



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

SEHK: 420

2011中期報告
INTERIM REPORT

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

GROUP PROFILE

About Fountain Set (Holdings) Limited

Fountain Set (Holdings) Limited and its subsidiaries are recognized in the industry as one of the world's largest circular knitted fabric manufacturers 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 Group's worldwide sales reached HK\$6.1 billion (US\$788 million) in the financial year 2010.

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 5 countries and a global staff force of over 15,600.

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

集團簡介

有關福田實業(集團)有限公司

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布料生產商之一，並一直通過提供紡紗、針織、染色、印花及整理等高度垂直之綜合服務而成為環球紡織行業的翹楚。集團產品亦包括色紗、縫紉線及成衣。作為主要布料供應商，集團向超過40個國家的成衣製造商提供布料，以供應成衣至國際知名的零售品牌。集團於2010年財政年度的環球銷售額達61億港元(7.88億美元)。

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／代表處分佈五個國家，全球僱員超過一萬五千六百人。

欲知更多集團資料，請瀏覽 www.fshl.com

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION 中期財務資料審閱報告

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF FOUNTAIN SET (HOLDINGS) LIMITED
(incorporated in Hong Kong with limited liability)

致福田實業(集團)有限公司董事會
(於香港註冊成立之有限公司)

Introduction

We have reviewed the interim financial information set out on pages 2 to 27, which comprises the condensed consolidated statement of financial position of Fountain Set (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 28th February, 2011 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

引言

本行已審閱載於第2至27頁之中期財務資料，當中包括福田實業(集團)有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)於二零一一年二月二十八日之簡明綜合財務狀況報表，以及截至該日止六個月期間之相關簡明綜合收益表、全面收益表、權益變動表及現金流量表，以及若干附註解釋。香港聯合交易所有限公司主板證券上市規則規定，編製中期財務資料之報告須遵守其項下相關條文，以及香港會計師公會頒佈之香港會計準則第34號「中期財務申報」(「香港會計準則第34號」)。貴公司董事須負責根據香港會計準則第34號編製及呈列此中期財務資料。本行之責任乃根據本行之審閱結果就中期財務資料提出結論，並按照與本行協定之聘用條款，僅向閣下全體報告。除此以外，本報告不作其他用途。本行概不就本報告之內容對任何其他人士負責或承擔法律責任。

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

審閱範圍

本行已根據香港會計師公會頒佈之《香港審閱委聘準則》第2410號「實體獨立核數師對中期財務資料之審閱」進行審閱。審閱中期財務資料包括向負責財務及會計事務之人士作出查詢，並應用分析性及其他審閱程序。審閱範圍遠小於根據香港核數準則進行審核之範圍，故本行未能保證本行將知悉在審核中可能發現之所有重大事項。因此，本行不會發表審核意見。

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

結論

根據本行之審閱，本行並無發現任何事項致使本行相信中期財務資料未有於各重大方面根據香港會計準則第34號編製。

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29th April, 2011

德勤•關黃陳方會計師行
執業會計師
香港
二零一一年四月二十九日

Condensed Consolidated Income Statement 簡明綜合收益表

For the six months ended 28th February, 2011
截至二零一一年二月二十八日止六個月

			Six months ended 28th February, 2011 截至 二零一一年 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, 2010 截至 二零一零年 二月二十八日 止 六個月 HK\$'000 千港元 (unaudited) (未經審核)
Revenue	營業額	3	3,678,314	2,589,347
Cost of sales	銷售成本		(3,080,793)	(2,193,297)
Gross profit	毛利		597,521	396,050
Other income	其他收入		29,189	37,471
Gain on disposal of property interests	出售物業權益之所得收益	9	-	96,387
Distribution and selling expenses	分銷及銷售費用		(100,800)	(102,152)
Administrative expenses	行政費用		(297,915)	(258,956)
Other expenses	其他費用		(13,205)	(23,396)
Finance costs	融資成本	4	(34,813)	(21,177)
Profit before taxation	除稅前盈利		179,977	124,227
Income tax expense	所得稅支出	5	(16,893)	(5,229)
Profit for the period	是期間盈利	6	163,084	118,998
Profit for the period attributable to:	應佔是期間盈利：			
Owners of the Company	本公司擁有人		154,111	113,111
Non-controlling interests	非控股權益		8,973	5,887
			163,084	118,998
			HK cents 港仙	HK cents 港仙
Earnings per share	每股盈利			
Basic	基本	8	19.4	14.2
Diluted	攤薄	8	19.4	N/A 不適用

Condensed Consolidated Statement of Comprehensive Income 簡明綜合全面收益表

For the six months ended 28th February, 2011
截至二零一一年二月二十八日止六個月

		Six months ended 28th February, 2011 截至 二零一一年 二月二十八日止 六月個 HK\$'000 千港元 (unaudited) (未經審核)	Six months ended 28th February, 2010 截至 二零一零年 二月二十八日止 六月個 HK\$'000 千港元 (unaudited) (未經審核)
Profit for the period	是期間盈利	163,084	118,998
Other comprehensive income:	其他全面收益：		
Exchange differences arising on translation of foreign operations	換算海外業務產生之匯兌差額	4,766	4,792
Reclassification adjustment of translation reserve upon disposal of subsidiaries	出售附屬公司時匯兌儲備之重新分類調整	(616)	(766)
Other comprehensive income for the period	是期間其他全面收益	4,150	4,026
Total comprehensive income for the period	是期間全面收益總值	167,234	123,024
Total comprehensive income for the period attributable to:	應佔是期間全面收益總值：		
Owners of the Company	本公司擁有人	155,804	114,139
Non-controlling interests	非控股權益	11,430	8,885
		167,234	123,024

Condensed Consolidated Statement of Financial Position 簡明綜合財務狀況表

At 28th February, 2011
於二零一一年二月二十八日

			At 28th February, 2011 二零一一年 二月二十八日 HK\$'000 千港元 (unaudited) (未經審核)	At 31st August, 2010 二零一零年 八月三十一日 HK\$'000 千港元 (restated) (重列)
Non-current assets	非流動資產			
Property, plant and equipment	物業、機器及設備	9	2,248,988	2,328,801
Prepaid lease payments – non-current portion	預付租賃款項 – 非流動部份	9	120,459	125,324
Deferred tax assets	遞延稅項資產		41,319	25,309
			2,410,766	2,479,434
Current assets	流動資產			
Inventories	存貨	10	2,115,425	1,938,592
Trade and bills receivables	營業及票據應收款項	11	1,446,936	1,372,026
Prepayments, deposits and other receivables	預付款項、按金及 其他應收款項	11	293,601	209,979
Prepaid lease payments – current portion	預付租賃款項 – 流動部份	9	2,729	2,812
Consideration receivable	應收代價	12	89,886	171,283
Derivative financial instruments	衍生金融工具	13	1,725	2,514
Tax recoverable	可收回稅項		7,061	18,957
Short-term bank deposits	短期銀行存款		5,565	42,438
Bank balances and cash	銀行結存及現金		652,146	627,938
			4,615,074	4,386,539
Assets classified as held for sale	分類為持作出售之資產	14	31,258	–
			4,646,332	4,386,539
Current liabilities	流動負債			
Trade and bills payables	營業及票據應付款項	15	964,388	867,513
Other payables and accruals	其他應付款項及應計費用	15	464,468	331,771
Amounts due to non-controlling shareholders	欠非控股股東款項		80,100	80,100
Consideration payable	應付代價	16	46,867	58,446
Deferred income	遞延收入		1,458	1,458
Derivative financial instruments	衍生金融工具	13	349	773
Tax payable	應付稅項		42,777	26,187
Restructuring provisions	重組撥備		444	730
Bank borrowings – due within one year	銀行借貸 – 一年內到期	17	1,168,783	1,604,591
Bank overdrafts	銀行透支		45,401	3,386
			2,815,035	2,974,955
Net current assets	流動資產淨值		1,831,297	1,411,584
Total assets less current liabilities	資產總值減流動負債		4,242,063	3,891,018

Condensed Consolidated Statement of Financial Position 簡明綜合財務狀況表

At 28th February, 2011
於二零一一年二月二十八日

			At 28th February, 2011 二零一一年 二月二十八日 HK\$'000 千港元 (unaudited) (未經審核)	At 31st August, 2010 二零一零年 八月三十一日 HK\$'000 千港元 (restated) (重列)
Non-current liabilities	非流動負債			
Deferred income	遞延收入		67,807	68,538
Derivative financial instruments	衍生金融工具	13	46,320	54,389
Bank borrowings	銀行借貸			
– due after one year	– 一年後到期	17	1,162,200	951,275
Deferred tax liabilities	遞延稅項負債		3,545	3,721
			<u>1,279,872</u>	<u>1,077,923</u>
Net assets	資產淨值		<u>2,962,191</u>	<u>2,813,095</u>
Capital and reserves	資本及儲備			
Share capital	股本		158,802	158,802
Reserves	儲備		2,623,795	2,474,523
Equity attributable to owners of the Company	本公司擁有人應佔權益		2,782,597	2,633,325
Non-controlling interests	非控股權益		179,594	179,770
Total equity	權益總值		<u>2,962,191</u>	<u>2,813,095</u>

