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

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

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board of directors of Fountain Set (Holdings) Limited (the “Company” and the “Directors”, respectively) announces that the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2023 are as follows:

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

		(Unaudited) (未經審核)		
		Six months ended 30 June 截至6月30日止6個月		
		Notes 附註	2023 HK\$'000 千港元	2022 HK\$'000 千港元
Revenue	營業額	4	2,193,867	3,516,625
Cost of sales	銷售成本		(2,022,528)	(3,110,415)
Gross profit	毛利		171,339	406,210
Other revenue	其他收入	7	45,692	31,233
Other gains and losses	其他收益及虧損	7	(7,290)	(25,457)
Distribution and selling expenses	分銷及銷售費用		(37,281)	(54,608)
Administrative expenses	行政費用		(202,294)	(236,075)
Finance costs	融資成本	5	(13,711)	(7,264)
Share of profit of an associate	應佔一間聯營公司之盈利		409	45
(Loss)/profit before income tax expense	除所得稅支出前(虧損)/盈利		(43,136)	114,084
Income tax expense	所得稅支出	6	(31,391)	(26,621)
(Loss)/profit for the period	是期間(虧損)/盈利	7	(74,527)	87,463
(Loss)/profit for the period attributable to:	應佔是期間(虧損)/盈利:			
Owners of the Company	本公司擁有人		(81,607)	70,327
Non-controlling interests	非控股權益		7,080	17,136
			(74,527)	87,463
			HK cents 港仙	HK cents 港仙
(Loss)/earnings per share	每股(虧損)/盈利			
– Basic	– 基本	9	(6.7)	5.7
– Diluted	– 攤薄	9	(6.7)	5.7

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

(Unaudited)

(未經審核)

Six months ended 30 June

截至6月30日止6個月

		Note 附註	2023 HK\$'000 千港元	2022 HK\$'000 千港元
(Loss)/profit for the period	是期間 (虧損) / 盈利	7	(74,527)	87,463
Other comprehensive expense, net of tax	其他全面開支 (經扣除稅項)			
Item that may be reclassified subsequently to profit or loss: Exchange differences arising on translation of foreign operations	其後可能重新分類至損益 之項目： 換算海外業務產生之 匯兌差額		(8,345)	(16,040)
Other comprehensive expense for the period	是期間其他全面開支		(8,345)	(16,040)
Total comprehensive (expense)/income for the period	是期間全面 (開支) / 收益總值		(82,872)	71,423
Total comprehensive (expense)/income for the period attributable to:	應佔是期間全面 (開支) / 收益 總值：			
Owners of the Company	本公司擁有人		(89,282)	56,768
Non-controlling interests	非控股權益		6,410	14,655
			(82,872)	71,423

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

			(Unaudited) (未經審核)	(Audited) (經審核)
			At 30 June 於6月30日 2023	At 31 December 於12月31日 2022
		Notes 附註	HK\$'000 千港元	HK\$'000 千港元
Non-current assets	非流動資產			
Investment properties	投資物業		67,855	72,225
Property, plant and equipment	物業、機器及設備	10	1,259,281	1,307,647
Right-of-use assets	使用權資產	11	191,011	194,534
Other intangible assets	其他無形資產		1,508	3,015
Deposit paid for purchase of plant and equipment	購買機器及設備的已付按金		16,011	17,324
Interest in an associate	於一間聯營公司之權益		24,176	23,767
Deferred tax assets	遞延稅項資產		43,744	53,030
			1,603,586	1,671,542
Current assets	流動資產			
Inventories	存貨	12	795,376	929,526
Trade and bills receivables	營業及票據應收款項	13	921,647	928,721
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	13	142,356	114,952
Tax recoverable	可收回稅項		23,024	2,888
Restricted bank deposits	受限制銀行存款		2,153	5,457
Short-term bank deposits	短期銀行存款		456,419	246,116
Bank balances and cash	銀行結餘及現金		826,303	1,147,563
			3,167,278	3,375,223
Current liabilities	流動負債			
Trade and bills payables	營業及票據應付款項	14	531,434	491,299
Other payables and accruals	其他應付款項及應計費用	14	230,773	374,840
Contract liabilities	合約負債		26,194	21,216
Lease liabilities – current portion	租賃負債—流動部分		26,348	26,768
Amounts due to non-controlling shareholders	欠非控股股東款項		37,027	37,027
Amount due to an associate	欠一間聯營公司款項		5,274	2,429
Deferred income – current portion	遞延收入—流動部分		5,123	5,231
Tax payable	應付稅項		25,132	22,630
Bank borrowings – due within one year	銀行借貸—一年內到期	15	168,347	200,734
			1,055,652	1,182,174
Net current assets	流動資產淨值		2,111,626	2,193,049
Total assets less current liabilities	資產總值減流動負債		3,715,212	3,864,591

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

			(Unaudited) (未經審核)	(Audited) (經審核)
			At 30 June 於6月30日 2023	At 31 December 於12月31日 2022
		Notes 附註	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		72,841	76,154
Bank borrowings – due after one year	銀行借貸—一年後到期	15	177,343	235,514
Lease liabilities – non-current portion	租賃負債—非流動部分		110,741	116,234
Deferred tax liabilities	遞延稅項負債		13,392	12,922
			374,317	440,824
Net assets	資產淨值		3,340,895	3,423,767
Capital and reserves	資本及儲備			
Share capital	股本	16	889,810	889,810
Reserves	儲備		2,241,975	2,331,257
Equity attributable to owners of the Company	本公司擁有人應佔權益		3,131,785	3,221,067
Non-controlling interests	非控股權益		209,110	202,700
Total equity	權益總值		3,340,895	3,423,767

NOTES 附註

1. GENERAL INFORMATION

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

The financial information relating to the year ended 31 December 2022 that is included in this interim results announcement as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) (the “Companies Ordinance”) is as follows:

The Company has delivered the statutory annual consolidated financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s independent auditor has reported on those financial statements. The independent auditor’s report was unqualified; did not include a reference to any matters to which the independent auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

2. BASIS OF PREPARATION

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

1. 一般資料

本公司為在香港註冊成立的公眾有限公司，其已發行股份於香港聯合交易所有限公司（「聯交所」）上市。本公司的註冊辦事處地址及主要營業地點為香港新界葵涌葵昌路29-39號東海工業大廈A座6樓。

本中期業績公告所載作為比較資料之有關截至2022年12月31日止年度之財務資料並不構成本公司於該年度之法定年度綜合財務報表，但摘錄自該等財務報表。有關根據香港法例第622章公司條例（「公司條例」）第436條須予披露之該等法定財務報表之進一步資料如下：

本公司已根據公司條例第662(3)條及附表6第3部規定向公司註冊處處長呈交截至2022年12月31日止年度之法定年度綜合財務報表。

本公司獨立核數師已就該等財務報表作出報告。獨立核數師報告並無保留意見；並無載有獨立核數師在不對其報告出具保留意見之情況下，以強調的方式提請使用者注意的任何事項；及並無載有根據公司條例第406(2)條、第407(2)或(3)條作出的陳述。

2. 編製基準

本簡明綜合財務報表乃根據聯交所證券上市規則（「上市規則」）附錄16之適用披露規定及按照香港會計師公會（「香港會計師公會」）頒佈之香港會計準則（「香港會計準則」）第34號中期財務申報而編製。

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis. These condensed consolidated financial statements have been prepared with the same accounting policies adopted in the 2022 annual consolidated financial statements, except for those relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2023.

Application of new and amendments to the Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current interim period, the Group has applied, for the first time, the following new and amendments to the HKFRSs issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2023.

HKFRS 17 and related amendments	Insurance contracts	香港財務報告準則第17號及相關修訂本	保險合約
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	香港會計準則第1號及香港財務報告準則作業準則第2號之修訂本	會計政策的披露
Amendments to HKAS 8	Definition of Accounting Estimates	香港會計準則第8號之修訂本	會計估計的定義
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	香港會計準則第12號之修訂本	與單一交易產生的資產及負債有關的遞延稅項
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules	香港會計準則第12號之修訂本	國際稅務改革—第二支柱示範規則

Except as described below, the application of the new and amendments to HKFRSs in the current interim period did not have any material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impact on application of Amendments to HKAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to HKAS 12 narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations.

3. 主要會計政策

本簡明綜合財務報表乃按歷史成本基準編製。此等簡明綜合財務報表所採用之會計政策與編製2022年全年綜合財務報表所採用者相同，惟與於2023年1月1日或之後之期間開始首次生效的新訂準則或詮釋相關的會計政策除外。

應用新訂香港財務報告準則（「香港財務報告準則」）及其修訂本

於本中期期間，本集團已首次應用下列由香港會計師公會頒佈並於本集團2023年1月1日開始之財政年度生效之新訂香港財務報告準則及其修訂本。

香港財務報告準則第17號及相關修訂本	保險合約
香港會計準則第1號及香港財務報告準則作業準則第2號之修訂本	會計政策的披露
香港會計準則第8號之修訂本	會計估計的定義
香港會計準則第12號之修訂本	與單一交易產生的資產及負債有關的遞延稅項
香港會計準則第12號之修訂本	國際稅務改革—第二支柱示範規則

除下文所述外，於本中期期間應用新訂香港財務報告準則及其修訂本並無對本集團於當前及過往期間的財務表現及狀況及／或該等簡明綜合財務報表所載的披露資料造成任何重大影響。

應用香港會計準則第12號之修訂本—與單一交易產生的資產及負債有關的遞延稅項的影響

香港會計準則第12號之修訂本將香港會計準則第12號第15及24段所述遞延稅項負債及遞延稅項資產之確認豁免範圍收窄，使其不再適用於初步確認時產生相等的應課稅及可扣減暫時差額的交易，例如租賃及棄置責任。因此，實體須就此類交易產生的暫時差額確認遞延稅項資產（惟須有充足的應課稅溢利）及遞延稅項負債。該修訂本應用於與所呈列最早比較期間開始時的租賃及棄置責任有關的交易，其中任何累計影響確認為對該日期滾存盈利或其他權益組成部分（如適合）期初結餘的調整。此外，該修訂本應追溯應用於租賃及棄置責任以外的交易。

3. PRINCIPAL ACCOUNTING POLICIES (continued)

The amendments had no impact on the interim condensed consolidated financial statements of the Group.

