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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

The Board of Directors would like to announce that the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2015 are as follows:

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

For the six months ended 30 June 2015 截至2015年6月30日止6個月

			Six months ended 截至下列日期止6個月	
		Notes 附註	30 June 2015 2015年 6月30日 HK\$'000 千港元 (unaudited) (未經審核)	30 June 2014 2014年 6月30日 HK\$'000 千港元 (unaudited) (未經審核)
Revenue	營業額	3	3,202,735	3,367,926
Cost of sales	銷售成本		(2,834,164)	(3,039,950)
Gross profit	毛利		368,571	327,976
Other income	其他收入		28,177	31,492
Other gains and losses	其他收益及虧損		(22,253)	(28,449)
Distribution and selling expenses	分銷及銷售費用		(88,323)	(85,595)
Administrative expenses	行政費用		(222,358)	(203,578)
Finance costs	融資成本	4	(14,772)	(18,960)
Gain on disposal of subsidiaries	出售附屬公司之所得收益		-	4,694
Share of profit of an associate	應佔一間聯營公司之盈利		344	-
Profit before taxation	除稅前盈利		49,386	27,580
Income tax	所得稅	5	(12,753)	(14,944)
Profit for the period	是期間盈利	6	36,633	12,636
Profit/(loss) for the period attributable to:	應佔是期間盈利／(虧損)：			
Owners of the Company	本公司擁有人		26,985	14,383
Non-controlling interests	非控股權益		9,648	(1,747)
			36,633	12,636
			HK cents 港仙	HK cents 港仙
Earnings per share	每股盈利			
-Basic	-基本	8	2.2	1.2
-Diluted	-攤薄	8	2.2	1.2

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

簡明綜合損益及其他全面收益表

For the six months ended 30 June 2015 截至2015年6月30日止6個月

			Six months ended	
			截至下列日期止6個月	
			30 June	30 June
			2015	2014
			2015年	2014年
			6月30日	6月30日
			HK\$'000	HK\$'000
			千港元	千港元
			(unaudited)	(unaudited)
			(未經審核)	(未經審核)
		Notes 附註		
Profit for the period	是期間盈利	6	36,633	12,636
Other comprehensive income, net of tax	其他全面收益（經扣除稅項）			
Items that may be reclassified subsequently to profit or loss:	其後可能重新分類至 損益之項目：			
Exchange differences arising on translation of foreign operations	換算海外業務產生之 匯兌差額		562	(989)
Reclassification adjustment of translation reserve upon disposal of a subsidiary	出售一間附屬公司時匯兌儲備 之重新分類調整		—	(1,435)
Other comprehensive income/(expense) for the period	是期間其他全面收益／（開支）		562	(2,424)
Total comprehensive income for the period	是期間全面收益總值		37,195	10,212
Total comprehensive income/(expense) for the period attributable to:	應佔是期間全面收益／ （開支）總值：			
Owners of the Company	本公司擁有人		27,354	12,714
Non-controlling interests	非控股權益		9,841	(2,502)
			37,195	10,212

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

As at 30 June 2015 於2015年6月30日

			At 30 June 2015 於2015年 6月30日 HK\$'000 千港元 (unaudited) (未經審核)	At 31 December 2014 於2014年 12月31日 HK\$'000 千港元 (audited) (經審核)
	Notes 附註			
Non-current assets		非流動資產		
Investment properties		投資物業	57,558	55,094
Property, plant and equipment	9	物業、機器及設備	1,438,119	1,520,174
Prepaid lease payments – non-current portion		預付租賃款項 – 非流動部份	103,495	104,763
Other intangible assets	9	其他無形資產	26,457	27,646
Interests in an associate		於一間聯營公司之權益	15,809	15,466
Investment in life insurance policies	10	人壽保險保單之投資	38,116	37,850
Deferred tax assets		遞延稅項資產	30,117	28,204
			1,709,671	1,789,197
Current assets		流動資產		
Inventories	11	存貨	1,408,138	1,301,897
Trade and bills receivables	12	營業及票據應收款項	1,376,763	1,387,513
Prepayments, deposits and other receivables		預付款項、按金及 其他應收款項	126,856	124,419
Prepaid lease payments – current portion		預付租賃款項 – 流動部份	2,610	2,610
Tax recoverable		可收回稅項	2,159	2,573
Short-term bank deposits		短期銀行存款	163,778	509,513
Bank balances and cash		銀行結餘及現金	859,832	448,011
			3,940,136	3,776,536
Current liabilities		流動負債		
Trade and bills payables	13	營業及票據應付款項	855,087	801,396
Other payables and accruals	13	其他應付款項及應計費用	341,509	269,688
Amounts due to non-controlling shareholders		欠非控股股東款項	80,100	80,100
Deferred income – current portion		遞延收入 – 流動部份	1,458	1,458
Derivative financial instruments		衍生金融工具	–	1,686
Tax payable		應付稅項	22,484	17,338
Bank and other borrowings – due within one year	14	銀行及其他借貸 – 一年內到期	727,477	784,831
Bank overdrafts		銀行透支	1,668	1,439
			2,029,783	1,957,936
Net current assets		流動資產淨值	1,910,353	1,818,600
Total assets less current liabilities		資產總值減流動負債	3,620,024	3,607,797

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

As at 30 June 2015 於2015年6月30日

		At 30 June 2015 於2015年 6月30日 HK\$'000 千港元 (unaudited) (未經審核)	At 31 December 2014 於2014年 12月31日 HK\$'000 千港元 (audited) (經審核)
		Notes 附註	
Non-current liabilities	非流動負債		
Deferred income – non-current portion	遞延收入－非流動部份	61,489	62,218
Bank and other borrowings – due after one year	銀行及其他借貸－一年後到期 14	238,342	213,669
Deferred tax liabilities	遞延稅項負債	6,913	6,287
		306,744	282,174
Net assets	資產淨值	3,313,280	3,325,623
Capital and reserves	資本及儲備		
Share capital	股本 15	865,716	862,211
Other reserves	其他儲備	2,294,628	2,320,317
Equity attributable to owners of the Company	本公司擁有人應佔權益	3,160,344	3,182,528
Non-controlling interests	非控股權益	152,936	143,095
Total equity	權益總值	3,313,280	3,325,623

NOTES

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values. The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2015.