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

For the six months ended 28th February, 2011
截至二零一一年二月二十八日止六個月

	Attributable to owners of the Company 本公司擁有人應佔							Non-controlling interests' share of net assets of subsidiaries 非控股權益應佔附屬公司淨資產	Total equity 權益總值		
	Share capital	Share premium	Capital redemption reserve	Translation reserve	Share options reserve	Statutory reserves	Retained profits				
	股本	股份溢價	資本贖回儲備	匯兌儲備	購股權儲備	法定儲備	滾存盈利				
	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			總值 HK\$'000 千港元	淨資產 HK\$'000 千港元
At 1st September, 2009 (audited)	於二零零九年九月一日 (已經審核)	158,802	197,124	210	(50,784)	-	37,785	2,050,744	2,393,881	154,876	2,548,757
Exchange differences arising on translation of foreign operations	換算海外業務產生之匯兌差額	-	-	-	1,794	-	-	-	1,794	2,998	4,792
Release upon disposal of a subsidiary	出售一間附屬公司時轉出	-	-	-	(766)	-	-	-	(766)	-	(766)
Profit for the period	是期間盈利	-	-	-	-	-	-	113,111	113,111	5,887	118,998
Total comprehensive income for the period	是期間全面收益總值	-	-	-	1,028	-	-	113,111	114,139	8,885	123,024
Transfer	調撥	-	-	-	-	-	4,408	(4,408)	-	-	-
At 28th February, 2010 (unaudited)	於二零一零年二月二十八日 (未經審核)	158,802	197,124	210	(49,756)	-	42,193	2,159,447	2,508,020	163,761	2,671,781
Exchange differences arising on translation of foreign operations	換算海外業務產生之匯兌差額	-	-	-	14,618	-	-	-	14,618	9,906	24,524
Profit for the period	是期間盈利	-	-	-	-	-	-	110,687	110,687	13,894	124,581
Total comprehensive income for the period	是期間全面收益總值	-	-	-	14,618	-	-	110,687	125,305	23,800	149,105
Dividends paid to non-controlling shareholders	已付股息予非控股股東	-	-	-	-	-	-	-	-	(7,791)	(7,791)
At 31st August, 2010 (audited)	於二零一零年八月三十一日 (已經審核)	158,802	197,124	210	(35,138)	-	42,193	2,270,134	2,633,325	179,770	2,813,095
Exchange differences arising on translation of foreign operations	換算海外業務產生之匯兌差額	-	-	-	2,309	-	-	-	2,309	2,457	4,766
Release upon disposal of subsidiaries	出售附屬公司時轉出	-	-	-	(616)	-	-	-	(616)	-	(616)
Profit for the period	是期間盈利	-	-	-	-	-	-	154,111	154,111	8,973	163,084
Total comprehensive income for the period	是期間全面收益總值	-	-	-	1,693	-	-	154,111	155,804	11,430	167,234
Dividend recognised on distribution	已確認分派股息	-	-	-	-	-	-	(7,940)	(7,940)	-	(7,940)
Equity-settled share-based payments	以權益結算以股份為基礎之付款	-	-	-	-	1,408	-	-	1,408	-	1,408
Capital contribution from a non-controlling shareholder	非控股股東注資	-	-	-	-	-	-	-	-	4	4
Dividends paid to non-controlling shareholders	已付股息予非控股股東	-	-	-	-	-	-	-	-	(11,610)	(11,610)
At 28th February, 2011 (unaudited)	於二零一一年二月二十八日 (未經審核)	158,802	197,124	210	(33,445)	1,408	42,193	2,416,305	2,782,597	179,594	2,962,191

Condensed Consolidated Statement of Cash Flows 簡明綜合現金流量表

For the six months ended 28th February, 2011
截至二零一一年二月二十八日止六個月

			Six months ended 28th February, 2011 截至 二零一一年 二月二十八日止 六月個 HK\$'000 千港元 (unaudited) (未經審核)	Six months ended 28th February, 2010 截至 二零一零年 二月二十八日止 六月個 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		191,675	126,463
Net cash from (used in) investing activities:	投資項目所得(所用) 之現金淨值:			
Consideration received from sale of assets	出售資產之所收代價	12	94,145	34,474
Purchase of property, plant and equipment	購買物業、機器及設備		(73,683)	(132,286)
Net proceeds from disposal of property interests, net of direct transaction costs of HK\$283,000	出售物業權益之所得 款項淨值(扣除直接 交易成本283,000港元)	9	-	11,997
Other investing cash flows	其他投資之現金流量		3,436	6,378
			<u>23,898</u>	<u>(79,437)</u>
Net cash used in financing activities:	融資項目所用之現金淨值:			
Repayment of bank borrowings	償還銀行借貸		(2,269,783)	(1,275,248)
Payments for consideration payable	支付應付代價	16	(12,129)	-
Dividends paid to non-controlling shareholders	已付股息予非控股股東		(11,610)	-
Dividends paid	已付股息		(7,940)	-
New bank borrowings raised	新籌集之銀行借貸		2,057,008	1,108,575
Other financing cash flows	其他融資之現金流量		(28,943)	(20,605)
			<u>(273,397)</u>	<u>(187,278)</u>
Net decrease in cash and cash equivalents	現金及等同現金項目 之減少淨值		(57,824)	(140,252)
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		666,990	799,446
Effect of foreign exchange rate changes	匯率變動之影響		3,144	1,572
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		<u>612,310</u>	<u>660,766</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS:	現金及等同現金項目結存 之分析:			
Short-term bank deposits	短期銀行存款		5,565	61,700
Bank balances and cash	銀行結存及現金		652,146	606,814
Bank overdrafts	銀行透支		(45,401)	(7,748)
			<u>612,310</u>	<u>660,766</u>

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 28th February, 2011
截至二零一一年二月二十八日止六個月

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of annual financial statements of the Company and its subsidiaries (the "Group") for the year ended 31st August, 2010 except as described below.

The Group has adopted the following accounting policies during the current period:

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in the share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share options reserve will be transferred to retained profits.

1. 編製基準

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

2. 主要會計政策

本簡明綜合財務報表(除部份金融工具以公平價值列出外)乃按歷史成本基準編製。

本簡明綜合財務報表所採用之會計政策與編製本公司及其附屬公司(「本集團」)截至二零一零年八月三十一日止年度之全年財務報表(除下文所述者外)所遵循者一致。

本集團於是期間已採納下列會計政策：

以權益結算以股份為基礎之付款交易

因獲得服務而授予購股權之公平價值乃參考購股權於授出當日之公平價值釐定，於歸屬期間以直線法支銷，並於權益中作相應增加(購股權儲備)。

於報告期終，本集團修訂其就預期最終歸屬的購股權數目之估計。於歸屬期間，修訂估計之影響(如有)乃於損益確認，並對購股權儲備作出相應調整。

於購股權獲行使時，過往於購股權儲備中確認之金額將轉撥至股份溢價。當購股權於歸屬日期後被沒收或於屆滿日期仍未獲行使，則過往在購股權儲備中確認之金額將轉撥至滾存盈利。

Notes to the Condensed Consolidated Financial Statements (Continued) 簡明綜合財務報表附註(續)

For the six months ended 28th February, 2011
截至二零一一年二月二十八日止六個月

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1st September, 2010.

Except as described below, the application of the new and revised HKFRSs had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Amendments to HKAS 17 “Leases”

As part of Improvements to HKFRSs issued in 2009, HKAS 17 “Leases” has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the condensed consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1st September, 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payments to property, plant, and equipment retrospectively. This resulted in prepaid lease payments with the carrying amounts of HK\$12,156,000 and HK\$9,021,000 as at 1st September, 2009 and 31st August, 2010, respectively, being reclassified to property, plant and equipment. The carrying amount of property, plant and equipment as at 31st August, 2010 therefore increased from HK\$2,319,780,000 to HK\$2,328,801,000.

2. 主要會計政策(續)

應用香港財務報告準則(「香港財務報告準則」)

於本中期期間，本集團首次應用由香港會計師公會頒佈並於本集團二零一零年九月一日開始之財政年度起生效之多項新訂及經修訂準則、修訂本及詮釋(「新訂及經修訂之香港財務報告準則」)。

除下文所述者外，應用新訂及經修訂之香港財務報告準則對本集團於本會計期間或前會計期間之簡明綜合財務報表並無造成重大影響。

香港會計準則第17號「租賃」之修訂本

作為二零零九年頒佈之香港財務報告準則之改進之一部份，對香港會計準則第17號「租賃」有關租賃土地之分類作出了修訂。在修訂香港會計準則第17號之前，本集團須將租賃土地歸類為營運租賃，並在簡明綜合財務狀況表內呈列為預付租賃款項。香港會計準則第17號之修訂本已經刪除有關規定。該等修訂本規定將租賃土地按照香港會計準則第17號所載之一般原則歸類，即根據租賃資產所有權所附帶之絕大部份風險及回報是否已轉移至承租人而釐定。

根據香港會計準則第17號之修訂本所載之過渡條文，本集團按訂立租約時存在之資料重新評估於二零一零年九月一日尚未屆滿之租賃土地分類。符合融資租賃分類資格之租賃土地已追溯由預付租賃款項重新分類至物業、機器及設備。此導致於二零零九年九月一日及二零一零年八月三十一日之賬面值分別為12,156,000港元及9,021,000港元之預付租賃款項重新分類至物業、機器及設備。於二零一零年八月三十一日，物業、機器及設備之賬面值因此由2,319,780,000港元增加至2,328,801,000港元。

Notes to the Condensed Consolidated Financial Statements (Continued) 簡明綜合財務報表附註 (續)

For the six months ended 28th February, 2011
截至二零一一年二月二十八日止六個月

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

Amendments to HKAS 17 “Leases” (Continued)

As at 28th February, 2011, leasehold land that qualifies for finance lease classification with the carrying amount of HK\$8,898,000 has been included in property, plant and equipment. The application of the amendments to HKAS 17 has had no impact on the reported profit or loss or earnings per share figures for the current and prior periods.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRSs (Amendments)

香港財務報告準則 (修訂本)

HKFRS 7 (Amendments)

香港財務報告準則第7號 (修訂本)

HKFRS 9

香港財務報告準則第9號

HKAS 12 (Amendments)

香港會計準則第12號 (修訂本)

HKAS 24 (as revised in 2009)

香港會計準則第24號 (二零零九年經修訂)

HK (IFRIC) – Int 14 (Amendments)

香港 (國際財務報告詮釋委員會) – 詮釋第14號 (修訂本)

¹ Amendments that are effective for annual periods beginning on or after 1st January, 2011.

² Effective for annual periods beginning on or after 1st July, 2011.