The following amendments to HKASs and HKFRSs have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹

¹ Effective for annual periods beginning on or after 1 January 2024.

² Effective for annual periods beginning on or after a date to be determined.

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 disclosures to these condensed consolidated financial statements of the Group.

3. 主要會計政策 (續)

該修訂本並無對本集團的中期簡明綜合財務報表造成任何影響。

下列香港會計準則及香港財務報告準則之修訂本已經頒佈，惟尚未生效，且未經本集團提早採納。

香港財務報告準則第16號之修訂本	售後租回之租賃負債 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
香港會計準則第1號之修訂本	流動或非流動負債分類及香港詮釋第5號(2020年)，財務報表的呈報—借款人對載有按要求償還條款的定期貸款的分類之相關修訂 ¹
香港會計準則第1號之修訂本	附帶契諾之非流動負債 ¹
香港會計準則第7號及香港財務報告準則第7號之修訂本	供應商融資安排 ¹

¹ 於2024年1月1日或之後開始之年度期間生效。

² 於有待釐定的日期或之後開始之年度期間生效。

本公司董事預計應用香港財務報告準則的該等修訂將不會對本集團的財務表現及狀況及／或本集團的該等簡明綜合財務報表披露資料造成重大影響。

4. REVENUE AND SEGMENT INFORMATION

The executive directors of the Company, i.e. the chief operating decision makers, regularly review the operating results and financial information based on distinct geographical areas of location of customers, including Hong Kong (place of domicile of the Company), the People's Republic of China (the "PRC"), Taiwan, Korea, Sri Lanka, America, Europe and Others (i.e. representing other geographical locations mainly Bangladesh, 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 period under review.

Six months ended 30 June 2023 (unaudited)

		Hong Kong	The PRC	Taiwan	Korea	Sri Lanka	America	Europe	Others	Segment total	Eliminations	Consolidated
		香港	中國	台灣	韓國	斯里蘭卡	美洲	歐洲	其他地區	分類總值	對銷	綜合
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
REVENUE	營業額											
External sales	對外銷售	326,894	766,548	94,997	129,954	375,906	123,455	31,968	344,145	2,193,867	-	2,193,867
Inter-segment sales (note)	分類間銷售 (附註)	1,118,379	380,912	-	-	92,501	-	-	43,761	1,635,553	(1,635,553)	-
Total segment revenue	分類營業額總值	1,445,273	1,147,460	94,997	129,954	468,407	123,455	31,968	387,906	3,829,420	(1,635,553)	2,193,867
RESULTS	業績											
Segment profit	分類盈利	15,642	36,487	4,499	6,251	28,350	7,569	1,530	18,689			119,017
Interest income	利息收入											13,564
Unallocated income	未分配收入											1,058
Unallocated expenses	未分配支出											(163,473)
Finance costs	融資成本											(13,711)
Share of profit of an associate	應佔一間聯營公司之盈利											409
Loss before income tax expense	除所得稅支出前虧損											(43,136)

4. 營業額及分類資料

本公司執行董事(即主要營運決策者)根據客戶所在地區不同的地域位置定期審閱經營業績及財務資料,包括香港(本公司所屬地)、中華人民共和國(「中國」)、台灣、韓國、斯里蘭卡、美洲、歐洲及其他地區(即指其他地域位置,主要為孟加拉國、越南、新加坡及澳門)。所有該等地域位置為營運分類,而「其他地區」則為綜合之營運分類。

以下為本集團於回顧期間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。

截至2023年6月30日止6個月(未經審核)

4. REVENUE AND SEGMENT INFORMATION (continued)

Six months ended 30 June 2022 (unaudited)

4. 營業額及分類資料 (續)

截至2022年6月30日止6個月 (未經審核)

		Hong Kong	The PRC	Taiwan	Korea	Sri Lanka	America	Europe	Others	Segment total	Eliminations	Consolidated
		香港	中國	台灣	韓國	斯里蘭卡	美洲	歐洲	其他地區	分類總值	對銷	綜合
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
REVENUE	營業額											
External sales	對外銷售	471,245	1,101,045	194,475	281,008	532,061	317,972	38,202	580,617	3,516,625	-	3,516,625
Inter-segment sales (note)	分類間銷售 (附註)	1,954,868	830,134	-	-	205,473	-	-	115,113	3,105,588	(3,105,588)	-
Total segment revenue	分類營業額總值	2,426,113	1,931,179	194,475	281,008	737,534	317,972	38,202	695,730	6,622,213	(3,105,588)	3,516,625
RESULTS	業績											
Segment profit	分類盈利	38,783	87,106	16,099	23,109	34,760	26,196	3,106	46,311			275,470
Interest income	利息收入											3,616
Unallocated income	未分配收入											8,561
Unallocated expenses	未分配支出											(166,344)
Finance costs	融資成本											(7,264)
Share of profit of an associate	應佔一間聯營公司之盈利											45
Profit before income tax expense	除所得稅支出前盈利											114,084

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

Segment profit represents the profit earned by each segment without allocation of central administration costs and other expenses (including non-production related employee benefits expenses, directors' emoluments, bank charges, etc.), depreciation and amortisation of investment properties, property, plant and equipment and other intangible assets, interest income, impairment loss and gain 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 chief operating decision makers 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 chief operating decision makers.

附註：分類間銷售之價格乃參照當時之市場價格而釐定。

分類盈利指各分類所賺取的盈利，當中並無計入中央行政成本及其他費用（包括與非生產有關之僱員福利開支、董事酬金、銀行費用等）、投資物業、物業、機器及設備及其他無形資產之折舊及攤銷、利息收入、物業、機器及設備之減值損失及出售／撇銷收益、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主要營運決策者匯報之基準。對分類資產及負債並沒有作出分析披露，因該資料沒有向主要營運決策者呈列。

4. 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:

		(Unaudited) (未經審核)	
		Six months ended 30 June 截至6月30日止6個月	
		2023	2022
		HK\$'000 千港元	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	1,835,782	3,058,501
Production and sales of garments	製造及銷售成衣	358,085	458,124
		2,193,867	3,516,625
Timing of revenue recognition:	確認收入的時間：		
At a point in time	在某時間點	2,193,867	3,516,625

5. FINANCE COSTS

4. 營業額及分類資料 (續)

營業額分列

按產品及按確認收入時間劃分的客戶合同收入分列如下：

		(Unaudited) (未經審核)	
		Six months ended 30 June 截至6月30日止6個月	
		2023	2022
		HK\$'000 千港元	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	1,835,782	3,058,501
Production and sales of garments	製造及銷售成衣	358,085	458,124
		2,193,867	3,516,625
Timing of revenue recognition:	確認收入的時間：		
At a point in time	在某時間點	2,193,867	3,516,625

5. 融資成本

		(Unaudited) (未經審核)	
		Six months ended 30 June 截至6月30日止6個月	
		2023	2022
		HK\$'000 千港元	HK\$'000 千港元
Finance costs on:	融資成本：		
Bank borrowings	銀行借貸	10,016	3,253
Lease liabilities	租賃負債	3,695	4,011
		13,711	7,264

6. INCOME TAX EXPENSE

6. 所得稅支出

		(Unaudited) (未經審核)	
		Six months ended 30 June 截至6月30日止6個月	
		2023 HK\$'000 千港元	2022 HK\$'000 千港元
Current tax:	是期間稅項：		
Hong Kong	香港	592	5,520
The PRC	中國	10,926	14,634
Other jurisdictions	其他司法地區	9,217	9,517
		20,735	29,671
(Over)/under provision in prior years:	過往年度(超額撥備) / 撥備不足：		
The PRC	中國	(166)	3,419
Other jurisdictions	其他司法地區	1,408	1,052
		1,242	4,471
Deferred tax:	遞延稅項：		
Hong Kong	香港	79	117
The PRC	中國	9,780	(5,974)
Other jurisdictions	其他司法地區	(445)	(1,664)
		9,414	(7,521)
		31,391	26,621

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

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

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

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

Pursuant to the relevant laws and regulations in Sri Lanka, the tax rate of Sri Lanka subsidiary was 14% from January to September 2022 and has been increased to 30% from October 2022.

根據斯里蘭卡有關之法律及法規，2022年1月至9月，斯里蘭卡附屬公司之稅率為14%，並已自2022年10月起增加至30%。

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

其他司法地區之稅項是以有關各自司法地區當時之稅率計算。

7. OTHER REVENUE, OTHER GAINS AND LOSSES AND (LOSS)/PROFIT FOR THE PERIOD

(a) An analysis of the Group's other revenue is as follows:

		(Unaudited) (未經審核)	
		Six months ended 30 June 截至6月30日止6個月	
		2023 HK\$'000 千港元	2022 HK\$'000 千港元
Amortisation of deferred income (note i)	遞延收入之攤銷 (附註i)	2,588	2,686
Compensation income	補償收入	16,583	5,676
Government grants (note ii)	政府補貼 (附註ii)	1,976	5,357
Interest income	利息收入	13,564	3,616
Net rental income from investment properties	投資物業之租金收入淨值	5,310	3,100
Others	其他	5,671	10,798
		45,692	31,233

(b) An analysis of the Group's other gains and losses is as follows:

		(Unaudited) (未經審核)	
		Six months ended 30 June 截至6月30日止6個月	
		2023 HK\$'000 千港元	2022 HK\$'000 千港元
Net exchange (losses)/gains	匯兌 (虧損) / 收益淨值	(8,490)	6,196
Gain on disposal/written-off of property, plant and equipment	出售 / 撇銷物業、機器及設備之收益	23	1,472
Reversal of/(provision for) impairment loss recognised on trade and bills receivables, net	營業及票據應收款項之減值損失撥回 / (撥備) 確認淨值	1,177	(39,240)
Reversal of impairment loss recognised on other receivables, net	其他應收款項之減值損失撥回確認淨值	-	6,115
		(7,290)	(25,457)