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions

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

附註

1. 編製基準

本簡明綜合財務報表乃根據香港聯合交易所有限公司證券上市規則（「上市規則」）附錄16之適用披露規定及按照香港會計師公會（「香港會計師公會」）頒佈之香港會計準則（「香港會計準則」）第34號「中期財務申報」而編製。

2. 主要會計政策

本簡明綜合財務報表乃按歷史成本基準編製，惟若干金融工具按公平價值列賬除外。截至2015年6月30日止6個月之簡明綜合財務報表所採用之會計政策及計算方法與編製本集團截至2014年12月31日止年度之全年財務報表所遵循者相同。

於本中期期間，本集團已首次應用下列由香港會計師公會頒佈並於本集團2015年1月1日開始之財政年度生效之新訂及經修訂準則、修訂本及詮釋（「新訂及經修訂香港財務報告準則」）。

香港財務報告準則 （修訂本）	2010年至2012年 週期之年度改進
香港財務報告準則 （修訂本）	2011年至2013年 週期之年度改進
香港會計準則第19號之 修訂本（2011年）	定額福利計劃： 僱員供款

於本中期期間應用上述新訂及經修訂準則、修訂本及詮釋並無對該等簡明綜合財務報表所呈報之金額及／或該等簡明綜合財務報表所披露之事項造成重大影響。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

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

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle ¹
Amendments to HKAS 1	Disclosure Initiative ¹
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ¹
HKFRS 9 (2014)	Financial Instruments ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ¹
HKFRS 15	Revenue from Contracts with Customers ²

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2017

³ Effective for annual periods beginning on or after 1 January 2018

The directors of the Company anticipate that the application of the new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

2. 主要會計政策 (續)

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

香港財務報告準則 (修訂本)	2012年至2014年週期之年度改進 ¹
香港會計準則第1號之修訂本	主動披露 ¹
香港會計準則第16號及香港會計準則第38號之修訂本	折舊及攤銷可接受方法的澄清 ¹
香港會計準則第27號之修訂本	獨立財務報表的權益法 ¹
香港財務報告準則第9號 (2014年)	金融工具 ³
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 ¹
香港財務報告準則第11號之修訂本	收購合營業務權益的會計處理 ¹
香港財務報告準則第15號	客戶合同收入 ²

¹ 於2016年1月1日或之後開始之年度期間生效

² 於2017年1月1日或之後開始之年度期間生效

³ 於2018年1月1日或之後開始之年度期間生效

本公司董事預期應用該等新訂及經修訂香港財務報告準則將不會對本集團之業績及財務狀況造成重大影響。

3. REVENUE AND SEGMENT INFORMATION

The board of directors of the Company, i.e. the chief operating decision maker, regularly reviews the operating results and financial information based on distinct geographical areas of location of customers, including Hong Kong (place of domicile of the Group), the People's Republic of China (the "PRC"), Taiwan, Korea, Sri Lanka, America, Europe and Others (i.e. representing other geographical locations mainly Singapore, Vietnam 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, sewing threads, yarns and garments and results by reportable segment for the period under review.

Six months ended 30 June 2015

		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	739,652	564,626	366,061	442,671	381,122	191,343	41,759	475,501	3,202,735	-	3,202,735
Inter-segment sales (note)	分類間銷售 (附註)	2,371,708	1,374,331	-	-	208,428	38,233	-	112,052	4,104,752	(4,104,752)	-
Total segment revenue	分類營業額總值	3,111,360	1,938,957	366,061	442,671	589,550	229,576	41,759	587,553	7,307,487	(4,104,752)	3,202,735
RESULTS	業績											
Segment profit	分類盈利	55,246	40,195	29,279	37,206	37,401	12,401	3,578	39,556			254,862
Interest income	利息收入											4,513
Unallocated income	未分配收入											13,591
Unallocated expenses	未分配支出											(209,152)
Finance costs	融資成本											(14,772)
Share of profit of an associate	應佔一間聯營公司之盈利											344
Profit before taxation	除稅前盈利											49,386

3. 營業額及分類資料

本公司董事會（即主要營運決策者）根據客戶所在地區不同的地域位置定期審閱經營業績及財務資料，包括香港（本集團所屬地）、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，主要為新加坡、越南及澳門）。所有該等地域位置為營運分類，而「其他地區」則為綜合之營運分類。

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

截至2015年6月30日止6個月

3. REVENUE AND SEGMENT INFORMATION (continued)

Six months ended 30 June 2014

3. 營業額及分類資料 (續)

截至2014年6月30日止6個月

		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	759,994	591,413	399,621	571,732	309,875	229,517	65,614	440,160	3,367,926	-	3,367,926
Inter-segment sales (note)	分類間銷售 (附註)	2,560,472	1,296,606	-	-	148,809	61,027	-	105,081	4,171,995	(4,171,995)	-
Total segment revenue	分類營業額總值	3,320,466	1,888,019	399,621	571,732	458,684	290,544	65,614	545,241	7,539,921	(4,171,995)	3,367,926
RESULTS	業績											
Segment profit	分類盈利	60,860	33,707	33,306	47,819	11,538	14,171	5,466	35,635			242,502
Interest income	利息收入											8,590
Unallocated income	未分配收入											1,473
Unallocated expenses	未分配支出											(210,719)
Finance costs	融資成本											(18,960)
Gain on disposal of subsidiaries	出售附屬公司之所得收益											4,694
Profit before taxation	除稅前盈利											27,580

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

附註：分類間銷售之價格乃參照現行市場價格而釐定。

Segment profit represents the profit earned by each segment without allocation of central administration costs and other expenses (including non-production related employee benefits expense, directors' emoluments, bank charges, etc.), depreciation and amortisation, interest income, gain/(loss) on disposal/written-off of property, plant and equipment, net gain/(loss) from derivative financial instruments, finance costs, gain on disposal of subsidiaries, etc. This is the measure reported to the board of directors of the Company for the purposes of resource allocation and performance assessment.

