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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 2019

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”) for the year ended 31 December 2019 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 2019 截至2019年12月31日止年度

			2019 Notes 附註 HK\$'000 千港元	2018 HK\$'000 千港元
Revenue	營業額	3	6,605,655	7,510,789
Cost of sales	銷售成本		(5,844,703)	(6,690,010)
Gross profit	毛利		760,952	820,779
Other revenue	其他收入		63,911	68,957
Other gains and losses	其他收益及虧損		(21,448)	(5,179)
Distribution and selling expenses	分銷及銷售費用		(132,514)	(181,673)
Administrative expenses	行政費用		(424,871)	(442,718)
Finance costs	融資成本	4	(37,047)	(30,397)
Share of profit of an associate	應佔一間聯營公司之盈利		636	1,096
Profit before income tax expense	除所得稅支出前盈利		209,619	230,865
Income tax expense	所得稅支出	5	(42,805)	(52,586)
Profit for the year	是年度盈利	6	166,814	178,279
Profit for the year attributable to:	應佔是年度盈利：			
Owners of the Company	本公司擁有人		141,089	160,792
Non-controlling interests	非控股權益		25,725	17,487
			166,814	178,279
			HK cents 港仙	HK cents 港仙
Earnings per share	每股盈利			
– Basic	– 基本	8	11.6	13.3
– Diluted	– 攤薄	8	11.6	13.3

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 2019 截至2019年12月31日止年度

		Note 附註	2019 HK\$'000 千港元	2018 HK\$'000 千港元
Profit for the year	是年度盈利	6	166,814	178,279
Other comprehensive income, net of tax	其他全面收益 (經扣除稅項)			
Item that may be reclassified subsequently to profit or loss:	其後可能重新分類至 損益之項目：			
Exchange differences arising on translation of foreign operations	換算海外業務產生之 匯兌差額		(9,319)	(10,684)
Other comprehensive income for the year	是年度其他全面收益		(9,319)	(10,684)
Total comprehensive income for the year	是年度全面收益總值		157,495	167,595
Total comprehensive income for the year attributable to:	應佔是年度全面收益總值：			
Owners of the Company	本公司擁有人		135,237	153,265
Non-controlling interests	非控股權益		22,258	14,330
			157,495	167,595

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 綜合財務狀況表

AS AT 31 DECEMBER 2019 於2019年12月31日

			At 31 December 於12月31日 2019 Notes 附註 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
Non-current assets	非流動資產			
Investment properties	投資物業		51,545	55,841
Property, plant and equipment	物業、機器及設備		1,435,486	1,556,139
Right-of-use assets	使用權資產		244,479	–
Prepaid lease payments	預付租賃款項			
– non-current portion	– 非流動部分		–	94,025
Other intangible assets	其他無形資產		12,060	15,075
Deposit paid for purchase of plant and equipment	購買機器及設備的 已付按金		17,879	–
Interest in an associate	於一間聯營公司之權益		20,537	19,901
Deferred tax assets	遞延稅項資產		53,819	30,725
			1,835,805	1,771,706
Current assets	流動資產			
Inventories	存貨	9	1,255,906	1,479,107
Trade and bills receivables	營業及票據應收款項	10	1,129,994	1,236,970
Prepayments, deposits and other receivables	預付款項、按金及 其他應收款項		127,564	179,425
Prepaid lease payments	預付租賃款項			
– current portion	– 流動部分		–	2,599
Tax recoverable	可收回稅項		2,223	5,070
Restricted bank deposits	受限制銀行存款		8,055	13,981
Short-term bank deposits	短期銀行存款		168,175	76,856
Bank balances and cash	銀行結餘及現金		769,178	898,810
			3,461,095	3,892,818
Current liabilities	流動負債			
Trade and bills payables	營業及票據應付款項	11	823,798	770,819
Other payables and accruals	其他應付款項及應計費用		266,863	296,277
Contract liabilities	合約負債		15,315	17,834
Lease liabilities – current portion	租賃負債 – 流動部分		31,053	–
Amounts due to non-controlling shareholders	欠非控股股東款項		80,100	80,100
Amount due to an associate	欠一間聯營公司款項		7,179	4,269
Deferred income – current portion	遞延收入 – 流動部分		1,622	1,622
Tax payable	應付稅項		37,800	20,505
Bank borrowings – due within one year	銀行借貸 – 一年內到期		67,923	495,707
			1,331,653	1,687,133
Net current assets	流動資產淨值		2,129,442	2,205,685
Total assets less current liabilities	資產總值減流動負債		3,965,247	3,977,391

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 綜合財務狀況表

AS AT 31 DECEMBER 2019 於2019年12月31日

		At 31 December 於12月31日 2019 Note 附註	At 31 December 於12月31日 2018 HK\$'000 千港元
		HK\$'000 千港元	HK\$'000 千港元
Non-current liabilities	非流動負債		
Deferred income – non-current portion	遞延收入－非流動部分	55,745	57,367
Bank borrowings – due after one year	銀行借貸－一年後到期	154,459	302,806
Lease liabilities – non-current portion	租賃負債－非流動部分	158,783	–
Deferred tax liabilities	遞延稅項負債	11,204	15,973
		380,191	376,146
Net assets	資產淨值	3,585,056	3,601,245
Capital and reserves	資本及儲備		
Share capital	股本	12889,810	865,716
Reserves	儲備	2,529,651	2,567,084
Equity attributable to owners of the Company	本公司擁有人應佔權益	3,419,461	3,432,800
Non-controlling interests	非控股權益	165,595	168,445
Total equity	權益總值	3,585,056	3,601,245

NOTES 附註

1. GENERAL INFORMATION

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

The financial information relating to the years ended 31 December 2019 and 31 December 2018 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 2018 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 2019 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/revised HKFRSs – effective on 1 January 2019

HKFRS 16	Leases
HK(IFRIC) – Interpretation 23	Uncertainty over Income Tax Treatments
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23, Borrowing Costs
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures

The impact of the adoption of HKFRS 16 Leases has been summarised below. The other new or revised HKFRSs that are effective from 1 January 2019 did not have any significant impact on the Group’s accounting policies.

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2019年12月31日及2018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2018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2019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／經修訂之香港財務報告準則 – 於2019年1月1日生效

香港財務報告準則第16號	租賃
香港（國際財務報告詮釋委員會）－詮釋第23號	所得稅處理之不確定性
香港財務報告準則2015年至2017年週期之年度改進	香港會計準則第23號之修訂本，借貸成本
香港財務報告準則2015年至2017年週期之年度改進	香港會計準則第12號之修訂本，所得稅
香港財務報告準則第9號之修訂本	帶有負補償特性之預付款項
香港會計準則第28號之修訂本	於聯營公司及合營公司的長期權益

採納香港財務報告準則第16號租賃之影響概述如下。自2019年1月1日起生效之其他新訂或經修訂之香港財務報告準則並無對本集團之會計政策造成任何重大影響。

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

(a) Adoption of new/revised HKFRSs – effective on 1 January 2019 (continued)

HKFRS 16 – Leases

(i) Impact of the adoption of HKFRS 16

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

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

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／經修訂之香港財務報告準則－於2019年1月1日生效（續）

香港財務報告準則第16號－租賃

(i) 採納香港財務報告準則第16號之影響

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

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

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

(a) Adoption of new/revised HKFRSs – effective on 1 January 2019 (continued)

HKFRS 16 – Leases (continued)

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

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

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／經修訂之香港財務報告準則－於2019年1月1日生效（續）

香港財務報告準則第16號－租賃（續）

(i) 採納香港財務報告準則第16號之影響（續）

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

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

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

(a) Adoption of new/revised HKFRSs – effective on 1 January 2019 (continued)

HKFRS 16 – Leases (continued)

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

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

Reconciliation of operating lease commitments to lease liabilities

		HK\$'000 千港元
Operating lease commitments as at 31 December 2018	於2018年12月31日之經營租賃承擔	292,331
Less: short-term leases for which lease terms end within 31 December 2019	減：租賃期於2019年12月31日內完結之短期租賃	(4,043)
Less: contract signed in 2018 but commenced in 2019	減：於2018年簽訂惟於2019年開始之合約	(8,192)
Less: other adjustments	減：其他調整	(1,840)
Less: leases of low-value assets	減：低價值資產之租賃	(8)
Less: future interest expenses	減：未來利息開支	(83,297)
Add: finance lease liabilities as at 31 December 2018	加：於2018年12月31日之財務租賃負債	–
Total lease liabilities as at 1 January 2019	於2019年1月1日之租賃負債總額	194,951

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

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／經修訂之香港財務報告準則－於2019年1月1日生效（續）

香港財務報告準則第16號－租賃（續）

(i) 採納香港財務報告準則第16號之影響（續）

下列對賬說明應用香港會計準則第17號所披露於2018年12月31日之經營租賃承擔如何與綜合財務狀況表內確認於首次應用日期（2019年1月1日）之租賃負債進行對賬：