³ Effective for annual periods beginning on or after 1st January, 2013.

⁴ Effective for annual periods beginning on or after 1st January, 2012.

⁵ Effective for annual periods beginning on or after 1st January, 2011.

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

2. 主要會計政策 (續)

應用香港財務報告準則 (「香港財務報告準則」) (續)

香港會計準則第17號「租賃」之修訂本 (續)

於二零一一年二月二十八日，符合融資租賃分類資格賬面值為8,898,000港元之租賃土地已計入物業、機器及設備內。應用香港會計準則第17號之修訂本對本期間及前期間之已申報盈利或虧損或每股盈利並無造成影響。

本集團並無提早應用以下已頒佈但尚未生效的新訂及經修訂之香港財務報告準則。

Improvements to HKFRSs issued in 2010¹

二零一零年頒佈之香港財務報告準則的改進¹

Disclosures – Transfers of Financial Assets²

披露 – 金融資產之轉撥²

Financial Instruments³

金融工具³

Deferred Tax: Recovery of Underlying Assets⁴

遞延稅項：收回相關資產⁴

Related Party Disclosures⁵

關連方披露⁵

Prepayments of a Minimum Funding Requirement⁵

最低資本規定之預付款⁵

¹ 該修訂本於二零一一年一月一日或之後開始的年度期間生效

² 於二零一一年七月一日或之後開始的年度期間生效

³ 於二零一三年一月一日或之後開始的年度期間生效

⁴ 於二零一二年一月一日或之後開始的年度期間生效

⁵ 於二零一一年一月一日或之後開始的年度期間生效

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

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 28th February, 2011
截至二零一一年二月二十八日止六個月

3. REVENUE AND SEGMENT INFORMATION

The board of directors of the Company regularly reviews the operating results and financial information by customers located in distinct geographical areas, including Hong Kong, the People's Republic of China (the "PRC"), Taiwan, Korea, Sri Lanka, America, Europe and Others, representing other geographical locations (mainly 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, sewing threads, yarns and garments and results by reportable segment for the period under review.

3. 營業額及分類資料

本公司董事會根據客戶所處不同的地域位置定期審閱經營業績及財務資料，包括香港、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(指其他地域位置，主要為新加坡及澳門)，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。

以下為本集團按報告分類之業績於回顧期內源自製造及銷售色布、縫紉線、紗及成衣之營業額及盈利所作之分析：

Six months ended 28th February, 2011

截至二零一一年二月二十八日止六個月

		Segment										
		Hong Kong	The PRC	Taiwan	Korea	Sri Lanka	America	Europe	Others	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	963,015	736,668	492,312	420,803	384,672	171,246	25,575	484,023	3,678,314	-	3,678,314
Inter-segment sales (note)	分類間銷售(附註)	2,279,306	1,414,338	-	-	253,101	40,969	-	33,107	4,020,821	(4,020,821)	-
Total segment revenue	分類營業額總值	<u>3,242,321</u>	<u>2,151,006</u>	<u>492,312</u>	<u>420,803</u>	<u>637,773</u>	<u>212,215</u>	<u>25,575</u>	<u>517,130</u>	<u>7,699,135</u>	<u>(4,020,821)</u>	<u>3,678,314</u>
RESULTS	業績											
Segment profit	分類盈利	<u>133,672</u>	<u>103,631</u>	<u>77,840</u>	<u>67,122</u>	<u>26,742</u>	<u>5,436</u>	<u>3,667</u>	<u>74,691</u>			492,801
Interest income	利息收入											6,138
Unallocated expenses	未分配支出											(284,149)
Finance costs	融資成本											(34,813)
Profit before taxation	除稅前盈利											<u>179,977</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註 (續)

For the six months ended 28th February, 2011
截至二零一一年二月二十八日止六個月

3. REVENUE AND SEGMENT INFORMATION (Continued)

Six months ended 28th February, 2010

		Segment								Eliminations	Consolidated	
		Hong Kong	The PRC	Taiwan	Korea	Sri Lanka	America	Europe	Others			total
		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	668,997	430,865	324,857	309,467	307,861	93,780	34,666	418,854	2,589,347	-	2,589,347
Inter-segment sales (note)	分類間銷售(附註)	1,808,241	1,228,137	-	-	176,643	14,524	-	54,260	3,281,805	(3,281,805)	-
Total segment revenue	分類營業額總值	<u>2,477,238</u>	<u>1,659,002</u>	<u>324,857</u>	<u>309,467</u>	<u>484,504</u>	<u>108,304</u>	<u>34,666</u>	<u>473,114</u>	<u>5,871,152</u>	<u>(3,281,805)</u>	<u>2,589,347</u>
RESULTS	業績											
Segment profit (loss)	分類盈利(虧損)	<u>70,909</u>	<u>48,679</u>	<u>44,305</u>	<u>42,358</u>	<u>33,344</u>	<u>(574)</u>	<u>2,942</u>	<u>56,682</u>			<u>298,645</u>
Interest income	利息收入											9,200
Gain on disposal of property interests	出售物業權益之所得收益											96,387
Unallocated expenses	未分配支出											(258,828)
Finance costs	融資成本											(21,177)
Profit before taxation	除稅前盈利											<u>124,227</u>

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

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

3. 營業額及分類資料 (續)

截至二零一零年二月二十八日止六個月

附註：分類間銷售的價格乃參照當時的市場價格而釐定。

分類盈利／虧損乃指各分類所賺取的盈利／所產生的虧損，當中並沒有計入中央行政成本及其他費用（包括非有關生產之僱員福利成本、董事酬金、銀行費用等）、折舊、利息收入、出售資產／資產撇值之收益或虧損及融資成本。此乃為資源分配及績效評估而向本公司董事會匯報之基準。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 28th February, 2011
截至二零一一年二月二十八日止六個月

4. FINANCE COSTS

4. 融資成本

		Six months ended 28th February, 2011 截至 二零一一年 二月二十八日 止 六月個 HK\$'000 千港元	Six months ended 28th February, 2010 截至 二零一零年 二月二十八日 止 六月個 HK\$'000 千港元
Finance costs on:	融資成本：		
Bank borrowings wholly repayable within five years	須於五年內全部償還 的銀行借貸	34,262	21,837
Imputed interest expense on consideration payable (note 16)	應付代價之推算利息開支 (附註16)	551	812
Total finance costs	融資成本總值	34,813	22,649
Less: amounts capitalised	減：化作資產金額	-	(1,472)
		34,813	21,177

Finance costs capitalised during the six months ended 28th February, 2010 arose on the general borrowing pool and was calculated by applying a capitalisation rate of 1.9% per annum on expenditure of qualifying assets.

截至二零一零年二月二十八日止六個月化作資產之融資成本乃由一般借貸項目產生，並按合資格資產開支以資本化年息率1.9%計算。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註 (續)

For the six months ended 28th February, 2011
截至二零一一年二月二十八日止六個月

5. INCOME TAX EXPENSE

5. 所得稅支出

		Six months ended 28th February, 2011 截至 二零一一年 二月二十八日止 六月個 HK\$'000 千港元	Six months ended 28th February, 2010 截至 二零一零年 二月二十八日止 六月個 HK\$'000 千港元
Current tax:	是期間稅項：		
Hong Kong	香港	30,941	-
The PRC	中國	2,669	358
		<u>33,610</u>	<u>358</u>
(Over)underprovision in prior years:	過往年度(超額撥備)撥備不足：		
The PRC	中國	(1,016)	6,689
Other jurisdictions	其他司法地區	485	(288)
		<u>(531)</u>	<u>6,401</u>
Deferred tax:	遞延稅項：		
The PRC	中國	(15,991)	(1,527)
Other jurisdictions	其他司法地區	(195)	(3)
		<u>(16,186)</u>	<u>(1,530)</u>
		<u><u>16,893</u></u>	<u><u>5,229</u></u>

Notes to the Condensed Consolidated Financial Statements (Continued) 簡明綜合財務報表附註(續)

For the six months ended 28th February, 2011
截至二零一一年二月二十八日止六個月

5. INCOME TAX EXPENSE (Continued)

Hong Kong Profits Tax is calculated at 16.5% (six months ended 28th February, 2010: 16.5%) of the estimated assessable profit for the period. No provision for Hong Kong Profits Tax was made for the six months ended 28th February, 2010 as the assessable profits from the Group's operations in Hong Kong were wholly absorbed by the tax losses brought forward.

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% starting from 1st January, 2008 onwards. Certain of the Company's PRC subsidiaries are entitled to exemption from the PRC Enterprise Income Tax for two calendar years and thereafter, they are entitled to 50% relief from the PRC Enterprise Income Tax for the following three calendar years (the "Tax Holiday"). The reduced tax rate for the relief period is 12.5% for both periods. The Tax Holiday will expire by 31st December, 2012.

Pursuant to the relevant laws and regulations in Sri Lanka, the profit generated from a subsidiary of the Company is entitled to exemption from the Sri Lanka income tax until 31st August, 2015. Accordingly, no provision for income tax was made on the profit for both periods.