分類盈利乃指各分類所賺取的盈利，當中並無計入中央行政成本及其他費用（包括非有關生產之僱員福利支出、董事酬金、銀行費用等）、折舊及攤銷、利息收入、出售／註銷物業、機器及設備之收益／（虧損）、衍生金融工具之收益／（虧損）淨值、融資成本、出售附屬公司之所得收益等。此乃為資源分配及績效評估而向本公司董事會匯報之基準。

4. FINANCE COSTS

4. 融資成本

		Six months ended	
		截至下列日期止6個月	
		30 June	30 June
		2015	2014
		2015年	2014年
		6月30日	6月30日
		HK\$'000	HK\$'000
		千港元	千港元
Finance costs on:	融資成本：		
Bank and other borrowings wholly repayable	須於五年內全數償還之		
within five years	銀行及其他借貸	14,772	18,960

5. INCOME TAX

5. 所得稅

		Six months ended	
		截至下列日期止6個月	
		30 June	30 June
		2015	2014
		2015年	2014年
		6月30日	6月30日
		HK\$'000	HK\$'000
		千港元	千港元
Current tax:	是期間稅項：		
Hong Kong	香港	1,784	–
The PRC	中國	11,164	4,890
Other jurisdictions	其他司法地區	4,153	1,312
		17,101	6,202

5. INCOME TAX (continued)

5. 所得稅(續)

		Six months ended 截至下列日期止6個月	
		30 June 2015 2015年 6月30日 HK\$'000 千港元	30 June 2014 2014年 6月30日 HK\$'000 千港元
Over provision in prior years:	過往年度超額撥備：		
The PRC	中國	(1,210)	(603)
Other jurisdictions	其他司法地區	(1,855)	(115)
		<u>(3,065)</u>	<u>(718)</u>
Deferred tax:	遞延稅項：		
Hong Kong	香港	(118)	7
The PRC	中國	(1,816)	5,131
Other jurisdictions	其他司法地區	651	4,322
		<u>(1,283)</u>	<u>9,460</u>
		<u><u>12,753</u></u>	<u><u>14,944</u></u>

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

香港利得稅乃按兩個期間之估計應課稅盈利以16.5%之稅率計算。

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%。

5. INCOME TAX (continued)

Pursuant to the relevant laws and regulations in Sri Lanka, the profit generated from a subsidiary of the Company is entitled to exemption from the Sri Lanka income tax until April 2014. Since then, tax rate of Sri Lanka income tax is 12%.

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

6. PROFIT FOR THE PERIOD

5. 所得稅（續）

根據斯里蘭卡有關之法律及法規，由本公司一間附屬公司所產生之盈利可獲豁免斯里蘭卡所得稅，直至2014年4月為止。此後，斯里蘭卡所得稅稅率為12%。

其他司法地區之稅項是以有關各自司法地區當時之稅率計算。

6. 是期間盈利

		Six months ended 截至下列日期止6個月	
		30 June 2015 2015年 6月30日 HK\$'000 千港元	30 June 2014 2014年 6月30日 HK\$'000 千港元
Profit for the period has been arrived at after charging:	是期間盈利 已扣減下列各項：		
Amortisation of other intangible assets	其他無形資產之攤銷	1,617	1,561
Release of prepaid lease payments	預付租賃款項轉出	1,305	1,305
Depreciation of investment properties	投資物業之折舊	1,500	925
Depreciation of property, plant and equipment	物業、機器及設備之折舊	103,297	100,687
Net loss from derivative financial instruments #	衍生金融工具之虧損淨值#	—	33,190
Employee benefits expense (including directors' emoluments)	僱員福利支出（包括董事酬金）	478,990	462,435
Loss on disposal/written-off of property, plant and equipment #	出售／註銷物業、機器及設備之虧損#	669	—
Impairment loss on trade and bills receivables, net #	營業及票據應收款項之減值損失淨值#	33,522	—
and after crediting:	及已計入下列各項：		
Gain on disposal of property, plant and equipment #	出售物業、機器及設備之收益#	—	84
Interest income *	利息收入*	4,513	8,590
Net rental income from investment properties *	投資物業之租金收入淨值*	4,215	2,779
Net exchange gain #	匯兌收益淨值#	11,894	3,502
Net gain from derivative financial instruments #	衍生金融工具之收益淨值#	44	—
Impairment loss reversed on trade and bills receivables, net #	營業及票據應收款項之 減值損失撥回淨值#	—	1,155

* Included in other income

Included in other gains and losses

* 包括在其他收入內

包括在其他收益及虧損內

7. DIVIDENDS

7. 股息

		Six months ended	
		截至下列日期止6個月	
		30 June	30 June
		2015	2014
		2015年	2014年
		6月30日	6月30日
		HK\$'000	HK\$'000
		千港元	千港元
Dividend recognised as distribution	是期間已確認為分派之股息：		
during the period:			
2014 final dividend of HK4 cents	2014年末期股息每股4港仙		
(2013 final dividend: HK2 cents) per share	(2013年末期股息：2港仙)	48,201	24,061

No interim dividend in respect of the six months ended 30 June 2015 has been proposed by the directors of the Company (Six months ended 30 June 2014: Nil).

本公司董事並無建議派付截至2015年6月30日止6個月之中期股息（截至2014年6月30日止6個月：零）。

The final dividend of HK4 cents per share in respect of the year ended 31 December 2014, amounting to approximately HK\$48,201,000 (2013 final dividend: HK\$24,061,000) in total, has been approved in the annual general meeting and paid after interim period.

截至2014年12月31日止年度之末期股息每股4港仙，合共約48,201,000港元（2013年末期股息：24,061,000港元）已於股東週年大會上獲批准，並已於中期期間後支付。

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:

		Six months ended	
		截至下列日期止6個月	
		30 June	30 June
		2015	2014
		2015年	2014年
		6月30日	6月30日
		HK\$'000	HK\$'000
		千港元	千港元
Earnings	盈利		
Profit for the period attributable to owners of the Company for the purposes of basic earnings and diluted earnings per share	就計算每股基本盈利及攤薄盈利所用之本公司擁有人應佔是期間盈利		
		26,985	14,383
		Six months ended	
		截至下列日期止6個月	
		30 June	30 June
		2015	2014
		2015年	2014年
		6月30日	6月30日
Number of shares	股份數目		
Weighted average number of ordinary shares for the purposes of basic earnings and diluted earnings per share	就計算每股基本盈利及攤薄盈利所用之普通股加權平均數		
		1,203,057,899	1,203,046,960

The computation of diluted earnings per share for the six months ended 30 June 2015 and 30 June 2014 does not assume the exercise of the Company's outstanding share options because the adjusted exercise prices of those options calculated in accordance with HKAS 33 "Earnings Per Share" are higher than the average market price of the shares for the period.