經營租賃承擔與租賃負債之對賬

		HK\$'000 千港元
Operating lease commitments as at 31 December 2018	於2018年12月31日之經營租賃承擔	292,331
Less: short-term leases for which lease terms end within 31 December 2019	減：租賃期於2019年12月31日內完結之短期租賃	(4,043)
Less: contract signed in 2018 but commenced in 2019	減：於2018年簽訂惟於2019年開始之合約	(8,192)
Less: other adjustments	減：其他調整	(1,840)
Less: leases of low-value assets	減：低價值資產之租賃	(8)
Less: future interest expenses	減：未來利息開支	(83,297)
Add: finance lease liabilities as at 31 December 2018	加：於2018年12月31日之財務租賃負債	–
Total lease liabilities as at 1 January 2019	於2019年1月1日之租賃負債總額	194,951

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

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

(a) Adoption of new/revised HKFRSs – effective on 1 January 2019 (continued)

HKFRS 16 – Leases (continued)

(ii) *New definition of a lease*

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

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

(iii) *Accounting as a lessee*

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

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

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

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／經修訂之香港財務報告準則－於2019年1月1日生效（續）

香港財務報告準則第16號－租賃（續）

(ii) *租賃之新定義*

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

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

(iii) *作為承租人之會計處理方法*

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

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

本集團於租賃之開始日期確認使用權資產及租賃負債。

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

(a) Adoption of new/revised HKFRSs – effective on 1 January 2019 (continued)

HKFRS 16 – Leases (continued)

(iii) Accounting as a lessee (continued)

Right-of-use asset

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

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

Lease liability

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

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

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／經修訂之香港財務報告準則－於2019年1月1日生效（續）

香港財務報告準則第16號－租賃（續）

(iii) 作為承租人之會計處理方法（續）

使用權資產

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

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

租賃負債

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

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

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

(a) Adoption of new/revised HKFRSs – effective on 1 January 2019 (continued)

HKFRS 16 – Leases (continued)

(iii) Accounting as a lessee (continued)

Lease liability (continued)

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

(iv) Accounting as a lessor

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

(v) Transition

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

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

The Group has elected to recognise all the right-of-use assets as at 1 January 2019 for leases previously classified as operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee’s incremental borrowing rate as at the date of initial application (1 January 2019).

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／經修訂之香港財務報告準則－於2019年1月1日生效（續）

香港財務報告準則第16號－租賃（續）

(iii) 作為承租人之會計處理方法（續）

租賃負債（續）

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

(iv) 作為出租人之會計處理方法

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

(v) 過渡

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

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

本集團已選擇於2019年1月1日就先前根據香港會計準則第17號分類為經營租賃之租賃確認全部使用權資產，猶如香港財務報告準則第16號已自開始日期起應用，但採用承租人於首次應用日期（2019年1月1日）之增量借款利率貼現。

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

(a) Adoption of new/revised HKFRSs – effective on 1 January 2019 (continued)

HKFRS 16 – Leases (continued)

(v) Transition (continued)

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

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group’s lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Interpretation 4 Determining whether an Arrangement contains a Lease and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Interpretation 4.

Except as described above regarding the impact of HKFRS 16, the adoption of the above new/revised HKFRSs has no material impact on the Group’s financial statements.

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

The following 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 and HKAS 8	Definition of Material ¹
Amendments to HKFRS 3	Definition of a Business ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²

¹ Effective for annual periods beginning on or after 1 January 2020

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

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／經修訂之香港財務報告準則－於2019年1月1日生效（續）

香港財務報告準則第16號－租賃（續）

(v) 過渡（續）

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

此外，本集團亦已應用可行權宜方法以便：(i)將香港財務報告準則第16號應用於先前應用香港會計準則第17號及香港（國際財務報告詮釋委員會）－詮釋第4號判斷安排是否包含租賃以識別為租賃之本集團所有租賃合約及(ii)並無將香港財務報告準則第16號應用於先前並無根據香港會計準則第17號及香港（國際財務報告詮釋委員會）－詮釋第4號識別為含有租賃之合約。

除上文所述有關香港財務報告準則第16號之影響外，採納上述新訂／經修訂香港財務報告準則並無對本集團之財務報表構成重大影響。

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則

下列可能與本集團財務報表有關之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號及香港會計準則第8號之修訂本	重大的定義 ¹
香港財務報告準則第3號之修訂本	業務的定義 ¹
香港財務報告準則第10號及香港會計準則第28號之修訂本	投資者與其聯營公司或合營公司之間的資產出售或注資 ²

¹ 於2020年1月1日或之後開始之年度期間生效

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

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

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

Amendments to HKAS 1 and HKAS 8 – Definition of Material

The amendments clarify the definition and explanation of “material”, aligning the definition across all HKFRSs and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

Amendments to HKFRS 3 – Definition of a Business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a “substantive process”.

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of “outputs” and a “business” to focus on returns from selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

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

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors’ interests in the joint venture or associate.

The Group has already commenced an assessment of the impact of adopting the above amendments to HKFRSs to the Group. The directors of the Company anticipate that the application of these amendments to HKFRSs will have no material impact on the Group’s financial performance and positions and/or the disclosure to these consolidated financial statements of the Group.

2. 採納香港財務報告準則（「香港財務報告準則」）（續）

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則（續）

香港會計準則第1號及香港會計準則第8號之修訂本－重大的定義

該等修訂本澄清「重大」之定義及解釋，統一所有香港財務報告準則及概念框架之定義，並將香港會計準則第1號之支持規定納入該定義。

香港財務報告準則第3號之修訂本－業務的定義

該等修訂本澄清業務必須包括至少一項投入及一個實質過程，該等投入及過程對創造產出的能力作出重大貢獻，並為「實質過程」之定義提供詳盡指引。

此外，該等修訂本刪除市場參與者是否有能力取代任何缺失的投入或過程及持續產出的評估，同時收窄「產出」及「業務」的定義，以將重點放於向客戶出售貨品及服務之回報而非削減成本。

該等修訂本亦引入選擇性集中測試，其允許對所收購之一組活動及資產是否不屬於業務進行簡化評估。

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

有關修訂本澄清實體向其聯營公司或合營公司出售或注入資產時，將予確認之收益或虧損程度。當交易涉及一項業務，則須確認全數收益或虧損。反之，當交易涉及不構成一項業務的資產，則僅須就不相關投資者於合營公司或聯營公司之權益確認收益或虧損。

本集團已對採納上述香港財務報告準則的修訂本對本集團的影響進行評估。本公司董事預計應用該等香港財務報告準則的修訂本將不會對本集團的財務表現及狀況及／或該等本集團的綜合財務報表披露資料造成重大影響。

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.

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	94,956	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

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、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)

2018	2018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	1,638,762	1,656,757	805,785	869,874	857,847	665,073	23,058	993,633	7,510,789	-	7,510,789
Inter-segment sales (note)	分類間銷售 (附註)	4,993,205	2,804,149	-	-	311,448	-	-	166,227	8,275,029	(8,275,029)	-
Total segment revenue	分類營業額總值	6,631,967	4,460,906	805,785	869,874	1,169,295	665,073	23,058	1,159,860	15,785,818	(8,275,029)	7,510,789
Results	業績											
Segment profit	分類盈利	131,227	150,425	68,076	73,438	69,324	50,975	1,930	83,691			629,086
Interest income	利息收入											4,894
Unallocated income	未分配收入											3,802
Depreciation, amortisation and impairment loss	折舊、攤銷及減值損失											(185,455)
Other unallocated expenses	其他未分配支出											(192,161)
Finance costs	融資成本											(30,397)
Share of profit of an associate	應佔一間聯營公司之盈利											1,096
Profit before income tax expense	除所得稅支出前盈利											230,865

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.

分類盈利乃指各分類所賺取的盈利，當中並無計入中央行政成本及其他費用（包括非與生產有關之僱員福利開支、董事酬金、銀行費用等）、投資物業、物業、機器及設備以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:

		2019 HK\$'000 千港元	2018 HK\$'000 千港元
Revenue from contracts with customers within the scope of HKFRS 15:	香港財務報告準則第15號範圍內的客戶合同收入：		
Production and sales of dyed fabrics and yarns	製造及銷售色布及紗	5,804,550	6,635,572
Production and sales of garments	製造及銷售成衣	801,105	875,217
		6,605,655	7,510,789
Timing of revenue recognition:	確認收入的時間：		
At a point in time	在某時間點	6,605,655	7,510,789
Transferred over time	隨時間轉移	—	—
		6,605,655	7,510,789

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約的合約負債資料。

		At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
Trade and bills receivables (note 10)	營業及票據應收款項(附註10)	1,129,994	1,236,970
Contract liabilities	合約負債	15,315	17,834

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 2019 and 31 December 2018.

