



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



The World's Finest Circular Knits. Since 1969.
世界優質圓筒針織 · 始於1969

Interim Report | 2006
中期報告 | 2006

編織創意, 活出新意
Knit Different. Live Different.

GROUP PROFILE

Fountain Set (Holdings) Limited and its subsidiaries are recognised in the industry as the world's largest circular knitted fabric manufacturer and has long been a driving force in the global market through its vertically integrated operations in spinning, knitting, dyeing, printing and finishing. The Group's product range also includes dyed yarns, sewing threads and garments. As a major fabric supplier to garment manufacturers in over 40 countries that supply to internationally renowned retail brands, Fountain Set's worldwide sales reached HK\$6.64 billion (US\$851 million) in the fiscal year 2005.

Headquartered in Hong Kong and listed on The Stock Exchange of Hong Kong Limited, Fountain Set (Holdings) Limited (SEHK: 420) has production facilities in the PRC, Sri Lanka and Indonesia, with marketing and representative offices in 8 countries and a global staff force of approximately 23,000.

To learn more about Fountain Set, please visit www.fshl.com

集團簡介

福田實業(集團)有限公司及其附屬公司被業界譽為世界最大的圓筒針織面料生產商，並為環球紡織行業的翹楚。集團提供紡紗、針織、染色、印花及整理等高度垂直之綜合服務，產品亦包括色紗、縫紉線及成衣。福田向超過40個國家的成衣製造商提供面料，以製成國際知名品牌的成衣。福田於2005年財政年度的環球銷售額達66.4億港元(8.51億美元)。

福田實業(集團)有限公司之總部位於香港，並於香港聯合交易所有限公司上市(香港聯交所編號：420)，在中國、斯里蘭卡及印尼設有生產設施；海外市場推廣辦事處／代表處分佈8個國家，全球共聘用僱員約23,000人。

欲知更多福田資料，請瀏覽 www.fshl.com

CONDENSED FINANCIAL STATEMENTS 簡明財務報表

The Board of Directors is pleased to announce that the unaudited condensed consolidated financial statements of the Company and its subsidiaries ("the Group") for the six months ended 28th February, 2006 are as follows:

董事會欣然宣佈截至二零零六年二月二十八日止六個月本公司及其附屬公司(「本集團」)之未經審核簡明綜合財務報表如下：

Condensed Consolidated Income Statement 簡明綜合收益賬

For the six months ended 28th February, 2006

截至二零零六年二月二十八日止六個月

			Six months ended 28th February, 2006 截至 二零零六年 二月二十八日 止 六個月 HK\$'000 千港元 (unaudited) (未經審核)	Six months ended 28th February, 2005 截至 二零零五年 二月二十八日 止 六個月 HK\$'000 千港元 (unaudited and restated) (未經審核 及重列)
Turnover	營業額	4	3,237,940	3,118,468
Cost of sales	銷售成本		(2,620,342)	(2,549,951)
			617,598	568,517
Other income	其他收入		39,218	35,260
Gain on disposal of property interests	出售物業權益之盈利	10	144,028	—
Distribution expenses	銷售費用		(178,046)	(181,134)
Administrative and other expenses	行政及其他費用		(323,718)	(313,518)
Finance costs	融資成本	5	(50,768)	(21,965)
Profit before taxation	除稅前盈利	6	248,312	87,160
Income tax charge	所得稅支出	7	(23,048)	(15,481)
Profit for the period	是期間盈利		<u>225,264</u>	<u>71,679</u>
Attributable to:	應佔：			
Shareholders of the Company	本公司股東		204,676	54,653
Minority shareholders	少數股東		20,588	17,026
			<u>225,264</u>	<u>71,679</u>
Dividend paid	已付股息	8	<u>55,581</u>	<u>59,551</u>
Earnings per share	每股盈利	9		
Basic	基本		<u>HK 25.78 cents港仙</u>	<u>HK 6.88 cents港仙</u>

Condensed Consolidated Balance Sheet 簡明綜合資產負債表

At 28th February, 2006

於二零零六年二月二十八日

			28th February, 2006 二零零六年 二月二十八日	31st August, 2005 二零零五年 八月三十一日
	Notes 附註	HK\$'000 千港元 (unaudited) (未經審核)	HK\$'000 千港元 (audited and restated) (已經審核 及重列)	
NON-CURRENT ASSETS				
非流動資產				
Investment properties	10	4,918	84,267	
Property, plant and equipment	10	2,085,228	2,102,421	
Prepaid lease payments				
— non-current portion	10	60,729	150,269	
Interests in jointly controlled entities		—	13,729	
Deferred tax assets		14,967	13,717	
		<u>2,165,842</u>	<u>2,364,403</u>	
CURRENT ASSETS				
流動資產				
Inventories	11	1,676,853	1,543,423	
Prepaid lease payments				
— current portion		1,463	3,655	
Trade and other receivables	12	1,619,932	1,565,907	
Amounts due from jointly controlled entities		12,956	—	
Derivative financial instruments		353	—	
Tax recoverable		5,678	7,205	
Bank deposit with restricted use		2,042	2,675	
Short-term bank deposits		341,575	269,176	
Bank balances and cash		329,248	265,500	
		<u>3,990,100</u>	<u>3,657,541</u>	
CURRENT LIABILITIES				
流動負債				
Trade and other payables	13	706,520	622,684	
Bills payable	13	368,420	343,565	
Derivative financial instruments		2,493	—	
Tax payable		58,282	19,408	
Bank borrowings				
— due within one year	14	423,820	292,498	
Bank overdrafts		2,707	3,147	
Obligations under finance leases				
— due within one year		10,966	16,728	
		<u>1,573,208</u>	<u>1,298,030</u>	
NET CURRENT ASSETS		<u>2,416,892</u>	<u>2,359,511</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,582,734</u>	<u>4,723,914</u>	
流動資產淨值		<u>2,416,892</u>	<u>2,359,511</u>	
資產總值減流動負債		<u>4,582,734</u>	<u>4,723,914</u>	

Condensed Consolidated Balance Sheet (Continued) 簡明綜合資產負債表(續)

At 28th February, 2006

於二零零六年二月二十八日

			28th February, 2006 二零零六年 二月二十八日	31st August, 2005 二零零五年 八月三十一日
		Note 附註	HK\$'000 千港元 (unaudited) (未經審核)	HK\$'000 千港元 (audited and restated) (已經審核 及重列)
NON-CURRENT LIABILITIES	非流動負債			
Bank borrowings	銀行借貸			
— due after one year	— 一年後到期	14	1,647,958	1,910,000
Obligations under finance leases	財務租賃應付賬款			
— due after one year	— 一年後到期		1,298	5,430
Deferred tax liabilities	遞延稅項負債		5,060	29,268
			<u>1,654,316</u>	<u>1,944,698</u>
NET ASSETS	資產淨值		<u>2,928,418</u>	<u>2,779,216</u>
CAPITAL AND RESERVES	資本及儲備			
Share capital	股本		158,802	158,802
Reserves	儲備		2,572,685	2,427,001
Equity attributable to shareholders of the Company	本公司股東應佔 權益		2,731,487	2,585,803
Minority interests	少數股東權益		196,931	193,413
			<u>2,928,418</u>	<u>2,779,216</u>

Condensed Consolidated Statement of Changes in Equity 簡明綜合權益變動報表

For the six months ended 28th February, 2006
截至二零零六年二月二十八日止六個月

		Share capital	Share premium	Capital redemption reserve	Asset revaluation reserve	Translation reserve	Statutory reserves	Retained profits	Total equity attributable to shareholders of the Company 本公司股東應佔權益總值	Minority interests	Total equity
		股本	股份溢價	資本贖回儲備	資產重估儲備	匯兌儲備	法定儲備	滾存盈利	總值	少數股東權益	權益總值
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1st September, 2004	於二零零四年九月一日	158,802	197,124	210	229,844	(51,587)	14,000	2,138,596	2,686,989	193,634	2,880,623
Effects of changes in accounting policies (note 3)	會計政策改變之影響(附註3)	—	—	—	(229,844)	—	—	42,826	(187,018)	—	(187,018)
As restated	重列	158,802	197,124	210	—	(51,587)	14,000	2,181,422	2,499,971	193,634	2,693,605
Exchange differences arising from translation of financial statements denominated in foreign currencies directly recognised in equity	直接在權益內確認之外幣財務報表匯兌差額	—	—	—	—	7,040	—	—	7,040	3,674	10,714
Profit for the period (as restated)	是期間盈利(重列)	—	—	—	—	—	—	54,653	54,653	17,026	71,679
Total recognised income and expense for the period	是期間確認之收入及支出總值	—	—	—	—	7,040	—	54,653	61,693	20,700	82,393
Dividend paid to shareholders of the Company	已付股息予本公司股東	—	—	—	—	—	—	(59,551)	(59,551)	—	(59,551)
Dividend paid to minority shareholders	已付股息予少數股東	—	—	—	—	—	—	—	—	(13,018)	(13,018)
At 28th February, 2005	於二零零五年二月二十八日	158,802	197,124	210	—	(44,547)	14,000	2,176,524	2,502,113	201,316	2,703,429
Exchange differences arising from translation of financial statements denominated in foreign currencies directly recognised in equity	直接在權益內確認之外幣財務報表匯兌差額	—	—	—	—	(1,327)	—	—	(1,327)	(89)	(1,416)
Profit for the period (as restated)	是期間盈利(重列)	—	—	—	—	—	—	108,837	108,837	19,571	128,408
Total recognised income and expense for the period	是期間確認之收入及支出總值	—	—	—	—	(1,327)	—	108,837	107,510	19,482	126,992
Dividend paid to shareholders of the Company	已付股息予本公司股東	—	—	—	—	—	—	(23,820)	(23,820)	—	(23,820)
Dividend paid to minority shareholders	已付股息予少數股東	—	—	—	—	—	—	—	—	(18,498)	(18,498)
Acquisition of additional interests in subsidiaries	收購附屬公司額外權益	—	—	—	—	—	—	—	—	(8,887)	(8,887)
Transfer	調撥	—	—	—	—	—	2,000	(2,000)	—	—	—
At 31st August, 2005	於二零零五年八月三十一日	158,802	197,124	210	—	(45,874)	16,000	2,259,541	2,585,803	193,413	2,779,216
Effect of change in accounting policy (note 3)	會計政策改變之影響(附註3)	—	—	—	—	—	—	(1,504)	(1,504)	—	(1,504)
At 1st September, 2005 (as restated)	於二零零五年九月一日(重列)	158,802	197,124	210	—	(45,874)	16,000	2,258,037	2,584,299	193,413	2,777,712
Exchange differences arising from translation of financial statements denominated in foreign currencies directly recognised in equity	直接在權益內確認之外幣財務報表匯兌差額	—	—	—	—	(1,907)	—	—	(1,907)	(2,128)	(4,035)
Profit for the period	是期間盈利	—	—	—	—	—	—	204,676	204,676	20,588	225,264
Total recognised income and expense for the period	是期間確認之收入及支出總值	—	—	—	—	(1,907)	—	204,676	202,769	18,460	221,229
Dividend paid to shareholders of the Company	已付股息予本公司股東	—	—	—	—	—	—	(55,581)	(55,581)	—	(55,581)
Dividend paid to minority shareholders	已付股息予少數股東	—	—	—	—	—	—	—	—	(15,632)	(15,632)
Capital contribution from minority shareholders	少數股東之資本注資	—	—	—	—	—	—	—	—	690	690
At 28th February, 2006	於二零零六年二月二十八日	158,802	197,124	210	—	(47,781)	16,000	2,407,132	2,731,487	196,931	2,928,418