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：

由於根據香港會計準則第33號「每股盈利」計算之本公司尚未行使購股權之經調整行使價高於股份於是期間之平均市價，因此計算截至2015年6月30日及2014年6月30日止6個月期間之每股攤薄盈利時並無假設該等購股權已獲行使。

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS

The Group incurred expenditure of HK\$25,354,000 during the six months ended 30 June 2015 (Six months ended 30 June 2014: HK\$93,556,000) on property, plant and equipment and other intangible assets to expand and upgrade the Group's manufacturing facilities.

10. INVESTMENT IN LIFE INSURANCE POLICIES

In prior period, the Group entered into contracts with two insurance companies which contain life insurance policies to insure against the death of certain key members of management of the Group, with an aggregate insured sum of approximately US\$18.8 million (equivalent to approximately HK\$145.8 million). Under these contracts, the beneficiary and policy holder is the Company. The Company has made upfront payments of HK\$36,178,000 in prior period. The monthly insurance costs and administrative charges determined by the insurance companies will be deducted from the account value. The insurers will declare interest (including the guaranteed interest) to the Company on a monthly basis, based on the amount of account value, at a rate to be determined at their own discretion. Three of the key members left the Group on 7 December 2012, 1 May 2013 and 18 March 2015, the Group is in the process of shifting the life insured quota to other key member(s).

11. INVENTORIES

		At 30 June 2015 於2015年 6月30日 HK\$'000 千港元	At 31 December 2014 於2014年 12月31日 HK\$'000 千港元
Spare parts	備件	54,773	63,935
Raw materials	原料	620,750	531,633
Work-in-progress	半製品	352,725	336,041
Finished goods	製成品	379,890	370,288
		1,408,138	1,301,897

9. 物業、機器及設備以及其他無形資產之變動

本集團於截至2015年6月30日止6個月，為擴大及增強本集團之生產設施而用於物業、機器及設備以及其他無形資產的開支為25,354,000港元（截至2014年6月30日止6個月：93,556,000港元）。

10. 人壽保險保單之投資

於過往期間，本集團與兩間保險公司訂立合約，當中包含人壽保險保單，為本集團若干名主要管理層成員之身故事宜投保，投保金額合共約為18,800,000美元（相等於約145,800,000港元）。根據該等合約，受益人及保單持有人為本公司。本公司於過往期間已支付預付款項36,178,000港元。每月支付的保費及保險公司釐定的行政費用將從賬戶價值中扣除。保險公司每月可根據賬戶價值按其酌情決定之利率向本公司宣派利息（包括保證利息）。本集團3名主要成員已分別於2012年12月7日、2013年5月1日及2015年3月18日辭任，本集團正在將受保人名額轉為其他主要成員。

11. 存貨

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

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

		At 30 June 2015 於2015年 6月30日 HK\$'000 千港元	At 31 December 2014 於2014年 12月31日 HK\$'000 千港元
Not yet due	未到期	956,377	873,404
Overdue 1 – 30 days	逾期1-30天	219,086	239,743
Overdue 31 – 60 days	逾期31-60天	47,770	130,519
Overdue > 60 days	逾期超過60天	153,530	143,847
		<u>1,376,763</u>	<u>1,387,513</u>

Other receivables as at 30 June 2015 represented value-added tax recoverable of HK\$23,204,000 (31 December 2014: HK\$23,331,000) and prepayments, deposits and other receivables of HK\$103,652,000 (31 December 2014: HK\$101,088,000).

13. TRADE AND BILLS PAYABLES/OTHER PAYABLES AND ACCRUALS

		At 30 June 2015 於2015年 6月30日 HK\$'000 千港元	At 31 December 2014 於2014年 12月31日 HK\$'000 千港元
Trade payables	營業應付款項	533,618	482,710
Bills payables	票據應付款項	321,469	318,686
		<u>855,087</u>	<u>801,396</u>

12. 營業及票據應收款項／預付款項、按金及其他應收款項

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

於2015年6月30日，其他應收款項乃指可收回增值稅23,204,000港元（2014年12月31日：23,331,000港元）及預付款項、按金及其他應收款項103,652,000港元（2014年12月31日：101,088,000港元）。

13. 營業及票據應付款項／其他應付款項及應計費用

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

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

		At 30 June 2015 於2015年 6月30日 HK\$'000 千港元	At 31 December 2014 於2014年 12月31日 HK\$'000 千港元
Not yet due	未到期	404,751	394,750
Overdue 1 – 30 days	逾期1-30天	76,390	41,069
Overdue 31 – 60 days	逾期31-60天	18,931	21,784
Overdue > 60 days	逾期超過60天	33,546	25,107
		533,618	482,710

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

Other payables and accruals as at 30 June 2015 represented other payables of HK\$157,916,000 (31 December 2014: HK\$86,318,000) and accruals of HK\$183,593,000 (31 December 2014: HK\$183,370,000).

14. BANK AND OTHER BORROWINGS

During the current interim period, the Group obtained new bank and other borrowings of HK\$997,582,000 (Six months ended 30 June 2014: HK\$1,247,197,000) and made repayments of HK\$1,027,217,000 (Six months ended 30 June 2014: HK\$1,254,421,000). These bank borrowings obtained and repaid are mainly denominated in Hong Kong dollar and US dollar. The bank borrowings raised were mainly used to repay the existing bank borrowings or as working capital of the Group.

13. 營業及票據應付款項／其他應付款項及應計費用（續）

營業應付款項按付款到期日之賬齡分析如下：

於報告期終，本集團之所有票據應付款項均未到期。

於2015年6月30日，其他應付款項及應計費用指其他應付款項157,916,000港元（2014年12月31日：86,318,000港元）及應計費用183,593,000港元（2014年12月31日：183,370,000港元）。

14. 銀行及其他借貸

於本中期期間，本集團取得新銀行及其他借貸997,582,000港元（截至2014年6月30日止6個月：1,247,197,000港元）及已償還1,027,217,000港元（截至2014年6月30日止6個月：1,254,421,000港元），該等已取得及已償還之銀行借貸主要以港元及美元計值。所籌集之銀行借貸乃主要用作償還現有的銀行借貸或用作本集團之營運資金。

14. BANK AND OTHER BORROWINGS (continued)

The borrowings mainly carry floating interest at the weighted average effective interest rate of 2.65% (31 December 2014: 2.52%) per annum and are repayable by installments over a period from one to three years. Except for bank loans of HK\$42,473,000 (31 December 2014: HK\$32,393,000) which are secured by certain life insurance policies as detailed in note 10, all other borrowings are unsecured.