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

5. 所得稅支出(續)

香港利得稅乃按是期間之估計應課稅盈利以16.5% (截至二零一零年二月二十八日止六個月: 16.5%) 計算。由於本集團於香港業務之應課稅盈利已由承前稅項虧損全數抵銷, 因此截至二零一零年二月二十八日止六個月並無作出香港利得稅撥備。

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, 從二零零八年一月一日起, 中國附屬公司之稅率為25%。本公司若干中國附屬公司可於兩個曆年獲豁免繳納中國企業所得稅及於其後三個曆年獲減免50%的中國企業所得稅(「免稅期」)。於兩個期間免稅期的經調低稅率為12.5%。免稅期將於二零一二年十二月三十一日屆滿。

根據斯里蘭卡有關之法律及法規, 由本公司一間附屬公司所產生之盈利可獲豁免斯里蘭卡所得稅, 直至二零一五年八月三十一日為止。據此, 於兩個期間均無就盈利作出所得稅撥備。

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。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註 (續)

For the six months ended 28th February, 2011
截至二零一一年二月二十八日止六個月

5. INCOME TAX EXPENSE (Continued)

In February 2008, the Hong Kong Inland Revenue Department ("IRD") initiated a tax audit on the Company and its subsidiaries for the years of assessment from 2001/02 onwards and is obtaining information and documents from the Group. In March 2008, 2009 and 2010 and February 2011, notices of estimated additional assessment (the "Protective Assessments") for the years of assessment 2001/02, 2002/03, 2003/04 and 2004/05 in an aggregate amount of HK\$14,352,000, HK\$19,844,000, HK\$18,390,000 and HK\$62,834,000, respectively, were issued to the Company and certain subsidiaries of the Company by the IRD. Regarding the Protective Assessments for the year of assessment 2003/04, out of the aggregate amount of HK\$18,390,000, two Protective Assessments of HK\$4,375,000 issued to the Company and a Hong Kong subsidiary, respectively, were in effect alternative assessments to that of an overseas subsidiary. Regarding the Protective Assessments for the year of assessment 2004/05, out of the aggregate amount of HK\$62,834,000, two Protective Assessments of HK\$2,266,000 and HK\$23,194,000 issued to the Company and a Hong Kong subsidiary, respectively, were also in effect alternative assessments to that of an overseas subsidiary. Objections against the Protective Assessments were lodged. For the years of assessment 2001/02 and 2002/03, full amounts were held over unconditionally. For the years of assessment 2003/04 and 2004/05, amounts were held over on the condition that Tax Reserve Certificates in the amount of HK\$1,600,000 and HK\$23,000,000 were purchased in May 2010 and subsequent to the end of the reporting period, respectively. The scope and outcome of the tax audit cannot be readily ascertained at this stage. The directors of the Company consider that no significant amount of additional profits tax will be payable under the Protective Assessments and no provision for additional Hong Kong Profits Tax is therefore necessary.

5. 所得稅支出 (續)

於二零零八年二月，香港稅務局（「稅務局」）就本公司及其附屬公司由二零零一／零二及其後之課稅年度進行一項稅務審查，並正向本集團搜集資料及文件。於二零零八年三月、二零零九年三月及二零一零年三月以及二零一一年二月，稅務局就二零零一／零二、二零零二／零三、二零零三／零四及二零零四／零五課稅年度分別發出合共14,352,000港元、19,844,000港元、18,390,000港元及62,834,000港元金額之估計補加評稅通知（「保障性評稅」）予本公司及本公司若干附屬公司。就二零零三／零四課稅年度之保障性評稅合共18,390,000港元之金額，當中兩張保障性評稅金額各4,375,000港元分別發出給本公司及一間香港附屬公司實為發出給一間海外附屬公司的保障性評稅之交替式的估計評稅。就二零零四／零五課稅年度之保障性評稅合共62,834,000港元之金額，當中兩張保障性評稅金額2,266,000港元及23,194,000港元分別發出給本公司及一間香港附屬公司實為發出給一間海外附屬公司的保障性評稅之交替式的估計評稅。就此項保障性評稅已提出反對，二零零一／零二及二零零二／零三課稅年度之全數金額已獲無條件緩繳，而二零零三／零四及二零零四／零五課稅年度之金額已分別於二零一零年五月及於報告期終後購買1,600,000港元及23,000,000港元之儲稅券時獲緩繳。此項稅務審查之範圍及結果於現階段還未能確定。本公司董事認為就此項保障性評稅需償付之補加利得稅金額並不重大及無需作出補加香港利得稅之撥備。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 28th February, 2011
截至二零一一年二月二十八日止六個月

6. PROFIT FOR THE PERIOD

6. 是期間盈利

		Six months ended 28th February, 2011 截至 二零一一年 二月二十八日止 六月個 HK\$'000 千港元	Six months ended 28th February, 2010 截至 二零一零年 二月二十八日止 六月個 HK\$'000 千港元 (restated) (重列)
Profit for the period has been arrived at after charging:	是期間盈利已扣減下列：		
Release of prepaid lease payments (note)	預付租賃款項轉出 (附註)	1,408	724
Depreciation of investment properties	投資物業之折舊	-	121
Depreciation of property, plant and equipment (note)	物業、機器及設備之折舊 (附註)	126,786	114,518
Loss on disposal/written-off of property, plant and equipment, other than property interests (included in other expenses)	出售／註銷物業、機器及設備之虧損(物業權益除外)(包括在其他費用內)	1,731	4,476
Net exchange losses (included in other expenses)	匯兌虧損淨值(包括在其他費用內)	11,474	7,218
Net loss from derivative financial instruments (included in other expenses)	衍生金融工具之虧損淨值(包括在其他費用內)	-	11,702
and after crediting:	及已計入：		
Imputed interest income on consideration receivable (note 12)	應收代價之推算利息收入 (附註12)	(5,178)	(7,290)
Interest income	利息收入	(960)	(1,910)
Net rental income from investment properties	投資物業的租金收入淨值	-	(2,849)
Reversal of impairment losses on property, plant and equipment	物業、機器及設備之減值損失撥回	-	(871)
Gain on disposal of assets classified as held for sale	出售分類為持作出售之資產所得收益	-	(91)
Net gain from derivative financial instruments (included in other income)	衍生金融工具之收益淨值(包括在其他收入內)	(2,172)	-

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註 (續)

For the six months ended 28th February, 2011
截至二零一一年二月二十八日止六個月

6. PROFIT FOR THE PERIOD (Continued)

Note: Upon the application of amendments to HKAS 17 "Leases" (see note 2) during the current period, the Group reclassified an amount of HK\$141,000 from release of prepaid lease payments to depreciation of property, plant and equipment for the six months ended 28th February, 2010.

7. DIVIDEND

No interim dividend was proposed by the directors for the six months ended 28th February, 2011 (six months ended 28th February, 2010: Nil).

8. EARNINGS PER SHARE

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

6. 是期間盈利(續)

附註：於本期間應用香港會計準則第17號「租賃」之修訂本(見附註2)後，本集團於截至二零一零年二月二十八日止六個月將預付租賃款項轉出141,000港元重新分類至物業、機器及設備之折舊。

7. 股息

董事不建議派發截至二零一一年二月二十八日止六個月之中期股息(截至二零一零年二月二十八日止六個月：無)。

8. 每股盈利

本公司擁有人應佔每股基本及攤薄盈利乃根據下列數據計算：

	Six months ended 28th February, 2011 截至 二零一一年 二月二十八日止 六月個 HK\$'000 千港元	Six months ended 28th February, 2010 截至 二零一零年 二月二十八日止 六月個 HK\$'000 千港元
Earnings	盈利	
Profit for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share	就計算每股基本及攤薄盈利所用之本公司擁有人應佔是期間盈利	113,111
	154,111	
	Six months ended 28th February, 2011 截至 二零一一年 二月二十八日止 六月個	Six months ended 28th February, 2010 截至 二零一零年 二月二十八日止 六月個
Number of shares	股份數目	
Number of ordinary shares for the purposes of basic and diluted earnings per share	就計算每股基本及攤薄盈利所用之普通股數目	794,010,960
	794,010,960	

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 28th February, 2011
截至二零一一年二月二十八日止六個月

8. EARNINGS PER SHARE (Continued)

The computation of diluted earnings per share for the six months ended 28th February, 2011 does not assume the exercise of the Company's outstanding share options because the adjusted exercise prices of those options calculated in accordance with HKAS 33 "Earnings Per Share" are higher than the average market price of the shares for the relevant period.

Diluted earnings per share is not presented for the six months ended 28th February, 2010 as there were no potential ordinary shares outstanding during that period.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND PREPAID LEASE PAYMENTS

The Group incurred expenditure of HK\$73,683,000 during the six months ended 28th February, 2011 (six months ended 28th February, 2010: HK\$133,758,000) on property, plant and equipment to expand and upgrade the Group's manufacturing facilities.

During the six months ended 28th February, 2010, the Group disposed of certain of its property interests with an aggregate carrying amount of HK\$26,130,000 to an independent third party for a consideration of HK\$122,517,000 (net of direct expenses of HK\$283,000), resulting in a gain on disposal of HK\$96,387,000. An amount of HK\$12,280,000 was received in prior period upon the signing of the sale and purchase agreement and the remaining balance was settled in March 2010.

10. INVENTORIES

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

8. 每股盈利(續)

由於根據香港會計準則第33號「每股盈利」計算，本公司尚未行使購股權之經調整行使價高於股份於相關期間之平均市價，因此計算截至二零一一年二月二十八日止六個月之每股攤薄盈利時並無假設該等購股權已獲行使。

由於截至二零一零年二月二十八日止六個月沒有尚未行使之潛在普通股，因此並無呈列該期間之每股攤薄盈利。

9. 物業、機器及設備和預付租賃款項之變動

本集團於截至二零一一年二月二十八日止六個月，為擴大及增強本集團之生產設施而用於物業、機器及設備的開支為73,683,000港元(截至二零一零年二月二十八日止六個月：133,758,000港元)。

截至二零一零年二月二十八日止六個月期間，本集團以代價122,517,000港元(扣除直接費用283,000港元)出售賬面總值26,130,000港元之若干物業權益予一名獨立第三方，因而產生96,387,000港元之出售收益。於前期簽訂買賣合約時已收取12,280,000港元及餘下款項已於二零一零年三月結清。

10. 存貨

	At 28th February, 2011 二零一一年 二月二十八日 HK\$'000 千港元	At 31st August, 2010 二零一零年 八月三十一日 HK\$'000 千港元
	108,535	118,224
	1,172,012	1,006,077
	385,358	421,254
	449,520	393,037
	<u>2,115,425</u>	<u>1,938,592</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 28th February, 2011
截至二零一一年二月二十八日止六個月

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

The Group allows a credit period ranging from 30 days to 90 days to its trade customers. The following is an aged analysis of trade and bills receivables based on the payment due date net of allowance for doubtful debts:

Not yet due	未到期
Overdue 1 – 30 days	過期1-30天
Overdue 31 – 60 days	過期31-60天
Overdue > 60 days	過期超過60天

Other receivables as at 28th February, 2011 represented value-added tax recoverable of HK\$96,523,000 (31st August, 2010: HK\$85,234,000) and prepayments, deposits and other receivables of HK\$197,078,000 (31st August, 2010: HK\$124,745,000).

