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## 此乃要件 請即處理

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**閣下如**對本通函的任何部份或應採取之行動**有任何疑問**，應諮詢持牌證券商或註冊證券機構、銀行經理、律師、專業會計師或其他專業顧問。

**閣下如**已將名下之福田實業(集團)有限公司股份全部**售出或轉讓**，應立即將本通函送交買主或承讓人，或經手買賣或轉讓之銀行、持牌證券商、註冊證券機構或其他代理商，以便轉交買主或承讓人。

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**福田實業(集團)有限公司**

**Fountain Set (Holdings) Limited**

(於香港註冊成立之有限公司)

(股份代號：420)

**認購新股份  
申請清洗豁免  
及  
股東特別大會通告**

**獨立董事委員會及獨立股東之獨立財務顧問**

**Piper Jaffray**

派杰亞洲有限公司

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董事會函件載於本通函第58至第70頁。獨立董事委員會致獨立股東之函件載於本通函第71頁。獨立財務顧問派杰亞洲有限公司之函件(當中載有其致獨立董事委員會及獨立股東之意見)載於本通函第72至第91頁。

本公司謹訂於二零一二年五月十日(星期四)上午十時正假座香港九龍灣展貿徑一號九龍灣國際展貿中心7樓751-759室727號會議室舉行股東特別大會，召開大會之通告載於本通函第92頁至第93頁。無論閣下能否出席股東特別大會，亦務請按隨附之代表委任表格上印列之指示填妥該表格，並盡快交回本公司之股份過戶登記處卓佳秘書商務有限公司，地址為香港灣仔皇后大道東28號金鐘匯中心26樓，無論如何，須不遲於股東特別大會或任何其續會指定舉行時間48小時前交回。填妥及交回代表委任表格後，閣下仍可依願親身出席股東特別大會或其任何續會，並於會上投票。

二零一二年四月二十四日

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## 目 錄

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	頁次
釋義 .....	55
董事會函件 .....	58
獨立董事委員會函件 .....	71
獨立財務顧問函件 .....	72
股東特別大會通告 .....	92
附錄一 – 一般資料 .....	94
附錄二 – 本集團之財務資料 .....	105

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

"Announcement"	the announcement dated 3 April 2012 issued by the Company in relation to, among other things, the Subscription and the Whitewash Waiver
"associates"	has the meaning ascribed thereto in the Listing Rules
"Board"	the board of Directors
"Business Day"	a day, other than a Saturday or Sunday, on which banks are open for ordinary banking business in Hong Kong
"Company"	Fountain Set (Holdings) Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the main board of the Stock Exchange
"Completion"	completion of the Subscription
"Completion Date"	the date when Completion shall take place, being the fifth Business Day after the date upon the last of the Conditions (except such Conditions which are expressed to be satisfied on or as at the Completion Date) has been satisfied or, where applicable, waived provided that it shall be a date no later than the Long Stop Date
"Conditions"	the conditions precedent to Completion, as more particularly set out under the section headed "Conditions of the Subscription" in this circular
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened and held at Meeting Room 727, Units 751-759, 7/F, KITEC, 1 Trademart Drive, Kowloon Bay, Hong Kong on Thursday, 10 May 2012 at 10:00 a.m. for the purpose of considering, and if thought fit, approving the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver
"Executive"	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong from time to time and any delegate of such Executive Director
"Group"	the Company and its subsidiaries
"Ha Family"	Mr. Ha Chung Fong, Mr. Ha Kam On, Victor, Dr. Yen Gordon and the Ha Trust

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## DEFINITIONS

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“Ha Trust”	the discretionary trust set up by Mr. Ha Chung Fong for the benefit of his family and Trustcorp Limited, which is a provider of trust service, being the trustee of the Ha Trust, and as informed by Mr. Ha, he is in the process of arranging for the change of the trustee of the Ha Trust to another entity
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, namely Mr. Ng Kwok Tung, Mr. Wong Kwong Chi, Mr. Chow Wing Kin, Anthony, SBS, JP, and Mrs. Fung Yeh Yi Hao, Yvette, which has been established by the Company to advise the Independent Shareholders on the terms of the Subscription Agreement and the transactions contemplated thereunder and the terms of the Whitewash Waiver
“Independent Financial Adviser”	Piper Jaffray Asia Limited, a corporation licensed under the SFO to carry out business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver
“Independent Shareholders”	Shareholders other than the Subscriber, members of the Ha Family, any parties acting in concert with any of them and any other Shareholders who are involved in, or interested in the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver
“Last Trading Day”	3 April 2012, being the last trading day of the Shares on the Stock Exchange prior to the publication of the Announcement
“Latest Practicable Date”	20 April 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 July 2012 or another date agreed by the parties in writing
“Nominee”	a wholly-owned subsidiary of the Subscriber, nominated by the Subscriber to subscribe for the Shares on behalf of the Subscriber

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## DEFINITIONS

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“parties acting in concert”	has the meaning ascribed to it under the Takeovers Code
“PRC”	People’s Republic of China, which for the purpose of this circular excludes Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.20 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber” or “Chinatex”	Chinatex Corporation* (中國中紡集團公司), a state-owned enterprise established under the laws of the PRC
“Subscription”	the subscription by the Subscriber (or the Nominee) of the Subscription Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 3 April 2012 entered into between the Subscriber and the Company in respect of the Subscription
“Subscription Price”	means HK\$1.25 per Subscription Share
“Subscription Share(s)”	new Share(s) to be subscribed by the Subscriber pursuant to the Subscription Agreement
“Surviving Clauses”	clauses with respect to interpretation, announcements, confidentiality, notices, waiver of immunity, costs, general provisions, governing law and dispute resolution as stated in the Subscription Agreement
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“Whitewash Waiver”	the waiver by the Executive under Note 1 of the Notes on Dispensations from Rule 26 of the Takeovers Code of the obligation on the part of the Subscriber and parties acting in concert with it to make a general offer to the shareholders of the Company for all issued shares and other securities of the Company not already owned or agreed to be acquired by the Subscriber and persons acting in concert with it as a result of the issue and allotment of the Subscription Shares to the Subscriber (or the Nominee)
“%”	per cent.

\* For identification purpose only

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## LETTER FROM THE BOARD

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福田實業(集團)有限公司

Fountain Set (Holdings) Limited

(Incorporated in Hong Kong with limited liability)

(Stock code: 420)

*Executive Directors*

Mr. Ha Chung Fong  
Mr. Ha Kam On, Victor  
Mr. Ha Hon Kuen  
Dr. Yen Gordon

*Registered Office:*

Block A, 7<sup>th</sup> Floor  
Eastern Sea Industrial Building  
29-39 Kwai Cheong Road  
Kwai Chung  
New Territories  
Hong Kong

*Independent Non-executive Directors*

Mr. Ng Kwok Tung  
Mr. Wong Kwong Chi  
Mr. Chow Wing Kin, Anthony, SBS, JP  
Mrs. Fung Yeh Yi Hao, Yvette

24 April 2012

*To the Shareholders*

Dear Sir or Madam,

### SUBSCRIPTION OF NEW SHARES AND APPLICATION FOR WHITEWASH WAIVER

#### 1. INTRODUCTION

The Company and the Subscriber jointly announced on 3 April 2012 that the Subscriber entered into the Subscription Agreement with the Company pursuant to which the Subscriber has conditionally agreed to (or shall procure the Nominee to) subscribe for and the Company has conditionally agreed to allot and issue a total of 409,036,000 Subscription Shares at the price of HK\$1.25 per Subscription Share. The Subscription Shares represent approximately 51.52% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 34.00% of the issued share capital of the Company as enlarged by the Subscription (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares between the Latest Practicable Date up to Completion).

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## LETTER FROM THE BOARD

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Upon Completion, 409,036,000 Subscription Shares will be issued to the Subscriber, and the Subscriber and parties acting in concert with it will hold approximately 34.00% of the issued share capital of the Company as enlarged by the Subscription (assuming that no additional Shares other than the Subscription Shares will be issued between the Latest Practicable Date up to Completion). Accordingly, the Subscriber and parties acting in concert with it, in the absence of the Whitewash Waiver, would be obliged to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares and other securities of the Company not already owned or agreed to be acquired by them as a result of the issue and allotment of the Subscription Shares.

The Subscriber has made an application to the Executive for the Whitewash Waiver which, if granted, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll. The Executive has indicated that it will grant the Whitewash Waiver subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll.

Pursuant to the Takeovers Code, the Independent Board Committee comprising all the independent non-executive Directors has been established by the Company to advise the Independent Shareholders on, among other things, the terms of the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver. No member of the Independent Board Committee has any interest or involvement in the transactions contemplated under the Subscription Agreement or the Whitewash Waiver. One of the members of the Independent Board Committee, Mrs. Fung Yeh Yi Hao, Yvette, is interested in 70,000 Shares, representing approximately 0.01% of the issued share capital of the Company, as at the Latest Practicable Date, which information is disclosed under the section headed "Effect of the Subscription on Shareholding Structure" in this letter. Mrs. Fung Yeh Yi Hao, Yvette has no direct or indirect interest in the Subscription and the Whitewash Waiver, other than as a Shareholder. In view of that, pursuant to Rule 2.8 of the Takeovers Code, Mrs. Fung Yeh Yi Hao, Yvette is eligible to be a member of the Independent Board Committee. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things: (i) the Subscription Agreement and the transactions contemplated thereunder; and (ii) the Whitewash Waiver. The Subscriber, its ultimate beneficial owners and parties acting in concert with any of them do not currently hold any shares in the Company and accordingly will not vote on any of the resolutions. Only the Independent Shareholders will be entitled to vote on the resolutions to approve the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver at the EGM.

Mr. Ha Chung Fong, Mr. Ha Kam On, Victor and Dr. Yen Gordon were involved in the negotiations and discussions of the terms of the Subscription with the Subscriber. The Ha Family is therefore regarded as being "involved in" the Subscription under Note 1 on dispensations from Rule 26 of the Takeovers Code. Accordingly, Mr. Ha Chung Fong, Mr. Ha Kam On, Victor, Dr. Yen Gordon, the Ha Trust and parties acting in concert with any of them will abstain from voting in respect of their respective shareholdings at the EGM in respect of the resolutions to approve the Subscription and the Whitewash Waiver.

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## LETTER FROM THE BOARD

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The purpose of this circular is (a) to provide you with further information on, among others, the details of the Subscription, the Subscription Agreement and the Whitewash Waiver; (b) to set out the letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver; (c) to set out the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver; (d) to give you notice of the EGM; and (e) to provide other information as required under the Listing Rules and the Takeovers Code.

### 2. THE SUBSCRIPTION AGREEMENT

#### Date

3 April 2012

#### Parties

- (a) the Subscriber; and
- (b) the Company.

#### The Subscription Shares

Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to (or shall procure the Nominee to) subscribe for and the Company has conditionally agreed to allot and issue a total of 409,036,000 Subscription Shares. As at the Latest Practicable Date, there were 794,010,960 Shares in issue and the Subscription Shares represent: (i) approximately 51.52% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 34.00% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares between the Latest Practicable Date up to Completion).

#### Subscription Price

The Subscription Price for the Subscription Shares is HK\$1.25 per Subscription Share. The Subscription Price represents:

- (i) a premium of approximately 27.55% over the closing price of HK\$0.9800 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 32.98% over the closing price of HK\$0.9400 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 30.75% over the average closing price of HK\$0.9560 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days immediately prior to and including the Last Trading Day;



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## LETTER FROM THE BOARD

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- (iv) a premium of approximately 28.21% over the average closing price of HK\$0.9750 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 22.75% over the average closing price of HK\$1.0183 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to and including the Last Trading Day; and
- (vi) a discount of approximately 65.03% over the Group's audited consolidated net asset per Share (excluding minority interest) as at 31 August 2011 of approximately HK\$3.5742 (based on a total of 794,010,960 Shares as at the Latest Practicable Date).

The Subscription Price was determined after arm's length negotiation between the Company and the Subscriber with reference to the prices of the Shares on the Stock Exchange recently traded prior to the date of the Subscription Agreement.

The total consideration for the Subscription Shares in the sum of HK\$511,295,000 will be financed by internal resources of Chinatex.

### **Ranking**

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with all the Shares in issue at the date of allotment and issue of the Subscription Shares, including the right to any dividends or distributions made or declared on or after the date of issue and allotment of the Subscription Shares.

### **Conditions of the Subscription**

Completion of the Subscription is conditional upon:

- (a) the passing by the Shareholders of the Company (being such Shareholders as are allowed to vote under the Listing Rules or permitted by the Stock Exchange to vote) at the EGM of a resolution approving the Subscription Agreement and the transactions contemplated thereunder, including the allotment and issue of the Subscription Shares pursuant to the Subscription Agreement by way of poll;
- (b) listing of and permission to deal in the Subscription Shares being granted by the Listing Committee of the Stock Exchange;
- (c) the listing and permission referred to in Condition (b) not subsequently being revoked prior to Completion;

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## LETTER FROM THE BOARD

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- (d) the Shares remaining listed on the Stock Exchange and traded on the Stock Exchange at all times from the date of the Subscription Agreement to the Completion Date, except for the suspension of trading of the Shares for the purpose of clearing the Announcement in relation to the Subscription or the transactions contemplated under the Subscription Agreement or temporary suspension not exceeding 10 consecutive trading days;
- (e) the Subscriber (or the Nominee) receiving the relevant consent or approval of or having effected the relevant filing requirements with the relevant PRC governmental body or regulatory authority as is required for the Subscriber (or the Nominee) to perform their obligations in relation to the Subscription;
- (f) the Executive having granted a Whitewash Waiver to the Subscriber;
- (g) the passing of a resolution by the Independent Shareholders at the EGM approving the Whitewash Waiver by way of poll;
- (h) the obtaining by the Company of all necessary waivers and/or consents from creditors granting the financing facilities to the Group in relation to breaches of provisions in the financing facilities as a result of the Subscription;
- (i) none of the warranties given by the Company being found to be, or no event occurring or matter arising after the date of the Subscription Agreement which renders any of such warranties, untrue or incorrect or misleading as at Completion; and
- (j) there being no material adverse change as to the financial or trading position or profitability of the Group taken as a whole as at Completion.

The Conditions set out in paragraphs (h) to (j) above may be waived by the Subscriber. The Conditions set out in paragraphs (a), (f) and (g) may not be waived. In the event that any of the Conditions have not been satisfied or waived by the Long Stop Date, the Subscription Agreement shall terminate with immediate effect except for the Surviving Clauses, and the parties shall be released from all liabilities and obligations thereunder, except for any accrued rights or obligations of a party at the date of termination.

An ordinary resolution will be proposed at the EGM to seek, among other things, a specific mandate for the issue of the Subscription Shares pursuant to the Subscription Agreement.

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

### **Completion of the Subscription**

Subject to fulfilment and/or waiver of all the Conditions, Completion shall take place on the Completion Date.

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## LETTER FROM THE BOARD

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### Guarantee

In consideration of the Company entering into the Subscription Agreement, the Subscriber shall as primary obligor, among other things, procure the Nominee shall duly observe and perform all its obligations owed to the Company under the Subscription Agreement.

### Other terms

The Company shall, subject to certain limitations, indemnify the Subscriber against liabilities which the Subscriber suffers or incurs by reason of: (i) any of the Company's warranties being untrue or inaccurate in a material respect and which have not been remedied or rectified prior to Completion by the Company and (ii) any failure by the Company to perform its obligations under the Subscription Agreement.

The Subscriber shall indemnify the Company against liabilities which the Company suffers or incurs by reason of: (i) any of the Subscriber's warranties being untrue or inaccurate; and (ii) any failure by the Subscriber to perform its obligations under the Subscription Agreement.

### 3. REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is an integrated fabric manufacturer and supplier and is principally engaged in textile and garment businesses including the production and sale of knitted fabric, garments and textile machinery and the sale of raw yarns, dyed yarns and sewing threads.