7. 其他收入、其他收益及虧損以及是期間 (虧損) / 盈利

(a) 本集團其他收入之分析如下：

		(Unaudited) (未經審核)	
		Six months ended 30 June 截至6月30日止6個月	
		2023 HK\$'000 千港元	2022 HK\$'000 千港元
Amortisation of deferred income (note i)	遞延收入之攤銷 (附註i)	2,588	2,686
Compensation income	補償收入	16,583	5,676
Government grants (note ii)	政府補貼 (附註ii)	1,976	5,357
Interest income	利息收入	13,564	3,616
Net rental income from investment properties	投資物業之租金收入淨值	5,310	3,100
Others	其他	5,671	10,798
		45,692	31,233

(b) 本集團其他收益及虧損之分析如下：

		(Unaudited) (未經審核)	
		Six months ended 30 June 截至6月30日止6個月	
		2023 HK\$'000 千港元	2022 HK\$'000 千港元
Net exchange (losses)/gains	匯兌 (虧損) / 收益淨值	(8,490)	6,196
Gain on disposal/written-off of property, plant and equipment	出售 / 撇銷物業、機器及設備之收益	23	1,472
Reversal of/(provision for) impairment loss recognised on trade and bills receivables, net	營業及票據應收款項之減值損失撥回 / (撥備) 確認淨值	1,177	(39,240)
Reversal of impairment loss recognised on other receivables, net	其他應收款項之減值損失撥回確認淨值	-	6,115
		(7,290)	(25,457)

7. OTHER REVENUE, OTHER GAINS AND LOSSES AND (LOSS)/PROFIT FOR THE PERIOD (continued)

(c) An analysis of the Group's (loss)/profit of the period is as follows:

7. 其他收入、其他收益及虧損以及是期間(虧損)/盈利(續)

(c) 本集團是期間(虧損)/盈利之分析如下:

		(Unaudited) (未經審核)	
		Six months ended 30 June 截至6月30日止6個月	
		2023 HK\$'000 千港元	2022 HK\$'000 千港元
(Loss)/profit for the period has been arrived at after charging:	是期間(虧損)/盈利已扣減:		
Amortisation of other intangible assets	其他無形資產之攤銷	1,507	1,508
Depreciation of investment properties	投資物業之折舊	2,636	2,810
Depreciation and impairment of property, plant and equipment	物業、機器及設備之折舊及減值	85,431	87,220
Depreciation of right-of-use assets	使用權資產之折舊	14,430	14,410
Employee costs (including directors' emoluments)	僱員成本(包括董事酬金)	338,909	476,882

Note:

- (i) Amortisation of deferred income mainly represents i) 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, and ii) rental income received in advance for the leasing of three investment properties.
- (ii) For the six months ended 30 June 2023, government grants included grants of HK\$1,976,000 (six months ended 30 June 2022: HK\$3,508,000) received from the PRC local government authority as subsidies to the Group for incentive of foreign trade and steady growth of business and there were no restrictions with the use of such government grants.

For the six months ended 30 June 2022, the Group also applied for government support programs introduced in response to the COVID-19 pandemic. Government grants of HK\$1,849,000 was received from the Hong Kong Government relating to supporting the payroll of the Group's employees and recognised in profit or loss. The Group elected to present this government grant separately, rather than reducing the related expense. The Group had to commit to spending the assistance on payroll expenses, and not to reduce employee head count below prescribed levels for a specified period of time. The Group did not have any unfulfilled obligations relating to this program. No such government grants were obtained for the six months ended 30 June 2023.

附註:

- (i) 遞延收入之攤銷主要指i)收取來自中國當地政府機構授予本集團用作購入物業、機器及設備之補貼,該等補貼乃用於業務發展及中國當地政府執行的節能計劃及ii)租賃三個投資物業而預收的租金收入。
- (ii) 截至2023年6月30日止6個月,政府補貼包括收取來自中國當地政府機構授出作為本集團鼓勵外貿及業務穩定增長之補貼1,976,000港元(截至2022年6月30日止6個月:3,508,000港元),而該等政府補貼的使用並無限制。

截至2022年6月30日止6個月,本集團亦申請為應對冠狀病毒疫情而引入之政府支持計劃。就支持本集團支付僱員之工資而取得香港政府之政府補貼1,849,000港元並於損益內確認。本集團選擇單獨呈列該政府補貼,而非扣減相關開支。本集團須承諾將補貼用於支付工資開支,且於特定期間內不可將員工人數減少至低於所規定的水平。本集團就該計劃並無任何尚未履行之責任。截至2023年6月30日止6個月,概無獲取該政府補貼。

8. DIVIDENDS

8. 股息

		(Unaudited) (未經審核)	
		Six months ended 30 June 截至6月30日止6個月	
		2023	2022
		HK\$'000 千港元	HK\$'000 千港元
Dividend attributable to the previous financial year, approved and recognised as distribution during the interim period: 2022 final dividend of nil (2021 final dividend: HK16.00 cents) per share	上一財政年度應佔之股息， 本中期期間已批准及確認 為分派： 2022年末期股息每股為零 (2021年末期股息： 每股16.00港仙)	-	196,004

No interim dividend in respect of the six months ended 30 June 2023 has been proposed by the board of directors of the Company (the "Board") (six months ended 30 June 2022: Nil).

本公司董事會（「董事會」）並無擬派截至2023年6月30日止6個月之中期股息（截至2022年6月30日止6個月：無）。

No final dividend in respect of the year ended 31 December 2022 had been recommended by the Board, nor had any dividend proposed since the end of the reporting period.

董事會並無建議派發截至2022年12月31日止年度之末期股息，自報告期終起亦無建議任何股息。

9. (LOSS)/EARNINGS PER SHARE

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

9. 每股(虧損)/盈利

本公司擁有人應佔每股基本及攤薄(虧損)/盈利乃根據下列數據計算：

		(Unaudited) (未經審核)	
		Six months ended 30 June 截至6月30日止6個月	
		2023	2022
		HK\$'000 千港元	HK\$'000 千港元
(Loss)/earnings (Loss)/profit for the period attributable to owners of the Company for the purpose of computation of basic and diluted (loss)/earnings per share	(虧損)/盈利 就計算每股基本及攤薄 (虧損)/盈利所用之 本公司擁有人應佔是期間 (虧損)/盈利	(81,607)	70,327

		(Unaudited) (未經審核)	
		Six months ended 30 June 截至6月30日止6個月	
		2023	2022
Number of shares Weighted average number of ordinary shares for the purpose of computation of basic and diluted (loss)/earnings per share	股份數目 就計算每股基本及攤薄 (虧損)/盈利所用之 普通股加權平均數目	1,225,026,960	1,225,026,960

9. (LOSS)/EARNINGS PER SHARE (continued)

(a) Basic (loss)/earnings per share

The computation of basic (loss)/earnings per share for the six months ended 30 June 2023 is based on the loss attributable to owners of the Company of HK\$81,607,000 (six months ended 30 June 2022: profit attributable to owners of the Company of HK\$70,327,000) and the weighted average of 1,225,026,960 (six months ended 30 June 2022: the weighted average of 1,225,026,960) ordinary shares in issue during the period.

(b) Diluted (loss)/earnings per share

The Company had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2023 and 30 June 2022.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

The Group incurred expenditure of HK\$42,638,000 during the six months ended 30 June 2023 (six months ended 30 June 2022: HK\$56,884,000) on property, plant and equipment to expand and upgrade the Group's manufacturing facilities.

11. MOVEMENTS IN RIGHT-OF-USE ASSETS

During the six months ended 30 June 2023, the Group entered into new lease agreements for office premises and equipment, and therefore recognised the additions to right-of-use assets of HK\$856,000 (six months ended 30 June 2022: HK\$26,937,000).

12. INVENTORIES

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

9. 每股(虧損)／盈利(續)

(a) 每股基本(虧損)／盈利

截至2023年6月30日止6個月之每股基本(虧損)／盈利乃按期內本公司擁有人應佔虧損81,607,000港元(截至2022年6月30日止6個月：本公司擁有人應佔盈利70,327,000港元)及已發行普通股加權平均數目1,225,026,960股(截至2022年6月30日止6個月：加權平均數目1,225,026,960股)計算。

(b) 每股攤薄(虧損)／盈利

截至2023年6月30日及2022年6月30日止期間內，本公司並無已發行之具潛在攤薄影響之普通股。

10. 物業、機器及設備之變動

截至2023年6月30日止6個月期間內，本集團為擴大及提升本集團之生產設施而用於物業、機器及設備的開支為42,638,000港元(截至2022年6月30日止6個月：56,884,000港元)。

11. 使用權資產之變動

截至2023年6月30日止6個月期間內，本集團就辦公室物業及設備訂立新租賃協議，因此確認使用權資產增加856,000港元(截至2022年6月30日止6個月：26,937,000港元)。

12. 存貨

	(Unaudited) (未經審核)	(Audited) (經審核)
	At 30 June 於6月30日 2023	At 31 December 於12月31日 2022
	HK\$'000 千港元	HK\$'000 千港元
Spare parts	31,028	33,417
Raw materials	217,258	270,560
Work-in-progress	292,494	313,308
Finished goods	254,596	312,241
	795,376	929,526

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

The Group allows a credit period mainly 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 which approximates the respective revenue recognition dates, as at the end of the reporting period:

		(Unaudited) (未經審核)	(Audited) (經審核)
		At 30 June 於6月30日 2023	At 31 December 於12月31日 2022
		HK\$'000 千港元	HK\$'000 千港元
Within 1 month	1個月內	402,992	400,699
1 to 2 months	1至2個月	250,551	274,643
2 to 3 months	2至3個月	163,472	136,582
Over 3 months	3個月以上	151,423	168,906
		968,438	980,830
Less: allowance for expected credit loss	減：預期信貸虧損撥備	(46,791)	(52,109)
		921,647	928,721

Other receivables as at 30 June 2023 represented value-added tax recoverable of HK\$11,144,000 (31 December 2022: HK\$15,524,000) and prepayments, deposits and other receivables of HK\$131,212,000 (31 December 2022: HK\$99,428,000).