Condensed Consolidated Cash Flow Statement 簡明綜合現金流量報表

For the six months ended 28th February, 2006

截至二零零六年二月二十八日止六個月

		Six months ended 28th February, 2006 截至 二零零六年 二月二十八日 止 六個月 HK\$'000 千港元 (unaudited) (未經審核)	Six months ended 28th February, 2005 截至 二零零五年 二月二十八日 止 六個月 HK\$'000 千港元 (unaudited) (未經審核)
Net cash from operating activities	營運項目所得之現金淨值	186,687	711,334
Investing activities	投資項目		
Net proceeds from disposal of property interests	出售物業權益所得 款項淨值	488,929	—
Other movements in investing activities	投資項目之其他變動	(239,136)	(246,982)
Net cash from (used in) investing activities	投資項目所得(所用)之 現金淨值	249,793	(246,982)
Net cash used in financing activities	融資項目所用之現金淨值	(299,179)	(263,850)
Net increase in cash and cash equivalents	現金及等同現金項目之 增加淨值	137,301	200,502
Cash and cash equivalents at beginning of the period	於是期間開始時之現金及 等同現金項目	531,529	294,002
Effect of foreign exchange rate changes	匯率變動之影響	(714)	2,935
Cash and cash equivalents at end of the period	於是期間終結時之現金及 等同現金項目	668,116	497,439
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS	現金及等同現金項目 結存之分析		
Being:	作為：		
Short-term bank deposits	短期銀行存款	341,575	134,088
Bank balances and cash	銀行結存及現金	329,248	366,077
Bank overdrafts	銀行透支	(2,707)	(2,726)
		668,116	497,439

Notes to the Condensed Financial Statements 簡明財務報表附註

For the six months ended 28th February, 2006
截至二零零六年二月二十八日止六個月

1. Basis of Preparation

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

2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31st August, 2005 except as described below.

(A) Application of Hong Kong Financial Reporting Standards

In the current period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are effective for accounting periods beginning on or after 1st January, 2005. The application of the new HKFRSs has resulted in a change in the presentation of the income statement, the balance sheet and the statement of changes in equity. In particular, the presentation of minority interests has been changed. The changes in presentation have been applied retrospectively.

1. 編製基準

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

2. 主要會計政策

除若干金融工具以公平價值釐定外，本簡明綜合財務報表乃按歷史成本基準編製。

除下文所述外，本簡明綜合財務報表所採用之會計政策與編製本集團截至二零零五年八月三十一日止年度之全年財務報表所遵循者一致。

(A) 應用香港財務申報準則

本期間本集團已首次應用香港會計師公會頒佈之多項新香港財務申報準則（「香港財務申報準則」）、香港會計準則（「香港會計準則」）及詮釋（下文統稱為「新香港財務申報準則」），該等準則均於二零零五年一月一日或以後開始之會計期生效。應用新香港財務申報準則已引致收益賬、資產負債表及權益變動報表之呈列方式產生改變。特別是少數股東權益之呈列方式已作改動。此等呈列方式之變動已追溯應用。

Notes to the Condensed Financial Statements (Continued) 簡明財務報表附註(續)

For the six months ended 28th February, 2006
截至二零零六年二月二十八日止六個月

2. Principal Accounting Policies (Continued)

(A) Application of Hong Kong Financial Reporting Standards (Continued)

The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas:

(1) Investment Properties

In the current period, the Group has, for the first time, applied HKAS 40 "Investment Property". The Group has elected to use the cost model to account for the building portion of the investment properties, under which investment properties are carried at cost less accumulated depreciation and accumulated impairment losses (if any). For the land portion of the investment properties, it follows HKAS 17 "Leases" as set out in (3) below. In previous years, the investment properties of the Group (including land portion and buildings portion) were measured at open market values, with revaluation surplus or deficit credited or charged to asset revaluation reserve unless the balance on this reserve was insufficient to cover a deficit, in which case the excess of the deficit over the balance of the asset revaluation reserve was charged to the income statement. Where a deficit had previously been charged to the income statement and a revaluation surplus subsequently arose, that surplus was credited to the income statement to the extent of the deficit previously charged. The Group has elected to apply the new accounting policy retrospectively and comparative figures have been restated (see note 3 for the financial impact).

2. 主要會計政策(續)

(A) 應用香港財務申報準則(續)

採納新香港財務申報準則已引致本集團在下列範疇之會計政策產生改變：

(1) 投資物業

本期間本集團已首次應用香港會計準則第40條「投資物業」。本集團已選用成本模式將投資物業之樓宇部份入賬。據此，投資物業乃以成本減累積折舊及累積減值損失(如有)入賬。投資物業之土地部份會遵循下文(3)所述之香港會計準則第17條「租賃」。於過往年度，本集團之投資物業(包括土地部份及樓宇部份)均以公開市值釐定，重估之盈餘或虧損會在資產重估儲備內計入或扣除，除非該儲備之結存不足以抵銷虧損，則該虧損超出資產重估儲備結存之餘額會在收益賬內扣除。若虧損在過往已在收益賬內扣除及往後產生重估盈餘時，則此項盈餘會在收益賬內計入，但以該虧損於過往已扣除之數為限。本集團已追溯選用此項新會計政策及比較數字已重列(見附註3之財務影響)。

Notes to the Condensed Financial Statements (Continued) 簡明財務報表附註 (續)

For the six months ended 28th February, 2006
截至二零零六年二月二十八日止六個月

2. Principal Accounting Policies (Continued)**(A) Application of Hong Kong Financial Reporting Standards (Continued)****(2) Deferred Taxes related to Investment Properties**

In previous years, deferred tax consequences in respect of revalued investment properties were assessed on the basis of the tax consequence that would follow from recovery of the carrying amount of the properties through sale in accordance with the predecessor Interpretation. In the current period, the Group has applied HK(SIC) Interpretation 21 "Income Taxes — Recovery of Revalued Non-Depreciable Assets" which removes the presumption that the carrying amount of investment properties is to be recovered through sale. Therefore, the deferred tax consequences of the investment properties are now assessed on the basis that reflect the tax consequences that would follow from the manner in which the Group expects to recover the investment property at each balance sheet date. In the absence of any specific transitional provisions in HK(SIC) Interpretation 21, this change in accounting policy has been applied retrospectively and comparative figures have been restated (see note 3 for the financial impact).

(3) Leasehold Interests in Land

In previous years, certain leasehold land and buildings included in property, plant and equipment were stated in the balance sheet at their revalued amount prior to 30th September, 1995, less any subsequent accumulated depreciation and accumulated impairment losses (if any). In the current period, the Group has applied HKAS 17 "Leases". Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost less impairment losses and amortised over the lease term on a straight line basis. This change in accounting policy has been applied retrospectively and comparative figures have been restated (see note 3 for the financial impact).

2. 主要會計政策 (續)**(A) 應用香港財務申報準則 (續)****(2) 與投資物業有關之遞延稅項**

於過往年度，根據以前的詮釋，重估投資物業之遞延稅項影響乃按透過出售而收回有關物業之賬面值所產生之稅務影響這基準作出評估。本期間本集團已應用香港(準則詮釋委員會)詮釋第21條「所得稅－收回經重估之非折舊資產」，不再假設投資物業賬面值透過出售而收回。因此，投資物業之遞延稅項影響現按本集團預期於每個結算日此項物業可收回之數額這基準作出評估。由於香港(準則詮釋委員會)詮釋第21條並無任何特定過渡條文，此項會計政策之改變已追溯應用及比較數字已重列(見附註3之財務影響)。

(3) 土地租賃權益

於過往年度，包括在物業、廠房及設備內之若干租賃土地及樓宇乃以其一九九五年九月三十日之重估金額減任何往後累積折舊及累積減值損失(如有)在資產負債表內列出。本期間本集團已應用香港會計準則第17條「租賃」。根據香港會計準則第17條，就租賃分類而言，租賃土地及樓宇中之土地及樓宇部份需分開處理，除非無法將租賃款項在土地及樓宇部份之間作可靠分配。在此情況下，則整個租賃將被一般視為融資租賃。倘若租賃款項能在土地及樓宇部份之間作可靠分配，則土地租賃權益將重新分類為營運租賃下之預付租賃款項，並以成本減去減值損失入賬及按直線法在租賃期內攤銷。此項會計政策之改變已追溯應用及比較數字已重列(見附註3之財務影響)。

Notes to the Condensed Financial Statements (Continued) 簡明財務報表附註 (續)

For the six months ended 28th February, 2006
截至二零零六年二月二十八日止六個月

2. Principal Accounting Policies (Continued)

(A) Application of Hong Kong Financial Reporting Standards (Continued)

(4) Financial Instruments

HKAS 32 "Financial Instruments: Disclosure and Presentation" requires retrospective application whereas HKAS 39 "Financial Instruments: Recognition and Measurement", which is effective for accounting periods beginning on or after 1st January, 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The application of HKAS 32 has had no material impact on how financial instruments of the Group are presented for the current and prior accounting periods. The principal effects on the Group as a result of implementation of HKAS 39 are summarised below:

Financial assets and financial liabilities

From 1st September, 2005 onwards, the Group classifies and measures its financial assets and financial liabilities in accordance with the requirements of HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "financial liabilities other than financial liabilities at fair value through profit or loss (other financial liabilities)". Transaction costs that relate to the issue of financial assets or financial liabilities are included in the carrying amount of the financial assets or financial liabilities and amortised over the period of the terms of the financial assets or financial liabilities using the effective interest method. The adoption of the accounting policy has been applied prospectively and the financial impact to the Group is set out in note 3.