Referring to the information contained in the "Business Outlook" section of its final results announcement and annual report for the year ended 31 August 2011, the Company considered that:

- (1) the difficult economic environment in North America and Europe caused by factors including high unemployment rate and concerns over default of European debts has led to lower consumer confidence and demand for textile products;
- (2) the market price of knitted fabrics would most likely decline for the next year as the prices of cotton and cotton yarn had declined substantially since early 2011;
- (3) the Group expected industrial environment in the coming financial year to be very challenging, especially during the earlier part of the year due to declining prices of products coupled with relatively higher price raw material inventory purchased earlier when market prices were higher; and
- (4) the Group would seek to expand its sales to the domestic PRC market in order to compensate for the weaknesses in the export market.

While the Group has been reducing its gearing over the past year, it still has a relatively high debt to equity ratio. Under the concerns that the commercial lending market may tighten due to issues relating to the European sovereign debt, the Board has concluded that it would be beneficial for the Company to raise additional equity so as to reduce its indebtedness and strengthen its financial position.

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## LETTER FROM THE BOARD

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Moreover, the Company considers the Subscriber to have extensive network and expertise in the raw material supply chain for textiles as well as knowledge of the domestic market for textile products in China, thus having strong synergies with its business. The strategic involvement of the Subscriber could enhance the Group's competitiveness for the export markets as well as the domestic market in the PRC.

It is the intention of the Company to apply not less than 60% of the net proceeds from the Subscription to the repayment of bank borrowings and any balance of the net proceeds after repayment of the bank borrowings will be applied to capital expenditure and/or general working capital of the Group.

The Directors (including the independent non-executive Directors after taking the advice of the Independent Financial Adviser) consider that the terms of the Subscription Agreement are fair and reasonable and are on normal commercial terms, and in the interests of the Group and the Shareholders as a whole.

The net proceeds from the Subscription are estimated to be approximately HK\$506,295,000 and based on such estimated net proceeds, the net subscription price per Subscription Share would be approximately HK\$1.2378.

#### **4. PROPOSED CHANGE OF BOARD COMPOSITION**

Under the Subscription Agreement, it is agreed that at Completion, subject to applicable laws, rules and regulations (including the Listing Rules and the Takeovers Code) and the articles of association of the Company, the Company shall procure (i) that the Board shall consist of 11 Directors, of which 7 persons as nominated by the Subscriber in writing shall be appointed to the Board (comprising 3 executive Directors, 2 non-executive Directors, and 2 independent non-executive Directors) and sufficient number of Directors to resign so as to facilitate the appointment of the 7 directors as nominated by the Subscriber effective on the Completion Date; (ii) that the appointments of the chairman of the Board effective on the Completion Date and the chief financial officer of the Company effective on or after the Completion Date, both as nominated by the Subscriber in writing; (iii) that Mr. Ha Chung Fong shall resign as the chairman of the Board and be appointed as the honorary chairman of the Board effective on the Completion Date; (iv) that Mr. Ha Hon Kuen shall resign as an executive Director but shall remain as an employee of the Company on such terms as may be agreed between the Company and Mr. Ha Hon Kuen subject to review by the Remuneration Committee and the Board subsequent to Completion; (v) that Mr. Ha Kam On, Victor shall be appointed as vice-chairman of the Board and chief executive officer of the Company effective on the Completion Date; and (vi) that the composition of the Audit Committee, Remuneration Committee and Nomination Committee complied with the Listing Rules by filling casual vacancies of such committees with Directors nominated by the Subscriber (in accordance with the Listing Rules) after consultation with the Subscriber.

It is expected that, among the existing executive Directors, Mr. Ha Chung Fong, Mr. Ha Kam On, Victor and Dr. Gordon Yen will remain as the executive Directors after the above change of Board composition.

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## LETTER FROM THE BOARD

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### 5. EFFECT OF THE SUBSCRIPTION ON SHAREHOLDING STRUCTURE

The shareholdings in the Company as at the Latest Practicable Date (based on information received by the Company and notified pursuant to Part XV of the SFO) and immediately after completion of the Subscription (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares since the Latest Practicable Date up to Completion) are summarised as follows:

	As at the Latest Practicable Date		Immediately after completion of the Subscription	
	<i>No. of Shares held</i>	<i>Approx. %</i>	<i>No. of Shares held</i>	<i>Approx. %</i>
<b><i>The Directors:</i></b>				
<i>Ha Family</i>				
– Mr. Ha Chung Fong ( <i>Note 1</i> )	246,388,948	31.03	246,388,948	20.48
– Mr. Ha Kam On, Victor ( <i>Note 2</i> )	90,841,096	11.44	90,841,096	7.55
– Dr. Yen Gordon ( <i>Note 3</i> )	6,400,000	0.81	6,400,000	0.53
	343,630,044	43.28	343,630,044	28.56
<i>Other Director</i>				
– Mrs. Fung Yeh Yi Hao, Yvette	70,000	0.01	70,000	0.01
<b><i>The Subscriber</i></b>	–	–	409,036,000	34.00
<b><i>Other Shareholders</i></b>	450,310,916	56.71	450,310,916	37.43
<b><i>Total</i></b>	794,010,960	100.00	1,203,046,960	100.00

*Notes:*

1. These 246,388,948 Shares comprise of 34,280,000 Shares, representing approximately 4.32% of the issued share capital of the Company as at the Latest Practicable Date, held by Mr. Ha Chung Fong and 212,108,948 Shares, representing approximately 26.71% of the issued share capital of the Company as at the Latest Practicable Date, which Mr. Ha Chung Fong was deemed to be interested in by virtue of the set up of the Ha Trust.
2. In addition to these 90,841,096 Shares held, Mr. Ha Kam On, Victor has also been granted share options to subscribe for 7,900,000 Shares. As at the Latest Practicable Date, none of these share options have been exercised.
3. In addition to these 6,400,000 Shares held, Dr. Yen Gordon has also been granted share options to subscribe for 7,900,000 Shares. Being the spouse of Ms. Ha Kam Yee (the daughter of Mr. Ha Chung Fong), Dr. Yen Gordon was also deemed to be interested in share options to subscribe for 5,000,000 Shares granted to Ms. Ha Kam Yee. As at the Latest Practicable Date, none of these share options have been exercised.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the Company has granted the following share options pursuant to the share option schemes adopted on 25 January 2002 and 20 January 2011 respectively:

	<b>Outstanding share options</b> <i>No. of options</i>
<b><i>The Directors:</i></b>	
– Mr. Ha Kam On, Victor	7,900,000
– Mr. Ha Hon Kuen ( <i>Note 1</i> )	5,000,000
– Dr. Yen Gordon ( <i>Note 2</i> )	7,900,000
<b><i>Employees</i></b>	<u>23,397,000</u>
<b><i>Total</i></b>	<u><u>44,197,000</u></u>

*Notes:*

1. Mr. Ha Hon Kuen is the son of Mr. Ha Chung Fong.
2. *Dr. Yen Gordon has been granted share options to subscribe for 7,900,000 Shares and, being the spouse of Ms. Ha Kam Yee (the daughter of Mr. Ha Chung Fong), was also deemed to be interested in share options to subscribe for 5,000,000 Shares granted to Ms. Ha Kam Yee.*

As at the Latest Practicable Date, save for the 44,197,000 outstanding share options as disclosed under the paragraph headed “Effect of the Subscription on Shareholding Structure”, the Company does not have any other options, warrants or convertible securities in issue.

### 6. APPLICATION FOR WHITEWASH WAIVER

Upon Completion, 409,036,000 Subscription Shares will be issued to the Subscriber, and the Subscriber and parties acting in concert with it will hold 409,036,000 Subscription Shares, representing approximately 34.00% of the issued share capital of the Company as enlarged by the Subscription (assuming that no additional Shares other than the Subscription Shares will be issued between the Latest Practicable Date up to Completion). Accordingly, the Subscriber and parties acting in concert with it, in the absence of the Whitewash Waiver, would be obliged to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares and other securities of the Company not already owned or agreed to be acquired by them.

The Subscriber has made an application to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll. The Executive has indicated that it will grant the Whitewash Waiver subject to among other things, the approval of the Independent Shareholders at the EGM by way of poll.

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## LETTER FROM THE BOARD

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Only the Independent Shareholders will be entitled to vote on the resolutions to approve the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver at the EGM. Mr. Ha Chung Fong, Mr. Ha Kam On, Victor and Dr. Yen Gordon were involved in the negotiations and discussions of the terms of the Subscription with the Subscriber. The Ha Family is therefore regarded as being “involved in” the Subscription under Note 1 on dispensations from Rule 26 of the Takeovers Code. Accordingly, Mr. Ha Chung Fong, Mr. Ha Kam On, Victor, Dr. Yen Gordon, the Ha Trust and parties acting in concert with any of them will abstain from voting in respect of their respective shareholdings at the EGM in respect of the resolutions to approve the Subscription and the Whitewash Waiver.

Apart from the Subscription Agreement, neither the Subscriber nor any parties acting in concert with it will:

- (a) from the date of the Subscription Agreement until the Completion Date acquire or dispose of or enter into any agreement or arrangement to acquire or dispose of any voting rights in the Company; and
- (b) within six months after the EGM, acquire or dispose of or enter into any agreement or arrangement to acquire or dispose of any voting rights in the Company from or to a person who is a Director or substantial Shareholder.

As at the Latest Practicable Date, the Subscriber and parties acting in concert with it do not hold, control or have direction over the voting rights in the Company or rights over the Shares. As at the Latest Practicable Date, the Subscriber and parties acting in concert with it have not received any irrevocable commitment from any Shareholders to vote in favour of the Subscription and the Whitewash Waiver.

The Subscriber and each of its directors and shareholders has confirmed that neither it/he/she nor any persons acting in concert with it/him/her:

- (a) has acquired or disposed of or entered into any agreement or arrangement to acquire or dispose of any voting rights in the Company within the six months prior to the date of the Subscription Agreement and up to the Latest Practicable Date;
- (b) owns any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of Shares nor has entered into any outstanding derivative in respect of securities in the Company;
- (c) has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or shares of the Subscriber and which might be material to the transactions contemplated under the Subscription Agreement or the Whitewash Waiver with any other persons;

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## LETTER FROM THE BOARD

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- (d) has any agreements or arrangements to which it/he/she is a party which relate to the circumstances in which it/he/she may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Subscription Agreement or the Whitewash Waiver, nor any such agreements or arrangements the consequences of its/his/her so invoking or seeking to invoke a precondition or a condition to such transactions would result in any break fees being payable; and
- (e) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

### 7. FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company did not raise funds on any issue of equity securities raising activities during the past twelve months immediately preceding the Latest Practicable Date.

### 8. PRINCIPAL ACTIVITIES OF THE SUBSCRIBER AND THE GROUP

Chinatex is under the direct administration of the State-Owned Assets Supervision and the Administration Commission of the State Council of the PRC and is one of the 500 largest enterprises in the PRC. It has two core businesses - textiles business and grains & oils business. Chinatex's textile business covers the trading and manufacturing of cotton, wool, yarns & fabrics, home furnishing textiles and garments. Chinatex has its own cotton plantation, cotton ginning and spinning mills, knit-wear and woven garment manufacturing bases, which are located across the PRC and overseas. Chinatex is the largest cotton trader in China with an annual trading volume of over 200,000 tons in recent years. Chinatex operates four manufacturing facilities with an aggregate of 500,000 spindles in operation producing annually 50,000 tons of mid and high end cotton yarn, blended yarn and fiber yarn. Chinatex is expanding its production capacity with 20,000 new spindles already under construction. In 2011, Chinatex's total revenues amounted to approximately RMB35 billion of which its textile and garment business' total revenues amounted to approximately RMB12 billion, representing approximately one third of the total revenues of Chinatex.

The Group is an integrated fabric manufacturer and supplier and is principally engaged in textile and garment businesses including the production and sale of knitted fabric, garments and textile machinery and the sale of raw yarns, dyed yarns and sewing threads.

### 9. SUBSCRIBER'S INTENTIONS IN RELATION TO THE GROUP

As stated above, Chinatex has an integrated textile and garment business from cotton to manufacturing of garments. Chinatex intends to develop and expand its operations in the value chain of the textile and garment industries. It is the strategy of Chinatex to work together with other textile companies in the PRC and Hong Kong to leverage industry resources in the PRC to deal with global market challenges and to benefit from opportunities such as the growth of the consumer markets in the PRC, which is one of the main focus of the Chinese government's economic policy in its 12th Five-Year Plan for National Economic and Social Development (2011-2015). Chinatex considers the business and product lines of the Company to be very complementary to its existing textile business and believes it can enhance the Company's competitiveness especially in the export market through Chinatex's



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## LETTER FROM THE BOARD

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resources in the raw materials supply chain. With its leading position in the textile industry in the PRC, Chinatex believes that it can also help accelerate the expansion of the Company's business in the PRC which is relatively underdeveloped when compared to the Company's business in the other markets in North America and Europe. Chinatex will leverage principally the existing management to continue to operate and develop the businesses of the Company. Chinatex believes that its investment in the Company will create substantial benefits to the Company and its shareholders.

Chinatex intends to make a strategic investment in the Company by way of the Subscription. Following the Completion, the Group will continue its existing principal business in the ordinary course. Chinatex has no intention to make major changes to the continued employment of the employees of the Group, save for the nomination of the seven directors to the Board and the nomination of the chairman of the Board and chief financial officer of the Company. The Subscriber does not intend to introduce any major changes to the business of the Group or re-deploy or dispose of the assets or business of the Group other than in the ordinary course of business. Any acquisition or disposal of the assets or business of the Group, if any, will be in compliance with the Listing Rules and the Takeovers Code (if applicable) and applicable laws and regulations.

### 10. THE EXTRAORDINARY GENERAL MEETING

A notice convening the EGM is set out on pages 38 to 39 of this circular.

The EGM will be held to consider, if thought fit, pass the resolutions to approve, among other things: (i) the Subscription Agreement and the transactions contemplated thereunder; and (ii) the Whitewash Waiver. The Subscriber, its ultimate beneficial owners and parties acting in concert with any of them do not currently hold any Shares and accordingly will not vote on any of the resolutions. Only the Independent Shareholders will be entitled to vote on the resolutions to approve the Subscription Agreement and the transactions contemplated thereunder the Whitewash Waiver at the EGM. Mr. Ha Chung Fong, Mr. Ha Kam On, Victor and Dr. Yen Gordon were involved in the negotiations and discussions of the terms of the Subscription with the Subscriber. The Ha Family is therefore regarded as being "involved" to the Subscription under Note 1 on dispensations from Rule 26 of the Takeovers Code. Accordingly, Mr. Ha Chung Fong, Mr. Ha Kam On, Victor, Dr. Yen Gordon, the Ha Trust and parties acting in concert with any of them will abstain from voting in respect of their respective shareholdings at the EGM in respect of the resolutions to approve the Subscription and the Whitewash Waiver.

Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's share registrar, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or adjournment thereof. Completion and return of the proxy form will not prevent you from attending and voting at the EGM or at any adjournment thereof should you so wish.

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## LETTER FROM THE BOARD

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### 11. RECOMMENDATION

The Directors (including all the independent non-executive Directors after considering the advice of the Independent Financial Adviser) consider that the terms of the Subscription Agreement and the Whitewash Waiver are conducted on normal commercial terms, fair and reasonable and the Subscription Agreement and the Whitewash Waiver are in the interests of the Group and the Shareholders as a whole, and accordingly recommend the Independent Shareholders to vote in favour of all the resolutions to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver.

Your attention is drawn to (i) the letter from the Independent Board Committee, the text of which is set out in page 17 of this circular, and (ii) the letter from the Independent Financial Adviser, the text of which is set out in pages 18 to 37 of this circular.