有關主要客戶之資料

截至2019年12月31日及2018年12月31日止年度，來自個別客戶之營業額佔本集團營業總額均無超過10%。

4. FINANCE COSTS

Finance costs on:	融資成本：
Bank borrowings	銀行借貸
Lease liabilities	租賃負債

3. 營業額及分類資料 (續)

收入分列

按產品及按確認收益時間劃分的客戶合同收入分列如下：

4. 融資成本

		2019 HK\$'000 千港元	2018 HK\$'000 千港元
Finance costs on:	融資成本：		
Bank borrowings	銀行借貸	27,027	30,397
Lease liabilities	租賃負債	10,020	—
		37,047	30,397

5. INCOME TAX EXPENSE

5. 所得稅支出

		2019 HK\$'000 千港元	2018 HK\$'000 千港元
Current tax:	是年度稅項：		
Hong Kong	香港	11,042	228
The PRC	中國	39,158	30,292
Other jurisdictions	其他司法地區	9,677	6,003
		59,877	36,523
(Over)/under provision in prior years:	過往年度（超額撥備）／撥備不足：		
Hong Kong	香港	(45)	(89)
The PRC	中國	547	(5,131)
Other jurisdictions	其他司法地區	2,115	1,044
		2,617	(4,176)
		62,494	32,347
Deferred tax:	遞延稅項：		
Hong Kong	香港	1,481	(103)
The PRC	中國	(14,836)	12,124
Other jurisdictions	其他司法地區	(6,334)	8,218
		(19,689)	20,239
		42,805	52,586

In March 2018, the Hong Kong Government introduced a two-tiered profits tax rates regime by enacting the Inland Revenue (Amendment) (No. 3) Ordinance 2018 (the "Ordinance"). The Ordinance is effective from the year of assessment 2018-2019. Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of one subsidiary of the Group, 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 qualifying for the two-tiered profits tax rates regime will continue to be taxed at 16.5%.

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

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

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

香港政府在2018年3月通過《2018年稅務（修訂）（第3號）條例》（「該條例」），實施利得稅兩級制。該條例自2018至2019課稅年度起生效。根據利得稅兩級制，本集團一間為合資格企業的附屬公司的首2,000,000港元應課稅盈利率為8.25%，而餘下的應課稅盈利則為16.5%。不符合利得稅兩級制資格的其他集團實體之盈利將繼續按稅率16.5%課稅。

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

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

其他司法地區之稅項是以有關各自司法地區當時之稅率計算。

6. PROFIT FOR THE YEAR

6. 是年度盈利

		2019 HK\$'000 千港元	2018 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) ¹	遞延收入之攤銷（附註i） ¹	(1,622)	(1,622)
Amortisation of other intangible assets ³	其他無形資產之攤銷 ³	3,015	3,271
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	2,952	2,987
– Other auditors	– 其他核數師	48	47
Cost of inventories sold (note ii)	存貨銷售成本（附註ii）	5,844,703	6,690,010
Depreciation of investment properties	投資物業之折舊	3,544	3,627
Depreciation and impairment of property, plant and equipment	物業、機器及設備之折舊及減值	233,519	175,998
Depreciation of right-of-use assets (note iv)	使用權資產之折舊（附註iv）	29,945	–
Employee costs (including directors' emoluments)	僱員成本（包括董事酬金）	963,911	1,009,030
Government grants (note iii) ¹	政府補貼（附註iii） ¹	(4,005)	(5,612)
Interest income ¹	利息收入 ¹	(10,058)	(4,894)
Loss on disposal/written-off of property, plant and equipment ²	出售／撇銷物業、機器及設備之虧損 ²	14,841	9,405
Net exchange losses ²	匯兌虧損淨值 ²	1,120	4,592
Net rental income from investment properties ¹	投資物業的租金收入淨值 ¹	(11,282)	(10,519)
Provision for impairment loss reversed on other receivables, net ²	其他應收款項之減值損失撥備回撥淨值 ²	–	(188)
Provision for impairment loss recognised/(reversed) on trade and bills receivables, net ²	營業及票據應收款項之減值損失撥備確認／（回撥）淨值 ²	6,079	(8,630)
Release of prepaid lease payments	預付租賃款項轉出	–	2,559
Written-off of other receivables ²	撇銷其他應收款項 ²	11	–

- ¹ Included in other revenue
² Included in other gains and losses
³ 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.

- ¹ 包括在其他收入內
² 包括在其他收益及虧損內
³ 包括在行政費用內

附註：

- (i) 遞延收入攤銷指收取來自中國當地政府機構授出作為本集團就業務發展及節能計劃購入物業、機器及設備，並由中國當地政府執行之補貼。

6. PROFIT FOR THE YEAR (continued)

Notes: (continued)

- (ii) Cost of inventories sold includes HK\$1,702,274,000 (2018: HK\$1,688,961,000) 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 mainly represent 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.
- (iv) As further explained in note 2(a), the Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances as at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets as at 1 January 2019, the Group as lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information has not been restated.

7. DIVIDENDS

Dividend recognised as distribution during the year:	是年度已確認為分派之股息：
2018 final dividend of HK10.64 cents (2017: HK10.4 cents) per share	2018年末期股息每股10.64港仙 (2017年：每股10.4港仙)
2018 special dividend of HK1.33 cents (2017: Nil) per share	2018年特別股息每股1.33港仙 (2017年：零)

No interim dividend was paid or proposed for both years.

The final dividend of HK9.28 cents in respect of the year ended 31 December 2019 (2018: HK10.64 cents) per share, amounting to approximately HK\$113,683,000 (2018: HK\$130,071,000) in total, and the special dividend of HK1.16 cents in respect of the year ended 31 December 2019 (2018: HK1.33 cents) per share, amounting to approximately HK\$14,210,000 (2018: HK\$16,259,000) in total, have been recommended by the Board and will be subject to the approval of the shareholders at the forthcoming annual general meeting of the Company.

6. 是年度盈利 (續)

附註：(續)

- (ii) 存貨銷售成本包括1,702,274,000港元 (2018年：1,688,961,000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、撇銷存貨確證／(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) 政府補貼主要指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。
- (iv) 誠如附註2(a)所進一步闡述，本集團已使用經修訂追溯法首次應用香港財務報告準則第16號，並調整於2019年1月1日之年初結餘，以確認有關先前分類為香港會計準則第17號項下經營租賃之租賃之使用權資產。於2019年1月1日首次確認使用權資產後，本集團（作為承租人）須確認使用權資產折舊，而非如先前政策以直線法於租賃期內確認經營租賃項下產生之租金開支。根據此方法並無重列比較資料。

7. 股息

	2019 HK\$'000 千港元	2018 HK\$'000 千港元
Dividend recognised as distribution during the year:		
2018 final dividend of HK10.64 cents (2017: HK10.4 cents) per share	130,071	125,323
2018 special dividend of HK1.33 cents (2017: Nil) per share	16,259	—
	146,330	125,323

於兩個年度並無已付或擬派中期股息。

董事會建議派付截至2019年12月31日止年度之末期股息每股9.28港仙 (2018年：10.64港仙)，合共約113,683,000港元 (2018年：130,071,000港元)，以及截至2019年12月31日止年度之特別股息每股1.16港仙 (2018年：1.33港仙)，合共約14,210,000港元 (2018年：16,259,000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:

		2019 HK\$'000 千港元	2018 HK\$'000 千港元
Earnings	盈利		
Profit for the year attributable to owners 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擁有人應佔是年度盈利	141,089	160,792

		2019	2018
Number of shares	股份數目		
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	1,218,336,385	1,205,026,960
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	1,219,077,279	1,205,026,960

The computation of basic earnings per share for the year ended 31 December 2019 is based on the profit attributable to ordinary equity shareholders of the Company of HK\$141,089,000 (2018: HK\$160,792,000) and the weighted average of 1,218,336,385 ordinary shares (2018: 1,205,026,960 ordinary shares) during the year.

The computation of diluted earnings per share for the year ended 31 December 2019 is by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group had share options which might result in dilutive potential ordinary shares. Its calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options.

The computation of diluted earnings per share for the year ended 31 December 2018 does not assume the exercise of the Company's outstanding share options because the adjusted exercise prices of those options calculated in accordance with HKAS 33 "Earnings Per Share" are higher than the average market price of the shares.

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：

截至2019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141,089,000港元（2018年：160,792,000港元）及加權平均數目1,218,336,385股普通股（2018年：1,205,026,960股普通股）計算。

截至2019年12月31日止年度之每股攤薄盈利乃透過假設所有攤薄潛在普通股均獲轉換，而調整發行在外之加權平均普通股數目計算。本集團之購股權可能導致產生攤薄潛在普通股。已根據尚未行使的購股權附帶之認購權之貨幣價值計算可按公平價值（釐定為本公司股份之平均市價）收購之股份數目。上述所計算之股份數目會與假設購股權獲行使時理應發行之股份數目作出比較。

由於根據香港會計準則第33號「每股盈利」計算之本公司尚未行使購股權之經調整行使價高於股份之平均市價，因此計算截至2018年12月31日止年度之每股攤薄盈利時並無假設該等購股權已獲行使。

9. INVENTORIES

		At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
Spare parts	備件	35,597	40,573
Raw materials	原料	489,695	626,960
Work-in-progress	半製品	422,006	441,646
Finished goods	製成品	308,608	369,928
		1,255,906	1,479,107

10. TRADE AND BILLS RECEIVABLES

		At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
Trade receivables	營業應收款項	913,513	973,909
Bills receivables	票據應收款項	231,019	273,910
Less: allowance for doubtful debts	減：呆賬撥備	(14,538)	(10,849)
		1,129,994	1,236,970

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:

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：

		At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
Within 1 month	1個月內	667,466	680,287
1 to 2 months	1至2個月	322,236	325,606
2 to 3 months	2至3個月	93,737	143,777
Over 3 months	3個月以上	61,093	98,149
		1,144,532	1,247,819
Less: allowance for doubtful debts	減：呆賬撥備	(14,538)	(10,849)
		1,129,994	1,236,970

11. TRADE AND BILLS PAYABLES

11. 營業及票據應付款項

		At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
Trade payables	營業應付款項	640,537	525,832
Bills payables	票據應付款項	183,261	244,987
		823,798	770,819

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

營業及票據應付款項按發票日期於報告期終的賬齡分析如下：

		At 31 December 於12月31日 2019 HK\$'000 千港元	At 31 December 於12月31日 2018 HK\$'000 千港元
Within 1 month	1個月內	627,948	357,205
1 to 2 months	1至2個月	117,429	266,508
2 to 3 months	2至3個月	38,800	55,599
Over 3 months	3個月以上	39,621	91,507
		823,798	770,819

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

於報告期終，本集團之所有票據應付款項均未到期。

As at 31 December 2019, bills payables of HK\$19,313,000 (31 December 2018: HK\$32,527,000) were secured by the Group's restricted bank deposits of HK\$5,767,000 (31 December 2018: HK\$9,758,000).