11. 營業及票據應收款項／預付款項、按金及其他應收款項

本集團提供介乎30天至90天數期予其營業客戶。營業及票據應收款項(經扣除呆賬撥備)按付款到期日之賬齡分析如下：

At 28th February, 2011 二零一一年 二月二十八日 HK\$'000 千港元	At 31st August, 2010 二零一零年 八月三十一日 HK\$'000 千港元
871,099	925,897
306,098	226,351
168,927	128,389
100,812	91,389
1,446,936	1,372,026

於二零一一年二月二十八日，其他應收款項乃指可收回增值稅96,523,000港元(二零一零年八月三十一日：85,234,000港元)以及預付款項、按金及其他應收款項197,078,000港元(二零一零年八月三十一日：124,745,000港元)。

Notes to the Condensed Consolidated Financial Statements (Continued) 簡明綜合財務報表附註(續)

For the six months ended 28th February, 2011
截至二零一一年二月二十八日止六個月

12. CONSIDERATION RECEIVABLE

On 27th April, 2009, Dongguan Fuan Textiles Limited ("Dongguan Fuan"), a non wholly-owned subsidiary of the Company, entered into an agreement with an independent third party to sell the parcels of land located at Dongguan Fuan Textiles Complex, Changan Town, Dongguan City, Guangdong, the PRC and certain buildings and furniture, fixtures and equipment (the "Properties") for a total cash consideration of Renminbi ("RMB") 255,000,000 (approximately HK\$288,136,000) payable in 5 installments (the "Property Agreement").

Of the above consideration, RMB30,000,000 was settled upon the signing of the Property Agreement as the first installment. The second and the third installments of RMB30,000,000 (approximately HK\$34,474,000) and RMB40,000,000 (approximately HK\$46,497,000), respectively were settled during the year ended 31st August, 2010. The fourth installment of RMB77,500,000 (approximately HK\$94,145,000) was settled during the current period while the last installment of RMB77,500,000 was settled subsequent to the end of the reporting period.

The receivable amounts are unsecured and interest-free. The fair value of the deferred consideration at the date of initial recognition was determined to be RMB231,643,000 (approximately HK\$261,743,000) based on the estimated future cash flows by applying a discount rate of 9.8% per annum.

Details of the above transaction are set out in the circular of the Company dated 30th July, 2009.

12. 應收代價

於二零零九年四月二十七日，本公司之一間非全資附屬公司，東莞福安紡織印染有限公司(「東莞福安」)與一名獨立第三方訂立協議，以出售位於中國廣東省東莞市長安鎮宵邊大道福安紡織城內的土地及若干樓宇、傢俬、裝置及設備(「該等物業」)，總現金代價為人民幣(「人民幣」)255,000,000元(約288,136,000港元)，分五期支付(「物業合同」)。

於上述代價中，於簽訂物業合同時已支付人民幣30,000,000元作為第一期款項。第二期及第三期分期款項分別為人民幣30,000,000元(約34,474,000港元)及人民幣40,000,000元(約46,497,000港元)已於截至二零一零年八月三十一日止年度支付。第四期分期款項人民幣77,500,000元(約94,145,000港元)已於本期間支付，而最後一期分期款項為人民幣77,500,000元已於報告期終後支付。

該等應收款項為無抵押及免息。於初步確認日期之遞延代價之公平價值為人民幣231,643,000元(約261,743,000港元)，乃根據估計未來現金流量按貼現年率9.8%計算。

有關上述交易詳情已載於本公司日期為二零零九年七月三十日之通函內。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註 (續)

For the six months ended 28th February, 2011
截至二零一一年二月二十八日止六個月

13. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments mainly represent interest rate swaps and foreign currency forward contracts. Interest rate swaps are entered into by the Group to hedge against its interest rate risk by swapping the interest on bank borrowings floating with Hong Kong Interbank Offered Rate to fixed rates. The Group has also entered into foreign currency forward contracts to mitigate the risk of foreign currency transactions.

These contracts will mature within one to three (31st August, 2010: one to three) years from the end of the reporting period.

The fair values of the above derivative instruments are calculated in accordance with generally accepted pricing models based on quoted forward exchange rates and discounted cash flow analysis based on the applicable yield curves of interest rates which were provided by counterparty financial institutions.

14. ASSETS CLASSIFIED AS HELD FOR SALE

On 23rd February, 2011, the Group entered into two agreements with an independent third party to dispose of its 100% equity interests of Fountain Set Properties Limited ("Fountain Set Properties") and Fountain Set Development Limited ("Fountain Set Development"), at consideration of RMB28,800,000 (approximately HK\$33,882,000) and RMB12,000,000 (approximately HK\$14,118,000), respectively.

As at 28th February, 2011, the assets of Fountain Set Properties and Fountain Set Development with carrying amounts of HK\$28,604,000 and HK\$2,654,000, respectively, which are expected to be sold within one year of the interim reporting period, are classified as held for sale. The first and second installments of RMB20,400,000 (approximately HK\$24,193,000) and RMB10,200,000 (approximately HK\$12,140,000) were settled subsequent to the end of the reporting period and the remaining installment is due for settlement in May 2011.

13. 衍生金融工具

衍生金融工具主要指利率掉期及遠期外匯合約。本集團為對沖其利率風險簽訂利率掉期，銀行借貸利息由浮動之香港銀行同業拆息轉至定息。本集團亦已簽訂遠期外匯合約以減低外幣交易之風險。

該等合約將自報告期終起計一至三年內(二零一零年八月三十一日：一至三年內)到期。

上述衍生工具的公平價值乃根據公認定價模式，並以對手方財務機構提供的適用利率收益曲線所釐定的市場遠期匯率及貼現現金流量分析基準而計算。

14. 分類為持作出售之資產

於二零一一年二月二十三日，本集團與一名獨立第三方訂立兩份協議，以出售其於福田地產有限公司(「福田地產」)及福田發展有限公司(「福田發展」)之100%股本權益，代價分別為人民幣28,800,000元(約33,882,000港元)及人民幣12,000,000元(約14,118,000港元)。

於二零一一年二月二十八日，福田地產及福田發展之資產賬面值分別為28,604,000港元及2,654,000港元，預期將於中期報告期間起計一年內售出，並分類為持作出售。第一期及第二期分期款項人民幣20,400,000元(約24,193,000港元)及人民幣10,200,000元(約12,140,000港元)已於報告期終後支付，餘下分期款項則於二零一一年五月到期支付。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 28th February, 2011
截至二零一一年二月二十八日止六個月

14. ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

At the end of the reporting period, the assets of Fountain Set Properties and Fountain Set Development classified as held for sale comprise:

14. 分類為持作出售之資產(續)

於報告期終，福田地產及福田發展之分類為持作出售之資產包括：

		At 28th February, 2011 二零一一年二月二十八日		
		Fountain Set Properties 福田地產 HK\$'000 千港元	Fountain Set Development 福田發展 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Property, plant and equipment	物業、機器及設備	27,593	-	27,593
Prepaid lease payments	預付租賃款項	1,011	2,654	3,665
		<u>28,604</u>	<u>2,654</u>	<u>31,258</u>

15. TRADE AND BILLS PAYABLES/OTHER PAYABLES AND ACCRUALS

15. 營業及票據應付款項/其他應付款項及應計費用

		At 28th February, 2011 二零一一年 二月二十八日 HK\$'000 千港元	At 31st August, 2010 二零一零年 八月三十一日 HK\$'000 千港元
Trade payables	營業應付款項	466,780	518,923
Bills payables	票據應付款項	497,608	348,590
		<u>964,388</u>	<u>867,513</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註 (續)

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15. TRADE AND BILLS PAYABLES/OTHER PAYABLES AND ACCRUALS (Continued)

The following is an aged analysis of trade payables based on the payment due date:

Not yet due	未到期
Overdue 1 – 30 days	過期1-30天
Overdue 31 – 60 days	過期31-60天
Overdue > 60 days	過期超過60天

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

Other payables and accruals as at 28th February, 2011 represented other payables of HK\$317,309,000 (31st August, 2010: HK\$163,621,000) and accruals of HK\$147,159,000 (31st August, 2010: HK\$168,150,000).

16. CONSIDERATION PAYABLE

On 27th April, 2009, Folk tune Limited (“Folk tune”), a wholly-owned subsidiary of the Company, entered into an agreement with certain non-controlling shareholders of Dongguan Fuan (the “Transferors”) to acquire from the Transferors in aggregate 39% of the equity interests in Dongguan Fuan at a total consideration of HK\$77,326,205 (the “Share Transfer Agreement”). Upon completion of the Share Transfer Agreement, Dongguan Fuan became a 90% owned subsidiary of the Company.