### 12. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
By order of the Board  
**Fountain Set (Holdings) Limited**  
**HA CHUNG FONG**  
*Chairman*



福田實業(集團)有限公司

Fountain Set (Holdings) Limited

(Incorporated in Hong Kong with limited liability)

(Stock code: 420)

24 April 2012

*To the Independent Shareholders*

Dear Sirs,

**SUBSCRIPTION OF NEW SHARES  
AND  
APPLICATION FOR WHITEWASH WAIVER**

This Independent Board Committee has been appointed to advise you on the terms of the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver, details of which are set out in the letter from the Board contained in the circular to the Shareholders dated 24 April 2012 (the “Circular”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the terms of the Subscription and the advice of the Independent Financial Adviser in relation thereto as set out on pages 18 to 37 of the Circular, we are of the opinion that the terms of the Subscription Agreement and the Whitewash Waiver are conducted on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and the Subscription Agreement and the transactions contemplated thereunder are in the interests of the Company and the Independent Shareholders as a whole. We therefore recommend that the Independent Shareholders should vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver.

Yours faithfully,  
Independent Board Committee

**NG KWOK TUNG**

*Independent non-executive Director*

**WONG KWONG CHI**

*Independent non-executive Director*

**CHOW WING KIN, ANTHONY, SBS, JP**

*Independent non-executive Director*

**FUNG YEH YI HAO, YVETTE**

*Independent non-executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The following is the full text of the letter from Piper Jaffray which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.

**Piper Jaffray**

24 April 2012

To: The Independent Board Committee and the Independent Shareholders

Dear Sirs,

**(1) ISSUE OF NEW SHARES TO CHINATEX;  
(2) APPLICATION FOR WHITEWASH WAIVER**

### INTRODUCTION

We refer to our appointment as independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription and the Whitewash Waiver, details of which are set out in the letter from the board (the "Letter from the Board") contained in the circular (the "Circular") of the Company to the Shareholders dated 24 April 2012, of which this letter forms part. Our appointment has been approved by the Independent Board Committee. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 3 April 2012, Chinatex entered into the Subscription Agreement with the Company pursuant to which Chinatex has conditionally agreed to subscribe for 409,036,000 Subscription Shares, representing approximately 51.52% of the existing issued Shares as at the Latest Practicable Date and approximately 34.00% of the issued Shares as enlarged by the Subscription Shares, at HK\$1.25 per Subscription Share, amounted to approximately HK\$511.3 million. The Company shall also agree to facilitate the appointments of seven persons as nominated by Chinatex to the board of the Company in accordance with the Subscription Agreement. Details of the proposed change of the composition of the Board are set out in the Letter from the Board of the Circular.

As at the Latest Practicable Date, the Company has authorized share capital of HK\$280,000,000 divided into 1,400,000,000 Shares; and issued share capital of HK\$158,802,192, divided into 794,010,960 Shares. As the Latest Practicable Date, Chinatex does not have any shareholding interest in the Company. Each of Mr. Ha Chung Fong, Mr. Ha Kam On, Victor and Dr. Yen Gordon Yen holds approximately 31.03%, 11.44% and 0.81% of the issued Shares respectively. They are executive Directors and were involved in the negotiations and discussions of the terms of the Subscription with the Subscriber, and therefore, the Ha Family is regarded as being "involved in" the Subscription under the Takeovers Code and Mr. Ha Chung Fong, Mr. Ha Kam On, Victor, Dr. Yen Gordon, the Ha Trust and parties acting in concert with any of them will abstain from voting in respect of their respective shareholdings on the resolutions relating to the Subscription and the Whitewash Waiver at the EGM.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Upon completion of the Subscription, Chinatex will hold 409,036,000 Shares representing approximately 34.00% of the issued Shares, Mrs. Fung Yeh Yi Hao, Yvette, a Director, will hold 70,000 Shares representing approximately 0.01%, the Ha Family will hold 343,630,044 Shares representing approximately 28.56% of the issued Shares and the other shareholders will hold 450,310,916 Shares representing approximately 37.43% of the issued Shares.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Ng Kwok Tung, Mr. Wong Kwong Chi, Mr. Chow Wing Kin, Anthony, SBS, JP and Mrs. Fung Yeh Yi Hao, Yvette, has been established to advise the Independent Shareholders in respect of the terms of the Subscription Agreement and the transactions contemplated thereunder and the voting in respect of the Whitewash Waiver.

### **BASIS OF OUR OPINION AND RECOMMENDATION**

In arriving at our recommendation, we have relied on the statements, information and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Company. We have assumed that all information and representations contained or referred to in the Circular and all information and representations which have been provided by the Directors and the management of the Company are true and accurate at the time they were made and will continue to be accurate as at the date of the despatch of the Circular. If there are any changes to the information and representations contained in the Circular which would have material impact on our opinion and recommendation, Shareholders will be informed as soon as practicable. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Company.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular (other than information relating to the Subscriber, the Nominee and parties acting in concert with any of them) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular (other than opinions expressed by the Subscriber or the Nominee or parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any such statement contained in the Circular, including this letter, misleading.

The directors of the Subscriber jointly and severally accept full responsibility for the accuracy of the information contained in the Circular (other than information relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular (other than opinions expressed by the Company or the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular, including this letter, misleading.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We have not, however, carried out any independent verification of the information provided by the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group and their respective associates.

This letter is issued for the information for the Independent Board Committee and Independent Shareholders solely in connection with their consideration of (i) the terms of the Subscription Agreement and the transactions contemplated thereunder; and (ii) the voting in respect of the Whitewash Waiver. Except for its inclusion in the Circular, the letter shall not be quoted or referred to, in whole or in part, nor be used for any other purposes, without our prior written consent.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our advice with regard to (i) the terms of the Subscription Agreement and the transactions contemplated thereunder; and (ii) the voting in respect of the Whitewash Waiver, we have taken into consideration the following factors and reasons:

#### 1. Review of historical performance of the Group

The Group is principally engaged in the production and sale of fabrics, sewing threads, yarns, and garments. Its activities include cotton spinning, knitting, dyeing, printing, and finishing of knitted fabrics.

The table below summaries the consolidated financial results of the Group for each of the three years ended 31 August 2011 as extracted from the Group's annual report for the year ended 31 August 2011 (the "2011 Annual Report") and for the year ended 31 August 2010 (the "2010 Annual Report") and the Group's interim results for the six months ended 29 February 2012 (the "2012 Interim Results"):

**Table A – Summary of the consolidated financial results of the Group**

	For the six	For the six	For the year ended 31 August		
	months ended	months ended	2011	2010	2009
	29 February	28 February	2011	2010	2009
	2012	2011	2011	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
Turnover	3,207,910	3,678,314	7,593,889	6,148,949	5,451,492
Cost of sales	2,958,605	3,080,793	6,429,052	5,154,109	4,607,480
Gross profit	249,305	597,521	1,164,837	994,840	844,012
(Loss) profit before taxation	(142,257)	179,977	343,191	250,095	8,280
Total comprehensive (expense) income attributable to the Shareholders	(157,973)	155,804	209,246	239,444	(54,274)

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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For the six months ended 29 February 2012, the Group recorded a turnover of HK\$3,207,910,000, representing a decrease of approximately 12.8% as compared with HK\$3,678,314,000 for the six months ended 28 February 2011. As explained in the 2012 Interim Results, the decrease in turnover during the period was mainly due to lower demand for textile products attributable by the difficult economic environment in North America and Europe. The high unemployment rate and concerns over default of European debts had adversely affected the consumer confidence and the Group's selling prices and sales volume during the period. As advised by the Directors, most of their customers' primary markets are located in North America and Europe. Other than the direct sales the Company made during the period, which accounted for 6.1% of the total revenue, it has been estimated by the Company that more than 70% of their sales were indirectly targeted North America and Europe via their clients. In addition, the Group's gross profit for the six months ended 29 February 2012 decrease to HK\$249,305,000 from HK\$597,521,000 in the previous corresponding period. The Group's total comprehensive expense attributable to the Shareholders for the six months ended 29 February 2012 was approximately HK\$157,973,000 as compared with a total comprehensive income attributable to the Shareholders of HK\$155,084,000 for the six months ended 28 February 2011. As explained in the 2012 Interim Results, the deterioration on the results of the Group for the period ended 29 February 2012 was mainly attributable to the continuous and substantial decline in the costs of cotton and cotton yarn during the last three quarters of calendar year 2011. As the majority of the cotton and cotton yarn inventories consumed by the Group during the interim period were purchased earlier when costs were higher, the profit of the Group in the six months ended 29 February 2012 was adversely affected.

For the year ended 31 August 2011, the Group recorded a turnover of HK\$7,593,889,000, representing an increase of approximately 23.5% from HK\$6,148,949,000 in the preceding financial year. The Group's gross profit for the year ended 31 August 2011 increased to HK\$1,164,837,000 from HK\$994,840,000 in the previous financial year. The Group's total comprehensive income attributable to the Shareholders decreased by approximately 12.6% from HK\$239,444,000 for the year ended 31 August 2010 to HK\$209,246,000 for the year ended 31 August 2011. As explained in the 2011 Annual Report, the negative effect on the results of the Group for the year ended 31 August 2011 was mainly attributable to non-recurring exceptional items for the current and previous year, comprising gain on disposal of property interests of approximately HK\$96.4 million in 2010 and provision for tax audit of HK\$41.0 million in 2011.

For the year ended 31 August 2010, the Group recorded a turnover of HK\$6,148,949,000, representing an increase of approximately 12.8% as compared to HK\$5,451,492,000 for the year ended 31 August 2009. The Group's gross profit for the year ended 31 August 2010 increased to HK\$994,840,000 from HK\$844,012,000 in the previous financial year. The Group's total comprehensive income attributable to the Shareholders for the year ended 31 August 2010 was HK\$239,444,000, representing a significant increase from the total comprehensive expense attributable to the Shareholders of HK\$54,274,000 as recorded in the preceding financial year. According to the 2010 Annual Report, the Group became profitable for the year ended 31 August 2010 which was mainly attributable to the recovery of world economy from the global financial and economic crisis with increased export orders.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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The table below shows the consolidated statement of financial position of the Group as at 29 February 2012, 31 August 2011, 31 August 2010 and 31 August 2009 as extracted from the 2012 Interim Results, 2011 Annual Report and 2010 Annual Report:

**Table B – Consolidated statement of financial position of the Group**

	As at		As at 31 August	
	29 February 2012 (Unaudited) <i>HK\$'000</i>	2011 (Audited) <i>HK\$'000</i>	2010 (Audited) <i>HK\$'000</i>	2009 (Audited) <i>HK\$'000</i>
<b>Non-current assets</b>				
Investment properties	–	–	–	12,755
Property, plant and equipment	1,996,084	2,155,311	2,328,801	2,293,055
Prepaid lease payments – non-current portion	108,808	119,207	125,324	129,491
Consideration receivable – non-current portion	–	–	–	168,672
Deposits paid for acquisition of property, plant and equipment	14,698	–	–	–
Prepayments for and rights under life insurance policies	36,323	–	–	–
Deferred tax assets	18,080	25,689	25,309	16,111
	<u>2,173,993</u>	<u>2,300,207</u>	<u>2,479,434</u>	<u>2,620,084</u>
<b>Current assets</b>				
Inventories	1,695,109	1,683,454	1,938,592	1,180,756
Trade and bills receivables	1,254,583	1,275,741	1,372,026	1,135,082
Prepayments, deposits and other receivables	221,707	214,193	209,979	217,108
Prepaid lease payments – current portion	2,525	2,732	2,812	2,848
Consideration receivable – current portion	–	–	171,283	64,042
Derivative financial instruments	2,489	4,984	2,514	–
Tax recoverable	6,186	3,039	18,957	26,267
Bank deposits with restricted use	–	–	–	2,127
Short-term bank deposits	112,514	106,075	42,438	58,015
Bank balances and cash	853,677	1,018,477	627,938	742,400
	<u>4,148,790</u>	<u>4,308,695</u>	<u>4,386,539</u>	<u>3,428,645</u>
Assets classified as held for sale	66,615	–	–	5,493
	<u>4,215,405</u>	<u>4,308,695</u>	<u>4,386,539</u>	<u>3,434,138</u>



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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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	As at 29 February 2012 (Unaudited) HK\$'000	2011 (Audited) HK\$'000	As at 31 August 2010 (Audited) HK\$'000	2009 (Audited) HK\$'000
<b>Current liabilities</b>				
Trade and bills payables	850,738	698,433	867,513	610,859
Other payables and accruals	304,503	320,661	331,771	279,133
Amounts due to non-controlling shareholders	80,100	80,100	80,100	80,100
Consideration payable – current portion	–	23,501	58,446	28,672
Deferred income – current portion	1,458	1,458	1,458	1,458
Derivative financial instruments	743	108	773	–
Tax payable	99,418	131,311	26,187	20,572
Restructuring provisions	–	–	730	4,689
Bank borrowings – due within one year	1,679,991	1,443,532	1,604,591	839,538
Bank overdrafts	15,313	–	3,386	969
<b>Total current liabilities</b>	<b>3,032,264</b>	<b>2,699,104</b>	<b>2,974,955</b>	<b>1,865,990</b>
Net current assets	1,183,141	1,609,591	1,411,584	1,568,148
Total assets less current liabilities	3,357,134	3,909,798	3,891,018	4,188,232
<b>Non-current liabilities</b>				
Consideration payable – non-current portion	–	–	–	46,316
Deferred income – non-current portion	66,349	67,080	68,538	69,996
Derivative financial instruments	33,970	45,583	54,389	30,898
Bank borrowings – due after one year	384,387	755,854	951,275	1,489,018
Deferred tax liabilities	3,312	3,055	3,721	3,247
<b>Net assets</b>	<b>488,018</b>	<b>871,572</b>	<b>1,077,923</b>	<b>1,639,475</b>
Net assets	2,869,116	3,038,226	2,813,095	2,548,757
<b>Capital and reserves</b>				
Share capital	158,802	158,802	158,802	158,802
Reserves	2,518,717	2,679,224	2,474,523	2,235,079
Equity attributable to owners of the Company	2,677,519	2,838,026	2,633,325	2,393,881
Non-controlling interests	191,597	200,200	179,770	154,876
<b>Total equity</b>	<b>2,869,116</b>	<b>3,038,226</b>	<b>2,813,095</b>	<b>2,548,757</b>
Current ratio (note 1)	1.39	1.60	1.47	1.85
Debt ratio (note 2)	0.55	0.54	0.59	0.58

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Note:*

1. The current ratio is calculated by dividing current assets by current liabilities.
2. The debt ratio is calculated by dividing total liabilities by total assets.

As shown in Table B, the non-current assets of the Group decreased from HK\$2,300,207,000 as at 31 August 2011 to HK\$2,173,993,000 as at 29 February 2012 mainly due to the some reclassification of property, plant and equipment to assets classified as held for sale under current assets. We note from the 2012 Interim Results that on 29 February 2012, the Group entered into an agreement with an independent third party to dispose of its 100% equity interests of New Achieve Investments Limited ("New Achieve"), Able Jubilee Limited ("Able Jubilee") and Jiangyin Jintian Machinery Limited ("Jintian Machinery") at an aggregate consideration of RMB90.0 million. The assets attributable to New Achieve, Able Jubilee and Jintian Machinery were classified as held for sale and were presented separately in the condensed consolidated statement of financial position as at 29 February 2012. The assets are expected to be sold within one year of the end of the reporting period. The current assets of the Group reduced from HK\$4,308,695,000 as at 31 August 2011 to HK\$4,215,405,000 as at 29 February 2012 mainly due to early repayment of certain bank borrowings. As advised by the Company, the terms of such bank borrowings ranged from approximately one month up to three years with a weighted average interest rate of approximately 3.61% per annum. The current liabilities of the Group increased from HK\$2,699,104,000 as at 31 August 2011 to HK\$3,032,264,000 as at 29 February 2012 mainly due to the increase of trade and bills payable as the Group purchased raw materials to meet customers' orders in the second half of the year. The total bank borrowings of the Group decreased from HK\$2,199,386,000 as at 31 August 2011 to HK\$2,079,691,000 as at 29 February 2012 mainly due to the early repayment the Group made during the period. The net current assets and net assets as at 29 February 2012 amounted to HK\$1,183,141,000 and HK\$2,869,116,000 respectively.