13. 營業及票據應收款項／預付款項、按金及其他應收款項

本集團主要提供介乎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（與有關收入確認日期相若）於報告期終的賬齡分析如下：

14. TRADE AND BILLS PAYABLES/OTHER PAYABLES AND ACCRUALS

		(Unaudited) (未經審核)	(Audited) (經審核)
		At 30 June 於6月30日 2023	At 31 December 於12月31日 2022
		HK\$'000 千港元	HK\$'000 千港元
Trade payables	營業應付款項	409,637	386,071
Bills payables	票據應付款項	121,797	105,228
		531,434	491,299

14. 營業及票據應付款項／其他應付款項及應計費用

於2023年6月30日，其他應收款項乃指可收回增值稅11,144,000港元（2022年12月31日：15,524,000港元）及預付款項、按金及其他應收款項131,212,000港元（2022年12月31日：99,428,000港元）。

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

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

		(Unaudited) (未經審核)	(Audited) (經審核)
		At 30 June 於6月30日 2023	At 31 December 於12月31日 2022
		HK\$'000 千港元	HK\$'000 千港元
Within 1 month	1個月內	251,064	260,063
1 to 2 months	1至2個月	168,886	146,126
2 to 3 months	2至3個月	60,318	39,177
Over 3 months	3個月以上	51,166	45,933
		531,434	491,299

Other payables and accruals as at 30 June 2023 represented other payables of HK\$124,805,000 (31 December 2022: HK\$131,289,000) and accruals of HK\$105,968,000 (31 December 2022: HK\$243,551,000).

15. BANK BORROWINGS

During the six months ended 30 June 2023, the Group obtained new bank borrowings of HK\$172,357,000 (six months ended 30 June 2022: HK\$935,543,000) and made repayments of HK\$263,119,000 (six months ended 30 June 2022: HK\$543,673,000). These bank borrowings obtained and repaid are mainly denominated in Hong Kong dollar ("HKD"), Renminbi ("RMB") and United States dollar ("USD"). The bank borrowings raised were mainly used to repay the existing bank borrowings or as working capital of the Group.

The bank borrowings of the Group are mainly variable rate borrowings. The average effective interest rate of bank borrowings of the Group is 5.66% (31 December 2022: 2.64%) per annum. As at 30 June 2023, the bank borrowings were repayable by installments over a period from one to three years (31 December 2022: repayable by installments over a period from one to three years). All bank borrowings were unsecured as at 30 June 2023 and 31 December 2022.

16. SHARE CAPITAL

Ordinary shares, 普通股，
issued and fully paid: 已發行及繳足：
At beginning and end of the 於期／年初及於期／年終
period/year

	(Unaudited) (未經審核)	(Audited) (經審核)
	At 30 June 2023 於2023年6月30日	At 31 December 2022 於2022年12月31日
	No. of shares 股份數目	No. of shares 股份數目
	HK\$'000 千港元	HK\$'000 千港元
	1,225,026,960	1,225,026,960
	889,810	889,810

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

14. 營業及票據應付款項／其他應付款項及應計費用 (續)

營業及票據應付款項按發票日期於報告期終的賬齡分析如下：

	(Unaudited) (未經審核)	(Audited) (經審核)
	At 30 June 於6月30日 2023	At 31 December 於12月31日 2022
	HK\$'000 千港元	HK\$'000 千港元
Within 1 month	251,064	260,063
1 to 2 months	168,886	146,126
2 to 3 months	60,318	39,177
Over 3 months	51,166	45,933
	531,434	491,299

於2023年6月30日，其他應付款項及應計費用指其他應付款項124,805,000港元（2022年12月31日：131,289,000港元）及應計費用105,968,000港元（2022年12月31日：243,551,000港元）。

15. 銀行借貸

截至2023年6月30日止6個月期間內，本集團取得新銀行借貸172,357,000港元（截至2022年6月30日止6個月：935,543,000港元）及已償還263,119,000港元（截至2022年6月30日止6個月：543,673,000港元）。該等已取得及已償還之銀行借貸主要以港元（「港元」）、人民幣（「人民幣」）及美元（「美元」）計值。所籌集之銀行借貸乃主要用作償還現有的銀行借貸或用作本集團之營運資金。

本集團銀行借貸主要為浮息借貸。本集團銀行借貸之平均實際年利率為5.66%（2022年12月31日：2.64%）。於2023年6月30日，銀行借貸須於一至三年期間分期償還（2022年12月31日：須於一至三年期間分期償還）。於2023年6月30日及2022年12月31日，所有銀行借貸均為無抵押。

16. 股本

根據香港公司條例（第622章）第135條，本公司的普通股並無票面價值。

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the first half of 2023 (“1H2023” or the “Period”), the global textile and garment industry is facing difficulties and challenges. The Russia-Ukraine war, which has been going on for more than a year, continued to impact the world economy, energy, and food supply shortages, and push up global inflation. Global economic growth was sluggish, exchange rates fluctuated, and interest rates rose. During the 1H2023, there was significant shrinkage of the export and domestic market of our circular knitted fabric business. Consumers’ purchasing desire declined due to the impact of the 2019 novel coronavirus disease pandemic (the “COVID-19” or the “Pandemic”) and war; consumers’ purchasing power declined due to global inflation; and the Group’s retail apparel customers reduced their demand for the Company’s products due to stockpiling, leading to a significant reduction in orders. The Group’s production capacity was not able to maintain its normal level so as to offset the allocation of fixed costs. Raw material manufacturers have cut their production to offset their cost pressures, resulting in the failure of the raw material prices to fully correspond to the decline in market prices. Such cost was still higher than the normal level, which adversely affected the performance of the Group. Market adjustment awaits a significant reduction in inventory level of retail brand customers, moderating inflation, and picking up on consumers’ desire to purchase textiles.

Our total sales volume of fabric decreased by 36.6% as compared to the first half of 2022 (“1H2022”). Our total revenue was approximately HK\$2,194,000,000 in 1H2023 (1H2022: approximately HK\$3,517,000,000), the decline in fabric sales volume resulted in a 37.6% drop in the Group’s total revenue compared to 1H2022. The decrease in percentage of revenue was larger than the decrease in percentage of production cost, which led to the decrease in gross profit margin by 3.8 percentage points from 11.6% in 1H2022 to 7.8% in 1H2023. Loss attributable to owners of the Company for 1H2023 was approximately HK\$82,000,000 (Profit attributable to owners of the Company for 1H2022: approximately HK\$70,000,000). The Group’s 3 expenses: 1. distribution and selling expenses; 2. administrative expenses; and 3. finance costs, in aggregate represented 11.5% of the total revenue in 1H2023, which was 3 percentage point higher than that of 8.5% in 1H2022. The trade and bills receivables turnover period of the Group was increased by 11 days from 65 days in 1H2022 to 76 days in 1H2023.

According to the information published on the website of the China Cotton Association (中國棉花協會), the China cotton price index CCINDEX2129B (中國棉花價格指數) was RMB17,550/ton as at 30 June 2023 and was RMB15,368/ton as at 3 January 2023. The China cotton price index was at the highest in June 2023 at RMB17,750/ton and at the lowest in January 2023 at RMB15,368/ton. When compared with a year before, the China cotton price index CCINDEX2129B was RMB18,885/ton as at 30 June 2022, and RMB22,781/ton as at 4 January 2022. From the year-on-year comparison between 30 June 2022 and 30 June 2023, a 7.1% decrease of the China cotton price index was recorded.

管理層討論及分析

業務回顧

於2023年上半年(「1H2023」或「是期間」)期間，全球的紡織及成衣行業面臨非常艱巨的困難和挑戰。已逾一年的俄烏戰爭仍未停息，繼續衝擊全世界經濟、能源及糧食供應短缺，推升全球通貨膨脹。全球經濟增長放緩、匯率波動及利率上升。於1H2023期間，本集團主要業務圓筒針織面料的出口及內銷市場大幅縮減。2019新型冠狀病毒病(「2019冠狀病毒病」或「疫情」)及戰爭的影響導致消費者購買意欲下滑；全球通貨膨脹導致消費者購買力下降；及本集團的成衣零售客戶因庫存囤積而引致其對本公司產品的需求降低，導致訂單顯著減少，集團之生產能力未能維持正常水平以抵銷攤分固定成本。原料商減產以抵消其成本壓力，導致原料價格未能完全對應市場價格下降的幅度，成本仍較正常水平高，對本集團的業績造成不利的影響。市場調整有待零售品牌客戶庫存明顯減低，通貨膨脹得以緩和，消費者對紡織品購買意欲回升。

本集團的面料總銷售量較2022年上半年(「1H2022」)減少36.6%。本集團在1H2023的總營業額約為2,194,000,000港元(1H2022:約3,517,000,000港元)，面料銷售量下跌導致本集團總營業額較1H2022下降37.6%。營業額的下跌幅度大於生產成本的下跌幅度，引致毛利率由1H2022的11.6%下降3.8個百分點至1H2023的7.8%。1H2023的回顧期內本公司擁有人應佔虧損約為82,000,000港元(1H2022的回顧期內本公司擁有人應佔盈利:約70,000,000港元)。本集團3項費用:1.分銷及銷售費用;2.管理費用及3.財務費用，佔1H2023總收入的11.5%，較1H2022的8.5%高3個百分點。本集團營業及票據應收款項周轉期由1H2022的65天增加11天至1H2023的76天。

根據中國棉花協會網站公佈資訊，中國棉花價格指數CCINDEX2129B於2023年6月30日為每噸人民幣17,550元，而2023年1月3日則為每噸人民幣15,368元。中國棉花價格指數分別於2023年6月及2023年1月錄得最高每噸人民幣17,750元及最低每噸人民幣15,368元的水平。對比上一年度，中國棉花價格指數CCINDEX2129B於2022年6月30日為每噸人民幣18,885元，及於2022年1月4日為每噸人民幣22,781元，於2022年6月30日至2023年6月30日期間，中國棉花價格指數按年錄得7.1%下降。

The Bohai-Rim Steam-Coal Price Index is an index system that objectively reflects the price level and the trend of spot coal trading, the price level of offshore closeout and the fluctuation of thermal coal in the ports in the Bohai Rim region (China's vast economic regions and key areas of national open development, composed of Beijing-Tianjin-Hebei regions, Shandong Peninsula region and Liaoning Central and South region), which is the reference system of power coal price in China. According to China Coal Market Website, the monitoring data showed that Bohai-Rim Steam-Coal Price Index was RMB719/ton as at 28 June 2023, a decrease by RMB14/ton year-on-year. The Group continues to focus on lean management, technology automation, machinery upgrade, cost reduction and control initiatives to boost overall operating efficiency.