於2019年12月31日，票據應付款項19,313,000港元（2018年12月31日：32,527,000港元）乃由本集團之受限制銀行存款5,767,000港元（2018年12月31日：9,758,000港元）作為抵押。

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

購貨的信貸期介乎30天至120天。

12. SHARE CAPITAL

12. 股本

		At 31 December 於12月31日 2019		At 31 December 於12月31日 2018	
		No. of shares 股份數目	HK\$'000 千港元	No. of shares 股份數目	HK\$'000 千港元
Ordinary shares, issued and fully paid	普通股·已發行及繳足股本				
At beginning of the year	於年初	1,205,026,960	865,716	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	1,205,026,960	865,716

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.

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。

13. EVENTS AFTER THE REPORTING PERIOD

- (a) Since the outbreak of the 2019 novel coronavirus disease (COVID-19) (the “Epidemic”) in China in January 2020, a number of provinces and cities in Mainland China have activated the highest-level response to major public health emergencies, the Level 1 Response, and adopted various stringent measures to curb the spread of the Epidemic. All of the Group’s production sites in Mainland China resumed operation on 10 February 2020 or by the end of February 2020. Meanwhile, the Group estimated that under the current special circumstances, the industry and financial performance of the Group will inevitably be affected by the Epidemic in the first half of 2020, and expects that the recovery will come in the second half of 2020 at the soonest. The Group has been strengthening cost control and adopted appropriate measures in a timely manner.
- (b) After the end of the reporting period and up to the date of this announcement, an ordinary resolution was passed at an extraordinary general meeting of the Company held on 14 February 2020 (the “EGM”), which approved the purchase framework agreement dated 29 November 2019 between the Company and Huafu Holding Co., Ltd, (the “2022 Purchase Framework Agreement”) and the transactions contemplated thereunder (including the annual caps for the transactions under the 2022 Purchase Framework Agreement for each of the three years ending 31 December 2022). For details, please refer to the circular of the Company dated 24 January 2020 and its announcement dated 14 February 2020.

13. 報告期後事項

- (a) 自2020年1月在中國爆發2019年新型冠狀病毒疾病（COVID-19）（「疫情」）以來，中國大陸多個省市啟動最高級別的重大突發公共衛生事件一級響應，採取各項嚴格措施遏制疫情蔓延。本集團在中國國內的所有廠房已於2020年2月10日或2020年2月底前回復生產。同時，本集團預計在目前特殊情況下，疫情將無可避免地對2020年上半年的行業和本集團的財務表現造成一定影響，預期最快要到2020年下半年才恢復正常水平。本集團已一直加強控制成本並及時採取適當措施。
- (b) 於報告期終及直至本公告日期止，一項普通決議案已於本公司在2020年2月14日舉行的股東特別大會（「股東特別大會」）上獲通過，其批准本公司與華孚控股有限公司訂立日期為2019年11月29日之採購框架協議（「2022年採購框架協議」）及其項下擬進行之交易（包括截至2022年12月31日止三個年度各年於2022年採購框架協議項下交易之年度上限）。詳情請參考本公司日期為2020年1月24日之通函及其日期為2020年2月14日之公告。

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2019, amid the unfavourable operating conditions of a complex and ever-changing market environment and a continuously deteriorating business environment, the Group as a textile manufacturer managed to forge ahead in a proactive manner and explore the possibilities. All employees of the Group worked together to overcome the difficulties, and actively took effective measures to respond to changes in the business environment, make unremitting efforts, and achieve stable and sound management.

Since the end of last year, the Group has been in the course of decisive reduction of low-value orders, proactive abandonment of the order demand from low-cost customers, and commitments to raise the average selling price level. Meanwhile, facing the decline of the textile market, the Group actively responded, adopted decisive measures to adjust its sales strategy, and strived to ensure the number of high-quality orders from the top 20 key customers in order to stabilise the number of orders for basic categories. It also actively developed customer demand for small-volume high-value varieties to meet the needs of major customers for the trial production and development of new varieties and increase the supply capacity of high-value products, thereby increasing sales prices and optimising the cost structure of product manufacturing.

Due to changes in business sales strategy, the revenue of the Group for the year ended 31 December 2019 decreased by 12.1% to HK\$6,605,655,000 (2018: HK\$7,510,789,000). The decrease was the Group's proactive reduction of low-value orders. During the year under review, the Group's fabric year-on-year volume reduction was approximately 19.3% whereas the average selling price increased by 7.1% year-on-year due to the change of product mix. In 2019, given the relatively stable prices of cotton yarn, being the major raw materials of the Group, the gross profit margin of the Group in 2019 was slightly higher than the corresponding period last year by 0.6 percentage point to 11.5% (2018: 10.9%). The Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") was HK\$438.54 million (2018: HK\$429.23 million) for the year ended 31 December 2019, with a year-on-year increase of 2.2%; the EBITDA margin was 6.6% (2018: 5.7%), which ratio was the new high of the Group for the past six financial years. Profit for the year decreased by 6.4% year-on-year to HK\$166.814 million (2018: HK\$178.279 million). Basic earnings per share was HK11.6 cents (2018: HK13.3 cents).

Facing such a difficult environment, the Board made concrete adjustments to the Group's operational strategy, optimally capitalised the Group's production capacity and devoted more efforts to developing and refining products, and adapting to the market changes. All staff members of the Group had built team spirit in the past five years. With the enhancement of our overall operating capability and management standards, the significant upgrade of production techniques, and the gradual increase in product development capability, the Group had entered a new stage of growth.

管理層討論及分析

業務回顧

2019年對於紡織生產製造企業，面對市場形勢複雜多變和經營環境持續惡化的不利經營條件，深入挖掘、積極進取，集團全體員工齊心協力、克服困難、積極採取有效措施應對經營環境變化，努力不懈，取得了經營穩定向好的管理。

從去年年底開始，集團果斷減少低價值訂單，主動放棄低價客戶的訂單需求，並努力拉高平均售價水平。同時，面臨紡織市場下滑，集團積極應對，採取果斷措施調整銷售策略，努力確保前20大客戶優質訂單數量，以此穩定基本品種的訂單數量，並積極發展小批量高價值品種的客戶需求，配合主要客戶新品種的試製開發需要，增加高價值產品的供貨能力，以此提升銷售價格，優化產品生產成本結構。

由於業務銷售策略的改變，集團於截至2019年12月31日止年度的營業額減少12.1%至6,605,655,000港元（2018年：7,510,789,000港元）。此乃由於積極主動減少低價值訂單。於回顧年內，集團面料出貨量按年減少約19.3%，而平均售價則由於產品結構的改變而按年上升7.1%。由於2019年年度集團的主要原材料棉紗價格相對穩定，因此本集團2019年的毛利率略高於去年同期0.6百分點至11.5%（2018年：10.9%），集團於截至2019年12月31日止年度的息稅折舊及攤銷前利潤為438,540,000港元（2018年：429,230,000港元），按年上升2.2%；息稅折舊及攤銷前利潤率則為6.6%（2018年：5.7%），比率為本集團過去六個財政年度新高。年度盈利為166,814,000港元（2018年：178,279,000港元），按年下調6.4%。每股基本盈利為11.6港仙（2018年：13.3港仙）。

在此嚴峻的情況下，董事會果斷調整集團經營策略，最大限度集中發揮集團生產製造能力，加大投入力度，努力開發及改進產品，以適應市場變化。集團廣大職工發揚「同心協力、共同奮鬥」的精神，憑藉過去5年以來改革創新的管理成果頑強拼搏，整體經營能力和管理水準全面提升，工藝技術水準顯著提高，產品開發能力逐步增強，集團的發展躍上了新的台階。

(1) Enhancement of production capacity and management standards

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

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

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

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

(2) Significant results achieved by proactively responding to market changes, strengthen operation and management mechanism

The Group strictly implemented an evaluation system on business sales performance, through which it strived to improve the accuracy of sales budget fulfillment and placing orders, reduce the inventory occupancy of raw materials, lessen the vacancy of reserved capacity, improve the accuracy of production schedule, and reasonably adjust the order production arrangements so as to achieve reasonable production schedule, optimal costs and minimal losses.