The Group's current assets slightly reduced from HK\$4,386,539,000 as at 31 August 2010 to HK\$4,308,695,000 as at 31 August 2011 mainly due to the recovered consideration receivable. The current liabilities of the Group decreased from HK\$2,974,955,000 as at 31 August 2010 to HK\$2,699,104,000 as at 31 August 2011 mainly due to the decrease in trade and bills payable, consideration payable and bank borrowings. The net current assets and net assets as at 31 August 2011 amounted to HK\$1,609,591,000 and HK\$3,038,226,000 respectively. The Group's current assets increased from HK\$3,434,138,000 as at 31 August 2009 to HK\$4,386,539,000 as at 31 August 2010 mainly due to increase in inventory and trade and bills receivables. The current liabilities of the Group increased from HK\$1,865,990,000 as at 31 August 2009 to HK\$2,974,955,000 as at 31 August 2010 mainly attributable to increase in short term bank borrowings to HK\$1,604,591,000 (31 August 2009: HK\$839,538,000). Non-current liabilities decreased from HK\$1,639,475,000 as at 31 August 2009 to HK\$1,077,923,000 as at 31 August 2010 mainly due to the decrease in bank borrowings to HK\$951,275,000 (31 August 2009: HK\$1,489,018,000).

The Group's current ratio (calculated by dividing current assets over current liabilities) decreased from approximately 1.60 as at 31 August 2011 to approximately 1.39 as at 29 February 2012. The Group's total assets amounted to HK\$6,054,222,000, HK\$6,865,973,000, HK\$6,608,902,000 and HK\$6,389,398,000 as at 31 August 2009, 31 August 2010, 31 August 2011 and 29 February 2012, respectively. The Group's total liabilities amounted to HK\$3,505,465,000, HK\$4,052,878,000, HK\$3,570,676,000 and HK\$3,520,282,000 as at 31 August 2009, 31 August 2010, 31 August 2011 and 29 February 2012, respectively. The Group had a interest bearing debts (excluding bank overdrafts) of HK\$2,328,556,000,

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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HK\$2,555,866,000, HK\$2,199,386,000 and HK\$2,064,378,000 for the year ended 31 August 2009, 31 August 2010, 31 August 2011 and for the six months ended 29 February 2012 respectively. The Group's debt ratio (calculated by dividing total liabilities over total assets) increased from approximately 0.54 as at 31 August 2011 to approximately 0.55 as at 29 February 2012.

The table below summaries the consolidated statement of cash flows of the Group for the six months ended 29 February 2012 and for the three years ended 31 August 2011 as extracted from the 2012 Interim Results, 2011 Annual Report and 2010 Annual Report:

**Table C – Summary of the consolidated statement of cash flows of the Group**

	For the six months ended	For the years ended 31 August		
	29 February 2012 (Unaudited) <i>HK\$'000</i>	2011 (Audited) <i>HK\$'000</i>	2010 (Audited) <i>HK\$'000</i>	2009 (Audited) <i>HK\$'000</i>
<b>Net cash inflows/(outflows) from/(used in):</b>				
–operating activities	84,710	798,212	(218,885)	384,996
–investing activities	(47,826)	134,498	(55,339)	(216,307)
–financing activities	(210,758)	(480,320)	138,578	(41,266)
 Net (decrease)/increase in cash and cash equivalents	 (173,874)	 452,390	 (135,646)	 127,423
 Cash and cash equivalents at beginning of the period	 1,124,552	 666,990	 799,446	 676,714
Effect of foreign exchange rate changes	204	5,172	3,190	(4,691)
 Cash and cash equivalents at end of the period	 <u>950,882</u>	 <u>1,124,552</u>	 <u>666,990</u>	 <u>799,446</u>

The Group recorded a net cash inflow from operating activities of HK\$384,996,000, HK\$798,212,000 and HK\$84,710,000 for the year ended 31 August 2009, and for the year ended 31 August 2011 and for the six months ended 29 February 2012 respectively. For the year ended 31 August 2010, the Group recorded a net cash outflow from operating activities and net decreases in cash and cash equivalents. As advised by the Company, the net cash inflow from operating activities decreased significantly from HK\$798,212,000 to HK\$84,710,000 was mainly due to the difficult economic environment which led to lower sales and loss making during the period. As shown from the 2011 Annual Report, the net increase in cash and cash equivalents for the year ended 31 August 2011 was mainly due to the increase in profit before taxation and decrease in inventories. The cash and cash equivalents decreased by approximately 15.4% from HK\$1,124,552,000 as at 31 August 2011 to HK\$950,882,000 as at 29 February 2012 mainly due to the early repayment of certain bank borrowings.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Having considered that (i) the Group had net cash outflow and net decrease in cash and cash equivalents of HK\$173,874,000 for the six months ended 29 February 2012; (ii) the Group's debt ratio increased from 0.54 to 0.55 while its current ratio decreased from 1.60 to 1.39 comparing to the year ended 31 August 2011 to the six months ended 29 February 2012, respectively; (iii) the Group has been carrying large amount of interest bearing debts (excluding bank overdrafts) of HK\$2,064,378,000 as well as unfavorable commercial lending market due to issues relating to European sovereign debt; and (iv) difficult market environment with declining prices of products and higher price for raw materials purchased earlier, we are of the view that it is necessary and expedient for the Group to preserve its cash resources and alleviate its present/future liabilities so as to improve the overall liquidity and financial stability position in view of the current uncertain business and economic environment all over the world. Therefore, we consider that the Subscription could enable the Company to raise additional equity funding in order to strengthen its capital base and reduce its indebtedness.

### **2. Background and reasons for the Subscription and use of proceeds**

The Group is an integrated fabric manufacturer and supplier and is principally engaged in textile and garment businesses including the production and sale of knitted fabric, garments and textile machinery and the sale of raw yarns, dyed yarns and sewing threads.

Referring to the information contained in the "Business Outlook" section of its final results announcement and annual report for the year ended 31 August 2011, the Company considered that:

- (1) the difficult economic environment in North America and Europe caused by factors including high unemployment rate and concerns over default of European debts has led to lower consumer confidence and demand for textile products; and
- (2) the market price of knitted fabrics would most likely decline for the next year as the prices of cotton and cotton yarn had declined substantially since early 2011; and
- (3) the Group expected industrial environment in the coming financial year to be very challenging, especially during the earlier part of the year due to declining prices of products coupled with relatively higher price raw material inventory purchased earlier when market prices were higher; and
- (4) the Group would seek to expand its sales to the domestic PRC market in order to compensate for the weaknesses in the export market.

For the three financial years ended 31 August 2011 and the six months ended 29 February 2012, the Group had a total interest bearing debts (excluding bank overdrafts) of approximately HK\$2,329 million, HK\$2,556 million, HK\$2,199 million and HK\$2,064 million respectively. Although the Group has been reducing its gearing over the past years and total bank borrowings were reducing since fiscal year 2010, it is still carrying relatively high debt to total equity ratio which was about 72.0% based on the interest bearing debts (excluding bank overdrafts) of HK\$2,064,378,000 and total equity of HK\$2,869,116,000 as at 29 February 2012.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Giving the situation mentioned above, the executive Directors were reviewing in late 2011 the operating outlook of the Company and potential challenges that might affect the competitiveness of the Company. The Company has a relatively high debt to equity ratio, mainly due to two consecutive years of losses in the financial years ended 31 August 2008 and 2009. Although the Company was able to refinance part of the then current bank borrowings in November 2011, the executive Directors were concerned that the tightening lending market could affect the Company's bargaining power for refinancing in the near future. Moreover, the Company was told by its bankers that even the interbank lending market was becoming very tight due to the concerns over the EU debt crisis.

As such, the executive Directors believed that it would be in the interest of the Company to explore the possibility of raising additional capital in the equity market. Internal discussions between the executive Directors were held in early December 2011 regarding the possible actions that might be required to improve the Company's financial standing. It was determined, among other operational decisions, that:

- i. it would be beneficial for the Company to strengthen its raw material supply chain in order to minimize impact from future raw material price fluctuations;
- ii. the Company should accelerate its strategy to further penetrate the domestic PRC market, due to the risk of further weakness in the export market as a result of worsening EU debt crisis; and
- iii. the raising of additional equity should be pursued given the risk of further tightening of the lending market again due to worsening EU debt crisis.

As stated in the Letter from the Board, the Board considered that it would be beneficial for the Company to enter into the Subscription Agreement for the following reasons:

1. it would be beneficial for the Company to raise additional equity so as to reduce its indebtedness and strengthen its financial position, especially under the concerns that the commercial lending market may tighten due to issues relating to the EU debt crisis;
2. having considered the background of the Subscriber which has extensive network and expertise in the raw material supply chain for textiles as well as knowledge of the domestic market for textile products in China, the Board considered that the Subscriber's strategic involvement in the Company would have a positive impact to the Group's business and enhance the competitiveness of the Group. Particularly, the Directors believed that Chinatex, being one of the 500 largest enterprises in China with strong focus on trading and manufacturing of cotton, wool, yarns & fabrics, home furnishing textiles and garments, can help promote the Company's business in China which is relatively underdeveloped when compared to the Company's business in the other markets in North America and Europe;
3. It is the intention of the Company to apply majority of the net proceeds from the Subscription to the repayment of debt.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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By entering into the Subscription Agreement, the Company is able to raise an equity funding of approximately HK\$511.3 million, approximately not less than 60% (approximately HK\$300.0 million) of the net proceeds from the Subscription would be used towards repayment of bank borrowings. As advised by the Company, such bank borrowings carry an annual interest rate of HIBOR+3.00%. After repayment of such bank borrowings, the Group's total bank borrowings would be reduced to approximately HK\$1,779,691,000 from HK\$2,079,691,000 as at 29 February 2012 and interest expenses of approximately HK\$11,580,000 could be saved annually based on the Hang Seng 12 Months Interbank Offered Rate of 0.86%. Therefore, we consider that the Subscription could help the Company to reduce its indebtedness and enhance the Group's financial position.

As stated in the Letter from the Board, Chinatex is under the direct administration of the State-Owned Assets Supervision and the Administration Commission of the State Council of the PRC and is one of the 500 largest enterprises in China. It has two core businesses – textiles business and grains & oils business. The textile business covers the trading and manufacturing of cotton, wool, yarns & fabrics, home furnishing textiles and garments. Chinatex has its own cotton plantation, cotton ginning and spinning mills, knit-wear and woven garment manufacturing bases, which are located across the People's Republic of China and overseas.

The Directors have been informed by Chinatex that its strategic goal is to develop the up-stream and down-stream industries in relation to its core businesses and become an enterprise group with supply-chain management ability which will make it competitive in the global textile industry.

The global financial and economic crisis around the world since 2008 has given rise to many challenges in the global textile industry ranging from reduction in global demands from the traditional export markets to lower costs from other emerging countries to compete with companies with production operations in China. The Directors have been informed by Chinatex that it is the strategy of Chinatex to work together with textile companies in China and Hong Kong in order to leverage resources in the industry in China to deal with these challenges and benefit from opportunities arisen in this crisis such as the growth of the consumer markets in China as one of the main focus of the Chinese government's economic policy for the country for the next five years in particular.

The Directors consider that the business and product line of the Company is complementary to Chinatex's existing textile business, and its investment in the Company will bring about promising prospects to the Company and will be well received in the market. As advised by the Directors, the Company is recognized in the industry as one of the major 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 Company's products, including dyed yarns, sewing threads and garments, can also expand Chinatex's product portfolio. The Company is also a major fabric supplier to garment manufacturers in over 40 countries that supply to internationally renowned retail brands. The Company also has production facilities in the PRC, Sri Lanka and Indonesia, with marketing and representative offices in several countries and a global staff presence.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Directors believe that, with Chinatex being a major shareholder of the Company, it can help promote the Company's business in China which is relatively underdeveloped when compared to the other markets in North America and Europe. Shareholders should note that, based on the Subscription Agreement, there will be some changes to the composition of the Board upon Completion, details are set out in the Letter from the Board. Such changes mainly reflect the expected involvement of Chinatex in the Board. Although there is uncertainty as to the impact on the future development of the Company as a result of such changes in the Board composition, having considered the strong industry background of Chinatex in the PRC, we agree that the introduction of Chinatex as a major shareholder of the Company holding approximately 34.0% issued Shares as enlarged by the Subscription (assuming there is no other change in the issued share capital of the Company between the date of the Subscription Agreement up to completion of the Subscription Agreement) could help the Company to pursue its business development in the PRC.

### **3. Other alternative methods of financing**

As advised by the Directors, the Company has been searching for equity fund raising opportunities over the past few months in view of the forthcoming capital requirements of the Group. However, in light of the negative market sentiment towards the manufacturing sector and concerns over the global economic outlook, the Company has been unable to secure interests from financial institutions at reasonable terms to conduct equity fund raising opportunities such as placing of new shares, open offer and right issues given the current highly volatile market condition. Apart from equity financing, the Board has also considered other financing options such as debt financing and bank borrowings to finance the capital requirements of the Group. Having considered the interest expenses which would have imposed additional interest burden to the Group and increased the gearing level of the Group, the Board is of the view that such financing means may not be appropriate to the Group given its current financial position.

Compared the Subscription to other methods of fund raisings such as placement of new Shares or other convertible securities and bank borrowing, and taking into account that (i) potential synergies provided by introducing Chinatex as a major shareholder of the Company; (ii) debt financing and bank borrowing will incur interest burden to the Company; and (iii) placing of new Shares may not be desirable alternatives as compared with the Subscription given the negative sentiments in the markets towards the manufacturing sector and the disappointing financial performance of the company as set out in the 2012 Interim Results, we concur with the view of the Directors that fund raising by way of Subscription is fair and reasonable and in the interests of the Company as far as the interest of the Independent Shareholders as a whole is concerned.

### **4. Principal terms of Subscription**

According to the Subscription Agreement, the principal terms of the Subscription are as follow:

1. Subscription Price: HK\$1.25 per Share.
2. No. of Subscription Shares: 409,036,000 Shares, and the Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with all the Shares in issue at the date of allotment and issue of the Subscription Shares.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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3. Conditions: details of the conditions of the Subscription Agreement are set out in the Letter from the Board of the Circular.
4. Guarantee: the Subscriber shall procure the Nominee to duly observe and perform all its obligations owed to the Company under the Subscription Agreement.
5. Completion: Subject to fulfillment and/or waiver of the Conditions, Completion shall take place on the Completion Date provided that it shall be a date no later than the Long Stop Date being 31 July 2012, or such other dates as the parties may agree in writing.
6. The Company shall, subject to certain limitations, indemnify Chinatex against liabilities which Chinatex suffers or incurs by reason of: (i) any of the Company's warranties being untrue or inaccurate in a material respect and which have not been remedied or rectified prior to completion of the Subscription Agreement by the Company and (ii) any failure by the Company to perform its obligations under the Subscription Agreement.
7. Chinatex shall indemnify the Company against liabilities which the Company suffers or incurs by reason of: (i) any of the Subscriber's warranties being untrue or inaccurate; and (ii) any failure by the Subscriber to perform its obligations under the Subscription Agreement.

As stated in the Letter from the Board, the Subscription Price of HK\$1.25 per Subscription Share was determined after arm's length negotiations between the Company and Chinatex taking into account the recent market price of the Shares.