15. SHARE CAPITAL

Movements of the Company's ordinary shares are set out below:

		At 30 June 2015 於2015年6月30日		At 31 December 2014 於2014年12月31日	
		No. of shares 股份數目	HK\$'000 千港元	No. of shares 股份數目	HK\$'000 千港元
Ordinary shares, issued and fully paid:	普通股，已發行及繳足股本：				
At 1 January	於1月1日	1,203,046,960	862,211	1,203,046,960	240,609
Exercise of share options	行使購股權	1,980,000	3,505	-	-
Transfer from share premium and capital redemption reserve upon abolition of nominal value under the new Hong Kong Companies Ordinance effective on 3 March 2014 (Note)	根據於2014年3月3日生效之新香港公司條例，就廢除股份面值由股份溢價及資本贖回儲備之調撥 (附註)	-	-	-	621,602
At 30 June/31 December	於6月30日／12月31日	1,205,026,960	865,716	1,203,046,960	862,211

Note: The Hong Kong Companies Ordinance, Cap. 622 (the Ordinance) came into effect on 3 March 2014. Under s.135 of the Ordinance, shares in a company do not have a nominal value. Accordingly, the concept of authorised share capital is abolished. The no nominal value regime applies to the Company. Following the transitional provisions in the Ordinance, any amount standing to the credit of the share premium account and capital redemption reserve at the beginning of 3 March 2014 became part of the Company's share capital.

The use of share capital from 3 March 2014 is governed by s.149 of the Ordinance. However, the application of the amount transferred from share premium account at the beginning of 3 March 2014 is governed by the transitional provision in s.38 of Schedule 11 to the Ordinance.

14. 銀行及其他借貸 (續)

有關借貸主要按浮息以加權平均實際年利率2.65% (2014年12月31日：2.52%) 計算利息，並須於介乎1年至3年期間內分期償還。除附註10所詳述以若干人壽保險保單抵押之銀行貸款42,473,000港元 (2014年12月31日：32,393,000港元) 外，所有其他借貸均為無抵押。

15. 股本

本公司之普通股變動載列如下：

附註：第622章香港公司條例 (條例) 於2014年3月3日生效。根據條例第135條，一間公司之股份並無面值。因此，法定股本的概念被廢除。無面值制度適用於本公司。根據條例之過渡性條文，股份溢價賬及資本贖回儲備之任何進賬額自2014年3月3日起成為本公司股本之一部份。

自2014年3月3日起，動用股本受條例第149條規管。然而，自2014年3月3日起，動用自股份溢價賬轉入之款項受條例附表11第38條之過渡性條文規管。

BUSINESS REVIEW 業務回顧

Being the Group's major target market, the U.S. witnessed a significant drop in consumer consumption in the first quarter of 2015 due to a chilly winter. The economy has gradually picked up since the second quarter. The appreciation of U.S. dollars, together with the continued growth in employment population as shown in the data released by the U.S. Bureau of Labor Statistics led to steady rebound in real consumption, and brought about a favourable business environment for the Group. As to other major markets, the demand in Eurozone remained weak despite the proactive quantitative easing programme launched by the European Central Bank; weak internal and external demand and slip in consumer consumption resulted in a slowdown in economic growth of China. The general economy of China has entered the new normal phase and was under increasing downward pressure. In conclusion, the global economy showed a mixed performance in the first half of 2015, as a result, the turnover of the Group was approximate to that of the corresponding period of last year. Following by a strong fluctuation in the exchange rate in 2014, Renminbi is becoming stable in the first half of 2015. It has significantly alleviated the negative factors affecting the earnings of the Group.

Internally, the Group actively implemented "Total Productive Maintenance" and strengthened risk management. Through creating a "Zero Defect", "Zero Accident" and "Zero Waste" system involving all staff to minimise consumption and wastage by the production departments and maximise the efficiency of the managing departments, in order to reduce cost; improve gross margin and enhance profitability of the Group. Such measures are gradually taking effect. While keeping on consolidating its fabric manufacturing business, the Group also made efforts to enhance garment manufacturing service through expansion of vertical integration, which not only resulted in a higher productivity, but also lifted up the customer satisfaction, thus indirectly helped to reduce the loss of orders.

With a number of enhancement measures taken by the Group, the turnover of the Company maintained at a stable level with its overall gross margin higher than that of the corresponding period of 2014 amid fluctuations in global economy in the first half of 2015.

Production and Sales of Dyed Fabrics, Sewing Threads and Yarns

The Group's production capacity among four fabric mills in both China and Sri Lanka maintained at approximately 25 million pounds of fabric dyeing per month which is basically the same level compared with last year.

For the period under review, the Group's core business, production and sales of dyed fabrics, sewing threads and yarns, generated revenue of approximately HK\$2,641.1 million and accounted for 82.5% of the Group's total revenue.

Production and Sales of Garments

Revenue from the production and sales of garments for the first half of 2015 was approximately HK\$561.6 million and accounted for 17.5% of the Group's total revenue.

Dividend

In view of the current business and financial situation of the Group, the Board has resolved not to pay any interim dividend for the six months ended 30 June 2015.

美國作為集團主要目標市場，於2015年第一季受寒冬影響，以致消費力大降。直至第二季經濟逐步轉強，美元匯價上升及美國勞工部統計局公佈的就業人數持續增加，均帶動實質消費穩健回升，亦開始為集團帶來較有利的營商環境。其他主要市場方面，歐洲央行雖大力推行量化寬鬆政策，惟歐元區需求依然偏弱；中國內外需求及消費水平下滑，導致增長速度減緩並進入了新常態的發展階段，經濟整體下行壓力日增。總括而言，2015年上半年全球經濟好壞參半，故營業額跟去年同期相約，未有太大調整。而人民幣匯率經歷2014年的大幅波動後，2015年上半年漸趨穩定，大大緩和了影響集團盈利的負面要素。

至於集團內部則積極推進「全員生產保全活動」及強化風險管理工作，透過全員參與達致「零不良」、「零災害」、「零浪費」的體系，減少生產部門的損耗浪費及加快管理部門工作效率，務求達成降低成本、提升毛利率及增加獲利的企業目的，至今已漸見成效。另外，集團除了繼續鞏固生產布料的業務外，藉著擴大垂直整合，加強供應成衣生產服務，此舉不單提升了生產效益，客戶滿意度亦有所提高，間接減少訂單流失。