Through important adjustments to a series of sales strategies, the Group maintained the sales from key customers, optimised the mix of small and medium-sized customers, and abandoned low-value orders. Under the challenging conditions of a shrinking number of orders and decreasing demand, the Group enhanced the average contribution price orders and effectively improved the gross profit level of product sales by optimising the structures of customers and varieties, enabling itself to achieve a rare performance as the expected profit level was still maintained under a decline in orders.

(1) 生產製造能力和經營管理水準全面提高

經過五年來的改革發展面料，初步形成了以「精、優、特」為標誌的三大主力面料生產基地江陰福匯紡織有限公司（「江陰福匯」）、東莞沙田麗海紡織印染有限公司（「沙田麗海」）及鹽城福匯紡織有限公司（「鹽城福匯」）的產能新格局，生產製造能力顯著增強。以「產供銷一體化」為核心的經營管理體系的建立，為集團業績持續穩定增長奠定了基礎，經營管理水準不斷提升。

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

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

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

(2) 積極應對市場變化，強化經營管理機制成效顯著

嚴格執行營業銷售業績考核評價體系，努力提升銷售預算達成和訂單下達的準確率，減少原料庫存佔用，減少預留產能空置，提高排產準確率，合理調整訂單生產安排，達到排產合理、成本最優、損失最小。

通過保持大客戶銷量、優化中小客戶品種結構、放棄低價值訂單等一系列銷售策略的重要調整，在訂單下降需求減少的困難條件下，集團通過優化客戶和品種結構，提升訂單平均價差，有效提升產品銷售毛利水準，實現了集團在訂單下滑的情況下仍能保持預期盈利水準的難得業績。

Each production unit of the Group implemented a series of measures, including enhancing product quality, improving work efficiency, reducing production consumption and maintaining operational stability; and strived for lean manufacturing by reducing costs and increasing efficiency, providing effective guarantee for an overall achievement of expected profit by the Group.

By optimising the standardisation of production processes and process technology as well as standardising the production operation and consumption control of each process, through the advancement of process technology and standardisation of production process, product quality and delivery time were effectively guaranteed, while defective products and repair losses were reduced.

In order to improve the level of refined management on production, the Group formed a professional inter-department technical team specialised in process optimisation, including weaving, dyeing, finishing and printing, to carry out targeted technical breakthroughs, solve manufacturing technology issues, and improve rapid response capabilities. As a result, the production process was smoother, more efficient and effective. By monitoring the whole process of product quality, the consistency of product quality was ensured, and the standards on technology and inspection of all internal production processes were regulated, which could effectively satisfy customers' needs.

In line with the overall marketing strategy of the Group, production units also focused on the needs and concerns of important customers by targeted one-on-one customer services, strengthened communication and collection of production information with customers, and defused customer requirements for product categories and quality, information such as delivery deadlines to optimise production arrangements, and followed up on production order processes from raw material organisation to knitting, dyeing, finishing, printing, and inspection processes in order to ensure the production quality and timeliness of orders that gained favourable market responses.

Due to the stringent credit control and strict credit management policy, the Group's account receivable has improved in 2019 when compared to that of 2018. The total overdue account receivable was reduced in 2019, resulting in a better cash flow as well as lower credit risk of the Group.

(3) Speed up new product R&D to meet market demand

In order to promote the high-quality development of the Group, the R&D department worked on adjustments to product structure and new product development was steadily advanced as planned, which met the work plan requirements and business strategy of the Group to effectively cooperate with market expansion by the Group, increase the proportion of high-value orders, and improve profitability. In order to strengthen strategic cooperation with high-quality customers, the Group proactively carried out joint product R&D activities with important customers. The Group organised a professional team through continuous and effective R&D, which achieved a series of important results in 2019 in the areas of development of high-needle and high-density fabrics, improvement of multi-roller combined brushed fabrics, and a variety of fiber composite fabrics. Product recognition by major overseas and domestic customers played a key role in improving the product quality and product mix of the Group.

集團各生產製造單位，以提高產品品質、提升工作效率、降低生產消耗、保持運行穩定等一系列措施推進精益製造，努力降本增效，為集團整體實現預期盈利提供了有效保障。

通過優化生產流程和工藝技術標準化建設，規範每一道工序的生產操作和消耗控制，通過工藝技術、生產流程標準化的推進，產品品質、交期得到了有效保證，減少了次品和回修損失。

集團為提高生產製造精細化管理水準，組成專門工藝流程優化和織、染、整、印跨部門的專業技術團隊，有針對性的進行技術攻堅，解決生產企業工藝技術難題，提高快速反應能力，使生產流程更加順暢、快速、有效，產品品質全流程監控，保證產品品質一致性，統一內部生產流程各環節工藝標準和檢測標準準確、高效地滿足客戶需要。

為配合集團整體行銷策略，生產單位還聚焦重要客戶的需求和關注，有針對性的一對一作好客戶服務工作，加強與客戶的生產資訊溝通、收集，消化客戶對產品類別和品質的要求，以及交貨期限等資訊，優化生產安排，從原料組織到織、染、整、印、檢各工序跟進生產訂單的過程動態，確保訂單生產保質保期，獲得了良好的市場評價。

由於本集團嚴格的信貸控制及嚴謹的信貸管理政策，2019年的應收賬款與2018年同期相比有改善。逾期應收賬款總額於2019年減少，改善本集團現金流，同時亦降低了信貸風險。

(3) 加快新產品開發，滿足市場需求

為推動集團高品質發展，研發部門在產品結構調整和新產品研發方面的工作按照計畫穩步推進，不僅達到了集團的工作計畫要求，也有效地配合了集團開拓市場，提高高價值訂單比例，提升盈利能力的經營策略。集團為加強與優質客戶的戰略合作，積極與重要客戶聯合開展產品研發活動。組織專業團隊，通過持續有效的研究、開發，2019年在高針高密面料開發、多輥組合拉毛面料品種改進，以及多種纖維複合織物面料等方向取得了一系列重要成果，並得到了海外及國內主要客戶的產品認可，為集團提升產品品質、改善產品結構起到了關鍵作用。

In 2019, the two invention patents independently researched and developed by the Group, namely the “manufacturing process technology with unidirectional wet functional fabric” and “high-shrink staple fiber knitted fabric with anti-wrinkle and windproof performance and its manufacturing methods”, were approved by the National Intellectual Property Administration.

The Group collaborated with the faculty of apparels of a number of universities with focuses on design development of fabrics and functional fabrics. The industry-academia-research cooperation projects in relation to fiber technology were progressing smoothly. It is expected to harvest results in the near future that would effectively enhance market competitiveness and brand image of the Group.

(4) Promotion of technology transformation of equipment and significant improvement of process technology level that significantly improved production efficiency and process technology level

At present, the fierce market competition in the textile industry expanded from competitions of product prices to equipment technologies and rapid response capabilities; an upgrade of equipment technologies was imperative.

In 2019, the production enterprises under the Group gradually introduced and put into production a series of equipment with advanced technology, thus significantly improved production efficiency and manufacturing capacity:

- The introduction of an advanced mercerising machine, relying on the equipment's automatic control system and process test function, has improved the mercerising effect of fabric and the stability of quality. The spraying and washing method of the equipment not only improved the washing effect on the cloth surface, but also saved a lot of water, reduced costs, improved economic benefits, and increased production efficiency for over 40% as compared with the old mercerising equipment. The input of new mercerising equipment filled the shortage of Jiangyin Fuhui's mercerising processing capacity, and the production capacity of mercerising fabrics was enhanced to effectively meet the needs of the Japanese market and European and American markets.
- By introducing two high-temperature sample dyeing machines and four automatic feeding and compounding machine auxiliary production equipment, the Group effectively eased the production pressure of the increasing number of development and test samples, improved the reproduction accuracy of samples, and improved the initial dyeing accuracy. The number of workers was also reduced due to the increase in the accuracy of duplicate samples and initial dyeing.
- In order to upgrade the printing and finishing equipment, the Group also updated a flat screen dryer, two shrinking machines and a dry cloth machine, optimising the printing process of the screen drying equipment and the pulp mixing efficiency, which could shorten the time for each suit by 40%. The new shrink and dry cloth machines were put into use, which greatly increased the output of the finishing process. Without increasing manpower, the single-day processing capacity increased by 30,000 pounds, the electricity consumption decreased by 1%, and the steam consumption decreased by 14%.