2. 主要會計政策 (續)

(A) 應用香港財務申報準則 (續)

(4) 金融工具

香港會計準則第32條「金融工具：披露及呈列」規定追溯應用，而於二零零五年一月一日或以後開始之會計期生效之香港會計準則第39條「金融工具：確認及釐定」一般不允許以追溯基準確認、不作確認或釐定金融資產及負債。應用香港會計準則第32條對本集團本會計期及過往會計期金融工具之呈報並沒有重大影響。因執行香港會計準則第39條而對本集團之重要影響概述如下：

金融資產及金融負債

由二零零五年九月一日起，本集團根據香港會計準則第39條之規定將其金融資產及金融負債作出分類及釐定。根據香港會計準則第39條，金融資產已被分類為「按公平價值計入損益之金融資產」、「可供出售之金融資產」、「借貸及應收款項」或「持至到期日之金融資產」。金融負債一般被分類為「按公平價值計入損益之金融負債」或「按公平價值計入損益之金融負債以外之金融負債(其他金融負債)」。發行金融資產或金融負債之有關交易成本已包括在金融資產或金融負債之賬面值內，並按實際利率方法在金融資產或金融負債之期間內攤銷。採納此會計政策已作應用及其對本集團之財務影響已載列於附註3內。

Notes to the Condensed Financial Statements (Continued) 簡明財務報表附註 (續)

For the six months ended 28th February, 2006
截至二零零六年二月二十八日止六個月

2. Principal Accounting Policies (Continued)**(A) Application of Hong Kong Financial Reporting Standards (Continued)****(4) Financial Instruments (Continued)***Derivatives and hedging*

Prior to 31st August, 2005, the Group did not recognise the financial effect of derivative financial instruments until they were matured/realised.

From 1st September, 2005 onwards, all derivatives that are within the scope of HKAS 39 are required to be carried at fair value at each balance sheet date regardless of whether they are deemed as held for trading or designated as effective hedging instruments. Under HKAS 39, derivatives (including embedded derivatives separately accounted for from the non-derivative host contracts) are deemed as held-for-trading financial assets or financial liabilities, unless they qualify and are designated as effective hedging instruments. The corresponding adjustments on changes in fair values would depend on whether the derivatives are designated as effective hedging instruments, and if so, the nature of the item being hedged. For derivatives that are deemed as held for trading, changes in fair values of such derivatives are recognised in the income statement for the period in which they arise.

The Group has applied the relevant transitional provisions in HKAS 39. For derivatives that do not meet the requirements of hedge accounting in accordance with HKAS 39, the Group has, from 1st September, 2005 onwards, deemed such derivatives as held for trading. On 1st September, 2005, the Group recognised the fair value amounting to approximately HK\$1,128,000 in the Group's retained profits and balance sheet (see note 3 for the financial impact).

2. 主要會計政策 (續)**(A) 應用香港財務報告準則 (續)****(4) 金融工具 (續)***衍生工具及對沖*

於二零零五年八月三十一日前，本集團並沒有就到期前之衍生金融工具之財務影響作出確認。

由二零零五年九月一日起，所有香港會計準則第39條範圍內之衍生工具，不論被視為持作買賣或指定用作有效對沖工具，均須於每個結算日以公平價值入賬。根據香港會計準則第39條，衍生工具(包括與非衍生工具主合約分開列賬之內含衍生工具)均被視為持作買賣之金融資產或金融負債，除非該等工具合資格被指定用作有效對沖工具。公平價值變動之有關調整會視乎該等衍生工具是否被指定為有效對沖工具，及如是，則根據被對沖項目之性質作調整。對於被視為持作買賣之衍生工具，其公平價值之變動會在產生之期間在收益賬內確認。

本集團已應用香港會計準則第39條之相關過渡條文。根據香港會計準則第39條，對於未符合對沖會計規定之衍生工具，本集團已於二零零五年九月一日起，視此等衍生工具為持作買賣。於二零零五年九月一日，本集團於本集團之滾存盈利及資產負債表內確認其公平價值約為1,128,000港元(見附註3之財務影響)。

Notes to the Condensed Financial Statements (Continued) 簡明財務報表附註(續)

For the six months ended 28th February, 2006
截至二零零六年二月二十八日止六個月

2. Principal Accounting Policies (Continued)

(A) Application of Hong Kong Financial Reporting Standards (Continued)

(4) Financial Instruments (Continued)

Derecognition

HKAS 39 provides more rigorous criteria for the derecognition of financial assets than the criteria applied in previous periods. Under HKAS 39, a financial asset is derecognised, when and only when, either the contractual rights to the asset's cash flows expire, or the asset is transferred and the transfer qualifies for derecognition in accordance with HKAS 39. The decision as to whether a transfer qualifies for derecognition is made by applying a combination of risks and rewards and control tests. The Group has applied the relevant transitional provisions and applied the revised accounting policy prospectively to transfers of financial assets from 1st September, 2005 onwards. As a result, the Group's trade receivables factored with recourse which were derecognised prior to 1st September, 2005 have not been restated. This change in accounting policy has had no material effect on results for the current period (see note 3 for the financial impact). There were no trade receivables factored with recourse at 28th February, 2006.

2. 主要會計政策(續)

(A) 應用香港財務報告準則(續)

(4) 金融工具(續)

不作確認

香港會計準則第39條就金融資產之不作確認之規條比過往期間所應用的規條較為嚴格。根據香港會計準則第39條，金融資產只會在資產現金流量之合約權利到期時或該資產已轉讓及此轉讓符合香港會計準則第39條之不作確認資格時，方可不作確認。一項轉讓是否符合不作確認乃取決於風險及回報和控制權之合併測試應用。本集團已就二零零五年九月一日起的金融資產之轉讓應用相關過渡條文及應用經修訂之會計政策。因此，本集團在二零零五年九月一日前不作確認之附追索權之應收款項讓售並沒有重列。此項會計政策之改變對本期間之業績並無重大影響(見附註3之財務影響)。於二零零六年二月二十八日，並無附追索權之應收款項讓售。

Notes to the Condensed Financial Statements (Continued) 簡明財務報表附註 (續)

For the six months ended 28th February, 2006
截至二零零六年二月二十八日止六個月

2. Principal Accounting Policies (Continued)**(A) Application of Hong Kong Financial Reporting Standards (Continued)****(5) Share-based Payment**

HKFRS 2 "Share-based Payment" requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of directors' and employees' share options of the Company determined at the date of grant of the share options over the vesting period. Prior to the application of HKFRS 2, the Group did not recognise the financial effect of these share options until they were exercised. The Group has applied HKFRS 2 to share options granted on or after 1st September, 2005. In accordance with the relevant transitional provision, the Group has not applied HKFRS 2 to those share options granted on or before 7th November, 2002 and those share options that were granted after 7th November, 2002 but were vested before 1st September, 2005. As there were no outstanding share options on 1st September, 2005, this change in accounting policy has had no material effect on results for current and prior period.

2. 主要會計政策 (續)**(A) 應用香港財務報告準則 (續)****(5) 以股份為基礎之付款**

香港財務申報準則第2條「以股份為基礎之付款」規定本集團以交換股份或享有股份權利作為購買貨物或獲取服務(「權益結算交易」)，或以相等於指定數目之股份或股份權利之其他資產作為交換(「現金結算交易」)需確認為一項費用。香港財務申報準則第2條對本集團之主要影響乃與授予董事及僱員本公司認股權於授出認股權當日釐定之公平價值在歸屬期內列作費用有關。於應用香港財務申報準則第2條前，本集團僅於認股權行使時始確認其財務影響。本集團已就二零零五年九月一日或以後授出之認股權應用香港財務申報準則第2條。根據相關過渡條文，本集團並沒有對二零零二年十一月七日或以前授出之認股權及對二零零二年十一月七日後授出但於二零零五年九月一日前已歸屬之認股權應用香港財務申報準則第2條。由於二零零五年九月一日並沒有認股權結餘，此項會計政策之改變對本期間及過往期間之業績並無重大影響。

Notes to the Condensed Financial Statements (Continued) 簡明財務報表附註 (續)

For the six months ended 28th February, 2006
截至二零零六年二月二十八日止六個月

2. Principal Accounting Policies (Continued)

(B) Change of Accounting Policy for Buildings

In previous years, certain land and buildings held for own use were stated in the balance sheet at their revalued amount prior to 30th September, 1995, less any subsequent accumulated depreciation and accumulated impairment losses (if any). Under the predecessor standard, the surplus arising on revaluation of these properties prior to 30th September, 1995 was credited to the asset revaluation reserve. Any future decrease in value of these properties were dealt with as an expense to the extent that it exceeds the balance, if any, on the asset revaluation reserve relating to a previous revaluation of the particular properties. On the subsequent disposal of a revalued asset, the attributable revaluation surplus not yet transferred to retained profits in previous years is transferred to retained profits. Upon the adoption of the new HKFRSs, management reassessed the Group's accounting policies on depreciation of investment properties and property, plant and equipment and amortisation of prepaid lease payments, and concluded that the use of a consistent policy (cost model) for all these items related to property interests would present more meaningful and consistent information to the readers of financial statements. To this end, the Group has elected to use the cost model, which is allowable under HKAS 16 "Property, plant and equipment", to account for its buildings held for own use. Under the cost model, the buildings are carried at cost less accumulated depreciation and accumulated impairment losses (if any). This change in accounting policy has been applied retrospectively. Upon the change in accounting policy, the revaluation surplus that arising in 1995 not yet transferred to retained profits in previous years has been reversed retrospectively. As a result, the carrying amount of the buildings, the related deferred tax liabilities and the asset revaluation reserve have been restated (see note 3 for the financial impact).