本集團一系列的優化措施，使公司在2015年上半年全球整體經濟波動的形勢下，營業額仍能保持平穩，整體毛利率亦高於2014年同期。

製造及銷售色布、縫紉線及紗

集團位於中國大陸和斯里蘭卡的4家面料工廠的印染產能維持在每月約2千5百萬磅，與去年同期相比基本持平。

在回顧期內，集團核心業務－製造及銷售色布、縫紉線及紗的營業額達到約2,641.1百萬港元，佔集團營業額總值的82.5%。

製造及銷售成衣

2015年上半年製造及銷售成衣的營業額約為561.6百萬港元，佔集團營業額總值的17.5%。

股息

鑒於集團現時的業務和財務狀況，董事會決定就截至2015年6月30日止6個月內不予派發任何中期股息。

BUSINESS REVIEW (continued) 業務回顧 (續)

Awards & Certifications

Our awards and certificates accredited during the first half of 2015 are as follows:

獎項及認證

在2015年上半年，集團所獲獎項及認證如下：

No. 文件序號	Name of Award/Certification 獎項／認證名稱	Type of Doc. 文件類型	Date of Issue 頒發日期	Issued by 發出單位
Jiangyin Fuhui Textiles Limited 江陰福匯紡織有限公司				
1	The Year of 2014 Award for Tax Payment of over 100 Million RMB 2014年度入庫稅金超億元獎	Award 獎牌	2015/1	Jiangyin High-tech Industrial Development Zone Committee of Communist Party of China 中共江陰高新技術產業開發區工作委員會 Administration Committee of Jiangyin High-tech Industrial Development Zone 江陰高新技術產業開發區管理委員會
2	2014 Outstanding Enterprise of Foreign Investment* 2014年度外商投資先進企業	Trophy 獎杯	2015/1	Jiangyin High-tech Industrial Development Zone Committee of Communist Party of China 中共江陰高新技術產業開發區工作委員會 Administration Committee of Jiangyin High-tech Industrial Development Zone 江陰高新技術產業開發區管理委員會
3	2014 Outstanding Enterprise of Environment Protection* 2014年度環境保護先進集體	Award 獎牌	2015/1	Administration Committee of Jiangyin High-tech Industrial Development Zone 江陰高新技術產業開發區管理委員會
4	2014 Key and Major Enterprise of Jiangyin* 2014年度江陰市重點骨幹企業	Award 獎牌	2015/1	Jiangyin Municipal Party Committee of Communist Party of China, Jiangyin Municipal People's Government 中共江陰市委，江陰市人民政府
5	2014 Tax Payment of over 100 Million RMB Enterprise* 2014年度稅金超億元企業	Award 獎牌	2015/2	Jiangyin Municipal Party Committee of Communist Party of China, Jiangyin Municipal People's Government 中共江陰市委，江陰市人民政府
6	2014 Top 100 Star Enterprise* 2014年度百強名星企業	Award 獎牌	2015/2	Jiangyin Municipal Party Committee of Communist Party of China, Jiangyin Municipal People's Government 中共江陰市委，江陰市人民政府
7	2014 Outstanding Enterprise of Building Ecological Civilization and Environmental Protection of Jiangyin* 2014年度江陰市生態文明建設和環境保護先進集體	Certification 證書	2015/4	Jiangyin Environment Protection Committee* 江陰市環境保護委員會
8	Oeko-Tex Standard 100 Oeko-Tex標準100*	Certification 證書	2014/11	Swiss Textile Testing Institute 瑞士紡織檢定所*

BUSINESS REVIEW (continued) 業務回顧 (續)

No. 文件序號	Name of Award/Certification 獎項／認證名稱	Type of Doc. 文件類型	Date of Issue 頒發日期	Issued by 發出單位
Yancheng Fuhui Textiles Limited 鹽城福匯紡織有限公司				
9	Innovative Management Outstanding Enterprise of Jiangsu* 江蘇省管理創新優秀企業	Award 獎牌	2015/1	Jiangsu Economic and Information Technology Commission 江蘇省市經濟和信息化委員會
10	2014 Outstanding Enterprise of Fire Safety Management* 2014年度消防安全管理工作先進單位	Certification 證書	2015/1	Yancheng Development Zone Fire Services Team* 鹽城市公安消防支隊開發區大隊
11	Women's Civilization Unit 巾幗文明崗	Award 獎牌	2015/2	Yancheng Women's Federation 鹽城市婦女聯合會 Yancheng City Women "Women Achievement" Leading Group* 鹽城市城鎮婦女「巾幗建功」活動領導小組
Dongguan Shatin Lake Side Textiles Printing & Dyeing Co., Ltd. 東莞沙田麗海紡織印染有限公司				
12	Most Cost Effective Overall Improvement Program 最佳節水節能效益企業	Certification 證書	2015/4	Natural Resources Defense Council 自然資源保護協會 International Finance Corporation 世界銀行國際金融公司
13	2014 Clean by Design Environmental Improvement Program 2014年清潔設計環境改善計劃#	Certification 證書	2015/4	Target Sourcing Services 目標採購服務公司*
14	Clean Production Enterprise of Dongguan City* 東莞市清潔生產企業	Certification 證書	2015/5	Dongguan City Energy Industry Association* 東莞市能源行業協會
*	English names are only translation of their official Chinese names. In case of inconsistencies, the Chinese name shall prevail.		*	英文名稱僅為官方中文名稱之譯文。倘有歧異，概以中文名稱為準。
#	Chinese names are only translation of their official English names. In case of inconsistencies, the English name shall prevail.		#	中文名稱僅為官方英文名稱之譯文。倘有歧異，概以英文名稱為準。

OUTLOOK 展望

Looking forward to the second half of 2015, the uncertainties surrounding the European economy are expected to linger on, and consumer sentiments within the area would stay at low level; fortunately, the economic recovery of the U.S., the key target market of the Group, would keep on track; meanwhile, domestic demand of China are undergoing smooth structural adjustments driven by incentive measures from the PRC government, and the GDP growth are expected to pick up moderately. Besides, the Group will pay close attention to the exchange rate of Renminbi which depreciated substantially in August. Despite the fact that the uncertainties surrounding global economy still exist, the Group are prudently optimistic about its performance in the second half of the year, as where there are challenges and opportunities.