The Subscription Price of HK\$1.25 represents:

- a) a premium of approximately 32.98% to the closing price of HK\$0.9400 per Share as quoted on the Stock Exchange on the Last Trading Day;
- b) a premium of approximately 30.75% to the average of the closing prices of the Share as quoted on the Stock Exchange over the last 5 trading days up to and including the Last Trading Day of approximately HK\$0.9560 per Share;
- c) a premium of approximately 28.21% to the average of the closing prices of the Share as quoted on the Stock Exchange over the last 10 trading days up to and including the Last Trading Day of approximately HK\$0.9750 per Share;
- d) a premium of approximately 22.75% to the average of the closing prices of the Share as quoted on the Stock Exchange over the last 30 trading days up to and including the Last Trading Day of approximately HK\$1.0183 per Share;
- e) a premium of approximately 27.55% to the closing price of HK\$0.980 per Share as quoted on the Stock Exchange on the Latest Practicable Date;



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- f) a discount of approximately 62.9% over the unaudited net asset value of approximately HK\$3.37 per Share as at 29 February 2012 (based on the unaudited consolidated net assets attributable to owners of the Company of approximately HK\$2,677,519,000 as at 29 February 2012 as shown in the Company's interim results for the six months ended 29 February 2012 and 794,010,960 Shares in issue as at 29 February 2012); and
- g) a discount of 65.03% over the audited net asset value of approximately HK\$3.5472 per Share as at 31 August 2011 (based on the audited consolidated net assets attributable to owners of the Company of approximately HK\$2,838,026,000 as at 31 August 2011 as shown in the Company's annual report for the year ended 31 August 2011 and 794,010,960 Shares in issue as at 31 August 2011).

### *Historical performance of Share price*

Chart A shows the Subscription Price and the closing prices of the Shares as quoted on the Stock Exchange during the period commencing from 3 January 2011 to the Latest Practicable Date (the "Review Period"):

**Chart A – Share price performance**



Source: website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

From Chart A, the closing price of the Shares showed a general decreasing trend after reaching the peak at HK\$1.98 on 26 April 2011. Since then, the closing price of the Shares showed a decreasing trend and reached HK\$0.77 on 4 October 2011 which is the lowest closing price during the Review Period. As illustrated in the chart above, the Subscription Price of HK\$1.25 is around the average closing price of the Shares during the Review Period which is approximately HK\$1.27, but at a premium ranging from 0% to 38.4% for most of the time of the second half of the Review Period (from 1 September 2011 to 20 April 2012) except for 17 and 18 November 2011 which had a closing pricing of HK\$1.28. The Subscription Price represents a premium of 27.55% over the closing price of the Shares of HK\$0.98 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

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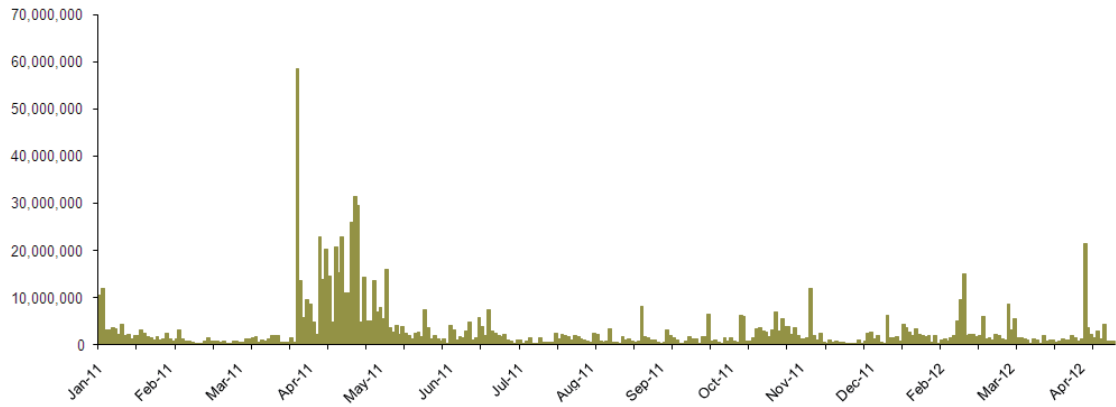
## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Trading liquidity of the Shares*

Chart B sets out the daily trading volume of the Shares during the Review Period:

**Chart B – Trading volume of the Shares**



Source: website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Table D below sets out the monthly trading volume, the average daily number of Shares traded per month and the respective percentage daily trading volume compared with the issued share capital and the public float respectively during the Review Period:

**Table D – Trading volume of the Shares**

Month	Total monthly trading volume <i>(in number of Shares)</i>	Average daily trading volume <i>(in number of Shares) (Note 1)</i>	Percentage of average daily trading volume to total number of Shares in issue <i>(%) (Note 2)</i>	Percentage of average daily trading volume to total number of Shares held by the public Shareholders <i>(%) (Note 3)</i>
<b>2011</b>				
January	65,481,666	3,118,175	0.39	0.69
February	17,410,600	967,256	0.12	0.21
March	22,844,554	993,242	0.13	0.22
April	285,860,640	15,881,147	2.00	3.53
May	165,284,710	8,264,236	1.04	1.84
June	53,539,425	2,549,496	0.32	0.57
July	30,132,000	1,506,600	0.19	0.33
August	30,698,000	1,334,696	0.17	0.30
September	28,980,200	1,449,010	0.18	0.32
October	35,320,000	1,766,000	0.22	0.39
November	68,983,000	3,135,591	0.39	0.70
December	18,760,000	938,000	0.12	0.21
<b>2012</b>				
January	38,680,000	2,148,889	0.27	0.48
February	62,340,000	2,968,571	0.37	0.66
March	38,006,571	1,727,571	0.22	0.38
April (up to the Latest Practicable Date)	41,588,157	3,465,680	0.44	0.77

Source: website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume of the Shares for the month/period by the number of trading days during the month/period.
2. Based on 794,010,960 Shares in issue as at the Latest Practicable Date.
3. Based on 450,310,916 Shares held by public Shareholders as at the Latest Practicable Date.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As illustrated above, during the Review Period, the average daily trading volume of the Shares as a percentage of the average total number of issued Shares ranged from 0.12% to 2.00% while the average daily trading volume of the Shares as a percentage of the total number of Shares held by the public Shareholders ranged from 0.21% to 3.53%. The highest average daily trading volume of the Shares occurred in April 2011 while the Company issued a positive profit alert on 31st March, 2011 and subsequently announced the interim results on 29th April, 2011. Since April 2011, the percentage of average daily trading volume of the Shares to the total number of Shares and to the total number of Shares held by the public Shareholders showed a general decreasing trend which coincides with the decreasing trend in the closing price of the Shares as shown in Chart A. Given the low liquidity of the Shares and the fact that it is difficult to find an underwriter under the current market conditions as analyzed under the section headed "Other alternative methods of financing" above, we consider that it would be difficult for the Company to conduct equity fund raising activities such as placing, rights issue or open offer with similar pricing of that of the Subscription under the current market condition.

Although it is noted that the Subscription Price of HK\$1.25 is at approximately 62.9% discount to the NAV per Share attributable to owners of the Company as at 29 February, 2012, having considered that (i) the Group's current ratio and debt ratio deteriorated during the six months ended 29 February 2012; (ii) as analyzed under the section headed "Other alternative methods of financing" above, it is difficult to find an underwriter under the current market conditions with similar pricing term with that of the Subscription; and (iii) the premium of the Subscription Price of approximately 32.98%, 30.75% and 22.75% over the closing prices of the Shares on the Last Trading Day, the average closing prices of the Shares of the last five trading days up to and including the Last Trading day, and the average closing prices of the Shares of the last 30 trading days up to and including the Last Trading Day, respectively, we consider that the terms of the Subscription, including the Subscription Price, is fair and reasonable so far as the interest of the Independent Shareholders as a whole is concerned.

### 5. Financial effects of the Subscription

#### *Working capital*

According to the 2012 Interim Results, the unaudited current assets and current liabilities of the Group amounted to HK\$4,215,405,000 and 3,032,264,000 respectively as at 29 February 2012, translating into a current ratio (current assets/current liabilities) of approximately 1.39 and net current assets of HK\$1,183,141,000. Upon completion of the Subscription, the liquidity and cash position of the Group will be improved as the Subscription will facilitate the Company to raise net proceeds of approximately HK\$506.3 million. Accordingly, the net current assets and current ratio of the Group are expected to be improved upon completion of the Subscription.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Net asset value*

According to the 2012 Interim Results, the Group's unaudited consolidated net assets value attributable to owners of the Company as at 29 February 2012 amounted to approximately HK\$2,677,519,000 translating into an unaudited net asset value per Share of approximately HK\$3.37 (based on 794,010,960 Shares in issue as at the Latest Practicable Date). Upon completion of the Subscription, the net asset value attributable to owners of the Company will be increased as the Subscription would increase the share capital of the Group. Accordingly, the completion of the Subscription will have a positive impact on the total net asset value attributable to owners of the Company. However, Shareholders should note that, since the Subscription Price of HK\$1.25 is at 62.9% discount to the HK\$3.37 NAV per share attributable to owners of the Company as of 29 February 2012, the NAV per share attributable to owners of the Company will decrease from HK\$3.37 as of 29 February 2012 to approximately HK\$2.65 immediately after the completion of the Subscription, assuming the net proceeds of the Subscription is approximately HK\$506,295,000.

### *Gearing and current ratio*

The debt ratio of the Group, being the ratio of total liabilities to total assets, increased from approximately 0.54 as at 31 August 2011 to 0.55 as at 29 February 2012. Meanwhile, the Group's current ratio decreased from approximately 1.60 as at 31 August 2011 to approximately 1.39 as at 29 February 2012. Upon completion of the Subscription, the Company's current liabilities and thus total liabilities will be decreased since majority of the net proceeds will be used to repay the bank borrowings.

As advised by the Company, the Subscription Agreement would technically trigger an event of default to its HK\$600 million syndicated loan and HK\$80 million outstanding bilateral loan and the Company has already obtained waivers from the relevant banks that the Subscription and the subsequent change in shareholding structure will not be considered as an event of default to its HK\$600 million syndicated loan and HK\$80 million bilateral loan.

Based on the above, the Subscription would have an overall positive effect on the financial position of the Group in terms of total net asset value, working capital, current ratio and gearing upon completion. In spite of the dilution effect on the net asset value per Share, the Group's overall financial position will be strengthened upon completion of the Subscription. Having taken into account that (i) the additional funds raised from the Subscription can strengthen the capital base of the Company and by applying part of the proceeds towards repayment of bank debts can reduce the gearing of the Group; and (ii) Chinatex, as a well known industry player is expected to help the Group to further penetrate the domestic PRC market, we are of the view that the dilution in net asset value per Share of the Group upon completion of the Subscription to be acceptable. Accordingly, we are of the view that the Subscription is in the interest of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 6. Effect on the shareholding structure of the Company

As shown in the Letter from the Board under the sub-section headed "Effect of the Subscription on shareholding structure", the shareholding in the Company held by the existing public Shareholders will be diluted from approximately 56.71% as at the Latest Practicable Date to approximately 37.43% immediately after the allotment and issue of the Subscription Shares. Notwithstanding the dilution of the shareholding of the existing public Shareholders, having taken into account the issue of the Subscription Shares will strengthen the capital base of the Company and enhance the total net asset value, working capital, current ratio and gearing of the Group, we are of the view that the dilution to the shareholding of the existing public Shareholders is acceptable so far as the interest of the Independent Shareholders is concerned.

### 7. Whitewash Waiver

As set out in the Letter from the Board, Chinatex will be interested in an aggregate of 409,036,000 Shares, representing approximately 34.0% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately after completion of the Subscription. The Ha Family will be interested in 343,630,044 Shares, representing approximately 28.56% of the issued share capital of the Company upon completion of the Subscription. Under Rule 26 of the Takeovers Code, Chinatex and parties acting in concert with it, in the absence of the Whitewash Waiver, would be obliged to make a mandatory general offer for all the Shares and other securities of the Company not already owned or agreed to be acquired by them as a result of the issue and allotment of the Subscription Shares. In this regard, Chinatex has made an application to the Executive for the Whitewash Waiver and the Executive has indicated that the Whitewash Waiver, if granted, will be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll.

The Subscription is conditional upon, among other things, the granting of the Whitewash Waiver by the Executive and the approval of the Whitewash Waiver by the Independent Shareholders at the EGM. The aforesaid condition is not capable of being waived. If the Whitewash Waiver is not granted, the Subscription will not proceed.

Having considered the benefits of the Subscription as mentioned in the previous sections in this letter, in particular, the subscription will:

- (i) strengthen the financial position of the Company;
- (ii) reduce the gearing and interest expense burden of the Company;
- (iii) help the Company to further penetrate the PRC market through Chinatex's network and experience, and
- (iv) the premium of the Subscription Price to the closing price on the Last Trading Day and the average closing price of the last five trading days up to and including the Last Trading Day are 32.98% and 30.75% respectively,

we are of the view that the granting of Whitewash Waiver is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 8. Recommendation

Having taken into account the above principal factors and reasons, in particular,

- i. the Group's difficulty in obtaining alternative methods of financing in view of the current market conditions and the Company's current financial position;
- ii. the Subscription represents the current best available options for the Company to obtain additional funding for its working capital and future development;
- iii. the premium of the Subscription Price of approximately 32.98%, 30.75% and 22.75% over the closing price of the Shares on the Last Trading Day, the average closing prices of the Shares of the last 5 trading days up to and including the Last Trading day, and the average closing prices of the Shares of the last 30 trading days up to and including the Last Trading Day, respectively;
- iv. the Group's current ratio and debt ratio deteriorated during the six months ended 29 February 2012 and the Subscription would have an overall positive effect on the financial position of the Group in terms of total net asset value, working capital, current ratio and gearing upon completion of the Subscription;
- v. majority of the proceeds will be used towards repayment of bank borrowings, thus improving the Group's gearing ratio, and reducing its interest burden; and
- vi. the synergy effect from Chinatex being a major Shareholder which allows the Company to further penetrate the PRC market through its network and experience,

we consider that the terms of the Subscription Agreement and the Whitewash Waiver are conducted on normal commercial terms, fair and reasonable so far as the interest of Independent Shareholders is concerned, and the Subscription Agreement and the transactions contemplated thereunder are in the interests of the Company and the Independent Shareholders as a whole. We also consider that the granting of the Whitewash Waiver is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Shareholders as well as the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver.

Yours faithfully,  
For and on behalf of  
**Piper Jaffray Asia Limited**  
**Venus Choi**  
*Managing Director*  
*Investment Banking*

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## NOTICE OF EGM

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福田實業(集團)有限公司

Fountain Set (Holdings) Limited

(Incorporated in Hong Kong with limited liability)

(Stock code: 420)

### NOTICE OF EGM

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Fountain Set (Holdings) Limited (the "Company") will be held at Meeting Room 727, Units 751-759, 7/F, KITEC, 1 Trademart Drive, Kowloon Bay, Hong Kong on Thursday, 10 May 2012 at 10:00 a.m. or any adjournment thereof for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolutions as ordinary resolutions of the Company:

#### ORDINARY RESOLUTIONS

1. "THAT:

- (a) the conditional subscription agreement dated 3 April 2012 between Chinatex Corporation\* (中國中紡集團公司) (the "**Subscriber**") and the Company (the "**Subscription Agreement**", a copy of which is produced to the meeting marked "A" and initialed by the chairman of the meeting for the purpose of identification) and all transactions contemplated thereunder and in connection therewith be and are hereby approved, confirmed and ratified;
- (b) the allotment and issue to the Subscriber (or its nominee) of 409,036,000 share(s) of HK\$0.20 each in the capital of the Company (the "**Subscription Share(s)**") for cash at HK\$1.25 per Subscription Share in accordance with the terms and conditions of the Subscription Agreement be and is hereby approved; and
- (c) any one director of the Company or any other person authorized by the board of directors of the Company from time to time, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to sign, seal, execute, perfect, perform and deliver all such agreements, instruments, documents and deeds, and do all such acts or things and take all such steps as he or she or they may in his or her or their absolute discretion consider to be necessary, desirable, appropriate or expedient to implement and/or give effect to the Subscription Agreement and the transactions contemplated thereunder (including the allotment and issue of the Subscription Shares) and all matters incidental to, ancillary to or in connection thereto, including agreeing and making any modifications, amendments, waivers, variations or extensions of the Subscription Agreement and/or the transactions contemplated thereunder."