2. 主要會計政策 (續)

(B) 樓宇之會計政策之改變

於過往年度，若干持作自用之土地及樓宇乃以其一九九五年九月三十日之前之重估金額減任何往後累積折舊及累積減值損失(如有)在資產負債表內列出。根據以前的準則，此等物業於一九九五年九月三十日前因重估而產生之盈餘已在資產重估儲備內計入。此等物業在將來發生跌值時，此差額可先在其過往重估時所產生之資產重估儲備中抵扣，不足之數(如有)則被視為費用。當重估物業往後出售時，其過往年度未調撥至滾存盈利之有關重估盈餘會調撥至滾存盈利內。對於採納新香港財務申報準則，管理層重新評估本集團之投資物業和物業、機器及設備之折舊及預付租賃款項之攤銷之會計政策，並總結認為就所有此類有關物業權益項目而言，採用一項統一政策(成本模式)能呈列比較有意義及統一之資料予財務報表之閱讀者。對此，本集團已就自用樓宇選用香港會計準則第16條「物業、機器及設備」所允許之成本模式入賬。根據成本模式，樓宇乃以成本減累積折舊及累積減值損失(如有)列賬。此項會計政策之改變已追溯應用。根據此項會計政策之改變，於一九九五年產生而於過往年度未調撥至滾存盈利之重估盈餘會追溯撥回。因此，樓宇之賬面值、有關之遞延稅項負債及資產重估儲備已重列(見附註3之財務影響)。

Notes to the Condensed Financial Statements (Continued) 簡明財務報表附註 (續)

For the six months ended 28th February, 2006
截至二零零六年二月二十八日止六個月

3. Summary of the Effects of the Changes in Accounting Policies

The effects of the changes in the accounting policies described in note 2 above on the results for the current and prior period are as follows:

3. 會計政策改變之影響概要

上文附註2所述之會計政策之改變對本期間及過往期間業績之影響如下：

		Six months ended 28th February, 2006 截至 二零零六年 二月二十八日止 六個月 HK\$'000 千港元	Six months ended 28th February, 2005 截至 二零零五年 二月二十八日止 六個月 HK\$'000 千港元
Increase in gain on disposal of property interests	出售物業權益所得 盈利之增加	170,606	—
Decrease in depreciation of buildings	樓宇折舊之減少	1,026	968
Decrease in amortisation of land (now reclassified as amortisation of prepaid lease payments)	土地攤銷之減少 (現重新分類為預付 租賃款項之攤銷)	414	625
Increase in depreciation of investment properties	投資物業折舊之增加	(1,258)	(702)
Increase in losses arising from changes in fair value of derivative financial instruments	衍生金融工具之公平 價值變動所產生 虧損之增加	(1,012)	—
Decrease in deferred tax credit	遞延稅項計入之減少	(10,788)	(98)
Increase in profit for the period	是期間盈利之增加	<u>158,988</u>	<u>793</u>

Notes to the Condensed Financial Statements (Continued) 簡明財務報表附註(續)

For the six months ended 28th February, 2006
截至二零零六年二月二十八日止六個月

3. Summary of the Effects of the Changes in Accounting Policies (Continued)

The cumulative effects of the changes in accounting policies on 31st August, 2005 and 1st September, 2005 are summarised below:

	As at 31st August, 2005 (originally stated)	Effect of 影響		As at 31st August, 2005 (restated)	Effect of 影響	As at 1st September, 2005 (restated)		
		HKAS 1	HKAS 16, 17 & 40				HK(SIC) INT 21	HKAS 39
	於二零零五年 八月三十一日 (原先呈列)	香港會計 準則 第1條	香港會計 準則第16, 17及40條	香港(準則 詮釋委 員會)詮釋 第21條	於二零零五年 八月三十一日 (重列)	香港會計 準則第39條 之影響	於二零零五年 九月一日 (重列)	
	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	
Balance sheet items	資產負債表項目							
Investment properties	178,162	—	(93,895)	—	84,267	—	84,267	
Property, plant and equipment	2,368,968	—	(266,547)	—	2,102,421	—	2,102,421	
Prepaid lease payments	—	—	153,924	—	153,924	—	153,924	
Trade and other receivables	1,565,907	—	—	—	1,565,907	34,066	1,599,973	
Bank borrowings	(2,205,645)	—	—	—	(2,205,645)	(34,442)	(2,240,087)	
Derivative financial instruments — assets	—	—	—	—	—	1,401	1,401	
Derivative financial instruments — liabilities	—	—	—	—	—	(2,529)	(2,529)	
Deferred tax liabilities	(48,352)	—	19,391	(307)	(29,268)	—	(29,268)	
Total effects on assets and liabilities	對資產及負債之 影響總值	1,859,040	—	(187,127)	(307)	1,671,606	(1,504)	1,670,102
Asset revaluation reserve	資產重估儲備	231,313	—	(230,791)	(522)	—	—	
Retained profits	滾存盈利	2,215,662	—	43,664	215	2,259,541	(1,504)	2,258,037
Minority interests	少數股東權益	—	193,413	—	—	193,413	—	193,413
Total effects on equity	對權益之影響總值	2,446,975	193,413	(187,127)	(307)	2,452,954	(1,504)	2,451,450
Minority interests	少數股東權益	193,413	(193,413)	—	—	—	—	—

The financial effects of the changes in accounting policies to the equity at 1st September, 2004 are summarised below:

3. 會計政策改變之影響概要(續)

會計政策之改變對二零零五年八月三十一日及二零零五年九月一日之累計影響概述如下：

	As originally stated 原先呈列 HK\$'000 千港元	Adjustments 調整 HK\$'000 千港元	As restated 重列 HK\$'000 千港元	
				Asset revaluation reserve
Retained profits	滾存盈利	2,138,596	42,826	2,181,422
Minority interests	少數股東權益	—	193,634	193,634
Total effects on equity	對權益之影響總值	2,368,440	6,616	2,375,056

會計政策之改變對二零零四年九月一日之權益之財務影響概述如下：

Notes to the Condensed Financial Statements (Continued) 簡明財務報表附註 (續)

For the six months ended 28th February, 2006
截至二零零六年二月二十八日止六個月

3. Summary of the Effects of the Changes in Accounting Policies (Continued)

The Group has not early applied the following new standards or interpretations that have been issued but are not yet effective. The Group has commenced considering the potential impact of these new HKFRSs but is not yet in a position to determine whether these HKFRSs would have a significant impact on how its results of operations and financial position are presented. These HKFRSs may result in changes in the future as to how the results and financial position are presented.

HKAS 1 (Amendment)	香港會計準則第1條(經修訂)
HKAS 19 (Amendment)	香港會計準則第19條(經修訂)
HKAS 21 (Amendment)	香港會計準則第21條(經修訂)
HKAS 39 (Amendment)	香港會計準則第39條(經修訂)
HKAS 39 (Amendment)	香港會計準則第39條(經修訂)
HKAS 39 & HKFRS 4 (Amendments)	香港會計準則第39條及 香港財務申報準則第4條(經修訂)
HKFRS 6	香港財務申報準則第6條
HKFRS 7	香港財務申報準則第7條
HK(IFRIC) — INT 4	香港(國際財務申報詮釋委員會) — 詮釋第4條
HK(IFRIC) — INT 5	
香港(國際財務申報詮釋委員會) — 詮釋第5條	
HK(IFRIC) — INT 6	
香港(國際財務申報詮釋委員會) — 詮釋第6條	
HK(IFRIC) — INT 7	
香港(國際財務申報詮釋委員會) — 詮釋第7條	
HK(IFRIC) — INT 8	
香港(國際財務申報詮釋委員會) — 詮釋第8條	
HK(IFRIC) — INT 9	
香港(國際財務申報詮釋委員會) — 詮釋第9條	

- Effective for accounting periods beginning on or after 1st January, 2007
- Effective for accounting periods beginning on or after 1st January, 2006
- Effective for accounting periods beginning on or after 1st December, 2005
- Effective for accounting periods beginning on or after 1st March, 2006
- Effective for accounting periods beginning on or after 1st May, 2006
- Effective for accounting periods beginning on or after 1st June, 2006

3. 會計政策改變之影響概要 (續)

本集團並沒有提早採納以下已頒佈但未生效之新準則或詮釋。本集團已開始考慮該等新香港財務申報準則之潛在影響，惟目前仍未能確定該等新香港財務申報準則會否對所呈報之營運業績及財務狀況有重大之影響。該等新香港財務申報準則可能引致日後呈報之業績及財務狀況產生變動。

Capital disclosures ¹	股本披露 ¹
Actuarial gains and losses, group plans and disclosures ²	精算損益、集團計劃及披露 ²
Net investment in a foreign operation ²	於海外營運之投資淨值 ²
Cash flow hedge accounting of forecast intragroup transactions ²	預測集團內部公司交易之現金流量對沖會計處理 ²
The fair value option ²	公平價值之選擇 ²
Financial guarantee contracts ²	財務擔保合約 ²
Exploration for and evaluation of mineral resources ²	礦物資源之勘探及評估 ²
Financial instruments: Disclosures ¹	金融工具：披露 ¹
Determining whether an arrangement contains a lease ²	釐定安排是否包括租賃 ²
Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds ²	解除運作、復原及環境修復基金所產生權益之權利 ²
Liabilities arising from participating in a specific market — waste electrical and electronic equipment ³	參與特定市場所產生之負債 — 廢置電力及電子設備 ³
Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ⁴	根據香港會計準則第29條高通脹經濟之財務申報應用重列法 ⁴
Scope of HKFRS 2 ⁵	香港財務申報準則第2條之範圍 ⁵
Reassessment of embedded derivatives ⁶	內含衍生工具之重新評估 ⁶

- 於二零零七年一月一日或以後開始之會計期生效
- 於二零零六年一月一日或以後開始之會計期生效
- 於二零零五年十二月一日或以後開始之會計期生效
- 於二零零六年三月一日或以後開始之會計期生效
- 於二零零六年五月一日或以後開始之會計期生效
- 於二零零六年六月一日或以後開始之會計期生效

Notes to the Condensed Financial Statements (Continued) 簡明財務報表附註(續)

For the six months ended 28th February, 2006
截至二零零六年二月二十八日止六個月

4. Segment Information

The Group's primary format for reporting segment information is by geographical segments.