Production and Sales of Dyed Fabrics and Yarns

During the Period, the Group's core business, production and sales of dyed fabrics and yarns, generated revenue of approximately HK\$1,835,782,000 and accounted for 83.7% of the Group's total revenue.

Production and Sales of Garments

Revenue from the production and sales of garments for 1H2023 was approximately HK\$358,085,000 and accounted for 16.3% of the Group's total revenue.

Dividend

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2023. The Group had maintained the payment of final dividends in the past few years. In view of the uncertainty of the global economy in the future, although the cash flow of the Group is still strong as at 30 June 2023, the Board considered that the cash flow should be saved for the future development of the Group. Whether the Group can maintain the dividend payout ratio also depends on the performance in the second half of 2023 ("2H2023").

環渤海動力煤價格指數是客觀地反映環渤海地區（中國廣大經濟區域及全國開放開發的重點區域，以京津冀地區、山東半島地區和遼中南地區構成）港口動力煤的現貨交易價格水平和變化趨勢、離岸平倉價格水平、以及波動情況的指數體系的總稱，是中國動力煤價格參照體系。根據中國煤炭市場網，監測數據顯示於2023年6月28日，環渤海動力煤價格指數為人民幣719元／噸，按年下降人民幣14元／噸。本集團繼續注重精益管理、技術自動化、機械升級、成本削減及管控措施，藉以提升整體經營效益。

製造及銷售色布及紗

在是期間，本集團核心業務—色布及紗的製造及銷售，為本集團帶來約1,835,782,000港元的營業額，佔本集團總營業額的83.7%。

製造及銷售成衣

1H2023成衣製造及銷售的營業額約為358,085,000港元，佔本集團總營業額的16.3%。

股息

董事會決定及宣佈就截至2023年6月30日止6個月不予派發任何中期股息。本集團於過去數年均維持派發末期股息，監於未來全球經濟仍然有不穩定性，雖然經審視集團截至2023年6月30日之現金流情況仍然強勁，董事會建議積穀防饑，以供本集團日後發展之用。本集團能否維持派息比率，亦取決於2023年下半年（「2H2023」）的業績。

Awards and Certifications

獎項及認證

Our awards and certificates accredited during 1H2023 were as follows:

在1H2023，本集團所獲獎項及認證如下：

No. 文件序號	Name of Award/Certification 獎項／認證名稱	Type of Award/ Certification 獎項／認證類型	Date of Issue (Year/Month) 頒發日期(年/月)	Issuing Unit/Organisation 發出單位／機構
Fountain Set (Holdings) Limited 福田實業(集團)有限公司				
1	Certificate of Membership 會員資格證書*	Certification 認證	2023/03	U.S. Cotton Trust Protocol 美國棉花信任協議*
Fountain Set Limited 福田實業有限公司				
2	Global Organic Textiles Stand (GOTS) Version 6.0 全球有機紡織品(GOTS) 6.0*	Certification 認證	2023/01	ECOCERT Group
3	Organic Content Standard (OCS) Version 3.0 有機含量標準(OCS) 3.0*	Certification 認證	2023/02	ECOCERT Group
4	Global Recycled Standard 4.0 (GRS 4.0) 全球回收標準(GRS)4.0*	Certification 認證	2023/03	Intertek Group 天祥集團
5	Certificate of Membership 會員資格證書*	Certification 認證	2023/03	U.S. Cotton Trust Protocol 美國棉花信任協議*
Jiangyin Fuhui Textiles Limited 江陰福匯紡織有限公司				
6	ISO14001 Environmental Management System Certificate* ISO14001環境管理體系認證	Certification 認證	2023/06	Beijing Zhongjing Quality Certification Co., Ltd. 北京中經科環質量認證有限公司
7	ISO 50001 Energy Management System Certificate* ISO 50001能源管理體系認證	Certification 認證	2023/07	Beijing Zhongjing Quality Certification Co., Ltd. 北京中經科環質量認證有限公司
8	Colorist Certificate	Certification 認證	2023/05	CARTER'S
9	Datacolor Certify Certificate (Global Assessment Program)	Certification 認證	2023/02	datacolor
10	Certificate of Membership 會員資格證書*	Certification 認證	2023/03	U.S. Cotton Trust Protocol 美國棉花信任協議*
11	2022 Outstanding Contribution Award for High-quality Development* 2022年度高質量發展突出貢獻獎	Award 獎項	2023/01	Jiangyin High-tech Industrial Development Zone Committee of Communist Party of China* 中共江陰高新技術產業開發區工作委員會 Administration Committee of Jiangyin High-tech Industrial Development Zone* 江陰高新技術產業開發區管理委員會
Yancheng Fuhui Textiles Limited 鹽城福匯紡織有限公司				
12	Certificate of Accreditation	Certification 認證	2023/02	Carter's Global Sourcing Ltd
13	Supplier Laboratory Accreditation Certificate	Certification 認證	2023/05	Intertek – Softlines The Children's Place

No. 文件序號	Name of Award/Certification 獎項／認證名稱	Type of Award/ Certification 獎項／認證類型	Date of Issue (Year/Month) 頒發日期(年/月)	Issuing Unit/Organisation 發出單位／機構
14	Certificate of Membership 會員資格證書*	Certification 認證	2023/03	U.S. Cotton Trust Protocol 美國棉花信任協議*
15	Comparison Test Certificate* 比對測試證書*	Certification 認證	2023/06	China Textile Industry Federation Testing Center* 中國紡織工業聯合會檢測中心
16	Laboratory Accreditation Certificate 實驗室認可證書	Certification 認證	2023/05	ANTA Sports Products Limited 安踏體育用品有限公司
17	Top 30 Chinese Knitting Industry in 2022* 2022年度中國針織行業30強	Award 獎項	2023/05	China Knitting Industry Association* 中國針織工業協會
Shanghai Fuhui Textiles Trading Co., Ltd. 上海福匯紡織貿易有限公司				
18	2022 Innovation Excellence Award* 2022年度創新優秀獎	Award 獎項	2023/01	ANTA Sports Products Limited 安踏體育用品有限公司
19	Certificate of Membership 會員資格證書*	Certification 認證	2023/03	U.S. Cotton Trust Protocol 美國棉花信任協議*
20	Laboratory Accreditation Certificate* 實驗室認可證書	Certification 認證	2023/03	ZHONGQIAO SPORTS* 中喬體育股份有限公司
Shenzhen Faun Textiles Limited 深圳福力紡織品有限公司				
21	Certificate of Membership 會員資格證書*	Certification 認證	2023/03	U.S. Cotton Trust Protocol 美國棉花信任協議*
Dongguan Shatin Lake Side Textiles Printing & Dyeing Co., Ltd. 東莞沙田麗海紡織印染有限公司				
22	Certificate of Membership 會員資格證書*	Certification 認證	2023/03	U.S. Cotton Trust Protocol 美國棉花信任協議*
23	Oeko-Tex Standard 100 Certificate HKKO 056043 Oeko-Tex 標準100 證書 HKKO 056043	Certification 認證	2023/04	TESTEX AG, Swiss Textile Testing Institute TESTEX AG, 瑞士紡織檢定所*
24	Oeko-Tex Standard 100 Certificate HKKO 041727 Oeko-Tex 標準100 證書 HKKO 041727	Certification 認證	2023/03	TESTEX AG, Swiss Textile Testing Institute TESTEX AG, 瑞士紡織檢定所*
25	Oeko-Tex Standard 100 Certificate HK015 215774 Oeko-Tex 標準100 證書 HK015 215774	Certification 認證	2023/03	TESTEX AG, Swiss Textile Testing Institute TESTEX AG, 瑞士紡織檢定所*
26	Laboratory Accreditation Authorization Certificate 實驗室認可授權證書*	Certification 認證	2023/06	Aritzia LP
27	Certificate of Recognition 認可證書*	Certification 認證	2023/06	FITI (Shanghai) Testing & Insp. Co., Ltd 飛迪商品檢驗(上海)有限公司 Ralph Lauren 拉夫勞倫