15. 營業及票據應付款項／其他應付款項及應計費用 (續)

營業應付款項按付款到期日之賬齡分析如下：

At 28th February, 2011 二零一一年 二月二十八日 HK\$'000 千港元	At 31st August, 2010 二零一零年 八月三十一日 HK\$'000 千港元
377,898	413,674
37,283	61,053
18,330	17,801
33,269	26,395
466,780	518,923

於報告期終，本集團之所有票據應付款項均未到期。

於二零一一年二月二十八日，其他應付款項及應計費用指其他應付款項317,309,000港元（二零一零年八月三十一日：163,621,000港元）及應計費用147,159,000港元（二零一零年八月三十一日：168,150,000港元）。

16. 應付代價

於二零零九年四月二十七日，本公司之一間全資附屬公司福津有限公司（「福津」）與東莞福安若干非控股股東（「轉讓方」）訂立協議，以總代價77,326,205港元從轉讓方收購於東莞福安總計39%之股本權益（「股權轉讓協議」）。於完成股權轉讓協議後，東莞福安成為本公司擁有90%權益之附屬公司。

Notes to the Condensed Consolidated Financial Statements (Continued) 簡明綜合財務報表附註(續)

For the six months ended 28th February, 2011
截至二零一一年二月二十八日止六個月

16. CONSIDERATION PAYABLE (Continued)

Pursuant to the Share Transfer Agreement, the consideration is payable by 5 installments. The payable amounts are unsecured and interest-free. The fair value of the deferred consideration at the date of initial recognition was determined as HK\$74,433,000 based on the estimated future cash flows by applying a discount rate of 3.7% per annum. During the current period, an amount of HK\$12,129,000 was settled by the Group. The remaining balance is repayable on demand at the end of the reporting period.

Details of the above transaction are set out in the circular of the Company dated 30th July, 2009.

17. BANK BORROWINGS

During the current period, the Group obtained new bank loans of HK\$2,057,008,000 (six months ended 28th February, 2010: HK\$1,108,575,000) and made repayments of HK\$2,269,783,000 (six months ended 28th February, 2010: HK\$1,275,248,000). These bank loans obtained and repaid are mainly denominated in Hong Kong dollar. The proceeds from the new loans were mainly used to repay the existing bank loans or as working capital of the Group.

The loans carry floating interest at the weighted average effective interest rate of 2.53% (31st August, 2010: 2.05%) per annum and are unsecured and repayable by installments over a period from one to four years.

16. 應付代價(續)

根據股權轉讓協議，代價分五期支付。該等應付款項為無抵押及免息。於初步確認日期之遞延代價之公平價值為74,433,000港元，乃根據估計未來現金流量按貼現年率3.7%計算。於本期間，本集團已支付12,129,000港元，餘下款項於報告期終乃按要求而償還。

有關上述交易之詳情已載於本公司日期為二零零九年七月三十日之通函內。

17. 銀行借貸

於本期間，本集團取得新銀行貸款2,057,008,000港元(截至二零一零年二月二十八日止六個月：1,108,575,000港元)及已償還2,269,783,000港元(截至二零一零年二月二十八日止六個月：1,275,248,000港元)，該等取得及已償還之銀行貸款主要以港元計值。新貸款所得款項乃主要用作償還現有的銀行貸款或用作本集團之流動資金。

銀行貸款按浮息以加權平均實際年利率2.53%(二零一零年八月三十一日：2.05%)計算利息，為無抵押並介乎一年至四年期內分期償還。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 28th February, 2011
截至二零一一年二月二十八日止六個月

18. CAPITAL COMMITMENTS

Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements

就有關購買物業、機器及設備之已簽約但在簡明綜合財務報表未有作出撥備之資本開支

At 28th February, 2011 二零一一年 二月二十八日 HK\$'000 千港元	At 31st August, 2010 二零一零年 八月三十一日 HK\$'000 千港元
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29,084	34,777
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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

2,397	29,612
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19. SHARE-BASED PAYMENTS

The Company has a share option scheme (the "Scheme") for eligible employees of the Group. The Scheme was adopted by the Company at the extraordinary general meeting held on 25th January, 2002. Details of the share options outstanding during the current period are as follows:

Outstanding at 1st September, 2010
Granted during the period
Forfeited during the period

於二零一零年九月一日尚未行使
是期間已授出
是期間已沒收

Number of
share options
購股權數目

–
22,400,000
(4,600,000)

Outstanding at 28th February, 2011

於二零一一年二月二十八日尚未行使

17,800,000

The above share options were granted on 17th September, 2010. The closing price of the Company's shares immediately before the date of grant was HK\$1.29. The fair value of the share options determined at the date of grant using the Binomial model was HK\$15,812,000.

19. 以股份為基礎之付款

本公司已為本集團合資格僱員採納一項購股權計劃(「該計劃」)，該計劃已獲本公司於二零零二年一月二十五日舉行的股東特別大會上採納。有關本期間尚未行使購股權之詳情如下：

上述購股權已於二零一零年九月十七日授出。本公司股份於緊接授出日期前之收市價為1.29港元。於授出日期採用二項式模式釐定購股權之公平價值為15,812,000港元。

Notes to the Condensed Consolidated Financial Statements (Continued) 簡明綜合財務報表附註(續)

For the six months ended 28th February, 2011
截至二零一一年二月二十八日止六個月

19. SHARE-BASED PAYMENTS (Continued)

The following assumptions were used to calculate the fair value of share options:

Grant date share price	HK\$1.29
授出日期之股價	1.29港元
Exercise price	HK\$1.29
行使價	1.29港元
Expected life	6.5 years
預計年期	6.5年
Expected volatility	58.25%
預計波幅	
Dividend yield	0%
股息率	
Risk-free interest rate	1.59%
無風險利率	

The Binomial model has been used to estimate the fair value of the share options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit and loss, with a corresponding adjustment to the share options reserve.

Details of the share options granted are set out in the announcement of the Company dated 17th September, 2010.

On 20th January, 2011, the Scheme was early terminated and the Company adopted a new share option scheme pursuant to a resolution passed at the extraordinary general meeting held on the same date. Further details are set out in the announcement of the Company dated 20th January, 2011.

19. 以股份為基礎之付款(續)

於計算購股權公平價值時已採用下列假設：

Grant date share price	HK\$1.29
授出日期之股價	1.29港元
Exercise price	HK\$1.29
行使價	1.29港元
Expected life	6.5 years
預計年期	6.5年
Expected volatility	58.25%
預計波幅	
Dividend yield	0%
股息率	
Risk-free interest rate	1.59%
無風險利率	

本公司採用二項式模式估計購股權之公平價值。於計算購股權之公平價值所採用之變數及假設乃基於董事之最佳估計。變數及假設之變動可能導致購股權之公平價值有所變動。

於各報告期終，本集團修訂其就預期最終歸屬的購股權數目之估計。修訂估計之影響(如有)乃於損益確認，並對購股權儲備作出相應調整。

有關已授出購股權之詳情載於本公司日期為二零一零年九月十七日之通告內。

於二零一一年一月二十日，該計劃已被提前終止，而本公司已根據於同日舉行之股東特別大會上通過之一項決議案採納一項新購股權計劃。有關詳情載於本公司日期為二零一一年一月二十日之通告內。

BUSINESS REVIEW 業務回顧

We are pleased to report to shareholders the results of the Group for the six months ended 28th February, 2011. The Group's revenue was approximately HK\$3,678.3 million, an increase of 42.1% over the same period last year. Unaudited profit attributable to owners of the Company amounted to approximately HK\$154.1 million, representing a substantial increase of 36.3% or HK\$41.0 million over the same period last year. If an extraordinary gain in relation to the disposal of an industrial building in Hong Kong during the same period of last year is excluded, unaudited profit attributable to owners of the Company was approximately 9.2 times that for the same period last year. Gross profit margin for the period under review was 16.2%, an increase of 0.9 percentage points over the same period last year. Net profit margin for the period under review was 4.2%, a decrease of 0.2 percentage points over the same period last year or an increase of 3.5 percentage points if an extraordinary gain in relation to the disposal of an industrial building in Hong Kong during the same period of last year is excluded. Basic earnings per share was HK19.4 cents, compared to basic earnings per share HK14.2 cents for the first half of financial year 2010. The Board has resolved not to pay any interim dividend for the period under review (2010: Nil).

During the first half of financial year 2011, the world economy continued to show signs of stabilization. However, the price of cotton and cotton yarn repeatedly broke new record highs during the period under review due to shortage of supply and a reducing global inventory. Other manufacturing costs such as energy and wages also increased due to widespread inflation worldwide. Although customers have generally accepted increases in price of fabrics, such increases compensated majority of the amount of increase in costs due to upsurge in the price of raw materials as well as inflation in other manufacturing costs but were generally insufficient for the fabric manufacturers to maintain gross profit margin. Nevertheless, the Group managed to increase gross profit margin over the same period last year through improving factory utilization rate as well as other cost control measures.

Even under the challenging market conditions, the Group's extensive sourcing network and long-term supply chain partnerships ensured sufficient supply of raw materials while maintaining a normal inventory level, thus enabling the timely fulfillment of the Group's sales commitments. Customers' recognition in the Group's product and service reliability as well as proactive sales and marketing effort by the Group has resulted in higher order volume as compared with the same period last year. At the same time, the improvement in utilization rate of the Group's fabric manufacturing facilities and the continuing effort to optimize manufacturing costs and efficiencies resulted in the enhancement of gross profit margin for the period under review. The drive for better operating efficiency has also led to reduction in distribution and selling expenses as well as administrative expenses as a percentage of selling price per pound of fabric.