Six months ended 28th February, 2006

		Hong Kong	The People's Republic of China	Korea	Rest of Asia	America	Europe	Eliminations	Consolidated
		香港	中華人民共和國	韓國	亞洲地區	美洲	歐洲	對銷	綜合
		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
TURNOVER	營業額								
External sales	對外銷售	1,330,588	77,730	425,092	1,020,972	333,612	49,946	—	3,237,940
Inter-segment sales (note)	分類間銷售(附註)	3,169,474	2,051,609	—	79,044	25,293	—	(5,325,420)	—
Total turnover	營業額總值	4,500,062	2,129,339	425,092	1,100,016	358,905	49,946	(5,325,420)	3,237,940
RESULT	業績								
Segment result	分類業績	80,657	2,395	10,098	48,218	4,956	1,579	—	147,903
Interest income	利息收入	—	—	—	—	—	—	—	6,455
Gain on disposal of property interests	出售物業權益之盈利	—	—	—	—	—	—	—	144,028
Unallocated corporate income	不可分配之企業收入	—	—	—	—	—	—	—	694
Finance costs	融資成本	—	—	—	—	—	—	—	(50,768)
Profit before taxation	除稅前盈利	—	—	—	—	—	—	—	248,312
Income tax charge	所得稅支出	—	—	—	—	—	—	—	(23,048)
Profit for the period	是期間盈利	—	—	—	—	—	—	—	225,264

4. 分類資料

本集團呈報分類資料之主要格式為地域分類。

截至二零零六年二月二十八日止六個月

Six months ended 28th February, 2005

截至二零零五年二月二十八日止六個月

		Hong Kong	The People's Republic of China	Korea	Rest of Asia	America	Europe	Eliminations	Consolidated
		香港	中華人民共和國	韓國	亞洲地區	美洲	歐洲	對銷	綜合
		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
		(restated)							(restated)
		(重列)							(重列)
TURNOVER	營業額								
External sales	對外銷售	1,380,741	67,002	322,948	981,499	284,557	81,721	—	3,118,468
Inter-segment sales (note)	分類間銷售(附註)	3,260,815	2,026,114	—	149,272	23,718	—	(5,459,919)	—
Total turnover	營業額總值	4,641,556	2,093,116	322,948	1,130,771	308,275	81,721	(5,459,919)	3,118,468
RESULT	業績								
Segment result	分類業績	67,863	3,282	304	40,769	(9,787)	3,178	—	105,609
Interest income	利息收入	—	—	—	—	—	—	—	2,520
Unallocated corporate income	不可分配之企業收入	—	—	—	—	—	—	—	996
Finance costs	融資成本	—	—	—	—	—	—	—	(21,965)
Profit before taxation	除稅前盈利	—	—	—	—	—	—	—	87,160
Income tax charge	所得稅支出	—	—	—	—	—	—	—	(15,481)
Profit for the period	是期間盈利	—	—	—	—	—	—	—	71,679

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

附註：分類間銷售之價格乃參照銷售時之市場價格而釐定。

Notes to the Condensed Financial Statements (Continued) 簡明財務報表附註 (續)

For the six months ended 28th February, 2006
截至二零零六年二月二十八日止六個月

5. Finance Costs

5. 融資成本

		Six months ended 28th February, 2006 截至 二零零六年 二月二十八日 止 六個月 HK\$'000 千港元	Six months ended 28th February, 2005 截至 二零零五年 二月二十八日 止 六個月 HK\$'000 千港元
Finance costs on:	融資成本：		
Bank borrowings wholly repayable within five years	於五年內全部償還之 銀行借貸	38,903	20,660
Bank borrowings not wholly repayable within five years	於五年內無需全部償還 之銀行借貸	13,518	2,231
Finance leases wholly repayable within five years	於五年內全部償還之 財務租賃	516	482
Total finance costs	融資成本總值	52,937	23,373
Less: amounts capitalised	減：化作資產金額	(2,169)	(1,408)
		<u>50,768</u>	<u>21,965</u>

Finance costs capitalised during the period arose on the general borrowing pool and are calculated by applying a capitalisation rate of 4.6% (six months ended 28th February, 2005: 1.5%) per annum to expenditure on qualifying assets.

本期間化作資產之融資成本乃由一般借貸項目產生，並以年息率4.6% (截至二零零五年二月二十八日止六個月：1.5%) 計算，轉至合資格資產內。

Notes to the Condensed Financial Statements (Continued) 簡明財務報表附註(續)

For the six months ended 28th February, 2006
 截至二零零六年二月二十八日止六個月

6. Profit Before Taxation

6. 除稅前盈利

		Six months ended 28th February, 2006 截至 二零零六年 二月二十八日 止 六個月 HK\$'000 千港元	Six months ended 28th February, 2005 截至 二零零五年 二月二十八日 止 六個月 HK\$'000 千港元 (restated) (重列)
Profit before taxation has been arrived at after charging (crediting):	除稅前盈利已扣減(計入)下列項目:		
Allowance (reversal of allowance) for inventories	存貨撥備(撥備撥回)	22,161	(14,006)
Amortisation of prepaid lease payments	預付租賃款項之攤銷	1,767	1,828
Depreciation of property, plant and equipment	物業、機器及設備之折舊	113,162	101,954
Depreciation of investment properties	投資物業之折舊	1,258	702
Total amortisation and depreciation	攤銷及折舊總值	116,187	104,484
Loss on disposal of property, plant and equipment (other than property interests)	出售物業、機器及設備(物業權益除外)之虧損	1,589	2,965
Losses arising from changes in fair value of derivative financial instruments	衍生金融工具公平價值變動所產生之虧損	2,204	—

Notes to the Condensed Financial Statements (Continued) 簡明財務報表附註 (續)

For the six months ended 28th February, 2006
截至二零零六年二月二十八日止六個月

7. Income Tax Charge

7. 所得稅支出

		Six months ended 28th February, 2006 截至 二零零六年 二月二十八日止 六個月 HK\$'000 千港元	Six months ended 28th February, 2005 截至 二零零五年 二月二十八日止 六個月 HK\$'000 千港元 (restated) (重列)
Current tax:	是期間稅項：		
Hong Kong	香港	41,857	1,263
Other jurisdictions	其他司法地區	6,649	16,477
		<u>48,506</u>	<u>17,740</u>
Deferred tax:	遞延稅項：		
Current period	是期間	(25,458)	(2,259)
Taxation attributable to the Group	本集團應佔稅項	<u>23,048</u>	<u>15,481</u>

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for both periods.

兩段期間之香港盈利稅乃以估計應評估盈利之17.5%計算。

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個別司法地區現行之稅率計算。

Notes to the Condensed Financial Statements (Continued) 簡明財務報表附註(續)

For the six months ended 28th February, 2006
截至二零零六年二月二十八日止六個月

8. Dividend Paid

8. 已付股息

	Six months ended 28th February, 2006 截至 二零零六年 二月二十八日止 六個月 HK\$'000 千港元	Six months ended 28th February, 2005 截至 二零零五年 二月二十八日止 六個月 HK\$'000 千港元
Final, paid:		
HK7.0 cents for the year ended 31st August, 2005 (2004: HK7.5 cents) per share	已付末期： 截至二零零五年 八月三十一日止年度 每股7.0港仙 (二零零四年度：7.5港仙)	55,581
	<u>55,581</u>	<u>59,551</u>

The directors have determined that an interim dividend of HK4.5 cents (2005: HK3.0 cents) per share be payable to the shareholders of the Company whose names appear in the register of members on 23rd June, 2006.

董事會已決定派發中期股息每股4.5港仙(二零零五年度：3.0港仙)予二零零六年六月二十三日名列股東名冊內之本公司股東。

Notes to the Condensed Financial Statements (Continued) 簡明財務報表附註 (續)

For the six months ended 28th February, 2006
截至二零零六年二月二十八日止六個月

9. Earnings Per Share

The calculation of the basic earnings per share attributable to shareholders of the Company is based on the profit for the period attributable to shareholders of the Company of approximately HK\$204,676,000 (six months ended 28th February, 2005: HK\$54,653,000 as restated) and on 794,010,960 (six months ended 28th February, 2005: 794,010,960) ordinary shares in issue during the period.

Diluted earnings per share is not presented as there were no potential ordinary shares in respect of share options in existence for both periods.

The following table summarises the impact on basic earnings per share as a result of adjustments arising from changes in accounting policies:

9. 每股盈利

本期間本公司股東應佔每股基本盈利乃根據本公司股東應佔本期間盈利約204,676,000港元(截至二零零五年二月二十八日止六個月: 54,653,000港元(重列))及按本期間發行之普通股份794,010,960股(截至二零零五年二月二十八日止六個月: 794,010,960)計算。

由於兩段期間沒有因認股權而產生潛在之普通股份，因此並沒有就每股攤薄盈利作出呈列。

下表概述每股基本盈利因會計政策改變所產生之調整之影響：

		Six months ended 28th February, 2006 截至 二零零六年 二月二十八日 止 六個月 HK cents 港仙	Six months ended 28th February, 2005 截至 二零零五年 二月二十八日 止 六個月 HK cents 港仙
Reported figures before adjustments	調整前之呈報數字	5.76	6.78
Adjustments arising from changes in accounting policies	會計政策改變所產生之調整	20.02	0.10
Restated	重列	25.78	6.88

Notes to the Condensed Financial Statements (Continued) 簡明財務報表附註(續)

For the six months ended 28th February, 2006
截至二零零六年二月二十八日止六個月

10. Movements in Investment Properties, Property, Plant and Equipment and Prepaid Lease Payments

During the period, the Group incurred expenditure of approximately HK\$249,373,000 (six months ended 28th February, 2005: HK\$257,429,000) on property, plant and equipment and prepaid lease payments to expand and upgrade the Group's manufacturing facilities.

In addition, the Group disposed of certain property interests with an aggregate carrying amount of approximately HK\$318,021,000 (investment properties of approximately HK\$90,792,000, property, plant and equipment of approximately HK\$137,028,000 and prepaid lease payments of approximately HK\$90,201,000) to independent third parties for a consideration of approximately HK\$462,049,000 (net of expenses and other related costs of approximately HK\$24,822,000 and HK\$15,000,000 respectively), resulting in a gain on disposal of approximately HK\$144,028,000.

11. Inventories

Raw materials	原料
Work in progress	半製品
Finished goods	製成品

10. 投資物業、物業、機器及設備和預付租賃款項之變動

本期間本集團為擴大及增強本集團之生產設施而用於物業、機器及設備和預付租賃款項的開支約為249,373,000港元(截至二零零五年二月二十八日止六個月: 257,429,000港元)。

再者, 本集團以約462,049,000港元之款項(已分別扣除約24,822,000港元之費用及約15,000,000港元之其他有關成本)出售賬面總值約318,021,000港元(投資物業約90,792,000港元、物業、機器及設備約137,028,000港元和預付租賃款項約90,201,000港元)之若干物業權益予獨立第三者, 因而產生約144,028,000港元之出售盈利。

11. 存貨

28th February, 2006 二零零六年 二月二十八日 HK\$'000 千港元	31st August, 2005 二零零五年 八月三十一日 HK\$'000 千港元
1,011,567	960,527
386,393	331,346
278,893	251,550
<u>1,676,853</u>	<u>1,543,423</u>

Notes to the Condensed Financial Statements (Continued) 簡明財務報表附註 (續)

For the six months ended 28th February, 2006
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12. Trade and Other Receivables

The Group allows an average credit period of 45 days to its trade customers.