No. 文件序號	Name of Award/Certification 獎項／認證名稱	Type of Award/ Certification 獎項／認證類型	Date of Issue (Year/Month) 頒發日期(年/月)	Issuing Unit/Organisation 發出單位／機構
28	Higg Index Facility Environmental Module Higg Index FEM模組證書#	Certification 認證	2023/01	Sustainable Apparel Coalition 可持續服裝聯盟#
29	Higg Index Facility Social & Labor Module Higg Index FSLM模組證書#	Certification 認證	2023/06	Sustainable Apparel Coalition 可持續服裝聯盟#
30	Assigned Colorist Certification* 指定調色師認證#	Certification 認證	2023/04	Abercrombie & Fitch Co.
31	Lands' End Certificate	Certification 認證	2023/06	Bureau Veritas Consumer Products Services (Guangzhou) Co., Ltd.
32	Laboratory Approval Certificate 實驗室批准證書#	Certification 認證	2022/11	Gap Inc.
33	Water-saving benchmarking enterprise in Guangdong Province* 廣東省節水標杆企業	Certification 認證	2023/01	Department of Industry and Information Technology of Guangdong Province-Water Resource Department of Guangdong Province* 廣東省工業和資訊化廳-廣東省水利廳
Ocean Lanka (Private) Limited 海洋蘭卡(私人)有限公司				
34	Laboratory Approval Certificate 實驗室批准證書#	Certification 認證	2022/06	Gap Inc.
35	George Laboratory Certification Scheme George實驗室認證計劃#	Certification 認證	2022/06	George & Intertek Group George及天祥集團#
36	Global Organic Textiles (GOTS) 6.0 全球有機紡織品(GOTS) 6.0#	Certification 認證	2023/03	Control Union Certifications B.V. 世優認證(上海)有限公司
37	Organic Content Standard (OCS) 3.0 Global Recycled Standard (GRS) 4.0 有機含量標準(OCS) 3.0# 全球回收標準(GRS) 4.0#	Certification 認證	2023/03	Control Union Certifications B.V. 世優認證(上海)有限公司
38	Higg Index Facility Social & Labor Module Higg Index FSLM模組證書#	Certification 認證	2023/01	Sustainable Apparel Coalition 可持續服裝聯盟#
39	ISO 14001:2015 Environmental Management Systems ISO 14001:2015 環境管理系統	Certification 認證	2021/08	SGS United Kingdom Ltd. 英國通用檢測認證有限公司#
40	ISO 45001:2018 Occupational Health and Safety Management Systems ISO 45001:2018 職業安全衛生管理系統	Certification 認證	2022/04	SGS Société Générale de Surveillance SA 瑞士通用檢測認證有限公司#

No. 文件序號	Name of Award/Certification 獎項／認證名稱	Type of Award/ Certification 獎項／認證類型	Date of Issue (Year/Month) 頒發日期(年/月)	Issuing Unit/Organisation 發出單位／機構
41	Express Laboratory Certification Express實驗室認證 [#]	Certification 認證	2022/01	Express Laboratory
42	Gold Laboratory Certification	Certification 認證	2021/12	VS&Co Bureau Veritas CPS
43	Marks & Spencer Premier Accreditation Scheme 馬莎百貨高級認證計劃 [#]	Certification 認證	2022/08	Marks & Spencer Group 馬莎百貨集團 [#]
44	Oeko-Tex Standard 100 Oeko-Tex標準100 [#]	Certification 認證	2022/07	Oeko-Tex Association
45	Oeko-Tex Standard 100 Oeko-Tex標準100 [#]	Certification 認證	2022/08	Oeko-Tex Association
46	Registration Certificate for End Users of Precursor Chemicals 易制毒化學品最終用戶登記證	Certification 認證	2022/08	Sri Lanka National Dangerous Drugs Control Board 斯里蘭卡國家危險藥物管制局 [#]
47	Laboratory Certificate 實驗室證書 [#]	Certification 認證	2021/10	Intertek Softlines
48	Supplier to Zero Certificate	Certification 認證	2022/12	ZDHC 危險化學品零排放組織 [#]

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

* 英文名稱僅為官方中文名稱之譯文。倘有歧異，概以中文名稱為準。

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

[#] 中文名稱僅為官方英文名稱之譯文。倘有歧異，概以英文名稱為準。

OUTLOOK

According to the Global Economic Prospects June 2023 issued by the World Bank Group, multiple shocks including the Pandemic, wars, and global financial tightening have caused significant setbacks for the development of emerging markets and developing economies (EMDEs), resulting in slowed growth. The impact of these shocks is expected to persist in the foreseeable future. Against the backdrop of the rising global interest rates, EMDEs are facing an overall unfavorable global environment, with downside risks including broader banking sector difficulties and further tightening of monetary policy. The interest rate increases in U.S. presents a significant challenge to EMDEs, including a higher probability of financial crisis. By the end of 2024, economic activity in EMDEs is expected to be about 5% below levels projected before the Pandemic. Global growth is projected to decelerate from 3.1% in 2022 to 2.1% in 2023. In advanced economies, growth is set to decelerate from 2.6% in 2022 to 0.7% this year and remain weak in 2024. In EMDEs other than China, growth is set to slow to 2.9% this year from 4.1% last year. Reflecting a broad-based downward revision to the growth outlook for economies around the world.

During 1H2023, following a sharp slowdown in 2022, growth in the East Asia and Pacific region was recovering, supported by strong activity in China following the reopening of its economy and a rapid decline in COVID-19 infections. Suppressed demand during the Pandemic period has been released, and growth in China recovered strongly in early 2023. Growth prospects have also improved in several other large economies, retail sales surged alongside a more modest uptick in industrial production growth. The recovery of the Chinese economy has boosted regional economic growth. Factors such as a rebound in contact-intensive service sectors and strong Chinese New Year-related spending and travel, as well as the rapid return of migrant workers to workplaces, had all provided support for economic activity. The Chinese economy is expected to rebound to 5.6% in 2H2023. Due to the weakening external demand, tightening global financial conditions and high inflation which inversely affected the economic activities, the stronger than expected resilience of the economy would be gradually weakened, giving way to a more prolonged economic weakness, with the growth rate of trade would be less than 1/3 of that before the Pandemic. Trade growth in EMDEs is projected to average 3.4% in the first half of the 2020s, one of the weakest five years of growth in the past 30 years.

展望

根據世界銀行集團於2023年6月發佈的《全球經濟展望報告》，包括疫情、戰爭以及全球金融環境緊縮導致經濟急劇放緩在內的多重衝擊已給新興市場和發展中經濟體(EMDEs)的發展造成了重大挫折，拖累增長，其影響將在可預見的未來持續存在。在全球利率上升的背景下，EMDEs面臨總體不利的全球環境，下行風險包括更廣泛的銀行業困境和貨幣政策進一步緊縮，美國利率快速走高對EMDEs造成重大挑戰，出現金融危機的可能性升高。預計到2024年底，這些經濟體的經濟活動將比疫情前的預測水平低約5%。全球經濟增長目前預計將從2022年的3.1%放緩至2023年的2.1%。發達經濟體的增長速度將從2022年的2.6%降至今年的0.7%，而且2024年增長仍將保持疲軟。在中國以外的EMDEs，增長率將從去年的4.1%下降至今年的2.9%，反映了對全球經濟體增長前景的廣泛下調。

1H2023期間，東亞與太平洋地區繼2022年增長急劇放緩之後，現在正在復甦，這主要得益於中國經濟重啟後的強勁活動和疫情感染人數的迅速下降。疫情期間受壓抑的需求得到釋放、促進了消費，刺激中國經濟增長強勁復甦，另外幾個大型經濟體的增長前景也有所改善，零售額大幅上漲，工業生產增長也有溫和回升，中國經濟復甦提振了地區經濟增長。接觸密集型服務行業的反彈、春節期間的強勁支出、旅行的恢復以及農民工迅速返回工作場所等因素都為經濟活動提供了支持，中國經濟增速預計將反彈至5.6%。但由於外部需求疲軟、全球金融條件收緊和高通脹拖累經濟活動，在1H2023期間經濟強於預期的韌性預計將逐漸減弱，取而代之的是更為持久的經濟走弱，2023年的貿易增長速度將不及疫情到來之前的三分之一，EMDEs在2020年代前半期的平均成長率預計為3.4%，為過去30年中成長最弱的5年之一。

Looking forward to 2H2023, global economic growth is expected to significantly slow down, with the range of banking industry turmoil expanding and the possibility of further monetary policy tightening potentially leading to continued weakening of global economic growth in 2024. It is expected that under the uncertain global economic environment and intensified inflationary pressures, the economic prospects of Hong Kong and China will remain challenging. Although inflation rates are expected to slow down in 2023, due to weak external demand, tightening global financial conditions, and high inflation dragging on economic activity, growth in all other regions is expected to slow down, and consumer spending will also be affected, making the outlook for the global economy and retail markets still very uncertain.

Given the current external uncertainties and challenges, the Group adopts a cautious and conservative attitude towards its performance in the second half of the year. It is expected that in 2H2023, the cost of the main raw material, cotton yarn, will remain at a high level. In the face of the uncertainties of high-priced inventory and fixed costs causing difficulties and severe situations such as occasional regional outbreaks of the Pandemic and high international shipping prices, the Group will strictly control the cost of sales and operations, streamline the organization, strengthen business operations, and further expand the domestic market to ensure that the Group's market positioning will not be compromised and the impact will be mitigated and will be prudent in its business and financial performance in 2H2023. Nevertheless, the Group has been working closely with its existing customers in the Chinese domestic market to jointly develop new series of products using innovative fabrics that have enormous commercial potential. The Group has always been at the forefront of developing innovative products and will continue to invest resources in this area in the future.

Notwithstanding the ever-changing global economic and market conditions, the Group is determined to do the best altogether to bring long-term values and returns to all shareholders through various measures on cost reduction.