2019年，集團自主研發的「具有單嚮導濕功能面料的製備工藝技術」以及「具有抗皺、防風性能的高收縮短纖針織布料及其製造方法」兩項發明專利已獲得國家知識產權局批准。

集團與數間大學服裝系在面料開發設計和功能性面料的專案合作，以及與纖維科技等產學研究合作項目進展順利，並有望在近期收穫成果，有效地增強了集團的市場競爭力 and 品牌形象。

(4) 推進裝備技術改造和工藝技術水準提升，生產效率和工藝技術水準顯著提升

目前，紡織行業激烈的市場競爭狀況已經從產品的價格競爭擴大到裝備技術和快速反應能力的競爭，裝備技術升級改造勢在必行。

2019年，集團下屬生產企業一批具有先進工藝特色的設備陸續引進投入生產，生產效率和製造能力顯著提升：

- 引進一台先進的絲光處理機，依靠設備的自動化控制系統和工藝試驗功能，提高了面料絲光處理的效果和品質的穩定性。該設備的噴淋水洗方式，不僅提高了布面水洗效果，還大量節約用水，降低成本，提高經濟效益，生產效率比舊式絲光設備提高40%以上。新型絲光設備的投入，填補了江陰福匯絲光加工能力的不足，絲光面料的產品生產能力增強，有效地滿足了日本市場和歐美市場的需求。
- 集團通過引進兩台高溫樣板染機和四台自動加料複板機輔助生產設備，有效地緩解了日益增多的開發試驗樣板的生產壓力，提高了樣板的複現準確率，提高了初染準確率，用工人數也由於複樣和初染準確率的提升而相應減少。
- 為升級印花和整理設備，集團還更新了一台平板曬網機，兩台縮水機和一台幹布機，優化了印花工序曬網設備和配漿效率，每套花色配漿時間可縮短40%。新型縮水機和幹布機的投入使用，使整理工序產量大為提升，在不增加人力的情況下，單日加工能力提高3萬磅，用電量下降1%，蒸汽耗用下降14%。

- One degreasing machine was introduced to meet the pre-treatment requirements of high-needle and high-density chemical fiber fabrics, expanding and increasing the product raw product category, and also improving the pre-processing capacity of the fabrics. In 2019, the volume of pre-treatments for degreasing increased by 130% compared to that of 2018.
- Seven new high-temperature sample dyeing machines were added, which effectively met the product order requirements from the customers. The average monthly number of boards in 2019 increased by 20% as compared to that of 2018.

(5) Continuously promote production and application of process technology improvement results, and comprehensively improve the level of production technology

In order to effectively reduce production losses due to product quality issues during the production process and control quality costs, the Group established a product quality control centre, relying on the process technology collaboration system in the integrated management system to address the production issues from various production enterprises, and find out the technical reasons for defected products. Such information was collected and organised with focuses on research and improvement, and the operation instructions were revised and improved and the operation process was guided and standardised at the production sites. The effect of improving product quality was obvious.

In response to the changes in market demand, the increase of new products, and the complexity of the process flow, the Group established an industrial process flow standardisation working group to guide the production technology improvement of various production companies, study and formulate production standard processes for new products, follow up the production results, and incorporate standard production process system. It effectively promoted the production and technology improvement of various production enterprises and achieved fruitful results. The production efficiency was greatly improved, and the production consumption was significantly reduced.

(6) Achieved a number of results in new product development and product performance improvement, and significantly enhanced product development capabilities

After years of continuous product development and improvement research work, the Group achieved fruitful results in terms of product development and variety improvement. By utilising new materials and new technologies, it achieved results in nearly 1,000 varieties of four major series of 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 in the market. The successful development of DuPont sorona®plus elastic cool fiber knitted fabric enhanced the development of new materials functional fabrics of the Group to a new level, and currently they are put into mass production to supply to markets. 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 Group.

- 引進了一台除油機配合高針高密化纖面料的前處理要求，擴大、增加了產品生產品類，同時也提高了面料前處理能力，2019年除油前處理過機量較2018年產量提升130%。

- 新增7台高溫樣板染機，有效地滿足了客戶產品訂單起板的要求。2019年平均月起板數量較2018年上升20%。

(5) 不斷推進工藝技術改進成果的生產運用，生產工藝技術水準全面提升

集團為有效降低生產製造企業在生產過程中由於產品品質問題產生的生產損耗，控制品質成本，依託一體化管理系統中工藝技術協作系統，建立產品品質控制中心，針對各生產企業的生產問題和次品產生的工藝技術原因，收集整理並集中研究改進，修訂完善作業指導書，指導規範生產現場操作過程，產品品質提高效果明顯。

針對市場需求變化、新產品的增多、工藝流程複雜的現實問題，集團成立產業工藝流程標準化工作小組，指導各生產企業工藝技術改進提升，研究制定新產品的生產標準工藝，跟進生產結果，納入集團標準生產工藝流程系統，有效地促進了各生產企業推進工藝技術改進提升工作，獲得了豐富的成果，生產效率大幅度提高，生產消耗明顯降低。

(6) 新產品開發和產品性能改進取得多項成果，產品開發研製能力大幅增強

經過幾年來不斷的產品開發和改進的研究工作，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。杜邦 sorona®plus 彈性涼感纖維針織面料的開發成功，使集團新材料功能性面料開發提升到了新的水準，目前已大量投入生產供應市場。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，為集團品種多樣化和精品化發展起到了有效的促進作用。

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. In 2019, multi-layer composite sports and casual apparel fabrics became one of main products of the Group.

(7) Respond to increasingly stringent requirements of environmental protection policies, and comprehensively improve facilities and capacity of environmental protection

Amid the continuously tightening of current national environmental protection policy and strengthening environmental protection measures, the operating environment which textile printing and dyeing companies facing was becoming increasingly tight. As the government stepped up its efforts to maintain the ecosystem, focused on solving outstanding environmental protection issues, and resolutely fought against pollution to defend the blue sky, the determination to save the blue sky was growing that caused the printing and dyeing companies to face unprecedented environmental pressure.

In order to adapt to the ever-increasing environmental protection requirements, the domestic production enterprises under the Group constantly improved the construction of environmental protection facilities, strengthened the control and treatment capacity of waste gas and wastewater, and ensured that emissions meet the standards. In order to conform to the newly-added VOCs exhaust emission requirements by the government in recent years, the Group focused on solving the exhaust emission control issues of the setting machine of its subordinate production enterprises, which passed the inspection test.

The production enterprises of the Group strictly implemented the national pollutant emission standards, and complied with the standards of the emission and treatment of exhaust gas, wastewater and waste. Each production enterprise strengthened the management and control of hazardous waste pollutants, further regulated the hazardous waste storage sites and fortified the management of collection, storage and disposal processes. Separate collection and treatment of domestic and industrial waste were strictly implemented to strengthen the responsibility for segregation monitoring. The volume of domestic waste and industrial waste were significantly reduced. Purification treatment facilities for kitchen fumes were installed in restaurants to substantially eliminate the impact of kitchen fumes on the surrounding environment.

While continuously perfecting the construction of environmental protection facilities, each production enterprise also strengthened the training on environmental protection awareness and ecological civilisation knowledge, thereby increasing the awareness of environmental protection of our employees. It also put more job duties on environmental protection staff, and enhanced their abilities to identify and solve the issues in order to ensure that the environmental protection standards were met.

多層複合結構面料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3層複合織物的開發已經向5層複合織物延伸，該類產品的品種和性能進一步提升和拓寬。2019年多層複合運動休閒服裝類面料，成為集團的主要產品之一。

(7) 應對環保政策日趨嚴緊的要求，全面提升環保設施和環保能力建設

當前國家環保政策不斷收緊，環保措施持續強化，紡織印染企業面臨的經營環境日趨緊壓。隨著政府加大推進生態系統保持力度，著力解決突出的環保問題，堅決打好污染防治攻堅戰，堅決打贏藍天保衛戰的決心不斷增強，印染企業面臨的環保壓力空前。

為適應不斷提高的環保要求，集團下屬國內生產企業不斷完善環保設施建設，增強廢氣、廢水控制處理能力，保證排放達標。為達到政府近年來新增的VOCs廢氣排放的要求，集團已集中解決下屬生產企業定型機尾氣排放治理問題並已驗收達標合格。

集團下屬生產企業嚴格執行國家污染物排放標準，廢氣、廢水、廢物處理排放達標合格。各生產企業加強危廢污染物的管控，進一步規範危廢存放場所，加強收集、存放、處置管理。嚴格實施生活垃圾與工業垃圾分類收集處理，加強分類監督責任。生活垃圾量和工業垃圾量大幅減少。餐廳廚房油煙增設淨化處理設施，使廚房油煙排放對周邊環境造成的影響基本消除。

各生產企業在不斷完善環保設施建設的同時，還加強員工環保意識和生態文明知識培訓，提高員工自覺環保意識。加強環保工作人員的工作責任、發現問題和處理問題的能力，確保環保合格達標。

(8) Adjustment and improvement, overcoming headwind and efficiency enhancement, transformation and upgrading, integration and development to achieve high-quality development goals

It was a crucial time for the development of the Group. With profound changes in the international and domestic market situations, major adjustments in the development pattern of global industries, development is the absolute principle. We must adhere to the concepts of reform and innovation for high-quality development, concurrently integrate the reform of management system with the innovative operation mechanism, and transform production methods. The development objectives of the Group in the future are to establish leading manufacturing enterprises equipped with advanced process technologies and state-of-the-art production methods, and to carry out concrete actions for pioneering work.

In the future, many unfavourable factors affecting the survival and development of textile printing and dyeing enterprises will continue to be derived and changed. Various factors, including the international textile industry landscape, adjustments to procurement and supply chain, the continued tightening of environmental protection policies, the acceleration of the transformation and upgrading of industry-leading companies in applying new technologies, will continue to evolve and will still have an important impact on the development of textile printing and dyeing enterprises.

(9) Events after the Reporting Period

Save as disclosed in note 13 above, the Group did not have any significant events after the end of the reporting period (i.e. 31 December 2019) and up to the date of this announcement.

