而努力奮鬥，冀能以優異的業績完成年度各項經營任務及指標，為股東創造美好回報和業績。我們必定作好準備，把挑戰轉化為機遇，堅定前行。

## CORPORATE GOVERNANCE CODE

Throughout the year from 1 January 2020 to 31 December 2020 (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 Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules” and the “CG Code”, respectively), except for the deviation disclosed below, as guidelines to reinforce our corporate governance principles.

Since 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 a sufficient number thereof being independent non-executive Directors (the “INEDs”).

## 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. 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

It is proposed that the annual general meeting of the Company (the “AGM”) will be held on Friday, 7 May 2021. 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 in the manner as required by the Listing Rules.

## FINAL DIVIDEND

The Board has resolved to recommend the Final Dividend to the Shareholders whose names will appear on the register of members of the Company (the “Register of Members”) on Tuesday, 18 May 2021. Subject to the approval of the Shareholders at the forthcoming AGM, the proposed Final Dividend will be payable on or about Monday, 31 May 2021.

## CLOSURE OF REGISTER OF MEMBERS

### In relation to the AGM

The Register of Members will be closed from Tuesday, 4 May 2021 to Friday, 7 May 2021, 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 Monday, 3 May 2021.

## 企業管治守則

由2020年1月1日起至2020年12月31日止年度（「本年度」），本公司一貫地採納及遵守聯交所證券上市規則附錄14所載之企業管治守則之全部適用守則條文（分別為「上市規則」及「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。

## 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均已遵守標準守則所要求的標準。

## 股東週年大會

本公司之股東週年大會（「股東週年大會」）擬於2021年5月7日（星期五）舉行。股東週年大會之通告將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。

## 末期股息

董事會建議派發末期股息予在2021年5月18日（星期二）名列在股東名冊（「股東名冊」）之股東。待即將舉行的股東週年大會上獲股東批准後，末期股息預期於2021年5月31日（星期一）或之前派付。

## 暫停辦理股份過戶登記

### 就股東週年大會而言

本公司於2021年5月4日（星期二）至2021年5月7日（星期五）（首尾兩天包括在內），暫停辦理股份過戶登記手續。股東如欲出席股東週年大會並於會上投票，非登記股東須於2021年5月3日（星期一）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。

## In relation to the proposed Final Dividend

Conditional on the passing of the resolution approving the payment of the Final Dividend in respect of the Year by the Shareholders at the AGM, the Register of Members will be closed from Tuesday, 18 May 2021 to Thursday, 20 May 2021, 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 Monday, 17 May 2021.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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.

## 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, internal controls and risk management. The Audit Committee presently comprises one non-executive Director and two INEDs, and one of the INEDs acts as the chairman of the Audit Committee. The Audit Committee has reviewed the audited consolidated final results as well as the systems of internal control and risk management of the Group for the Year.

## PUBLICATION OF 2020 FINAL RESULTS ANNOUNCEMENT AND ANNUAL 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 2020 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 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, 19 March 2021

*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.*

## 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2021年5月18日(星期二)至2021年5月20日(星期四)(首尾兩天包括在內)，暫停辦理股份過戶登記手續。股東如欲收取建議派發之末期股息，非登記股東須於2021年5月17日(星期一)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。

## 購回、出售或贖回本公司之上市證券

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。

## 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、內部監控及風險管理制度。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集團本年度之經審核綜合末期業績以及內部監控及風險管理制度。

## 刊發2020年末期業績公告及年報

本業績公告將分別於本公司網站([www.fshl.com](http://www.fshl.com))及聯交所網站([www.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2020年年報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。