\* For identification purpose only



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## NOTICE OF EGM

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2. “**THAT** subject to and conditional on the passing of resolution no.1 as set out in the notice of this meeting, the waiver granted or to be granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate thereof pursuant to Note 1 of the Notes on Dispensations from Rule 26 of the Code on Takeovers and Mergers (“**Takeovers Code**”) of the obligations on the part of the Subscriber and parties acting in concert with it to make a mandatory general offer to the shareholders of the Company for all the issued shares and securities of the Company not already owned or agreed to be acquired by any of them which would otherwise arise under Rule 26.1 of the Takeovers Code as a result of the Subscriber (or its nominee) being allotted and issued the Subscription Shares (as defined in resolution no.1 as set out in the notice of this meeting) be and is hereby approved.”

By order of the Board  
**Fountain Set (Holdings) Limited**  
**HA CHUNG FONG**  
*Chairman*

Hong Kong, 24 April 2012

*Registered Office:*

Block A, 7<sup>th</sup> Floor  
Eastern Sea Industrial Building  
29-39 Kwai Cheong Road  
Kwai Chung, New Territories  
Hong Kong

*Notes:*

1. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Company's share registrar, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof.
3. At the extraordinary general meeting, the Chairman of the Meeting will exercise his power under article 73 of the Articles of Association of the Company to put the resolutions set out in this notice to be voted by way of poll as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Takeovers Code. On a poll, every member present in person (or in the case of the corporation by its corporate representative) or by proxy shall have one vote for each share of any class of which he is the holder.
4. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or any adjournment thereof and in such event, the authority of the proxy shall be deemed to be revoked.
5. As at the date of this notice, the board of directors of the Company comprises a total of eight Directors, namely, Mr. Ha Chung Fong, Mr. Ha Kam On, Victor, Mr. Ha Hon Kuen and Dr. Yen Gordon as Executive Directors and Mr. Ng Kwok Tung, Mr. Wong Kwong Chi, Mr. Chow Wing Kin, Anthony, SBS, JP, and Mrs. Fung Yeh Yi Hao, Yvette as Independent Non-executive Directors.

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules and the Takeovers Code for the purposes of giving information with regard to the Group and the Subscriber.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than information relating to the Subscriber, the Nominee and parties acting in concert with any of them) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular (other than opinions expressed by the Subscriber or the Nominee or parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

The directors of the Subscriber jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than information relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular (other than opinions expressed by the Company or the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

## 2. SHARE CAPITAL AND SHARE OPTIONS

### (1) Share Capital

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

*Authorised:*

1,400,000,000 Shares	HK\$280,000,000.00
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*Issued and fully paid up or credited as fully paid up:*

794,010,960 Shares	HK\$158,802,192
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All the Shares rank pari passu in all respects, including as to dividends, voting and capital.

There has been no increase in the issued share capital of the Company since 31 August 2011 and up to the Latest Practicable Date.

**(2) Share Options**

As at the Latest Practicable Date, the Company has granted the following share options pursuant to the share option schemes adopted on 25 January 2002 and 20 January 2011 respectively:

	<b>Outstanding share options</b> <i>No. of options</i>
<b><i>The Directors:</i></b>	
– Mr. Ha Kam On, Victor	7,900,000
– Mr. Ha Hon Kuen ( <i>Note1</i> )	5,000,000
– Dr. Yen Gordon ( <i>Note2</i> )	7,900,000
<b><i>Employees</i></b>	<b>23,397,000</b>
<b><i>Total</i></b>	<b>44,197,000</b>

*Notes:*

1. *Mr. Ha Hon Kuen is the son of Mr. Ha Chung Fong.*
2. *Dr. Yen Gordon has been granted share options to subscribe for 7,900,000 Shares and, being the spouse of Ms. Ha Kam Yee (the daughter of Mr. Ha Chung Fong), was also deemed to be interested in share options to subscribe for 5,000,000 Shares granted to Ms. Ha Kam Yee.*

Save as disclosed in the section headed “Share Capital and Share Options” in this Appendix, there were no options, warrants or conversion rights affecting the Shares outstanding as at the Latest Practicable Date.

**3. MARKET PRICE**

The closing prices of the Shares quoted on the Stock Exchange (i) at the end of each of the calendar months during the period commencing 6 months preceding 3 April 2012, being the date of the Announcement and ending on the Latest Practicable Date; (ii) on 2 April 2012, being the last Business Day immediately preceding the date of the Announcement; (iii) the Last Trading Day; and (iv) on the Latest Practicable Date were as follows:

<b>Date</b>	<b>Closing prices of the Shares</b>
31 October 2011	HK\$0.95
30 November 2011	HK\$0.95
31 December 2011	HK\$0.94
31 January 2012	HK\$1.04
29 February 2012	HK\$1.09
31 March 2012	HK\$0.95
2 April 2012	HK\$0.94
Last Trading Day	HK\$0.94
Latest Practicable Date	HK\$0.98

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the period commencing 6 months preceding 3 April 2012, being the date of the Announcement, and ending on the Latest Practicable Date were HK\$1.29 on 18 November 2011 and HK\$0.74 on 3 October 2011 respectively.

#### 4. DISCLOSURE OF INTERESTS

- (a) As at the Latest Practicable Date, the interests and short positions, if any, of each Director and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required to be and were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (iii) were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listing Issuers adopted by the Company (the "Model Code"); or (iv) which were required to be disclosed in this circular pursuant to the requirements of the Takeovers Code, were as follows:–

##### (i) Long position in Shares

Name of director	Number of Shares interested as			Approximate % of the Company's issued share capital as at the Latest Practicable Date
	Beneficial owner	Other interests	Total	
Mr. Ha Chung Fong	34,280,000	212,108,948 (Note)	246,388,948	31.03
Mr. Ha Kam On, Victor	90,841,096	–	90,841,096	11.44
Dr. Yen Gordon	6,400,000	–	6,400,000	0.81
Mrs. Fung Yeh Yi Hao, Yvette	70,000	–	70,000	0.01

Note: Mr. Ha Chung Fong was deemed to be interested in 212,108,948 shares in the Company by virtue of the set up of the Ha Trust.

## (ii) Long positions in underlying Shares

Name of director	Capacity	Number of options held	Number of underlying shares
Mr. Ha Kam On, Victor	Beneficial owner	7,900,000	7,900,000
Mr. Ha Hon Kuen	Beneficial owner	5,000,000	5,000,000
Dr. Yen Gordon	Beneficial owner	7,900,000	7,900,000
Dr. Yen Gordon	Interest of spouse	5,000,000	5,000,000

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, none of the Directors or the chief executive of the Company had any interests or short positions in any Shares or underlying Shares or interests in debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and Stock Exchange, or which were required to be disclosed in this circular pursuant to the requirements of the Takeovers Code.

- (b) As at the Latest Practicable Date, the following persons (other than a Director or chief executive of the Company) or corporations who had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of substantial shareholder	Number of Shares	Capacity	Approximate percentage of the Company's issued shares capital
Ms. Tang Kuen Mui	246,388,948 (Notes 1 and 3)	Spouse interest	31.03
Newcorp Ltd.	212,108,948 (Notes 2 and 3)	Interest of corporation controlled	26.71
Chinatex Corporation	409,036,000 (Note 4)	Beneficial owner	51.52

## Notes:

- Ms. Tang Kuen Mui, spouse of Mr. Ha Chung Fong, was deemed to be interested in the shares held by Mr. Ha Chung Fong and Newcorp Ltd. as well.
- Newcorp Ltd. is the sole shareholder of Trustcorp Limited, is the trustee of the Ha Trust.
- The interests of Mr. Ha Chung Fong, Ms. Tang Kuen Mui and Newcorp Ltd. were duplicated.

4. Chinatex's interest in the Shares was calculated based on the Company's issued share capital of 794,010,960 Shares as at the Latest Practicable Date. Immediately after Completion (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares up to Completion), Chinatex's interest in the Shares would be approximately 34% based on the Company's enlarged issued share capital of 1,203,046,960 Shares taking into account the Subscription Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company was aware of any other person (other than a Director or chief executive of the Company) or corporation who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## 5. SHAREHOLDINGS AND DEALINGS PURSUANT TO THE TAKEOVERS CODE

- (a) As at the Latest Practicable Date:
  - (i) the Subscriber had no shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Takeovers Code), convertible securities, warrants, options and derivatives in the Company;
  - (ii) none of the directors of the Subscriber was interested in any shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Takeovers Code), convertible securities, warrants, options and derivatives in the Company;
  - (iii) none of the persons acting in concert with the Subscriber owned or controlled any shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Takeovers Code), convertible securities, warrants, options and derivatives in the Company;
  - (iv) neither the Subscriber nor any persons acting in concert with it had borrowed or lent any shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Takeovers Code), convertible securities, warrants, options and derivatives in the Company;
  - (v) the Company had no shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Takeovers Code), convertible securities, warrants, options and derivatives in the Subscriber;
  - (vi) none of the Directors was interested in any shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Takeovers Code), convertible securities, warrants, options and derivatives in the Subscriber;
  - (vii) save as disclosed in the section headed "5. Effect of the Subscription on Shareholding Structure" in the Letter from the Board of this circular, none of the Directors was interested in any shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Takeovers Code), convertible securities, warrants, options and derivatives in the Company;

- (viii) no shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Takeovers Code), convertible securities, warrants, options and derivatives in the Company was owned or controlled by any subsidiary of the Company or by a pension fund of any member of the Group or by an adviser to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code but excluding exempt principal traders;
  - (ix) no shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Takeovers Code), convertible securities, warrants, options and derivatives in the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company;
  - (x) all the executive Directors (being members of the Ha Family) will not cast any vote in respect of their respective shareholdings at the EGM in relation to the Subscription Agreement or the Whitewash Waiver as they are required to abstain from voting at the EGM in respect of their respective beneficial shareholdings in the Company;
  - (xi) Mrs. Fung Yeh Yi Hao, Yvette, the independent non-executive Director, has indicated her intention, in respect of her beneficial shareholdings in the Company to vote for the Subscription Agreement and the Whitewash Waiver; and
  - (xii) there were no shareholdings, convertible securities, warrants, options and derivatives (as defined under Note 1 to paragraph 4 of Schedule I of the Takeovers Code) in the Company which the Company or the Directors has/have borrowed or lent.
- (b) During the period beginning 6 months prior to 3 April 2012, being the date of the Announcement, and ending on the Latest Practicable Date:
- (i) save for the Subscription Agreement, neither the Subscriber nor any persons acting in concert with it had dealt for value in any shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Takeovers Code), convertible securities, warrants, options and derivatives in the Company;
  - (ii) none of the directors of the Subscriber had dealt for value in any shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Takeovers Code), convertible securities, warrants, options and derivatives in the Company;
  - (iii) the Company had not dealt for value in any shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Takeovers Code), convertible securities, warrants, options and derivatives of the Subscriber;
  - (iv) none of the Directors had dealt for value in any shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Takeovers Code), convertible securities, warrants, options and derivatives of the Subscriber;

- (v) none of the Company's subsidiaries, pension fund of any member of the Group or adviser to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code but excluding exempt principal traders had dealt for value in any shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Takeovers Code), convertible securities, warrants, options and derivatives of the Company;
- (vi) no fund manager (other than exempt fund managers) connected with the Company had dealt for value in any shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Takeovers Code), convertible securities, warrants, options and derivatives of the Company which were managed on a discretionary basis;
- (vii) there were no shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Takeovers Code), convertible securities, warrants, options and derivatives in the Company which the Subscriber or parties acting in concert with it has borrowed or lent; and
- (viii) the following Directors have dealt for value in the shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Takeovers Code), convertible securities, warrants, options and derivatives of the Company:
  - (1) on 29 November 2011, Mr. Ha Chung Fong transferred 2,066,000 Shares to his son, Mr. Ha Kam On, Victor at the aggregate nominal consideration of HK\$1.00; and
  - (2) on 7 December 2011, the Ha Trust (which was set up by Mr. Ha Chung Fong) transferred 67,973,096 Shares in the Company to his son, Mr. Ha Kam On, Victor at the aggregate nominal consideration of HK\$1.00;

Save as disclosed above, none of the Directors had dealt for value in any shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Takeovers Code), convertible securities, warrants, options and derivatives of the Company.

## 6. VOTING ON THE WHITEWASH WAIVER

- (a) As at the Latest Practicable Date, no person had, prior to the posting of this circular, irrevocably committed himself/herself/itself to vote for or against the Subscription or the Whitewash Waiver.
- (b) Only the Independent Shareholders will be entitled to vote on the resolutions to approve the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver at the EGM. Mr. Ha Chung Fong, Mr. Ha Kam On, Victor and Dr. Yen Gordon were involved in the negotiations and discussions of the terms of the Subscription with the Subscriber. The Ha Family is therefore regarded as being "involved in" the Subscription under Note 1 on dispensations from Rule 26 of the Takeovers Code. Accordingly, Mr. Ha Chung Fong, Mr. Ha Kam On, Victor, Dr. Yen Gordon, the Ha Trust and parties acting in concert with any of them will abstain from voting in respect of their respective shareholdings at the EGM in respect of on the resolutions to approve the Subscription and the Whitewash Waiver.



- (c) The Subscriber, its ultimate beneficial owners and parties acting in concert with any of them do not currently hold and will not, at the time of the EGM hold, any Shares and accordingly will not vote on any of the resolutions.

## 7. ARRANGEMENTS IN CONNECTION WITH THE SUBSCRIPTION

- (a) As at the Latest Practicable Date, save for the terms contained in the Subscription Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Subscriber or any person acting in concert with it and any Director, recent Director, Shareholder or recent Shareholder of the Company which had any connection with or dependence upon the Subscription and/or the Whitewash Waiver.
- (b) As at the Latest Practicable Date, there was no agreement, arrangement or understanding existing whereby any securities to be acquired pursuant to the Subscription will be transferred, charged or pledged to any other persons.
- (c) As at the Latest Practicable Date, there was no agreement, arrangement or understanding for any benefit to be given to any Director as compensation for loss of office or otherwise in connection with the Subscription and/or the Whitewash Waiver.
- (d) As at the Latest Practicable Date, there was no agreement or arrangement between any Director of the Company and any other person which is conditional on or dependent upon the outcome of the Subscription and/or the Whitewash Waiver or otherwise connected with the Subscription and/or the Whitewash Waiver.
- (e) As at the Latest Practicable Date, no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code existed between any person and the Subscriber or any person acting in concert within Subscriber.
- (f) As at the Latest Practicable Date, no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code existed between any person and the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of "associate" under the Takeovers Code.
- (g) As at the Latest Practicable Date, no material contract had been entered into by the Subscriber in which any Director has a material personal interest.