OUR APPRECIATION

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

展望2H2023，全球經濟成長預計將顯著放緩，銀行業動盪範圍擴大且貨幣政策收緊的可能性或會導致2024年全球經濟成長持續走弱。預計受全球不明朗的經濟環境以及通脹壓力加劇下，香港與中國經濟前景仍甚具挑戰。雖然預計2023年核心通脹和總體通脹都將放緩，由於外部需求疲軟、全球金融條件收緊和高通脹拖累經濟活動，其他所有地區的增長料將放緩，消費水平亦受到影響而抑制，全球經濟及零售市場預期依然非常不明朗。

鑒於當前的外部不確定性及挑戰，集團對下半年的表現持審慎保守態度。料於2H2023，主要原材料棉紗的價格成本仍會維持於較高水平，面對高價庫存和固定成本的不確定性帶來的困難和嚴峻形勢，如疫情不時發生區域性疫情、國際航運價格高企等，本集團將繼續對其業務及架構各方面實施嚴格成本控制，精減架構、強化營業營運，進一步擴展國內市場，確保不損害本集團的市場定位及減低影響，並將審慎看待2H2023的業務和財務表現。儘管如此，本集團一直與中國國內市場的現有客戶緊密合作，利用具有巨大商業潛力的創新面料共同開發新系列產品。集團一直走在開發創新產品的前沿，本集團未來將繼續在此領域投入資源。

儘管全球經濟市場形勢不斷地變化，本集團仍決心通過各項降低成本的措施方案，為所有股東帶來長期價值及回報。

致謝

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

FINANCIAL REVIEW

The key operating and financial indicators of the Group for the six months ended 30 June 2023 are set out below:

財務回顧

本集團截至2023年6月30日止6個月之主要經營及財務指標呈列如下：

		Six months ended 30 June 截至6月30日止6個月	
		2023	2022
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	2,193,867	3,516,625
Gross profit	毛利	171,339	406,210
EBITDA*	息稅折舊及攤銷前利潤	67,501	210,160
(Loss)/profit for the period	是期間(虧損)/盈利	(74,527)	87,463
(Loss)/profit attributable to owners of the Company	本公司擁有人應佔(虧損)/盈利	(81,607)	70,327
Basic (loss)/earnings per share (HK cents)	每股基本(虧損)/盈利(港仙)	(6.7)	5.7
Key Financial Ratios	主要財務比率		
Profitability ratios	盈利能力比率		
Gross profit margin (%)	毛利率(%)	7.8%	11.6%
EBITDA* margin (%)	息稅折舊及攤銷前利潤率(%)	3.1%	6.0%
Expenses as a % of revenue	開支佔營業額比率		
Distribution and selling expenses	分銷及銷售費用	1.7%	1.6%
Administrative expenses	行政費用	9.2%	6.7%
Finance costs	融資成本	0.6%	0.2%
Asset efficiency	資產效率		
Inventory turnover period (days)	存貨周轉期(日)	71	87
Trade and bills receivables turnover period (days)	營業及票據應收款項周轉期(日)	76	65
Trade and bills payables turnover period (days)	營業及票據應付款項周轉期(日)	48	41

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

* EBITDA解釋為息稅折舊及攤銷前利潤。

		At 30 June 於6月30日	At 31 December 於12月31日
		2023	2022
Asset ratios	資產比率		
Current ratio [#]	流動比率 [#]	3.0	2.9
Net debt/EBITDA ratio (annualised)	淨債務/息稅折舊及攤銷前利潤率(年化)	(7.0)	(5.1)
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	0.5

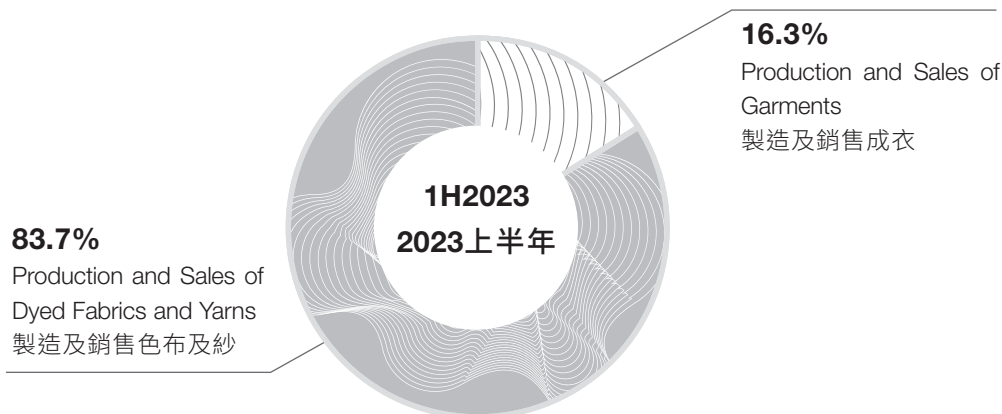
[#] Current ratio is calculated by dividing current assets by current liabilities.

[#] 流動比率的計算方法是將流動資產除以流動負債。

Revenue

The Group's revenue for the six months ended 30 June 2023 amounted to approximately HK\$2,193,867,000 (six months ended 30 June 2022: HK\$3,516,625,000).

Revenue by Business Segments



In the first half of 2023, the Group's core business, production and sales of dyed fabrics and yarns, generated revenue of approximately HK\$1,835,782,000 (six months ended 30 June 2022: HK\$3,058,501,000), which accounted for 83.7% (six months ended 30 June 2022: 87.0%) of the Group's total revenue. Revenue from production and sales of garments was approximately HK\$358,085,000 (six months ended 30 June 2022: HK\$458,124,000), which accounted for 16.3% (six months ended 30 June 2022: 13.0%) of the Group's total revenue.

Cost of Sales and Gross Profit

For the six months ended 30 June 2023, overall cost of sales of the Group amounted to approximately HK\$2,022,528,000 (six months ended 30 June 2022: HK\$3,110,415,000) and overall gross profit margin was 7.8% (six months ended 30 June 2022: 11.6%).

During the period under review, the Group's revenue decreased by 37.6% compared with the same period last year, which was mainly due to the decrease in sales volume of fabrics, which led to the drop in gross profit margin.

Distribution and Selling Expenses

For the six months ended 30 June 2023, the Group's overall distribution and selling expenses amounted to approximately HK\$37,281,000 (six months ended 30 June 2022: HK\$54,608,000), which accounted for 1.7% (six months ended 30 June 2022: 1.6%) of the Group's total revenue.

營業額

集團截至2023年6月30日止6個月的營業額約為2,193,867,000港元(截至2022年6月30日止6個月: 3,516,625,000港元)。

營業額按業務分類

16.3%
Production and Sales of Garments
製造及銷售成衣

於2023年上半年,集團核心業務—製造及銷售色布及紗的營業額約為1,835,782,000港元(截至2022年6月30日止6個月: 3,058,501,000港元),佔集團營業額總值的83.7%(截至2022年6月30日止6個月: 87.0%)。製造及銷售成衣的營業額約為358,085,000港元(截至2022年6月30日止6個月: 458,124,000港元),佔集團營業額總值的16.3%(截至2022年6月30日止6個月: 13.0%)。

銷售成本及毛利

集團截至2023年6月30日止6個月之整體銷售成本約為2,022,528,000港元(截至2022年6月30日止6個月: 3,110,415,000港元),整體毛利率為7.8%(截至2022年6月30日止6個月: 11.6%)。

於回顧期內,本集團的營業額較去年同期下跌37.6%,主要是由於面料銷售量下跌,並引致毛利率下降。

分銷及銷售費用

集團截至2023年6月30日止6個月之整體分銷及銷售費用約為37,281,000港元(截至2022年6月30日止6個月: 54,608,000港元),佔集團營業額總值的1.7%(截至2022年6月30日止6個月: 1.6%)。

Administrative Expenses

For the six months ended 30 June 2023, the Group's overall administrative expenses amounted to approximately HK\$202,294,000 (six months ended 30 June 2022: HK\$236,075,000), which accounted for 9.2% (six months ended 30 June 2022: 6.7%) of the Group's total revenue.

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

For the six months ended 30 June 2023, the Group's EBITDA amounted to approximately HK\$67,501,000 (six months ended 30 June 2022: HK\$210,160,000) and the EBITDA margin was 3.1% (six months ended 30 June 2022: 6.0%).

Finance Costs

For the six months ended 30 June 2023, the Group's finance costs amounted to approximately HK\$13,711,000 (six months ended 30 June 2022: HK\$7,264,000), representing 0.6% (six months ended 30 June 2022: 0.2%) of the Group's total revenue.

Capital Expenditure

During the period under review, the Group invested approximately HK\$42,638,000 (six months ended 30 June 2022: HK\$56,884,000) in additions to property, plant and equipment. The Group's capital commitments primarily related to the acquisition of property, plant and equipment. As at 30 June 2023, the Group had contracted capital commitments of approximately HK\$83,440,000 (31 December 2022: HK\$86,607,000) in relation to the acquisition of property, plant and equipment.

Income Tax Expense

For the six months ended 30 June 2023, income tax expense of the Group amounted to approximately HK\$31,391,000 (six months ended 30 June 2022: HK\$26,621,000).

行政費用

集團截至2023年6月30日止6個月之整體行政費用約為202,294,000港元(截至2022年6月30日止6個月：236,075,000港元)，佔集團營業額總值的9.2%(截至2022年6月30日止6個月：6.7%)。

息稅折舊及攤銷前利潤(EBITDA)

集團截至2023年6月30日止6個月之息稅折舊及攤銷前利潤約為67,501,000港元(截至2022年6月30日止6個月：210,160,000港元)，息稅折舊及攤銷前利潤率為3.1%(截至2022年6月30日止6個月：6.0%)。

融資成本

集團截至2023年6月30日止6個月之融資成本約為13,711,000港元(截至2022年6月30日止6個月：7,264,000港元)，佔集團營業額總值的0.6%(截至2022年6月30日止6個月：0.2%)。

資本開支

於回顧期內，集團已投資約42,638,000港元(截至2022年6月30日止6個月：56,884,000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2023年6月30日，集團有關購買物業、機器及設備的已簽約資本承擔約為83,440,000港元(2022年12月31日：86,607,000港元)。

所得稅支出

集團截至2023年6月30日止6個月之所得稅支出約為31,391,000港元(截至2022年6月30日止6個月：26,621,000港元)。

Liquidity and Financial Resources

As at 30 June 2023, the Group's net assets amounted to approximately HK\$3,340,895,000 (31 December 2022: HK\$3,423,767,000). The key figures of the Group's financial position were as follows:

		At 30 June 於6月30日 2023 HK\$'000 千港元	At 31 December 於12月31日 2022 HK\$'000 千港元
Non-current assets	非流動資產	1,603,586	1,671,542
Current assets	流動資產	3,167,278	3,375,223
Total assets	資產總值	4,770,864	5,046,765
Current liabilities	流動負債	1,055,652	1,182,174
Non-current liabilities	非流動負債	374,317	440,824
Total liabilities	負債總值	1,429,969	1,622,998
Net assets	資產淨值	3,340,895	3,423,767

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.