In response to the uncertainties of macro economy, the Group is fine-tuning its sales strategies and focusing on research and development of new products, and it will also continue to monitor any development in the market and capture emerging business opportunities to meet customer demand, aiming to consolidate its presence in the textile industry and drive its profit margin. To further improve its operating efficiency, the Group will continue to focus on integrating its business structure and streamlining its operating process. The Group will also be committed to a prudent policy of cost and inventory control, effective future financial planning and enhanced risk management, to ensure a strong operating capital.

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

預計2015年下半年，歐洲經濟前景未盡明朗，消費信心持續薄弱；幸而集團主要目標市場美國的經濟將繼續穩步復甦；同時中國內需在政府刺激措施下進行循序漸進的結構性調整，預期國內生產總值將錄得適度增長。另外，人民幣匯率在8月份大幅貶值，集團會密切關注有關情況。環球經濟仍然存在眾多未知數下，相信業務將面對不少挑戰及商機，故本集團對下半年度的業績抱審慎樂觀態度。

鑒於宏觀經濟的不明朗因素，集團正調整銷售策略和研發新產品，洞悉市場變化、抓緊機遇滿足需求，以保持本集團於紡織業的市場地位並提高盈利比率。為進一步改善營運效率，集團將繼續朝著整合業務架構和簡化作業流程的方向著手；亦會嚴謹實施成本和庫存控制政策、有效制訂未來財務計劃及加強風險管理，並確保營運資金充裕。

憑藉集團各項降成本、增產能的措施方案，縱使面對瞬間萬變的環球經濟及市場狀況，本集團依然決心完成本年度的預算目標，為全體股東創造長期價值及回報。

FINANCIAL REVIEW 財務回顧

The Group's revenue for the six months ended 30 June 2015 amounted to approximately HK\$3,202.7 million (six months ended 30 June 2014: HK\$3,367.9 million), representing a decrease of approximately 4.9%. Such decrease was mainly due to reduction of sales volume and average selling price for dyed fabrics. The Group's core business, production and sales of dyed fabrics, sewing threads and yarns, generated revenue of approximately HK\$2,641.1 million (six months ended 30 June 2014: HK\$2,872.5 million), accounted for 82.5% of the Group's total revenue (six months ended 30 June 2014: 85.3%). Revenue from production and sales of garments was approximately HK\$561.6 million (six months ended 30 June 2014: HK\$495.4 million), accounted for 17.5% (six months ended 30 June 2014: 14.7%) of the Group's total revenue. Garment business achieved a strong growth of 13.3% in revenue as a result of exploring new customers in Mainland market as well as increasing further orders from existing customers in overseas market. Overall gross profit margin was improved to approximately 11.5% (six months ended 30 June 2014: 9.7%), which was mainly attributed to the enlarged contribution margin in dyed fabric business.

Distribution and selling expenses for the period under review increased by 3.2% to approximately HK\$88.3 million (six months ended 30 June 2014: HK\$85.6 million). The rise was due to increasing air freight charges incurred during the period. Administrative expenses amounted to HK\$222.4 million, representing an increase of 9.2% as compared with the same period last year (six months ended 30 June 2014: HK\$203.6 million). The rise was mainly due to reversal of certain over-provision of Mainland factories closure in last period but no such reversal happened during the period under review. Finance costs reduced from approximately HK\$19.0 million in the same period last year to approximately HK\$14.8 million for the current period as a result of continuous utilization of cash flows to reduce interest arising from short-term and long-term bank borrowings.

Liquidity and Financial Resources

At 30 June 2015, the Group's net current assets and net assets amounted to approximately HK\$1,910.4 million and HK\$3,313.3 million respectively (31 December 2014: HK\$1,818.6 million and HK\$3,325.6 million respectively). At the same date, the Group had cash and cash equivalents of approximately HK\$1,021.9 million (31 December 2014: HK\$956.1 million). Current ratio, being defined as current assets to current liabilities, was 1.9 times (31 December 2014: 1.9 times).

本集團截至2015年6月30日止6個月的營業總額約3,202.7百萬港元（截至2014年6月30日止6個月：3,367.9百萬港元），下降約4.9%。下降主要是由於色布銷量及平均售價減少所致。集團的核心業務，製造及銷售色布、縫紉線及紗的營業額達到約2,641.1百萬港元（截至2014年6月30日止6個月：2,872.5百萬港元），佔集團營業總額82.5%（截至2014年6月30日止6個月：85.3%）。製造及銷售成衣的營業額達到約561.6百萬港元（截至2014年6月30日止6個月：495.4百萬港元），佔集團營業總額17.5%（截至2014年6月30日止6個月：14.7%）。成衣業務達到13.3%的強勁收入增長，皆因其在內地市場開拓新客戶以及來自海外市場的現有客戶進一步增加訂單所致。整體毛利率提升至約11.5%（截至2014年6月30日止6個月：9.7%），主要為色布業務之邊際貢獻有所擴大。

分銷及銷售費用於回顧期內增加3.2%至約88.3百萬港元（截至2014年6月30日止6個月：85.6百萬港元）。主要為空運費用在此期間有所增加。行政費用為222.4百萬港元，與去年同期相比增加9.2%，（截至2014年6月30日止6個月：203.6百萬港元）。其主因是由於去年同期撥回若干國內廠房關閉之超額撥備，但在本回顧期內則沒有該等撥回發生。財務費用從去年同期約19百萬港元減少至本期約14.8百萬港元，乃因有效地持續運用現金流，以減少短期及長期銀行借貸所產生之利息所致。

流動資金及財政資源

於2015年6月30日，集團流動資產淨值及資產淨值分別約為1,910.4百萬港元及3,313.3百萬港元（2014年12月31日：1,818.6百萬港元及3,325.6百萬港元）。同日，本集團擁有現金及等同現金項目約1,021.9百萬港元（2014年12月31日：956.1百萬港元）。流動比率定義為流動資產對流動負債，為1.9倍（2014年12月31日：1.9倍）。

FINANCIAL REVIEW (continued) 財務回顧 (續)

Total bank borrowings of the Group as at 30 June 2015 were approximately HK\$967.5 million (31 December 2014: HK\$999.9 million). The Group's gearing ratio, which is calculated on the basis of interest bearing debts to total equity, was 29.2% (31 December 2014: 30.1%). The Group had undertaken a syndicated loan of HK\$280 million during the period to repay part of the existing term loans to extend the repayment period to a more healthy position.

The Group met its funding requirements in its usual course of operation by cash flows from normal course of business, as well as long-term and short-term bank borrowings.