The following is an aged analysis of trade receivables at the balance sheet date:

		28th February, 2006 二零零六年 二月二十八日 HK\$'000 千港元	31st August, 2005 二零零五年 八月三十一日 HK\$'000 千港元
Not yet due	未到期	500,113	649,959
Overdue 1 - 30 days	過期 1-30天	296,121	200,028
Overdue 31 - 60 days	過期 31-60天	132,512	161,114
Overdue > 60 days	過期超過 60天	88,099	86,198
		<u>1,016,845</u>	<u>1,097,299</u>

13. Trade and Other Payables and Bills Payable

The following is an aged analysis of trade payables at the balance sheet date:

		28th February, 2006 二零零六年 二月二十八日 HK\$'000 千港元	31st August, 2005 二零零五年 八月三十一日 HK\$'000 千港元
Not yet due	未到期	360,139	347,960
Overdue 1 - 30 days	過期 1-30天	43,533	21,984
Overdue 31 - 60 days	過期 31-60天	9,225	10,083
Overdue > 60 days	過期超過 60天	9,124	6,311
		<u>422,021</u>	<u>386,338</u>

All bills payable of the Group are not yet due at the balance sheet dates.

12. 營業及其他應收款項

本集團提供平均45天數期予營業客戶。

於結算日，營業應收款項之賬齡分析如下：

13. 營業及其他應付款項和應付票據

於結算日，營業應付款項之賬齡分析如下：

於結算日，所有本集團之應付票據乃未到期。

Notes to the Condensed Financial Statements (Continued) 簡明財務報表附註(續)

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 截至二零零六年二月二十八日止六個月

14. Bank Borrowings

During the period, the Group obtained new bank loans of approximately HK\$648,282,000 (six months ended 28th February, 2005: HK\$1,295,605,000) and made repayments of approximately HK\$814,407,000 (six months ended 28th February, 2005: HK\$1,456,438,000). The proceeds from the new loans were used as working capital of the Group and the acquisition of property, plant and equipment for the expansion and upgrading of the Group's manufacturing facilities.

15. Capital Commitments

Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the financial statements 就有關購買物業、機器及設備之已簽約但在財務報表未有載列之資本開支

Capital expenditure in respect of the acquisition of property, plant and equipment authorised but not contracted for 就有關購買物業、機器及設備之已批准但未簽約之資本開支

14. 銀行借貸

本期間本集團取得新銀行貸款約648,282,000港元(截至二零零五年二月二十八日止六個月: 1,295,605,000港元)及已償還約814,407,000港元(截至二零零五年二月二十八日止六個月: 1,456,438,000港元)。新貸款所得款項乃用作集團流動資金和購買物業、機器及設備以擴大及增強本集團之生產設施。

15. 資本承擔

28th February, 2006 二零零六年 二月二十八日 HK\$'000 千港元	31st August, 2005 二零零五年 八月三十一日 HK\$'000 千港元
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<u>146,021</u>	<u>157,705</u>
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<u>9,322</u>	<u>60,552</u>
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Notes to the Condensed Financial Statements (Continued) 簡明財務報表附註 (續)

For the six months ended 28th February, 2006
截至二零零六年二月二十八日止六個月

16. Contingent Liabilities

At 31st August, 2005, the Group had contingent liabilities of approximately HK\$37,992,000 in respect of trade receivables factored with recourse. At 28th February, 2006, there were no trade receivables factored with recourse.

17. Related Party Transactions

The emoluments of directors of the Company and other members of key management of the Group during the period were as follows:

16. 或然負債

於二零零五年八月三十一日，本集團就附追索權之營業應收款項讓售之或然負債約37,992,000港元。於二零零六年二月二十八日，並無附追索權之營業應收款項讓售。

17. 相關人士交易

是期間本公司董事及本集團其他主要管理層成員之酬金如下：

		Six months ended 28th February, 2006 截至 二零零六年 二月二十八日止 六個月 HK\$'000 千港元	Six months ended 28th February, 2005 截至 二零零五年 二月二十八日止 六個月 HK\$'000 千港元
Short-term benefits	短期福利	16,444	20,485
Post-employment benefits	離職後福利	628	744
		<u>17,072</u>	<u>21,229</u>

BUSINESS REVIEW 業務回顧

We are pleased to report to shareholders that the results of the Group for the six months ended 28th February, 2006 have substantially improved over the same period last year. The turnover was approximately HK\$3,237,940,000, 3.83% higher than the same period in 2005 and the unaudited profit attributable to shareholders significantly increased by 274.50% to approximately HK\$204,676,000. Profit margin for the period under review was 6.32%, a drastical increase of 4.57 percentage point over the same period last year. Earnings per share were HK25.78 cents, compared to HK6.88 cents in 2005. The Board resolved the payment of an interim dividend of HK4.50 cents per share.

The Group has completed the disposal of certain non-core property interests in Hong Kong during the period under review. The disposal of these property interests resulted in a net gain (after tax) of approximately HK\$128,796,000 which has been adjusted to take into account the effect of the adoption of new accounting standards and the change of accounting policies during the period under review. If the net gain on disposal of property interests is excluded, the profit attributable to shareholders increased by 38.84% to approximately HK\$75,880,000 and profit margin was 2.34%, an increase of 0.59 percentage point over the same period last year. The related net proceeds of approximately HK\$488,929,000 has been used to reduce bank borrowings and for general working capital purposes. Since all production facilities have been moved away from Hong Kong by late 1990's, there was no impact on the Group's operation due to the disposal of such property interests.

The increase in profit for the first half of 2006 was a sign of continuous recovery of the Group as well as the resolution of the expensive inventory issue which troubled the Group in the same period last year. During this period, the increased demand for lower-priced items and the intensifying competition in the international textile industry reduced the average selling price of our products. On the other hand, with our innovative and broad research and development efforts, well positioned manufacturing facilities and proactive marketing activities, the Group continued to grow by penetrating into new markets and gaining new customers.

本集團欣然向各股東匯報本集團截至二零零六年二月二十八日止六個月之業績，與去年同期相比有明顯的改善。營業額約為3,237,940,000港元，與二零零五年同期相比上升3.83%；而股東應佔未經審核盈利顯著上升了274.50%至約為204,676,000港元。回顧期內的盈利率為6.32%，與去年同期相比大幅上升4.57個百分點。每股盈利為25.78港仙，相對二零零五年的為6.88港仙。董事會議決通過派發中期股息每股4.50港仙。

在回顧期內，集團已完成出售若干位於香港的非核心物業權益。出售此等物業權益帶來淨盈利(除稅後)約128,796,000港元，當中調整了在回顧期內採用新會計準則及改變會計政策的影響。如扣除出售物業權益所得的淨盈利，股東應佔盈利仍上升38.84%至約75,880,000港元；盈利率則為2.34%，較去年同期上升0.59個百分點。有關淨收入約488,929,000港元已用於減低銀行借貸及作為日常營運資金。鑑於所有生產設施已於1990年代末期之前已遷出香港，出售此等物業權益對集團之營運並無影響。

二零零六年上半年盈利的增長標誌著集團的持續復甦，以及去年同期困擾集團的貴價存貨問題已獲得解決。在此期間，低價產品的需求上升及紡織業在國際市場競爭日趨激烈，令集團產品的平均銷售價格下跌。另一方面，憑藉努力於創新及更全面的研究和發展、恰當的生產設施安排和積極的市場活動，集團得以滲入新市場及獲取新客戶而繼續維持增長。

BUSINESS REVIEW (Continued) 業務回顧 (續)

In addition, the upsurge in the international fuel and energy prices throughout the period under review increased the cost of certain raw materials and electricity generation. Higher inflation in the PRC, including the increase in minimum wage, combined with the appreciation of Renminbi against the US dollar by 2.1% since July 2005 and the increases in interest rates, have created pressure on the profit margin of the Group. The Group maintained firm control on costs in order to improve the profit margin. As a result, cost of sales and distribution expenses as percentages of turnover for the period under review showed a slight decline when compared with the same period as well as the second half of last year.

Production and Sales of Dyed Fabrics, Sewing Threads and Yarns

For the period under review, turnover from the production and sales of dyed fabrics, sewing threads and yarns reached approximately HK\$3,035,132,000, an increase of 3.26% as compared with the same period last year, and accounted for 93.74% of the Group's total turnover. This increase was a result of proactive sales and marketing effort by the Group and successful implementation of the planned projection capacity increase in the fabric mill in Jiangyin.

Production and Sales of Garments

For the first half of 2006, turnover from the production and sales of garments was approximately HK\$202,808,000, an increase of 13.22% as compared with the same period last year, and accounted for 6.26% of the Group's total turnover. Following proactive restructuring and downsizing measures implemented in the previous fiscal year, the performance of this segment has significantly improved.

再者，在回顧期內的國際油價及能源價格急升，令致若干原料及發電成本上升。而中國的高通貨膨脹包括最低工資的上升，兼且人民幣於二零零五年七月兌美元升值百分之二點一，以及利率的上升，均對集團的盈利率帶來壓力。集團保持嚴緊的成本控制以改善盈利率，令回顧期內的銷售成本及銷售費用對營業額之比率與去年的同期及下半年相比，均呈現輕微下跌。

製造及銷售色布、縫紉線及紗

在回顧期內，製造及銷售色布、縫紉線及紗的營業額比去年同期增加3.26%，達到約3,035,132,000港元，佔集團營業額總值的93.74%。這增長是集團積極銷售及市場推廣之成果，以及位於江陰之布料生產廠房成功地實行已計劃的產能增長所致。

製造及銷售成衣

在二零零六年上半年期間，製造及銷售成衣的營業額約為202,808,000港元，比去年同期增加13.22%，佔集團營業額總值的6.26%。通過過往年度實施積極的營運重組及縮減政策，此業務之表現已顯著改善。

BUSINESS REVIEW (Continued) 業務回顧 (續)

Analysis by Customer Geographical Regions

For the period under review, the Group's major customers were located in Asia and accounted for approximately 88.16% of the Group's total turnover, very similar to 88.26% recorded in the same period of last year, with continuous healthy growth in customers located in Korea, reflecting the result of direct marketing through the Group's local liaison office. The remaining 11.84% was generated from sales to customers located in Europe and America.