(8) 調整提升、攻堅增效，轉型升級、整合發展，實現高品質發展目標

集團的發展正處在關鍵時期，面對國際國內市場形勢的深刻變化，全球產業發展格局的重大調整，發展是硬道理，必須堅持改革創新，高品質發展的理念，把改革管理體制、創新經營機制與兩化融合、轉變生產製造方式同步並舉，創建具有先進工藝技術特色和先進生產方式的先進製造企業，作為未來集團的發展目標，並落實為開拓進取、真抓實幹的具體行動。

未來，影響紡織印染企業生存發展的諸多不利因素依然不斷衍生變化。疊加作用，包括國際紡織產業格局和採購供應鏈調整，環保政策繼續收緊，行業領先企業應用新技術轉型升級加速，這些因素的不斷變化，仍將對紡織印染企業的發展產生重要影響。

(9) 報告日後事項

除上述附註13所披露外，本集團自報告日（即2019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 2019 are set out below:

財務回顧

本集團截至2019年12月31日止年度之主要經營及財務指標呈列如下：

		2019	2018
Statement of Profit or Loss Items	損益表項目		
(All amounts in HK\$ thousands unless otherwise stated)	(除特別註明外所有金額均以千港元列示)		
Revenue	營業額	6,605,655	7,510,789
Gross profit	毛利	760,952	820,779
EBITDA*	息稅折舊及攤銷前利潤	438,540	429,230
Profit for the year	是年度盈利	166,814	178,279
Profit attributable to owners of the Company	本公司擁有人應佔盈利	141,089	160,792
Basic earnings per share (HK cents)	每股基本盈利 (港仙)	11.6	13.3
Key Financial Ratios	主要財務比率		
Profitability ratios	盈利能力比率		
Gross profit margin (%)	毛利率(%)	11.5%	10.9%
EBITDA* margin (%)	息稅折舊及攤銷前利潤率(%)	6.6%	5.7%
Expenses as a % of revenue	開支佔營業額比率		
Distribution and selling expenses	分銷及銷售費用	2.0%	2.4%
Administrative expenses	行政費用	6.4%	5.9%
Finance costs	融資成本	0.6%	0.4%
Asset efficiency	資產效率		
Inventory turnover period (days)	存貨周轉期 (日)	78	81
Trade and bills receivables turnover period (days)	營業及票據應收款項周轉期 (日)	62	60
Trade and bills payables turnover period (days)	營業及票據應付款項周轉期 (日)	51	42

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

* EBITDA解釋為息稅折舊及攤銷前利潤。

		At 31 December 2019 於2019年 12月31日	At 31 December 2018 於2018年 12月31日
Asset ratios	資產比率		
Current ratio [#]	流動比率 [#]	2.6	2.3
Net debt/EBITDA ratio	淨債務／息稅折舊及攤銷前利潤率	(1.6)	(0.4)
Gearing ratio	資本負債比率		
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	0.6

[#] Current ratio is calculated by dividing current assets by current liabilities.

[#] 流動比率的計算方法是將流動資產除以流動負債。

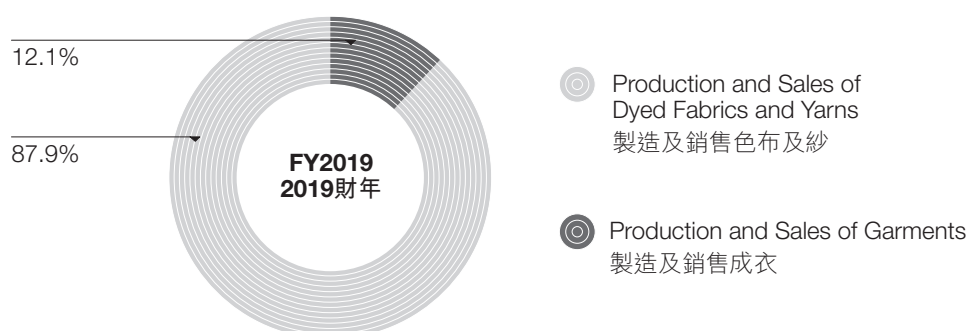
Revenue

The Group's revenue for the year ended 31 December 2019 amounted to approximately HK\$6,605,655,000 (2018: HK\$7,510,789,000).

營業額

集團截至2019年12月31日止年度的營業額約為6,605,655,000港元（2018年：7,510,789,000港元）。

Revenue by business segments



In the year under review, the Group's core business, production and sales of dyed fabrics and yarns, generated revenue of approximately HK\$5,804,550,000 (2018: HK\$6,635,572,000), which accounted for 87.9% (2018: 88.3%) of the Group's total revenue. Revenue from production and sales of garments was approximately HK\$801,105,000 (2018: HK\$875,217,000), which accounted for 12.1% (2018: 11.7%) 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5,804,550,000港元（2018年：6,635,572,000港元），佔集團營業額總值的87.9%（2018年：88.3%）。製造及銷售成衣的營業額約為801,105,000港元（2018年：875,217,000港元），佔集團營業額總值的12.1%（2018年：11.7%）。

Cost of Sales and Gross Profit

For the year ended 31 December 2019, overall cost of sales of the Group amounted to approximately HK\$5,844,703,000 (2018: HK\$6,690,010,000) and overall gross profit margin was 11.5% (2018: 10.9%).

銷售成本及毛利

集團截至2019年12月31日止年度之整體銷售成本約為5,844,703,000港元（2018年：6,690,010,000港元），整體毛利率為11.5%（2018年：10.9%）。

During the year under review, the Group's revenue decreased by 12.1%, which was mainly due to the decrease in sales volume of fabric by approximately 19.3%. The increase in average selling price of fabric led to an increase in gross profit margin as compared with last year.

於回顧年內，本集團的營業額下降12.1%，主要是由於面料銷售量減少約19.3%。而毛利率高於去年，主要因為面料平均售價上升。

Distribution and Selling Expenses

For the year ended 31 December 2019, the Group's overall distribution and selling expenses amounted to approximately HK\$132,514,000 (2018: HK\$181,673,000), which accounted for 2.0% (2018: 2.4%) of the Group's total revenue.

Administrative Expenses

For the year ended 31 December 2019, the Group's overall administrative expenses amounted to approximately HK\$424,871,000 (2018: HK\$442,718,000), which accounted for 6.4% (2018: 5.9%) of the Group's total revenue.

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

For the year ended 31 December 2019, the Group's EBITDA amounted to approximately HK\$438,540,000 (2018: HK\$429,230,000) and the EBITDA margin was 6.6% (2018: 5.7%).

Finance Costs

For the year ended 31 December 2019, the Group's finance costs amounted to approximately HK\$37,047,000 (2018: HK\$30,397,000), representing 0.6% (2018: 0.4%) of the Group's total revenue.

Capital Expenditure

During the year under review, the Group invested approximately HK\$134,619,000 (2018: HK\$242,653,000) 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 2019, the Group had contracted capital commitments of approximately HK\$84,406,000 (31 December 2018: HK\$20,000,000) in relation to the acquisition of property, plant and equipment.

Income Tax Expense

For the year ended 31 December 2019, income tax expense of the Group amounted to approximately HK\$42,805,000 (2018: HK\$52,586,000).

Profit Attributable to Owners of the Company

For the year ended 31 December 2019, profit attributable to owners of the Company was approximately HK\$141,089,000 (2018: HK\$160,792,000) and the corresponding profit margin was 2.1% (2018: 2.1%).

Inventories

As at 31 December 2019, the Group's inventories amounted to approximately HK\$1,255,906,000 (31 December 2018: HK\$1,479,107,000). The inventory turnover period was 78 days, a decrease of 3 days as compared with 81 days in 2018.

Trade and Bills Receivables

As at 31 December 2019, the Group's trade and bills receivables amounted to approximately HK\$1,129,994,000 (31 December 2018: HK\$1,236,970,000). Trade and bills receivables turnover period was 62 days, an increase of 2 days as compared with 60 days in 2018.

分銷及銷售費用

集團截至2019年12月31日止年度之整體分銷及銷售費用約為132,514,000港元(2018年: 181,673,000港元)·佔集團營業額總值的2.0%(2018年: 2.4%)。

行政費用

集團截至2019年12月31日止年度之整體行政費用約為424,871,000港元(2018年: 442,718,000港元)·佔集團營業額總值的6.4%(2018年: 5.9%)。

息稅折舊及攤銷前利潤(EBITDA)

集團截至2019年12月31日止年度之息稅折舊及攤銷前利潤約為438,540,000港元(2018年: 429,230,000港元)·息稅折舊及攤銷前利潤率為6.6%(2018年: 5.7%)。

融資成本

集團截至2019年12月31日止年度之融資成本約為37,047,000港元(2018年: 30,397,000港元)·佔集團營業額總值的0.6%(2018年: 0.4%)。

資本開支

於回顧年內,集團已投資約134,619,000港元(2018年: 242,653,000港元)以增加物業、機器及設備。集團的資本承擔主要涉及購買物業、機器及設備。於2019年12月31日,集團有關購買物業、機器及設備的已簽約資本承擔約為84,406,000港元(2018年12月31日: 20,000,000港元)。

所得稅支出

集團截至2019年12月31日止年度之所得稅支出約為42,805,000港元(2018年: 52,586,000港元)。

本公司擁有人應佔盈利

集團截至2019年12月31日止年度之本公司擁有人應佔盈利約為141,089,000港元(2018年: 160,792,000港元)·其相關盈利率為2.1%(2018年: 2.1%)。

存貨

集團於2019年12月31日之存貨約為1,255,906,000港元(2018年12月31日: 1,479,107,000港元)。存貨周轉期為78天,與2018年81天相比減少3天。

營業及票據應收款項

集團於2019年12月31日之營業及票據應收款項約為1,129,994,000港元(2018年12月31日: 1,236,970,000港元)。營業及票據應收款項周轉期為62天,與2018年60天相比增加2天。

Trade and Bills Payables

As at 31 December 2019, the Group's trade and bills payables amounted to approximately HK\$823,798,000 (31 December 2018: HK\$770,819,000). Trade and bills payables turnover period was 51 days, an increase of 9 days as compared with 42 days in 2018.