Capital Expenditure

For the six months ended 30 June 2015, the Group invested approximately HK\$25.4 million (six months ended 30 June 2014: HK\$93.6 million) in additions of property, plant and equipment and other intangible assets. All of these was and will be funded by internal generated cash flows and long-term bank borrowings.

Risk Management

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

The sales and the purchase of raw materials of the Group were mainly denominated in Hong Kong dollars ("HKD"), US dollars ("USD") and Renminbi ("RMB"). Since the Group mainly produces in China, thus we are exposed to foreign exchange risk arising from RMB exposure. As a result of People's Bank of China announcing the wider of RMB trading band and a continued strong USD trend during the period, the Group had stopped all currency forward contracts and exchanged RMB via spot currency market. The recent sharp devaluation of RMB in mid-August had proved our correct view on this trend. Since RMB is expected to be fluctuated sharply in the near future, we will take a conservative approach to review the foreign currency hedging strategy as appropriate in order to mitigate the foreign currency risk.

In addition, bank borrowings of the Group were denominated in HKD and USD, interests are mainly charged on a floating rate basis. Despite the slow recovery of the global economy in current period, we expected that US interest rates might rise in the second half of the year. The Group will continue monitor the interest rates fluctuation in the market and will arrange appropriate financial instruments to minimise the interest rate risk.

於2015年6月30日本集團之總銀行借貸額約為967.5百萬港元(2014年12月31日: 999.9百萬港元)。本集團之負債比率,其計算基礎為計息負債總額與權益總值比率,為29.2%(2014年12月31日: 30.1%)。集團在此期間承做了2.8億港元銀團貸款,以償還部分現有銀行貸款,以延長還款期至更健康水平。

集團以營運所得現金流量及銀行的長期和短期銀行借貸應付日常資金需求。

資本開支

截至2015年6月30日止6個月內,本集團投資約25.4百萬港元(截至2014年6月30日止6個月: 93.6百萬港元)以增加物業、廠房及設備和其他無形資產。所有這些投資都將通過內部產生的現金流及長期銀行借貸撥付。

風險管理

本集團會依據嚴格及審慎的風險管理政策應對外匯及利率風險。

集團之銷售及原料採購以港元、美元及人民幣為主,而主要的生產基地位於中國,故涉及人民幣所產生之外匯風險。由於中國人民銀行擴闊人民幣雙向波動區間,再加上強美元趨勢於本期間持續,集團已停止所有外匯遠期合約,並通過即期外匯市場兌換人民幣。而近期人民幣於8月中旬的大幅貶值已經證明我們對這趨勢的正確看法。由於預期人民幣在短線將會大幅波動,我們會採取保守的方法,適時審視外匯對沖政策以減低其風險。

此外,集團的銀行借貸以港元及美元為單位,利息主要以浮動利率計算。雖然全球的經濟復甦於本期間仍然緩慢,但預期美國於本年下半年有加息的可能。本集團將繼續留意市場的利率波動,並將於適當時間安排合適的金融工具以減低利率上升的風險。

FINANCIAL REVIEW (continued) 財務回顧(續)

Charges on Assets

As at 30 June 2015 and 31 December 2014, certain investment in life insurance policies were pledged to a bank to secure the credit facilities granted. Details of which were set out in note 10 and 14 of the condensed consolidated financial statements.

Employee Information

At 30 June 2015, the Group had approximately 11,800 full time employees (30 June 2014: 12,300). The Group's emolument policies are formulated on the performance of individual employee and on the basis of the salary trends in various regions, and are reviewed regularly. Subject to the Group's profitability, the Group may also distribute discretionary bonus to its employees as an incentive for their contribution to the Group.

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

資產抵押

於2015年6月30日及2014年12月31日，若干人壽保險保單已抵押予銀行以確保授予的授信額度。有關詳情載於簡明綜合財務報表附註10及14內。

員工信息

於2015年6月30日，本集團全職僱員人數約為11,800人（2014年6月30日：12,300人）。本集團的薪酬政策是根據個別僱員的工作表現及各個地區的薪酬趨勢的基礎上而定期作出檢討。集團亦會因應集團的盈利情況，酌情發放花紅予僱員以鼓勵他們對集團的貢獻。

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

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

購回、出售及贖回本公司之上市證券

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

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

CORPORATE GOVERNANCE CODE 企業管治守則

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

董事進行證券交易的標準守則

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors of the Company, the Company confirmed that all Directors of the Company have complied with the required standard set out in the Model Code for the period under review.

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

AUDIT COMMITTEE REVIEW 審核委員會審閱

The Company has established an Audit Committee for the purposes of reviewing and providing supervision over the Company's financial reporting process and internal controls. The Audit Committee presently comprises 1 Non-Executive Director and 2 Independent Non-Executive Directors, and 1 of the Independent Non-Executive Directors acts as the Chairman of the Audit Committee. The Audit Committee has reviewed the unaudited interim results of the Company for the six months ended 30 June 2015.

本公司已成立審核委員會，藉以檢討及監察本公司之財務申報程序及內部監控制度。審核委員會現由1名非執行董事及2名獨立非執行董事組成，並由其中1名獨立非執行董事擔任審核委員會主席。審核委員會已審閱本公司截至2015年6月30日止6個月之未經審核中期業績。

PUBLICATIONS OF 2015 INTERIM RESULTS AND INTERIM REPORT 刊發2015年中期業績及中期報告

This results announcement is published on the websites of the Company (www.fshl.com) and the Stock Exchange (www.hkex.com.hk). The 2015 interim report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and available on the websites of the Company and the Stock Exchange in due course.

本業績公告將於本公司網站(www.fshl.com)及聯交所網站(www.hkex.com.hk)刊登。載有上市規則規定的所有資料之2015年中期報告將會於適當時候寄發予本公司股東，並且刊載於本公司及聯交所網站。

On behalf of the Board

Fountain Set (Holdings) Limited

Zhao Yao

Chairman and Chief Executive Officer

Hong Kong, 21 August 2015

As at the date of this announcement, the Board comprises 4 executive directors, namely, Mr. Zhao Yao, Mr. Ha Kam On, Victor, Mr. Gong Zhengyi and Mr. Chen Minghong; 2 non-executive directors, namely, Dr. Yen Gordon and Mr. Zhang Chong; and 3 independent non-executive directors, namely, Mr. Ng Kwok Tung, Mr. Chow Wing Kin, Anthony, SBS, JP, and Mr. Ying Wei.