As at 30 June 2023, the Group's bank borrowings amounted to HK\$345,690,000 (31 December 2022: HK\$436,248,000). Details of the bank borrowings of the Group are set out in note 15 to the condensed consolidated financial statements.

As at 30 June 2023, the Group's bank balances and cash, including short-term bank deposits, amounted to HK\$1,282,722,000 (31 December 2022: HK\$1,393,679,000) and were mainly denominated in HKD, USD and RMB.

As at 30 June 2023, the principal financial covenant figures/ratios (according to the definitions of the Group's principal banks) were as follows:

		At 30 June 於6月30日 2023	At 31 December 於12月31日 2022
Consolidated tangible net worth	綜合淨有形資產	HK\$3,046,003,000港元	HK\$3,126,412,000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	0.1
Consolidated EBITDA to consolidated interest expense	綜合息稅折舊及攤銷前利潤對 綜合利息支出比例	4.9	8.8
Consolidated current assets to consolidated current liabilities	綜合流動資產對 綜合流動負債比例	3.0	2.9
Consolidated capital expenditure	綜合資本開支	HK\$42,638,000港元	HK\$163,631,000港元

During the period/year ended 30 June 2023 and 31 December 2022, the Group had complied with all covenant ratios and undertakings.

資金流動性及財政資源

於2023年6月30日，集團資產淨值約為3,340,895,000港元（2022年12月31日：3,423,767,000港元）。集團財務狀況的主要資料如下：

		At 30 June 於6月30日 2023 HK\$'000 千港元	At 31 December 於12月31日 2022 HK\$'000 千港元
Non-current assets	非流動資產	1,603,586	1,671,542
Current assets	流動資產	3,167,278	3,375,223
Total assets	資產總值	4,770,864	5,046,765
Current liabilities	流動負債	1,055,652	1,182,174
Non-current liabilities	非流動負債	374,317	440,824
Total liabilities	負債總值	1,429,969	1,622,998
Net assets	資產淨值	3,340,895	3,423,767

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。

於2023年6月30日，本集團銀行借貸為345,690,000港元（2022年12月31日：436,248,000港元）。本集團的銀行借貸詳情已載於綜合財務報表附註15。

於2023年6月30日，本集團銀行結餘及現金（包括短期銀行存款）合共1,282,722,000港元（2022年12月31日：1,393,679,000港元），主要是港幣、美元及人民幣。

於2023年6月30日，主要的財務契約數據／比率（根據本集團主要往來銀行的定義）如下：

		At 30 June 於6月30日 2023	At 31 December 於12月31日 2022
Consolidated tangible net worth	綜合淨有形資產	HK\$3,046,003,000港元	HK\$3,126,412,000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	0.1
Consolidated EBITDA to consolidated interest expense	綜合息稅折舊及攤銷前利潤對 綜合利息支出比例	4.9	8.8
Consolidated current assets to consolidated current liabilities	綜合流動資產對 綜合流動負債比例	3.0	2.9
Consolidated capital expenditure	綜合資本開支	HK\$42,638,000港元	HK\$163,631,000港元

於截至2023年6月30日止期間內及2022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.

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.

In addition, bank borrowings of the Group were denominated in HKD, RMB and USD and interests were mainly charged on a floating rate basis. The average effective interest rate of bank borrowings of the Group was 5.66% per annum for the period under review (31 December 2022: 2.64% per annum). As at 30 June 2023, the bank borrowings were repayable by installments over a period from one to three years (31 December 2022: repayable by installments over a period from one to three years). All bank borrowings were unsecured as at 30 June 2023 and 31 December 2022. The Group will continue to monitor the interest rates fluctuation in the market and will adopt appropriate measures to minimise the interest rate risk.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2023, the Group had approximately 5,800 (30 June 2022: approximately 7,100) full-time employees. In response to the unfavourable market conditions, starting from the end of 2022, the Group decided to reduce production volume in one of its fabric mills namely, Jiangyin Fuhui Textiles Ltd and streamline the production team 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. The Group may, subject to the profitability, distribute a discretionary bonus to its employees as an incentive for their contribution to the Group.

The Group provides regular training courses and subsidies for continuing education so as to improve the skills of its employees with respect to production, selling and management.

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

During 1H2023, the Company had not redeemed its listed securities, nor did the Company or any of its subsidiaries purchase or sell any of such securities.

CORPORATE GOVERNANCE CODE

Throughout the period from 1 January 2023 to 30 June 2023, the Company has applied the principles of, and complied with, all the mandatory disclosure requirements and the code provisions as set out in the section headed "Part 2 – Principles of good corporate governance, code provisions and recommended best practices" of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "CG Code") except for code provision C.2.1 of the CG Code. Since 1 April 2023, Mr. LIU Xianfu, the Chairman and an Executive Director, has taken up the position of chief executive officer of the Company, details of which were set out in the announcement of the Company dated 31 March 2023. This deviated from code provision C.2.1 of the CG Code, which stipulates that the responsibilities between the chairman and chief executive officer should be divided and should not be performed by the same person. However, having considered the current status of the Group, the Board considers that 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.

風險管理

集團會依據嚴格及審慎的風險管理政策應對外匯及利率風險。

集團之銷售和原料採購以港元、美元及人民幣為主。而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，安排合適的措施以減低外匯風險。

此外，集團的銀行借貸以港元、人民幣及美元為單位，利息主要以浮動利率計算。回顧期內，本集團銀行借貸的平均實際年利率為5.66% (2022年12月31日：年利率為2.64%)。於2023年6月30日，銀行借貸須於一至三年期間分期償還 (2022年12月31日：於一至三年期間分期償還)。於2023年6月30日及2022年12月31日，所有銀行借貸均無抵押。本集團將繼續留意市場的利率波動，並安排合適的措施以減低利率風險。

僱員及酬金政策

本集團於2023年6月30日之全職僱員人數約為5,800人 (2022年6月30日：約7,100人)。由於本集團為應對不利市況，自2022年年底開始減少其面料工廠之一江陰福匯紡織有限公司的產量以及精簡生產團隊，以盡量減少勞動力成本。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。本集團亦會因應盈利情況，酌情發放花紅予僱員以鼓勵他們對本集團之貢獻。

本集團為僱員提供定期培訓課程及資助進修計劃，以提高僱員之生產、銷售及管理技能。

購回、出售及贖回本公司之上市證券

於1H2023，本公司並無贖回其上市證券，本公司或其附屬公司亦無購買或出售該等證券。

企業管治守則

由2023年1月1日至2023年6月30日止期間，本公司已應用及一直遵守上市規則附錄14所載之企業管治守則 (「企管守則」) 之原則及其「第二部分—良好企業管治的原則、守則條文及建議最佳常規」一節之全部強制披露要求及守則條文，惟企管守則之守則條文第C.2.1條除外。自2023年4月1日起，主席及執行董事劉賢福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2023年3月31日之公告。此會偏離企管守則之守則條文第C.2.1條的規定，主席與行政總裁的職責應有區分及不應由同一名人士擔任。但考慮到本集團現時的情況，董事會認為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。

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 being INEDs, and all major decisions are made in consultation with all the Board members who meet on a regularly basis to review the operations of the Group, and shall be approved by majority approval of the Board, with the four INEDs on the Board scrutinising important decisions and offering independent perspectives.

The Board will continue to review and consider splitting the roles of the chairman and the chief executive officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

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. Following the specific enquiries made by the Company with all Directors, they have confirmed that they had complied with the required standard set out in the Model Code for the Period.

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, among others, on the Company’s financial reporting process, risk management and internal control systems. The Audit Committee comprises three independent non-executive Directors. The Audit Committee has reviewed the unaudited consolidated interim results of the Group for 1H2023 and the 2023 interim report of the Company.

PUBLICATION OF 2023 INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the respective websites of the Company (www.fshl.com) and the Stock Exchange (www.hkexnews.hk). The 2023 interim report of the Company containing all the information required by the Listing Rules will be dispatched to the Shareholders and available on the respective websites of the Company and the Stock Exchange in due course in the manner as required by the Listing Rules.

By Order of the Board

Fountain Set (Holdings) Limited

LIU Xianfu

Chairman and Chief Executive Officer

Hong Kong, 25 August 2023

As at the date of this announcement, the Board comprises 5 executive Directors, namely Mr. LIU Xianfu (Chairman and Chief Executive Officer), Mr. YAU Hang Tat Andrew, Dr. LI Gang, Mr. ZHAO Yao and Mr. ZHANG Zheng; 2 non-executive Directors, namely Dr. YEN Gordon (Non-executive Vice Chairman) and Mr. TAO Yongming; and 4 independent non-executive Directors, namely Mr. NG Kwok Tung, Mr. YING Wei, Mr. William LAM and Mr. WONG Kwong Chi.

由於董事會由經驗豐富、專業及高質素人士組成（包括充足的獨立非執行董事人數），董事會相信會有足夠能力確保職能及權力在此安排下得到平衡。所有重大決策均與定期召開會議以審查本集團運營的所有董事會成員協商後作出，並須經董事會多數批准通過，並由董事會中的四名獨立非執行董事審查重要決策及提供獨立的觀點。

董事會將繼續檢討及考慮本集團的整體情況，並在適當及合適的時間分拆主席及行政總裁的角色。

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所載的上市發行人董事進行證券交易的標準守則（「標準守則」）為其有關董事進行證券交易之守則。經本公司向所有董事作出具體查詢後，所有董事已確認彼等於是期間均已遵守標準守則所要求的標準。

審核委員會審閱

本公司已成立董事會審核委員會（「審核委員會」），藉以檢討及監察本公司之財務申報程序、風險管理及內部監控制度。審核委員會由3名獨立非執行董事組成。審核委員會已審閱本集團1H2023之未經審核綜合中期業績及本公司2023年中期報告。

刊發2023年中期業績公告及中期報告

本業績公告分別於本公司網站(www.fshl.com)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2023年中期報告將會於適當時候寄發予股東，並且按上市規則要求的形式分別刊載於本公司及聯交所網站。