With respect to operating results contribution, the contribution from sales to customers located in Hong Kong, Korea, Rest of Asia and America increased compared to the same period of last year.

OUTLOOK 展望

The Group will continue to grow as the overall business environment is expected to improve following the signing of the Sino-US and Sino-EU trade agreements on textile products on 8th November, 2005 and 10th July, 2005 respectively. The resolution of textile trade uncertainties provided an opportunity for steady and predictable growth for the export of Chinese textile products. As a result, our garment manufacturing customers and branded customers were willing to establish more definite plans for their orders although the production lead-time remained short. This in turn will allow the Group to better plan our production lines to increase factory efficiency. However, the manufacturing sector in the PRC is expected to continue to face several challenges in the near future including the continuous upsurge of international fuel and energy prices, comparatively high interest rates, potential of continuous appreciation in Renminbi and higher pressure on mainland wage increment due to inflation in the PRC. Fortunately, the anticipated steady supply of cotton and cotton yarn in the second half of the fiscal year should result in more stable raw material prices.

客戶所屬地域分析

在回顧期內，集團之主要客戶位於亞洲，其營業額佔集團營業額總值約88.16%，與去年同期的88.26%相若，其中位於韓國的客戶持續健康增長，反映集團透過當地代辦處直接作出市場推廣的成果。而餘下的11.84%則來自銷往位於歐洲及美洲的客戶。

在營運業績貢獻方面，由銷往位於香港、韓國、其他亞洲地區及美洲的客戶所得的貢獻皆較去年同期上升。

隨著中美及中歐紡織品貿易協議分別於二零零五年十一月八日及二零零五年七月十日正式簽訂，整體營商環境預期能得到改善，集團將會持續發展。紡織品貿易不明朗情況的解決為中國紡織品出口帶來穩定及可預測增長的機會。因此，儘管交貨期仍然較短，集團的成衣製造客戶及品牌客戶願意訂立較為明確的訂貨計劃，這將使集團能更有效地計劃生產線以提升廠房效率。但中國製造業在可見未來預期會繼續面對多項挑戰，包括國際油價及能源價格的持續上調、相對較高的利率、人民幣可能持續升值及因中國通脹而造成國內薪酬上調壓力。可幸是預期本財政年度下半年棉花及棉紗的供應穩定，原料價格會較為平穩。

OUTLOOK (Continued) 展望 (續)

Looking forward in 2006, the production capacity of our fabric mill in Jiangyin, which has grown by more than two folds since it started operation in 2003, is expected to progressively expand as scheduled. The mill is currently in its second phase development and its production capabilities will soon represent one third of the Group's total fabric production capacity. In addition, the full commencement of our new coal-fire electricity and steam co-generation facilities in Jiangyin in March 2006 should help slightly reduce the burden on rising energy cost going forward. Our fabric mill in Sri Lanka which was established in 1996 is also scheduled for expansion over the next two to three years due to the growth in demand for high quality knitted fabrics in the region.

As mentioned in the previous annual report, the Group has been gradually building up its domestic market share in the PRC as the local economy continues to grow. To achieve this goal, the Group has been increasing the sales and marketing activities to enhance brand awareness in the PRC market. In order to strengthen the position as the World's leading knitted fabric supplier, the Group has also been focusing on the development of new and innovative product. In addition, the Group has been putting more effort into exploring business in some quota-free categories, namely dressing gown and pajamas, which saw a tremendous export growth to the overseas markets in the past.

Our sewing thread business has shown encouraging improvement both in sales and contribution to the Group following our acquisition of all the minority interests in July 2005. By widening the product mix of our sewing thread business, we are confident the growth will continue to be sustainable.

Based on the current assessment, the Group remains a cautiously optimistic view on the Group's performance for this financial year.

展望二零零六年，位於江陰之布料生產廠房的產能自二零零三年投產後，已增長了超過兩倍，預計將按計劃逐步擴充。目前該廠房正處於第二期發展並即將佔集團整體布料生產能力的三分之一。此外，位於江陰新建之燒煤熱電聯產設備已於二零零六年三月全面投入使用，這將有助輕微減輕能源成本未來不斷上升的壓力。於一九九六年成立的斯里蘭卡布料生產廠房亦將計劃在未來兩至三年間進行擴充，以配合該地區對高品質針織布料的需求增長。

如過往年報所提及，因應國內經濟的持續增長，集團已逐步於中國本土建立市場佔有率。為了達到這目標，集團加強了銷售及市場活動，從以強化在中國市場的品牌認知度。為進一步加強作為世界領先針織布料供應商的地位，集團集中於湛新及創新產品的開發。此外，集團亦著重於一些非受配額限制產品類別的業務開發，例如浴袍及睡衣等，這些產品的海外市場出口量在過往有劇速的增長。

集團自從於二零零五年七月收購縫紉線業務的少數股東的全部權益後，這業務的銷售及對集團的貢獻均獲得令人鼓舞的改善。集團有信心通過擴闊縫紉線業務產品組合，此業務能達致持續的增長。

按現狀估計，本集團對於本財政年度之集團表現保持謹慎樂觀的展望。

FINANCIAL REVIEW 財務回顧

Liquidity and Financial Information

Notwithstanding the increase in the working capital and capital expenditure for expanding the production capacity and sales of the Group, the cash position and financial ratios of the Group were improved, which were largely due to approximately HK\$488,929,000 net proceeds received from disposal of property interests.

At 28th February, 2006, the total amount of bank deposits, bank balances and cash of the Group was approximately HK\$672,865,000, an increase of approximately HK\$135,514,000 compared with 31st August, 2005.

At 28th February, 2006, the financial ratios (inclusive of interim dividend declared) of the Group were as follows:

Gearing ratio	資本負債比率	1.28	1.40
Bank borrowings ratio	銀行借貸比率	0.77	0.88
Net bank borrowings ratio	銀行借貸淨值比率	0.52	0.67

The sales of the Group are mainly denominated in Hong Kong dollars and US dollars and the purchase of raw materials is mainly made in Hong Kong dollars, US dollars and Renminbi. Bank borrowings are also denominated in Hong Kong dollars and US dollars and interest are mainly charged on a floating rate basis. Hence, the Group's exposure to foreign exchange risk is immaterial. If necessary, the Group will enter into appropriate hedging arrangements in accordance with the conditions of the capital market.

流動資金及財務資料

雖然集團因擴大產能及營業額而增大營運資金及資本開支，但是集團的現金情況及財務比率均有所改善，這是主要因出售物業權益取得淨收入約488,929,000港元所致。

於二零零六年二月二十八日，集團之銀行存款、銀行結存及現金總值約為672,865,000港元，比二零零五年八月三十一日增加約135,514,000港元。

於二零零六年二月二十八日，集團之財務比率(包括已宣派之中期股息在內)如下：

28th February, 2006 二零零六年 二月二十八日	31st August, 2005 二零零五年 八月三十一日 (Restated) (重列)
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本集團之銷售以港元及美元為主，以及原料採購以港元、美元及人民幣為主。銀行借貸亦以港元及美元為單位，利息主要以浮動利率計算，故集團所承受之外匯風險並不重大。如有需要，集團會因應資本市場之情況作出合適的對沖安排。

FINANCIAL REVIEW (Continued) 財務回顧 (續)

Capital Expenditure

During the period under review, the Group invested approximately HK\$249,373,000 on additions to property, plant and equipment and prepaid lease payments. As mentioned in the annual report of last year, the Group estimated its capital expenditure for this financial year to be approximately HK\$480 million.

Contingent Liabilities

At 31st August, 2005, the Group had contingent liabilities of approximately HK\$37,992,000 in respect of trade receivables factored with recourse. At 28th February, 2006, there were no trade receivables factored with recourse.

Charge over Assets

The Group's obligations under finance leases are secured by the lessor's charge over the leased asset. At 28th February, 2006, the carrying amount of those leased assets was approximately HK\$83,155,000 (31.8.2005: HK\$100,560,000) and the amount of obligations under finance leases was approximately HK\$12,264,000 (31.8.2005: HK\$22,158,000).

EMPLOYEES AND EMOLUMENT POLICIES

At 28th February, 2006, the Group had approximately 23,000 full time employees. There is no significant change in the Group's emolument policies.

資本開支

於回顧期內，本集團已投資約249,373,000港元以增加物業、機器及設備和預付租賃款項。如去年年報所提及，集團估計本財政年度的資本開支約為四億八千萬港元。

或然負債

於二零零五年八月三十一日，集團就附追索權之營業應收款項讓售之或然負債約為37,992,000港元。於二零零六年二月二十八日，並無附追索權之營業應收款項讓售。

資產抵押

本集團之財務租賃應付賬款乃以出租人之租賃資產作抵押。於二零零六年二月二十八日，該等租賃資產的賬面值約為83,155,000港元(二零零五年八月三十一日：100,560,000港元)及財務租賃應付賬款約為12,264,000港元(二零零五年八月三十一日：22,158,000港元)。

僱員及酬金政策

集團於二零零六年二月二十八日之全職僱員人數約為23,000人，而集團之酬金政策並無重大改變。

DIRECTORS' INTERESTS IN SECURITIES 董事之證券權益

At 28th February, 2006, the interests of the directors of the Company and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules (the "Model Code"), were as follows:

Long positions in shares and underlying shares of the Company:

於二零零六年二月二十八日，根據本公司按證券及期貨條例(「證券及期貨條例」)第352條設置之名冊所記錄或按上市規則內上市公司董事進行證券交易之標準守則(「標準守則」)須通知本公司及香港聯合交易所有限公司(「聯交所」)之資料，本公司各董事及其聯繫人於本公司及其聯營公司所擁有之股份及相關股份權益如下：

於本公司股份及相關股份的好倉情況：

Name of director 董事名稱	Number of shares held as 持有股份數目			Approximate % of the issued share capital 約佔已發行 股本比率
	Beneficial owner 實益擁有人	Other interests 其他權益	Total 總數	
Mr. Ha Chung Fong 夏松芳先生	16,674,000	282,014,044 (note) (附註)	298,688,044	37.62
Mr. Lau Hong Yon 柳康遠先生	280,000	—	280,000	0.04
Ms. Yeh Yi Hao, Yvette 葉儀皓女士	70,000	—	70,000	0.01

Note:

Mr. Ha Chung Fong was deemed to be interested in 282,014,044 shares in the Company in virtue of the set up of a discretionary trust, the Ha Trust, for the benefit of his family and Trustcorp Limited ("Trustcorp") is the trustee of the Ha Trust. Trustcorp is the wholly owned subsidiary of Newcorp Holdings Limited ("Newcorp").