本集團欣然向各股東匯報集團截至二零一一年二月二十八日止六個月之業績。集團營業額約為3,678,300,000港元，與去年同期相比上升了42.1%。本公司擁有人應佔未經審核盈利約為154,100,000港元，較去年同期大幅增加36.3%，達41,000,000港元。若扣除去年同期內因出售香港工業大廈而獲得之非經常性收益，則本公司擁有人應佔未經審核盈利約為去年同期的9.2倍。回顧期內的毛利率為16.2%，與去年同期相比上升了0.9個百分點。回顧期內淨盈利率為4.2%，較去年同期下降0.2個百分點；若扣除去年同期內因出售香港工業大廈而獲得之非經常性收益，淨盈利率則較去年同期大幅上升了3.5個百分點。每股基本盈利為19.4港仙，相對二零一零年上半年財政年度的每股基本盈利14.2港仙。董事會議決通過就回顧期內不予派發任何中期股息（2010：零）。

在二零一一年上半年財政年度期間，環球經濟繼續見穩定跡象。然而，由於供應短缺和全球存貨減少，本回顧期內棉花及棉紗線價格屢破新高紀錄。其他製造成本例如能源和工資，亦由於環球普遍通貨膨脹而提高。雖然顧客普遍接受布料價格上升，此可彌補大部份由於原材料價格上漲，以及其他製造成本之通貨膨脹的成本上升，但一般不足以保持布料製造商的毛利率。雖然如此，集團透過廠房使用率的改善及其他成本控制措施，成功地將毛利率與去年同期相比提升。

即使處於充滿挑戰的市場狀況，集團廣泛的採購網絡和長期的供應鏈夥伴關係可確保原材料的供應充足，同時亦保持正常存貨水平。從而及時地履行集團的銷售承諾。客戶對集團的產品和服務的可靠性及集團積極的銷售和市場營銷成果予以肯定，結果集團較去年同期錄得更高的訂單量。同時，集團改善布料生產設施的使用率，以及努力地持續優化生產成本和提高效率，令毛利率於本回顧期內得以提高。更佳營運效率的推動力亦減少每磅布料售價的分銷及銷售費用及行政開支的百分比。

BUSINESS REVIEW (Continued) 業務回顧(續)

In January 2011, Fountain Set (Holdings) Limited was accredited with "Green Medal of Hang Seng PRD Environmental Awards 2009/10" by the Federation of Hong Kong Industries and Hang Seng Bank. In November 2010, the Group's Chairman and Managing Director, Mr HA Chung Fong has been presented with a "Lifetime Achievement Award" by the China Knitting Industry Association. The award recognizes Mr HA's decades of dedication and contribution to the textiles and garment industry. In addition, Mr Victor HA Kam On, Executive Director and Group General Manager, won the "Young Industrialist Awards of Hong Kong 2010" in November, 2010. This award was organized by the Federation of Hong Kong Industries to publicly recognize young industrialists who made outstanding achievements in the manufacturing sector.

In November 2010, the Group was awarded "Hong Kong Outstanding Corporate Citizenship Silver Award Enterprise Sector in Manufacturing Industry" by the Hong Kong Productivity Council. During the same month, the Group was also accredited "Contribution of Science and Technology Award" by the China Knitting Industry Association.

Production and Sales of Dyed Fabrics, Sewing Threads and Yarns

For the period under review, due to the increase in average selling price of products as well as expansion in the Group's market share through re-positioning of sales and marketing efforts and strategies to fully capture macro market consolidation, revenue from the production and sales of dyed fabrics, sewing threads and yarns reached approximately HK\$3,229.1 million, an increase of 39.9% as compared with the same period last year, and accounted for 87.8% of the Group's total revenue.

Production and Sales of Garments

For the first half of financial year 2011, with the increase in sales volume and higher average selling price, revenue from the production and sales of garments was approximately HK\$449.2 million, an increase of 59.9% as compared with the same period last year, and accounted for 12.2% of the Group's total revenue.

Analysis by Customer Geographical Regions

For the period under review, the Group's major customers were located in Asia and accounted for approximately 94.6% of the Group's total revenue. The remaining 5.4% was mainly generated from sales to customers located in Europe and America.

二零一一年一月，福田實業(集團)有限公司榮獲香港工業總會及恒生銀行授予之「恒生珠三角環保大獎2009/10綠色獎章」。二零一零年十一月，集團主席兼董事總經理夏松芳先生榮獲中國針織工業協會頒發之「中國針織行業終身成就獎」，以表彰他多年來對紡織成衣行業的努力和貢獻。此外，執行董事兼集團總經理夏錦安先生於二零一零年十一月榮獲「2010年香港青年工業家獎」。此獎項由香港工業總會舉辦，旨在公開嘉許為製造業作出傑出貢獻的青年企業家。

二零一零年十一月，集團榮獲由香港生產力促進局頒發之「香港傑出企業公民獎-製造業銀獎」；同月，集團亦榮獲由中國針織工業協會頒發之「科技貢獻獎」。

製造及銷售色布、縫紉線及紗

在回顧期內，由於產品平均售價提升，加上集團透過重新部署銷售和市場推廣的行動和策略而充分捕捉宏觀市場的整合而增加了集團的市場佔有率，製造及銷售色布、縫紉線及紗的營業額達到約3,229,100,000港元，與去年同期相比上升39.9%，佔集團營業額總值的87.8%。

製造及銷售成衣

在二零一一年上半年財政年度期間，由於平均售價提升及定單量增加，製造及銷售成衣的營業額約為449,200,000港元，較去年同期上升59.9%，佔集團營業額總值的12.2%。

客戶所屬地域分析

在回顧期內，集團之主要客戶位於亞洲，佔集團營業額總值約94.6%。而餘下的5.4%則主要來自銷售其位於歐洲及美洲的客戶。

OUTLOOK 展望

Looking forward to the second half of the Group's financial year of 2011, it is expected that the Chinese economy will continue to grow while the US and EU economies remain stable. On the other hand, and the Japanese economy will take time to recover from the devastating earthquake. The expected increase in sales to the Chinese market could offset some of the possible reduction in order volume for the US and EU markets as higher costs lead to increase in retail prices of textile products. With the increasing number of foreign brands entering China's market, the Group believes it is well positioned to expand its sales to garment manufacturers used by these foreign brands by leveraging its established relationships with those brands in their international business and its proven track record of quality control. Meanwhile, the Group's relatively low exposure to the Japanese market should mean minimal impact from the weaker economy. Therefore, overall demand for the Group's products is anticipated to remain somewhat steady.

For the fabric business, following consolidation of fabric supply chain by many brands and retailers and the Group's implementation of more aggressive sales strategies, cost control and streamlining measures, the Group is continuing to pursue improvements in sales and business performance in the second half of the current financial year. Our new fabric mill in Yancheng has commenced production during last financial period. The Group targets to reach approximately 3 million pounds of fabric dyeing output per month in the Yancheng fabric mill by the end of this financial year. Within the next 3 years, the plant could potentially be developed to achieve a monthly fabric dyeing capacity of approximately 5 million pounds per month without the need for major construction work. Upon completion of all phases, the fabric dyeing capacity could eventually reach a maximum capacity of over 10 million pounds per month.

The Group will monitor closely the market conditions and the upcoming sourcing plan of our customers before further developing the Yancheng fabric mill. Meanwhile, the Group's plant in Jiangyin, Jiangsu Province remains the largest fabric production site within the Group and is expected to represent about half of the Group's total capacity. This phased plan of balancing the distribution of capacity between the Pearl River Delta and the Yangtze River Delta of the PRC will enable the Group to strategically diversify our geographical risk, be better positioned to efficiently service the PRC market and lessen the impact of rising costs of production in Southern part of the PRC in the long term.

The recent minimum wages increase by the Chinese Government resulted in continuous pressure on the cost of labour and other labour intensive services. In addition, potential risks for the industry will stem from the possibility of appreciation of Renminbi, continuous volatility in the price of cotton as well as possible surge on fuel prices, all of which are universal to the Group and the major competitors and would therefore contribute towards stronger momentum for adjustment in average selling price of fabrics.

展望集團二零一一年下半年財政年度，預料中國經濟將持續增長，而美國和歐洲經濟保持穩定。另一方面，日本經濟需要時間從毀滅性地震中恢復過來。由於更高成本導致紡織行業零售價格上漲，預計增加對中國市場的銷售可以彌補美國和歐盟市場可能減少的一些訂單量。隨著越來越多外國品牌進軍中國市場，集團認為可以充分利用與品牌的國際業務上之長久關係及良好質量控制的優勢，去擴展銷售至這些品牌的製衣廠。同時，集團對日本市場相對低的曝光率意味著受到微弱經濟的影響將會很少。因此，對集團產品的整體需求預計將繼續有所穩定。

有關布料業務，隨著許多品牌和零售商對布料供應鏈之整合，以及集團推行更進取之銷售策略、成本控制及精簡措施，集團於本財政年度的下半年繼續不斷追求銷售量及業務表現之改善。我們位於鹽城的新廠房在上一財政年度已經開始生產。集團計劃鹽城廠房此財政年度末每月的染布生產量達至約300萬磅。未來3年裡，鹽城廠房將會得到潛在開發，無重大建設工程而實現每月約500萬磅的染布生產量。當所有分段建設完成後，廠房最終可發展至每月最高產量超過1,000萬磅染布量。

集團在進一步發展鹽城布料廠房前，會繼續密切監察市場狀況和客戶未來的採購安排。同時，集團位於江蘇省江陰市的廠房仍然是集團內最大的布料生產廠房，預計其產能約佔集團總產能的一半。這在中國珠江三角洲及長江三角洲逐步平衡產能分佈的計劃，將有助集團策略性地分散地域風險，更好的定位於有效地服務國內市場，長遠減輕中國南方地區由生產成本上漲所帶來之衝擊。

中國政府最近上調最低工資，為勞工成本以及其他勞工密集之服務帶來持續壓力。另外，人民幣升值之可能，持續高企的棉花價格，以及燃料價格可能大幅攀升，亦將對行業構成潛在風險。由於集團及各主要競爭對手，均需面對以上各項因素，故該些因素將會形成一道強勁動力，引致布料的平均售價調整。

OUTLOOK (Continued) 展望(續)

The Group seeks to continue improving its operational efficiency and cost structure mainly through three approaches: (1) to invest in, improve and upgrade its production facilities, technologies and production processes which will improve its operational efficiency and allow it to achieve saving in electricity, water and raw material consumption, and repair and maintenance expenses; (2) to increase the utilization rate of its production facilities and selectively grow new capacity and production scale of the facilities with higher growth potential, such as the newly established fabric plant in Yancheng, Jiangsu province, which in turn will allow the Group to achieve optimal resource allocation and grow its market share; (3) to continue to control production, selling and other costs both as an amount and as a percentage of the Group's revenue, and to optimize the upstream and downstream supply chain efficiency by leveraging the growing scale of the Group's integrated operations and the improvement of inventory and procurement management.