## 8. DIRECTORS' SERVICE AGREEMENTS

Mr. Ha Kam On, Victor ("**Mr. Victor Ha**") had entered into a service agreement with the Company dated 1 April 2009 in relation to his appointment as the executive Director and Group General Manager which commenced on 1 April 2009 (the "**2009 Service Agreement**"). The fixed remuneration under the 2009 Service Agreement was HK\$2,453,760 per annum, subject to review on a periodic basis by the Board, and as at the Latest Practicable Date, the fixed remuneration of Mr. Victor Ha was HK\$3,816,960 per annum. The 2009 Service Agreement is terminable by either the Company or Mr. Victor Ha by giving not less than 12 month's advance notice in writing. Pursuant to the 2009 Service Agreement,

the Company may pay to Mr. Victor Ha a discretionary bonus, of such amount as the Board shall in its absolute discretion determine for his services rendered, payable at such time as the Company may decide. The 2009 Service Agreement was a replacement of a previous service contract entered into between Mr. Victor Ha and Higon Enterprises Limited ("**Higon**"), a subsidiary of the Company, relating to his appointment as a director and general manager of Higon commencing on 21 December 2002 (the "**2002 Service Agreement**"). The fixed remuneration under the 2002 Service Agreement was HK\$3,276,000 per annum, subject to review in accordance with Mr. Victor Ha's performance and Higon's remuneration policy. Pursuant to the 2002 Service Agreement, Higon may, pursuant to its business results during the relevant financial year preceding September of each calendar year, also pay to Mr. Victor Ha a discretionary bonus of such amount as the board of Higon shall in its absolute discretion determine for his services rendered.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group (excluding contracts expiring or determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation)), nor has any of the Directors entered into any service contract with any member of the Group or associated companies of the Company which:

- (a) (including both continuous and fixed term contracts) have been entered into or amended within 6 months before 3 April 2012, being the date of the Announcement;
- (b) are continuous contracts with a notice period of 12 months or more; or
- (c) are fixed term contracts with more than 12 months to run irrespective of the notice period.

## 9. LITIGATION

As at the Latest Practicable Date, there is no material litigation to which the Company or any of its subsidiaries is, or may become, a party.

## 10. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of the Group after the date of two years before the date of the Announcement and up to and including the date of issue of this circular and which are or may be material:

- (a) the agreement dated 29 February 2012 entered into between Ocean Yarn Dyeing Factory Limited ("**Ocean Yarn**"), a wholly-owned subsidiary of the Company as vendor, Maxy Rich Investments Limited ("**Maxy Rich**") as purchaser and the Company pursuant to which Ocean Yarn has agreed to sell, and Maxy Rich has agreed to purchase, 1 share of US\$1 in New Achieve Investments Limited ("**New Achieve**") (the "**Sale Share**") and the shareholder's loan in the principal amount of US\$12,000,000 due from New Achieve to Ocean Yarn which was unsecured, non-interest bearing and repayable on demand (the "**Sale Loan**") at the aggregate consideration of RMB90,000,000 payable by Maxy Rich for the Sale Share and the Sale Loan; and

- (b) the Subscription Agreement.

## 11. EXPERT

The following is the qualification of the expert who has provided its opinion or advice, which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
Piper Jaffray Asia Limited	a corporation licensed under the SFO to carry out business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities

As at the Latest Practicable Date, the above expert did not have any shareholding interest whether directly or indirectly in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter and references to its name and advice or opinion in the form and context in which they respectively appear.

## 12. GENERAL

- (a) The registered office of the Subscriber is situated at Chinatex Mansion, No. 19 Jianguomennei Street, Beijing, PRC. The directors of the Subscriber are Mr. Zhao Boya, Mr. Wang Wende, Mr. Luan Richeng, Mr. Ren Chuanjun, Mr. Zhang Jianhua, Mr. Wang Shuyan, Mr. Shen Sibao, Mr. Shen Anqin, and Ms. Gao Lili. .
- (b) The registered office and principal place of business of the Company is situated at Block A, 7th Floor, Eastern Sea Industrial Building, 29-39 Kwai Cheong Road, Kwai Chung, New Territories, Hong, Kong.
- (c) The share registrar and transfer office of the Company is Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) The company secretary of the Company is Mr. Wong Kin Man who is a member of the Hong Kong Institute of Certified Public Accountants.
- (e) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

**13. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at (i) Block A, 7th Floor, Eastern Sea Industrial Building, 29-39 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong during normal business hours on any weekday, except public holidays; (ii) on the Company's website at [www.fshl.com](http://www.fshl.com); and (iii) on the website of the SFC at [www.sfc.hk](http://www.sfc.hk) from the date of this circular up to and including 10 May 2012:

- (a) the memorandum and new articles of association of the Company;
- (b) the articles of association of the Subscriber;
- (c) the audited consolidated accounts of the Group for each of the two financial years ended 31 August 2010 and 2011;
- (d) the unaudited consolidated interim accounts of the Group for the six months ended 29 February 2012;
- (e) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (f) the letter from the Independent Financial Adviser, the text of which is set out in this circular;
- (g) the service contract referred to in the section headed "Directors' Service Agreements" in paragraph 8 of this Appendix;
- (h) the contracts referred to in the section headed "Material Contracts" in paragraph 10 of this Appendix; and
- (i) the written consent referred to in the section headed "Expert" in paragraph 11 of this Appendix.

## 1. STATEMENT OF INDEBTEDNESS

### Borrowings

As at the close of business on 29 February 2012, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the indebtedness of the Group was as follows:

- (i) unsecured bank borrowings in the amount of approximately HK\$1,664,684,000 due within one year;
- (ii) unsecured bank borrowings in the amount of approximately HK\$384,387,000 due after one year;
- (iii) secured bank borrowing in the amount of approximately HK\$15,307,000 due within one year (Note);
- (iv) unsecured bank overdrafts in the amount of approximately HK\$15,313,000 due within one year; and
- (v) unsecured amounts due to non-controlling shareholders in the amount of approximately HK\$80,100,000 which are non-interest bearing and repayment on demand.

*Note:* The bank borrowing is secured by life insurance policies which insured against the death of certain key members of management of the Group.

Save as aforesaid and apart from intra-group liabilities, at the close of business on 29 February 2012, the Group did not have any outstanding mortgages, charges, debentures or other loan capital or bank overdrafts, loans, debt securities or other similar indebtedness, liabilities under acceptances or acceptances credits or hire purchase commitments, or any guarantees.

The Directors have confirmed that, save as disclosed above, there has not been any material change in the indebtedness and contingent liabilities of the Group since 29 February 2012 and up to the Latest Practicable Date.

For the purpose of the above indebtedness statement, foreign currency accounts have been translated into Hong Kong Dollars at the approximately rates of exchange prevailing at the close of business on 29 February 2012.

### Disclaimer

Save as aforesaid and apart from intra-group liabilities and normal trade and bills payables in the ordinary course of business, the Group did not have any bank borrowings, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures or other loan capital, mortgage, charges, finance leases or hire purchases commitments, guarantees or other material contingent liabilities outstanding at the close of business on 29 February 2012.

## 2. MATERIAL CHANGE

Save as disclosed in the interim report of the Company for the six months ended 29 February 2012 and information contained in this circular, in particular the matters as set out below, the Directors confirm that there was no material change in the financial or trading position or outlook of the Group since 31 August 2011, being the date to which the latest published audited financial statements of the Group were made up, up to the Latest Practicable Date:

- (i) Ocean Yarn Dyeing Factory Limited ("**Ocean Yarn**"), a wholly-owned subsidiary of the Company as vendor, Maxy Rich Investments Limited ("**Maxy Rich**") as purchaser and the Company has entered into the agreement dated 29 February 2012 pursuant to which Ocean Yarn has agreed to sell, and Maxy Rich has agreed to purchase, 1 share of US\$1 in New Achieve Investments Limited ("**New Achieve**") (the "**Sale Share**") and the shareholder's loan in the principal amount of US\$12,000,000 due from New Achieve to Ocean Yarn which was unsecured, non-interest bearing and repayable on demand (the "**Sale Loan**") at the aggregate consideration of RMB90,000,000 (the "**Consideration**") payable by Maxy Rich by two installments. The disposal of the Sale Shares and the Sale Loan has been completed. As at the Latest Practicable Date, the first installment of the Consideration in the sum of RMB72,000,000 (equivalent to approximately HK\$87,805,000) has been received by the Group. The second installment of the Consideration is payable by Maxy Rich in accordance with the terms of the said agreement. Please refer to the announcement of the Company dated 29 February 2012;
- (ii) the Group has entered into the Subscription Agreement, details of which are set out in the announcement of the Company dated 3 April 2012; and
- (iii) the financial performance and financial and trading position of the Group as set out in the interim report of the Company for the six months ended 29 February 2012, in particular, the Group has recorded an unaudited loss attributable to owners of the Company of approximately HK\$157.6 million for the six months ended 29 February 2012.

## 3. FINANCIAL SUMMARY

The following information is extracted from the audited consolidated financial statements of the Group for the three years ended 31 August 2009, 2010 and 2011 and the unaudited consolidated financial statements of the Group for the six months ended 29 February 2012:

	For the six months ended 29 February 2012	For the year ended 31 August		
	(Unaudited) HK\$'000	2011 (Audited) HK\$'000	2010 (Audited) HK\$'000	2009 (Audited) HK\$'000
Revenue	3,207,910	7,593,889	6,148,949	5,451,492
Cost of sales	(2,958,605)	(6,429,052)	(5,154,109)	(4,607,480)
Gross profit	249,305	1,164,837	994,840	844,012
Other income	34,578	54,967	70,351	64,794
Government grants (Note 1)	37,874	–	–	–
Gain on disposal of assets classified as held for sale (Note 1)	–	–	–	104,657
Gain on disposal of property interests (Note 1)	–	–	96,387	–
Reversal of impairment loss on property, plant and equipment (Note 1)	–	–	1,813	–
Reversal of impairment loss, net of additional depreciation provided on transfer of assets classified as held for sale to property, plant and equipment (Note 1)	–	–	–	11,094
Distribution and selling expenses	(99,549)	(189,496)	(244,071)	(304,482)
Administrative expenses	(325,913)	(613,459)	(560,564)	(585,072)
Other expenses	(1,043)	(22,281)	(59,006)	(75,959)
Impairment loss on assets classified as held for sale (Note 1)	–	–	(1,801)	–
Impairment loss on property, plant and equipment (Note 1)	–	–	(419)	(2,456)
Net gain on disposal of subsidiaries (Note 1)	–	20,212	766	–
Finance costs	(37,509)	(71,589)	(48,201)	(48,308)
(Loss) profit before taxation	(142,257)	343,191	250,095	8,280
Income tax expense	(16,735)	(103,473)	(6,516)	(12,475)
(Loss) profit for the period/year	<u>(158,992)</u>	<u>239,718</u>	<u>243,579</u>	<u>(4,195)</u>

	For the six months ended 29 February 2012	For the year ended 31 August		
	(Unaudited) HK\$'000	2011 (Audited) HK\$'000	2010 (Audited) HK\$'000	2009 (Audited) HK\$'000
(Loss) profit for the period/year attributable to:				
Owners of the Company	(157,628)	210,886	223,798	(48,928)
Non-controlling interests	(1,364)	28,832	19,781	44,733
	<u>(158,992)</u>	<u>239,718</u>	<u>243,579</u>	<u>(4,195)</u>
Dividends	<u>–</u>	<u>7,940</u>	<u>7,940</u>	<u>–</u>
Dividends per share	<u>–</u>	<u>HK1.0 cent</u>	<u>HK1.0 cent</u>	<u>–</u>
(Loss) earnings per share				
Basic	<u>HK(19.9) cents</u>	<u>HK26.6 cents</u>	<u>HK28.2 cents</u>	<u>HK(6.2) cents</u>
Diluted	<u>HK(19.9) cents</u>	<u>HK26.6 cents</u>	<u>N/A</u>	<u>N/A</u>
Total assets	<u>6,389,398</u>	<u>6,608,902</u>	<u>6,865,973</u>	<u>6,054,222</u>
Total liabilities	<u>3,520,282</u>	<u>3,570,676</u>	<u>4,052,878</u>	<u>3,505,465</u>
Net assets	<u>2,869,116</u>	<u>3,038,226</u>	<u>2,813,095</u>	<u>2,548,757</u>
Cash and cash equivalents	<u>950,882</u>	<u>1,124,552</u>	<u>666,990</u>	<u>799,446</u>
Equity attributable to owners of the Company	<u>2,677,519</u>	<u>2,838,026</u>	<u>2,633,325</u>	<u>2,393,881</u>

*Notes:*

1. Exceptional items for the three years ended 31 August 2009, 2010 and 2011 and six months ended 29 February 2012.
2. There were no extraordinary item for the three years ended 31 August 2009, 2010 and 2011 and six months ended 29 February 2012.
3. Final dividends in respect of 2010 and 2011 at HK1 cent per share were paid during 2010 and 2011.
4. No qualified opinion had been given in the auditor's report issued by Deloitte Touche Tohmatsu, Certified Public Accountants in respect of the three financial years ended 31 August 2011.



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## 釋 義

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於本通函內，除文義另有所指者外，以下詞彙具有下列涵義：

「該公告」	指	本公司於二零一二年四月三日發表之公告，內容有關(其中包括)認購事項及清洗豁免
「聯繫人士」	指	具有上市規則所賦予之涵義
「董事會」	指	董事會
「營業日」	指	香港銀行開門辦理普通銀行業務之日(星期六或星期日除外)
「本公司」	指	福田實業(集團)有限公司，一家於香港註冊成立之有限公司，其股份於聯交所主板上市
「完成」	指	完成認購事項
「完成日期」	指	完成將發生之日期，即最後一項條件(惟表明將於完成日期達成之有關條件除外)獲達成或(倘適用)豁免當日後之第五個營業日，惟其須不遲於最後截止日期
「條件」	指	完成之先決條件，更多詳情載於本通函「認購事項之條件」一節
「董事」	指	本公司之董事
「股東特別大會」	指	本公司將於二零一二年五月十日(星期四)上午十時正假座香港九龍灣展貿徑一號九龍灣國際展貿中心7樓751-759室727號會議室召開之以考慮及酌情批准認購協議及據此擬進行之交易及清洗豁免之股東特別大會
「執行人員」	指	香港證券及期貨事務監察委員會之企業融資部不時之執行理事及有關執行理事所委派之任何人士
「本集團」	指	本公司及其附屬公司
「夏氏家族」	指	夏松芳先生、夏錦安先生、嚴震銘博士及Ha Trust

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## 釋 義

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「Ha Trust」	指	夏松芳先生以其家族利益設立之全權信託，而Trustcorp Limited (其為信託服務提供者) 為Ha Trust之受託人，並獲夏先生告知，彼正在安排將Ha Trust之受託人變更為另一實體
「港元」	指	港元，香港法定貨幣
「香港」	指	中國香港特別行政區
「獨立董事委員會」	指	本公司成立的由全體獨立非執行董事(即伍國棟先生、王幹芝先生、周永健先生，銀紫荊星章，太平紳士及馮葉儀皓女士)組成之獨立董事委員會，以就認購協議之條款及據此擬進行之交易及清洗豁免之條款向獨立股東提供意見
「獨立財務顧問」	指	派杰亞洲有限公司，根據證券及期貨條例可進行第一類(買賣證券)及第六類(就企業融資提供意見)受規管活動之持牌法團，並為獨立董事委員會及獨立股東有關認購協議及據此擬進行之交易及清洗豁免之獨立財務顧問
「獨立股東」	指	認購人、夏氏家族、彼等之任何一致行動人士及參與或擁有認購協議及據此擬進行之交易及清洗豁免之權益之任何其他股東以外之股東
「最後交易日」	指	二零一二年四月三日，股份於刊發該公告前在聯交所之最後交易日
「最後實際可行日期」	指	二零一二年四月二十日，即本通函付印前確定本通函所載若干資料之最後實際可行日期
「上市規則」	指	香港聯合交易所有限公司證券上市規則
「最後截止日期」	指	二零一二年七月三十一日或各訂約方書面同意之其他日期
「代名人」	指	認購人之全資附屬公司，由認購人提名以代表認購人認購股份