Other than as disclosed above, none of the directors of the Company nor their associates had any interests or short positions in any shares and underlying shares of the Company or any of its associated corporations, which were recorded in the register as required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

附註：

由於夏松芳先生為其家族利益成立一項酌情信託the Ha Trust，因此被當作擁有282,014,044股本公司股份權益。Trustcorp Limited(「Trustcorp」)為the Ha Trust之受託人。Trustcorp是Newcorp Holdings Limited(「Newcorp」)之全資附屬公司。

除上述披露外，根據本公司按證券及期貨條例第352條設置之名冊所記錄或按標準守則須通知本公司及聯交所之資料，本公司董事及其聯繫人並無擁有本公司或本公司任何聯營公司任何股份及相關股份權益或淡倉。

SUBSTANTIAL SHAREOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

主要股東及其他股東權益

At 28th February, 2006, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain directors, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

於二零零六年二月二十八日，根據本公司按證券及期貨條例第336條所設置的主要股東名冊顯示，除上述部份董事已披露之權益外，以下股東已通知本公司其擁有本公司已發行股本的有關權益。

Long positions in shares and underlying shares of the Company:

於本公司股份及相關股份的好倉情況：

Name of substantial shareholder 主要股東名稱	Number of shares 股份數目	Capacity 身份	Approximate % of the issued share capital 約佔已發行 股本比率
Ms. Tang Kuen Mui 鄧娟妹女士	298,688,044 (notes 1 and 3) (附註1及3)	Spouse interest 配偶權益	37.62
Newcorp	282,014,044 (notes 2 and 3) (附註2及3)	Interest of corporation controlled 所控制的法團的權益	35.52
Mondrian Investment Partners Ltd.	95,823,000	Investment manager 投資經理	12.07
Gryphon Investment Counsel Inc.	76,553,217	4,508,000 shares as investment manager and 72,045,217 shares as interest of corporation controlled 4,508,000股為投資經理及 72,045,217股為所控制的 法團的權益	9.64
Templeton Investment Counsel, LLC	47,642,000	Investment manager 投資經理	6.00

Notes:

附註：

- Ms. Tang Kuen Mui, spouse of Mr. Ha Chung Fong, was deemed to be interested in the shares.
- Newcorp is the ultimate controlling shareholder of Trustcorp and Trustcorp is the trustee of the Ha Trust, a discretionary trust set up by Mr. Ha Chung Fong for the benefit of his family.
- The interests of Mr. Ha Chung Fong, Ms. Tang Kuen Mui and Newcorp were duplicated.

- 鄧娟妹女士為夏松芳先生之配偶，因而被當作擁有該等股份權益。
- Newcorp乃Trustcorp之最終控股股東，而Trustcorp為the Ha Trust之受託人，the Ha Trust為夏松芳先生為其家族利益而成立的一項酌情信託。
- 夏松芳先生、鄧娟妹女士及Newcorp之權益是重複的。

Other than as disclosed above, the Company has not been notified of any other relevant interests or short position in the issued share capital of the Company as at 28th February, 2006.

除上述披露外，於二零零六年二月二十八日，本公司並無收到任何其他擁有本公司已發行股本的有關權益或淡倉通知。

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES 購買、出售及贖回本公司之上市證券

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

本期間本公司及其任何附屬公司並無購買、出售或贖回本公司之上市證券。

CODE OF CORPORATE GOVERNANCE PRACTICES 企業管治常規守則

None of the directors of the Company is aware of any information which would reasonably indicate that the Company is not, or, was not during the six months ended 28th February, 2006 in compliance with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules which came into effect on 1st September, 2005 to the Company, with deviation from the code provision as explained below.

本公司董事概不知悉任何資料，足以合理地顯示本公司於截至二零零六年二月二十八日止六個月期間未有或未曾遵守上市規則附錄14所載之企業管治常規守則(「守則」)(已於二零零五年九月一日起在本公司開始生效)，惟下文所載之守則條文之偏離行為除外。

Under the code provision A.2.1, the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing. Mr. Ha Chung Fong is presently the Chairman and Managing Director of the Company. Having considered the current business operation and nature of the Company, the Board is of the view that Mr. Ha acting as both the roles of chairman and CEO is in the best interest of the Company. The Board will review this situation periodically.

守則條文A.2.1規定，主席與行政總裁(「行政總裁」)之角色應有區分，不應由一人同時兼任。主席與行政總裁之間之職責分工應清楚界定並以書面列載。夏松芳先生現為本公司之主席兼董事總經理。經考慮本公司之現有業務運作及特性，董事會認為夏先生同時擔任本公司之主席及行政總裁之角色乃最符合本公司利益。董事會將定期檢討此情況。

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS 董事進行證券交易的標準守則

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

本公司已採納標準守則為其有關董事進行證券交易之操作守則。經向本公司所有董事作出查詢後，本公司確認本公司所有董事於回顧期內已遵守標準守則所規定之準則。

AUDIT COMMITTEE 審核委員會

The Company has established an Audit Committee for the purposes of reviewing and providing supervision over the Company's financial reporting process and internal controls. The Audit Committee presently comprises the three independent non-executive directors of the Company. The Audit Committee has reviewed the unaudited interim results. In addition, the Group's external auditors have carried out a review of the unaudited interim results in accordance with the Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the HKICPA.

本公司已成立審核委員會，藉以檢討及監查本公司之財務申報程序及內部監控制度。審核委員會現由三名本公司獨立非執行董事組成。審核委員會已審閱未經審核之中期業績。再者，本集團之外聘核數師已依照香港會計師公會頒佈的核數基準第700條「中期財務報告審閱」對未經審核之中期業績進行審閱。

REMUNERATION COMMITTEE 薪酬委員會

The Company has established a Remuneration Committee for the purposes of making recommendations to the Board on the Company's policy and structure for all kind of remunerations to directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remunerations. The Remuneration Committee presently comprises the three independent non-executive directors of the Company, Ms. Yeh Yi Hao, Yvette (non-executive director of the Company) and Mr. Wai Yick Man (executive director of the Company).

本公司已成立薪酬委員會，藉以向董事會就董事及高級管理人員的全體薪酬政策及架構，以及就設立正規而具透明度的程序制訂此等薪酬政策提出建議。薪酬委員會現由三名本公司獨立非執行董事、葉儀皓女士（本公司非執行董事）及衛億民先生（本公司執行董事）組成。

On behalf of the Board
Ha Chung Fong
Chairman

Hong Kong
19th May, 2006

代董事會
主席
夏松芳

香港
二零零六年五月十九日

SHAREHOLDER INFORMATION 股東資料

Listing : Listed on the Main Board of
The Stock Exchange of Hong Kong Limited
since 20th April, 1988

Stock Code : 420

Board Lot : 2,000

Par Value : HK\$0.20

Shares Issued : 794,010,960

上市 : 自一九八八年四月二十日起於
香港聯合交易所有限公司主板
上市

股份代號 : 420

買賣單位 : 2,000

面值 : 0.20港元

已發行股份 : 794,010,960

Financial Calendar 2006/2007

Financial year ended 31st August, 2006
Interim results announced 19th May, 2006
Register of members closed 19th – 23rd June, 2006

Dispatch of dividend warrants About 7th July, 2006
2006 full year results to be announced Mid-December 2006
(subject to change)

2006/2007年財務日誌

財政年度結算 二零零六年八月三十一日
中期業績公佈 二零零六年五月十九日
股份暫停登記 二零零六年六月十九日
至二十三日
寄發股息單 約二零零六年七月七日
2006年全年業績公佈 二零零六年十二月中旬
(待定)

Interim Dividend

The Board has resolved to pay an interim dividend of HK4.5 cents per share in respect of the year ending 31st August, 2006 (2005: HK3.0 cents) to the shareholders of the Company whose names appear on the register of members on Friday, 23rd June, 2006. Dividend warrants will be sent to the shareholders of the Company on or about Friday, 7th July, 2006.

中期股息

董事會議決通過派發截至二零零六年八月三十一日止年度中期股息每股4.5港仙(二零零五年度: 3.0港仙)予二零零六年六月二十三日(星期五)名列股東名冊內之本公司股東。股息將約於二零零六年七月七日(星期五)派發予本公司股東。

Closure of the Register of Members

The register of members will be closed from Monday, 19th June, 2006 to Friday, 23rd June, 2006, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Secretaries Limited, not later than 4:00 pm on Friday, 16th June, 2006.

暫停辦理股份過戶登記手續

本公司將於二零零六年六月十九日(星期一)至二零零六年六月二十三日(星期五)止, 首尾兩天包括在內, 暫停辦理股份過戶登記手續。為確保收取中期股息之權利, 過戶登記者須於二零零六年六月十六日(星期五)下午四時前, 將所有過戶文件及有關股票送交本公司股份登記處秘書商業服務有限公司。

Shareholder Services

For enquiries about share transfer and registration, please contact the Company's share registrar:

股東服務

任何有關股份過戶及登記之查詢, 請聯絡本公司股份過戶登記處:

Secretaries Limited

26/F, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong
Tel +852 2980 1766
Fax +852 2861 1465

秘書商業服務有限公司

香港灣仔皇后大道東28號
金鐘匯中心26樓
電話+852 2980 1766
傳真+852 2861 1465

Investor Relations

Ms Charmaine CHENG
Corporate Communications & Investor Relations Manager
Block A, 6/F, Eastern Sea Industrial Building
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New Territories, Hong Kong
Tel +852 3478 7017
Email pr@fshl.com

投資者關係

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企業傳訊及投資者關係經理
香港新界葵涌葵昌路29-39號
東海工業大廈A座6字樓
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電郵pr@fshl.com

Global Network 環球網絡

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

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New Territories, Hong Kong

香港新界葵涌葵昌路29-39號
東海工業大廈A座7字樓

Tel 電話 +852 2485 1881

Fountain Set has overseas marketing/representative offices in the following locations. Addresses, phone numbers and fax numbers are listed at www.fsh.com
福田於下列地區設有海外市場推廣辦事處 / 代表處。地址、電話號碼及傳真號碼均列明在www.fsh.com內

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