Liquidity and Financial Resources

As at 31 December 2019, the Group's net assets amounted to approximately HK\$3,585,056,000 (31 December 2018: HK\$3,601,245,000). The key figures of the Group's financial position were as follows:

營業及票據應付款項

集團於2019年12月31日之營業及票據應付款項約為823,798,000港元(2018年12月31日: 770,819,000港元)。營業及票據應付款項周轉期為51天,與2018年42天相比增加9天。

資金流動性及財政資源

於2019年12月31日,集團資產淨值約為3,585,056,000港元(2018年12月31日: 3,601,245,000港元)。集團財務狀況的主要資料如下:

		At 31 December 2019 於2019年 12月31日 HK\$'000千港元	At 31 December 2018 於2018年 12月31日 HK\$'000千港元
Non-current assets	非流動資產	1,835,805	1,771,706
Current assets	流動資產	3,461,095	3,892,818
Total assets	資產總值	5,296,900	5,664,524
Current liabilities	流動負債	1,331,653	1,687,133
Non-current liabilities	非流動負債	380,191	376,146
Total liabilities	負債總值	1,711,844	2,063,279
Net assets	資產淨值	3,585,056	3,601,245

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

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

As at 31 December 2019, the principal financial covenant figures/ratios (according to the definitions of the Group's principal banks) were as follows:

於2019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：

		At 31 December 2019 於2019年 12月31日	At 31 December 2018 於2018年 12月31日
Consolidated tangible net worth	綜合淨有形資產	HK\$3,182,250,000港元	HK\$3,162,107,000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	0.1	0.3
Consolidated EBITDA to consolidated interest expense	綜合息稅折舊及攤銷前利潤對 綜合利息支出比例	11.8	14.1
Consolidated current assets to consolidated current liabilities	綜合流動資產對 綜合流動負債比例	2.6	2.3
Consolidated capital expenditure	綜合資本開支	HK\$134,619,000港元	HK\$242,653,000港元

During the years ended 31 December 2019 and 2018, the Group had complied with all covenant ratios and undertakings.

截至2019年及2018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，並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 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 2019, the Group had approximately 8,300 (31 December 2018: 8,926) 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2019年12月31日之全職僱員人數約為8,300人（2018年12月31日：8,926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, 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，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

Steadily advancing key work plans in a well-coordinated manner

In line with the large trend of industrial restructuring, transformation and upgrading and with the focus on shifting growth drivers, the Group in the coming two years will be committed to accelerating capacity building and innovation-driven business transformation under the guidance of China's 13th Five-Year Development Plan for the textile industry.

The Group will focus its work in four key areas, namely adjusting its production capacity deployments and building Yancheng Fuhui fabric mill into an exemplary smart factory; accelerating IT-driven technological restructuring and upgrading and improving product quality and operating performance; improving product R&D capacity and forming a series of branded product series with proprietary intellectual property rights; and actively taking part in industry integration and establishing industry alliances integrating upstream and downstream partners for strategic coordination. In accordance with the principles of coordinated planning and steady advancement, it will gradually achieve high-quality development.

In accordance with its three-year work plan, the Group has completed the design, feasibility verification, regulatory approval and organisational preparation of Yancheng Fuhui fabric mill; completed the IT management system overhaul of production subsidiaries; and establishing strategic partnerships with key partners to jointly develop products, expand market and share gains in 2019.

The plan is to complete Yancheng Fuhui fabric mill as an exemplary smart factory in 2020 as a milestone achievement of the Group's manufacturing transformation, marked by the preliminary formation of a portfolio of competitive product series with increased added value, updated IT management systems and industry leading manufacturing.

The Group aims to achieve high-quality development in 2021 when it will have put in place a solid smart manufacturing infrastructure, increase brand premium comprehensively, and achieve industry leadership in terms of manufacturing technologies and product quality.

CORPORATE GOVERNANCE CODE

Throughout the year from 1 January 2019 to 31 December 2019 (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.

With effect from 23 January 2015, Mr. ZHAO Yao, the chairman of the Board and an executive Director, has taken up the position of the chief executive officer of the Company, details of which were set out in the Company's announcement dated 23 January 2015. This deviated from code provision A.2.1 of the CG Code which stipulates that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. However, having considered the current status of the Group, vesting the roles of both chairman and chief executive officer in the same person enables the Group to plan its overall strategy more efficiently and achieve the budgeted target. The Board believes that the balance of power and authority under this arrangement is adequately ensured by the Board which comprises experienced, professional and high caliber individuals with a sufficient number thereof being independent non-executive Directors (the "INEDs").

前景

統籌規劃、穩步推進重點工作計劃實施

未來兩年，本集團要順應產業結構調整和行業轉型升級的大趨勢，圍繞轉換發展動能，構建高品質發展能力，按照中國紡織「十三五」發展戰略規劃的指引，以創新為動力，加快企業能力建設，實現轉型升級。

以調整產能佈局，建設鹽城福匯面料廠為智慧化示範工廠；加快推進資訊化技術改造升級，提高產品品質和經營效益；提升產品研發能力；形成具有自主智慧財產權的產品品牌系列；積極參與產業整合；及發展建立上、下游企業協同戰略聯盟四方面任務為重要工作方向。按照統籌規劃，穩步推進的原則，逐步實現高品質發展。

3年工作計劃安排，2019年已完成鹽城福匯面料廠建設的設計、論證、報建審批和組織準備。完成本集團下屬生產企業資訊化管理系統升級改造，廣泛建立與重要合作企業戰略合作夥伴關係，共同開發產品，共同開拓市場，共用經營成果。

2020年，建設鹽城福匯面料廠為智慧化示範工廠，實現生產製造轉型升級，初步形成自有產品的品牌系列，提高產品附加價值，資訊化管理系統升級，達到行業先進水準。

2021年，本集團初步具有智慧化生產基礎，產品品牌價值全面提升，生產製造技術和產品品質達到行業領先水準，實現高品質發展。

企業管治守則

由2019年1月1日起至2019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。

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, 8 May 2020. The notice of the AGM will be dispatched to the shareholders of the Company (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 payment of a final dividend of HK9.28 cents per share in respect of the Year (the “Final Dividend”) (2018: HK10.64 cents) to the Shareholders whose names will appear on the register of members of the Company (the “Register of Members”) on Tuesday, 19 May 2020. Subject to the approval of the Shareholders at the forthcoming AGM, the proposed Final Dividend will be payable on or about Thursday, 28 May 2020.

SPECIAL DIVIDEND

The Board has also resolved to recommend the payment of a special dividend of HK1.16 cents per share in respect of the Year (the “Special Dividend”) (2018: HK1.33 cents) to the Shareholders whose names will appear on the Register of Members on Tuesday, 19 May 2020. Subject to the approval of the Shareholders at the forthcoming AGM, the proposed Special Dividend will be payable on or about Thursday, 28 May 2020.

CLOSURE OF REGISTER OF MEMBERS

In relation to the AGM

The Register of Members will be closed from Tuesday, 5 May 2020 to Friday, 8 May 2020, 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, 4 May 2020.

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2020年5月8日（星期五）舉行。股東週年大會之通告將於適當時候寄發予本公司股東（「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

董事會建議派發本年度末期股息每股9.28港仙（「末期股息」）（2018：每股10.64港仙）予在2020年5月19日（星期二）名列在股東名冊（「股東名冊」）之股東。待在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2020年5月28日（星期四）或之前派付。

特別股息

董事會建議派發本年度特別股息每股1.16港仙（「特別股息」）（2018：每股1.33港仙）予在2020年5月19日（星期二）名列在股東名冊之股東。待在即將舉行的股東週年大會上獲股東批准後，特別股息預期於2020年5月28日（星期四）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2020年5月5日（星期二）至2020年5月8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2020年5月4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 and Special Dividend

Conditional on the passing of the resolutions approving the payment of the Final Dividend and the Special Dividend in respect of the Year by the Shareholders at the AGM, the Register of Members will be closed from Tuesday, 19 May 2020 to Thursday, 21 May 2020, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed Final Dividend and the proposed Special 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, 18 May 2020.

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 2019 FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the respective websites of the Company (www.fshl.com) and the Stock Exchange (www.hkexnews.hk). The 2019 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, 20 March 2020

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.

就擬派末期股息及特別股息而言

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及特別股息之決議案後，本公司將於2020年5月19日（星期二）至2020年5月21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及特別股息，非登記股東須於2020年5月18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2019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)及聯交所網站(www.hkexnews.hk)刊登。載有上市規則規定的所有資料之本公司之2019年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。