Despite increase in sales of fabrics during the period under review, the market for garment export from China remains volatile and highly competitive. Under such market conditions, the Group expects continuing challenges for the garment business in the second half of this financial year.

The Group maintains a policy to implement stringent cost control and efficiency improvement measures to reduce our overall operating costs. The number of employees of the Group has decreased from approximately 16,200 as of 31st August, 2010 to approximately 15,600 as of 28th February, 2011.

Given the current assessment of the market environment, the Group maintains a relatively optimistic view on the business outlook for the longer term.

FINANCIAL REVIEW 財務回顧

Liquidity and Financial Information

At 28th February, 2011, the total amount of short-term bank deposits, bank balances and cash of the Group was approximately HK\$657.7 million, a decrease of approximately HK\$12.7 million compared with 31st August, 2010.

At 28th February, 2011, the financial ratios of the Group were as follows:

Gearing ratio	資本負債比率
Bank borrowings ratio	銀行借貸比率
Net bank borrowings ratio	銀行借貸淨值比率

本集團主要通過三種方式致力繼續改善其營運效率及成本結構：(1)投資、改善和提升其生產設施，技術和生產過程以提高其運作效率，並達到節省電力、水和原材料消耗，以及修理和保養費用。(2)提高生產設施使用率，有選擇地增加設備的新產能和生產規模，如新成立的位於江蘇省的鹽城廠房，相應地使集團實現最理想的資源配置和提高集團市場份額。(3)繼續控制生產、銷售及其他成本以及該等成本所佔集團總收入的百分比，同時利用集團綜合性業務的規模和發展，並改善存貨和採購管理，從而優化上下游供應鏈的效益。

儘管回顧期內布料銷售錄得增長，中國成衣出口市場的需求依舊波動，且競爭異常激烈。在此市場情形下，集團預料本財政年度下半年的成衣業務可能依然充滿挑戰。

集團已持續實行嚴緊的成本控制措施及效率優化計劃，以減少集團的整體營運成本。集團僱員人數已由二零一零年八月三十一日約16,200，減少至二零一一年二月二十八日約15,600。

基於對市場現狀之評估，集團對長遠業務前景維持較樂觀的態度。

流動資金及財務資料

於二零一一年二月二十八日，集團之短期銀行存款，銀行結存及現金總值約為657,700,000港元，相對於二零一零年八月三十一日減少約12,700,000港元。

於二零一一年二月二十八日，集團之財務比率如下：

28th February, 2011 二零一一年 二月二十八日	31st August, 2010 二零一零年 八月三十一日
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Gearing ratio	資本負債比率	1.45	1.52
Bank borrowings ratio	銀行借貸比率	0.85	0.97
Net bank borrowings ratio	銀行借貸淨值比率	0.62	0.72

FINANCIAL REVIEW (Continued) 財務回顧(續)

The sales and purchase of raw materials of the Group are mainly denominated in Hong Kong dollars, US dollars and Renminbi. Bank borrowings are also denominated in Hong Kong dollars, US dollars and Renminbi. Interests are mainly charged on a floating rate basis. In addition, the Group mainly operates in China and is exposed to foreign exchange risk arising from Renminbi exposure. The fluctuations in the US dollars and Renminbi have always been the concern of the Group. In order to mitigate the foreign currency risk and interest rate risk, the Group has entered into and will take actions to maintain appropriate hedging arrangements in accordance with the Group's risk management policies.

Capital Expenditure

During the period under review, the Group invested approximately HK\$73.7 million in property, plant and equipment, represented a reduction of about 44.9% from capital expenditure of the same period in last year.

本集團之銷售及原材料採購以港元、美元及人民幣為主。銀行借貸亦以港元、美元及人民幣為單位，利息主要以浮動利率計算。另外，本集團主要於中國經營業務，故涉及人民幣所產生之外匯風險。本集團一直關注美元及人民幣匯率之波動。為降低外匯及利率風險，本集團依據風險管理政策已經開始實際行動作出合適的對沖安排。

資本開支

在回顧期內，本集團已投資約73,700,000港元用於物業，機器及設備，與去年同期資本開支金額相比下降了44.9%。

EMPLOYEES AND EMOLUMENT POLICIES 僱員及酬金政策

At 28th February, 2011, the Group had approximately 15,600 full time employees. There is no significant change in the Group's emolument policies.

於二零一一年二月二十八日，集團全職僱員人數約為15,600人，而集團薪酬政策並無重大改變。

DIRECTORS' INTERESTS IN SECURITIES 董事之證券權益

At 28th February, 2011, 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:

於二零一一年二月二十八日，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：

Long positions in shares of the Company:

於本公司股份的好倉情況：

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	40,994,000	280,082,044 (note 1) (附註1)	321,076,044	40.44
Mr. HA Kam On, Victor 夏錦安先生	11,440,000	-	11,440,000	1.44
Dr. YEN Gordon 嚴震銘博士	6,400,000	-	6,400,000	0.81
Mr. LAU Hong Yon (note 2) 柳康遠先生(附註2)	280,000	-	280,000	0.04
Mrs. FUNG YEY Yi Hao, Yvette 馮葉儀皓女士	70,000	-	70,000	0.01

DIRECTORS' INTERESTS IN SECURITIES (Continued)

董事之證券權益(續)

Notes:

1. Mr. HA Chung Fong was deemed to be interested in 280,082,044 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").
2. Mr. LAU Hong Yon resigned as director of the Company with effect from 1st March, 2011.

附註：

1. 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280,082,044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。
2. 柳康遠先生已辭任為本公司執行董事，由二零一一年三月一日起生效。

Long positions in underlying shares of the Company – share options:

於本公司相關股份的好倉情況－購股權：

Name of Director 董事名稱	Date of grant 授出日期	Exercise period 行使期 (Note 1) (附註1)	Number of share options 購股權數目	Exercise price per share 每股行使價 HK\$ 港元
Mr. HA Kam On, Victor 夏錦安先生	17.09.2010	17.03.2014 – 17.03.2017	4,600,000	1.29
Mr. HA Hon Kuen 夏漢權先生	17.09.2010	17.03.2014 – 17.03.2017	2,000,000	1.29
Dr. YEN Gordon 嚴震銘博士	17.09.2010	17.03.2014 – 17.03.2017	6,600,000 (Note 2) (附註2)	1.29

Notes:

1. 30% of the share options are exercisable from 17th March 2014 to 17th March 2017, 30% of the share options are exercisable from 17th March 2015 to 17th March 2017 and the remaining 40% of the share options are exercisable from 17th March 2016 to 17th March 2017.
2. The share options included 2,000,000 share options granted by the Company to the spouse of Dr. Yen Gordon, Ms. Ha Kam Yee on 17th September 2010.

附註：

1. 由二零一四年三月十七日起至二零一七年三月十七日，可行使30%購股權；由二零一五年三月十七日起至二零一七年三月十七日，可行使30%購股權；及由二零一六年三月十七日起至二零一七年三月十七日，可行使餘下40%購股權。
2. 包括於二零一零年九月十七日由本公司授出2,000,000購股權給予夏錦兒女士，即嚴震銘博士之配偶。

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.

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附屬公司任何股份及相關股份權益或淡倉。

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

主要股東及其他股東權益

At 28th February, 2011, 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.

於二零一一年二月二十八日，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	321,076,044 (notes 1 and 3) (附註1及3)	Spouse interest 配偶權益	40.44
Newcorp	280,082,044 (notes 2 and 3) (附註2及3)	Interest of corporation controlled 所控制的法團的權益	35.27
Franklin Templeton Investments Corp.	55,401,991	Investment manager 投資經理	6.98

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, 2011.

除上述披露外，於二零一一年二月二十八日，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

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

於回顧期內本公司及其任何附屬公司並無購買、出售或贖回本公司之任何上市證券。

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, 2011 in compliance with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules, with deviation from the Code provision as explained below.

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 ("Mr. HA") 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.

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二零一一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」)，惟下文所載之守則條文之偏離行為除外。

按守則條文A.2.1規定，主席與行政總裁(「行政總裁」)的角色應有區分，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(「夏先生」)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 for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules (the "Model Code") as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors of the Company, the Company considers 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」)為其有關董事進行證券交易之守則。經向本公司所有董事作出查詢後，本公司認為本公司所有董事於回顧期內均已遵守標準守則所要求的標準。

AUDIT COMMITTEE 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 three independent non-executive directors of the Company (Mr. NG Kwok Tung, Mr. WONG Kwong Chi and Mr. CHOW Wing Kin, Anthony, SBS, JP). The Audit Committee has reviewed the unaudited interim results.

本公司已成立審核委員會，藉以檢討及監察本公司之財務申報程序及內部監控制度。審核委員會現由三位本公司獨立非執行董事(伍國棟先生、王幹芝先生及周永健先生，銀紫荊星章，太平紳士)組成。審核委員會已審閱未經審核之中期業績。

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 remuneration policy and structure for 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 four independent non-executive directors 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供建議。薪酬委員會現由四位本公司獨立非執行董事組成。

On behalf of the Board
HA Chung Fong
Chairman

Hong Kong
29th April, 2011

代董事會
主席
夏松芳

香港
二零一一年四月二十九日

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 2011

Financial year ended 31st August, 2011

Interim results announced 29th April, 2011

Register of members closed N/A

Distribution of dividend N/A

2011 full year results to be announced End of November 2011

2011年財務日誌

財政年度結算 二零一一年八月三十一日

中期業績公佈 二零一一年四月二十九日

股份暫停登記 不適用

股息派發 不適用

2011年全年業績公佈 二零一一年十一月下旬

Shareholder Services

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

Tricor Secretaries Limited

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

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：

卓佳秘書商務有限公司

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

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Fountain Set has overseas marketing/representative offices in the following locations. Addresses, phone numbers and fax numbers are listed at www.fshl.com

福田實業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.fshl.com內

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