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## 釋 義

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「一致行動人士」	指	具有收購守則所賦予之涵義
「中國」	指	中華人民共和國，就本通函而言，不包括香港
「證券及期貨條例」	指	證券及期貨條例(香港法例第571章)
「股份」	指	本公司股本中每股面值0.20港元之普通股
「股東」	指	股份之持有人
「聯交所」	指	香港聯合交易所有限公司
「認購人」或「中紡」	指	中國中紡集團公司，根據中國法律成立之國有企業
「認購事項」	指	認購人(或代名人)根據認購協議認購認購股份
「認購協議」	指	認購人與本公司於二零一二年四月三日就認購事項所訂立之有條件認購協議
「認購價」	指	每股認購股份1.25港元
「認購股份」	指	認購人根據認購協議將認購之新股份
「存續條款」	指	認購協議所述之有關詮釋、公佈、保密、通知、放棄豁免權、成本、一般條文、監管法例及爭議決議案之條款
「收購守則」	指	香港公司收購及合併守則
「清洗豁免」	指	執行人員根據收購守則第26條之豁免註釋1豁免認購人及其一致行動人士因發行及配發認購股份予認購人(或代名人)而就認購人及其一致行動人士尚未擁有或同意將予收購之所有已發行股份及其他證券向本公司股東提出全面收購要約
「%」	指	百分比



福田實業(集團)有限公司

Fountain Set (Holdings) Limited

(於香港註冊成立之有限公司)

(股份代號：420)

執行董事：

夏松芳先生  
夏錦安先生  
夏漢權先生  
嚴震銘博士

註冊辦事處：

香港  
新界  
葵涌  
葵昌路29至39號  
東海工業大廈  
A座7字樓

獨立非執行董事：

伍國棟先生  
王幹芝先生  
周永健先生，銀紫荊星章，太平紳士  
馮葉儀皓女士

敬啟者：

## 認購新股份 及 申請清洗豁免

### 1. 緒言

本公司與認購人於二零一二年四月三日聯合公告，認購人與本公司訂立認購協議，據此，認購人已有條件同意(或將促使代名人)認購而本公司已有條件同意按每股認購股份1.25港元之價格配發及發行合共409,036,000股認購股份。認購股份相當於本公司於最後實際可行日期之現有已發行股本約51.52%及本公司經認購事項擴大後之已發行股本約34.00%(假設於最後實際可行日期至完成之間，除發行認購股份外，本公司已發行股本並無任何變動)。

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## 董事會函件

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於完成時，將向認購人發行409,036,000股認購股份，而認購人及其一致行動人士將持有本公司經認購事項擴大後之已發行股本約34.00%（假設於最後實際可行日期至完成之間，除認購股份外，將不會發行任何額外股份）。因此，認購人及其一致行動人士在無清洗豁免之情況下將因發行及配發認購股份而須根據收購守則第26條就彼等尚未擁有或同意予以收購之所有股份及本公司其他證券提出強制性全面收購要約。

認購人已向執行人員申請清洗豁免，而清洗豁免（倘若獲授出）須待（其中包括）獨立股東於股東特別大會上以投票方式批准後，方可作實。執行人員已指出，其將待（其中包括）獨立股東於股東特別大會上以投票方式批准後授出清洗豁免。

根據收購守則，本公司已成立由全體獨立非執行董事組成之獨立董事委員會，以就（其中包括）認購協議之條款及據此擬進行之交易及清洗豁免向獨立股東提供意見。獨立董事委員會並無成員於根據認購協議擬進行之交易或清洗豁免中擁有任何權益或參與其中。獨立董事委員會成員之一，馮葉儀皓女士擁有70,000股股份，相當於本公司於最後可行日期之已發行股本約0.01%，有關資料已披露於本函件「認購事項對股權架構之影響」一節。馮葉儀皓女士除作為一名股東外於認購事項及清洗豁免中並無任何直接或間接權益。有鑑於此，根據收購守則第2.8條，馮葉儀皓女士合資格擔任獨立董事委員會之成員。獨立財務顧問已獲委任，以就此向獨立董事委員會及獨立股東提供意見。

本公司將舉行股東特別大會，以考慮及酌情通過決議案以批准（其中包括）：(i) 認購協議及據此擬進行之交易；及(ii)清洗豁免。認購人、其最終實益擁有人及彼等任何一致行動人士現時並無持有本公司任何股份，因此，將不會就任何決議案進行投票。僅獨立股東將有權於股東特別大會上就有關批准認購協議及據此擬進行之交易及清洗豁免之決議案進行投票。

夏松芳先生、夏錦安先生及嚴震銘博士曾參與與認購人磋商及討論認購事項之條款，因此，根據收購守則第26條之豁免註釋1，夏氏家族被視為「參與」認購事項。因此，夏松芳先生、夏錦安先生、嚴震銘博士、Ha Trust及彼等之任何一致行動人士將放棄就彼等各自之股權於股東特別大會上就有關批准認購事項及清洗豁免之決議案進行投票。

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## 董事會函件

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本通函旨在(a)向閣下提供有關(其中包括)認購事項、認購協議及清洗豁免之進一步詳情；(b)載列獨立董事委員會就認購協議及據此擬進行之交易及清洗豁免而致獨立股東之推薦意見函件；(c)載列獨立財務顧問就認購協議及據此擬進行之交易及清洗豁免而致獨立董事委員會及獨立股東之意見函件；(d)向閣下提供股東特別大會通告；及(e)提供上市規則及收購守則所規定之其他資料。

### 2. 認購協議

#### 日期

二零一二年四月三日

#### 各訂約方

- (a) 認購人；及
- (b) 本公司。

#### 認購股份

根據認購協議，認購人已有條件同意(或將促使代名人)認購而本公司已有條件同意配發及發行合共409,036,000股認購股份。於最後實際可行日期，有794,010,960股已發行股份，而認購股份相當於：(i)本公司於最後實際可行日期之已發行股本約51.52%；及(ii)本公司經發行認購股份擴大後之已發行股本約34.00%(假設於最後實際可行日期至完成之間，除發行認購股份外，本公司已發行股本並無任何變動)。

#### 認購價

認購股份之認購價為每股認購股份1.25港元。認購價較：

- (i) 股份於最後實際可行日期在聯交所所報之收市價每股0.9800港元溢價約27.55%；
- (ii) 股份於最後交易日在聯交所所報之收市價每股0.9400港元溢價約32.98%；
- (iii) 股份於緊接最後交易日(包括該日)止最後五個連續交易日在聯交所所報之平均收市價每股0.9560港元溢價約30.75%；

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## 董事會函件

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- (iv) 股份於緊接最後交易日(包括該日)止最後十個連續交易日在聯交所所報之平均收市價每股0.9750港元溢價約28.21%；
- (v) 股份於緊接最後交易日(包括該日)止最後三十個連續交易日在聯交所所報之平均收市價每股1.0183港元溢價約22.75%；及
- (vi) 本集團於二零一一年八月三十一日之每股經審核綜合資產淨值(不包括少數股東權益)約3.5742港元(根據於最後實際可行日期合共794,010,960股股份計算)折讓約65.03%。

認購價乃由本公司與認購人參考股份近期於認購協議日期前在聯交所成交之價格按公平原則磋商後釐定。

認購股份之總代價合計511,295,000港元將以中紡之內部資源撥付。

### 地位

認購股份於獲發行及繳足股款時將於所有方面彼此之間及與於配發及發行認購股份日期之所有已發行股份享有同等權益，包括收取於發行及配發認購股份日期或之後所作出或宣派之任何股息或分派之權利。

### 認購事項之條件

認購事項須待達成以下各項條件後，方告完成：

- (a) 本公司股東(即根據上市規則獲准進行投票或聯交所允許其投票之有關股東)於股東特別大會上以投票方式通過有關批准認購協議及據此擬進行之交易(包括根據認購協議配發及發行認購股份)之決議案；
- (b) 聯交所上市委員會批准認購股份上市及買賣；
- (c) 條件(b)所述之批准上市及買賣其後於完成前並無被撤銷；

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## 董事會函件

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- (d) 於認購協議日期至完成日期之所有時間內股份仍在聯交所上市及買賣，惟暫停買賣股份以待批准有關認購事項或根據認購協議擬進行之交易之該公告或臨時暫停買賣不超過10個連續交易日除外；
- (e) 認購人(或代名人)已就認購事項接獲有關同意或批准或已遵守有關中國政府機關或監察機構有關認購人(或代名人)履行其責任之有關存檔規定；
- (f) 執行人員已向認購人授出清洗豁免；
- (g) 獨立股東於股東特別大會上以投票方式通過有關批准清洗豁免之決議案；
- (h) 本公司自授予本集團融資信貸之債權人獲得有關因認購事項而違反融資信貸條文之所有所需豁免及／或同意；
- (i) 本公司所給出之保證於完成時概無被發現(或於認購協議日期後並無發生任何事件或產生任何事項而導致任何有關保證)不真實或不準確或有所誤導；及
- (j) 於完成時本集團之整體財務或貿易狀況或盈利能力並無重大不利變動。

認購人可豁免上文(h)段至(j)段所載之條件。不可豁免(a)、(f)及(g)段所載之條件。倘若於最後截止日期並無達成或豁免上述任何條件，則認購協議將即時終止，惟存續條款除外，各訂約方據此須承擔之所有責任及義務獲解除，惟於終止日期一方已發生之任何權利或責任除外。

本公司將於股東特別大會上提呈一項普通決議案，以尋求(其中包括)根據認購協議發行認購股份之特別授權。

本公司將向聯交所申請批准認購股份上市及買賣。

### 完成認購事項

待達成及／或豁免所有條件後，完成將發生於完成日期。



### 擔保

考慮到本公司訂立認購協議，認購人將擔任第一責任人，(其中包括)促使代名人妥當遵守及履行根據認購協議須向本公司承擔之所有責任。

### 其他條款

本公司須在若干限制條件下就認購人因以下原因所遭致或產生之負債彌償認購人：(i)本公司之任何保證於重大方面失實或不準確，且於完成之前本公司尚未糾正或補救及(ii)本公司未能根據認購協議履行其責任。

認購人須就本公司因以下原因所遭致或產生之負債彌償本公司：(i)認購人任何保證失實或不準確；及(ii)認購人未能根據認購協議履行其責任。

### 3. 進行認購事項之理由及所得款項之用途

本集團乃綜合面料製造商及供應商，主要從事紡織及服裝業務，包括生產及銷售針織面料、服裝及紡織機械及出售原紗、色紗及縫紉線。

茲提述本公司截至二零一一年八月三十一日止年度之全年業績公告及年報之「業務展望」一節所載之資料，本公司認為：

- (1) 高失業率及憂慮歐債違約等因素所導致之北美及歐洲困難經濟環境引致消費信心偏低及紡織產品需求減少；
- (2) 由於棉花及棉紗價格自二零一一年初以來已大幅下降，針織面料之市價於明年很有可能下降；
- (3) 本集團預期下個財政年度之行業環境非常具挑戰性，特別於本年度上半年，原因是產品價格日漸下滑，加上較早前所購買之原材料存貨之價格相對較高(當時市價較高)；及
- (4) 本集團將尋求擴展其銷售至中國國內市場，以彌補出口市場之疲弱。

雖然本集團於過去年度一直削減其資產負債率，惟債務與權益之比率仍相對較高。因憂慮歐洲主權債務有關之問題可能令商業放貸市場緊縮，董事會之結論是籌集額外股權以削減其債務及增強其財務狀況有利於本公司。

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## 董事會函件

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此外，本公司認為認購人於紡織品原材料供應鏈方面擁有廣泛網絡及專長以及中國紡織產品國內市場之知識，因此能夠與其業務產生強勁協同效應。認購人之策略性參與可提高本集團於出口市場以及中國國內市場之競爭力。

本公司之意向是將來自認購事項之所得款項淨額不少於60%用於償還銀行借貸，而所得款項淨額於償還銀行借貸後之任何餘款將用於本集團之資本開支及／或用作一般營運資金。

董事(包括獨立非執行董事於考慮獨立財務顧問之意見後)認為認購協議之條款屬公平合理，並按一般商業條款，且符合本集團及股東之整體利益。

認購事項之所得款項淨額估計約為506,295,000港元，根據有關估計所得款項淨額，每股認購股份之認購淨價將約為1.2378港元。

#### 4. 建議更改董事會組成

根據認購協議，各方同意於完成時，在適用法例、規則及規例(包括上市規則及收購守則)及本公司之組織章程細則之規限下，本公司須促使(i)董事會將由11名董事組成，其中由認購人書面提名之7名人士將獲委任加入董事會(包括3名執行董事、兩名非執行董事及兩名獨立非執行董事)及足夠數目之董事辭任以方便認購人所提名之7名董事之委任於完成日期生效；(ii)於完成日期委任董事會主席及於完成日期或之後完成委任本公司首席財務官(董事會主席及首席財務官均由認購人以書面形式提名)；(iii)夏松芳先生須於完成日期辭任董事會主席，並獲委任為董事會之名譽主席；(iv)夏漢權先生須辭任執行董事，但須按本公司與夏漢權先生可能議定(惟須待薪酬委員會及董事會於完成後作出檢討)之有關條款留任本公司僱員；(v)夏錦安先生將於完成日期獲委任為董事會副主席及本公司行政總裁；及(vi)審核委員會、薪酬委員會及提名委員會之組成遵守上市規則，於諮詢認購人後(根據上市規則)以認購人所提名之董事填補有關委員會之臨時空缺。

預期於現任執行董事當中，夏松芳先生、夏錦安先生及嚴震銘博士將於上述董事會組成變動後留任執行董事。

## 董事會函件

### 5. 認購事項對股權架構之影響

本公司於最後實際可行日期之股權(基於本公司所接獲及根據證券及期貨條例第XV部獲知會之資料)及緊隨認購事項完成後之股權(假設於最後實際可行日期至完成間，除發行認購股份外，本公司已發行股本並無任何變動)概述如下：

	於最後 實際可行日期		緊隨認購事項 完成後	
	所持 股份數目	概約 %	所持 股份數目	概約 %
<b>董事：</b>				
夏氏家族				
- 夏松芳先生 (附註1)	246,388,948	31.03	246,388,948	20.48
- 夏錦安先生 (附註2)	90,841,096	11.44	90,841,096	7.55
- 嚴震銘博士 (附註3)	6,400,000	0.81	6,400,000	0.53
	343,630,044	43.28	343,630,044	28.56
其他董事				
- 馮葉儀皓女士	70,000	0.01	70,000	0.01
<b>認購人</b>	-	-	409,036,000	34.00
<b>其他股東</b>	450,310,916	56.71	450,310,916	37.43
<b>總計</b>	794,010,960	100.00	1,203,046,960	100.00

附註：

- 此246,388,948股股份包括由夏松芳先生所持有之34,280,000股股份(相當於本公司於最後實際可行日期之已發行股本約4.32%)及夏松芳先生因設立Ha Trust而被視為擁有之212,108,948股股份(相當於本公司於最後實際可行日期之已發行股本約26.71%)。
- 除所持有之此90,841,096股股份外，夏錦安先生亦已獲授予可認購7,900,000股股份之購股權。於最後實際可行日期，此等購股權概無獲行使。
- 除所持有之此6,400,000股股份外，嚴震銘博士亦已獲授予可認購7,900,000股股份之購股權。作為夏錦兒小姐(夏松芳先之女兒)之配偶，嚴震銘博士亦被視為於夏錦兒小姐獲授予之可認購5,000,000股股份之購股權中擁有權益。於最後實際可行日期，此等購股權概無獲行使。

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## 董事會函件

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於最後實際可行日期，本公司根據分別於二零零二年一月二十五日及二零一一年一月二十日所採納之購股權計劃獲授予以下購股權：

	尚未行使之購股權 購股權數目
<b>董事：</b>	
- 夏錦安先生	7,900,000
- 夏漢權先生(附註1)	5,000,000
- 嚴震銘博士(附註2)	7,900,000
<b>僱員</b>	23,397,000
<b>總計</b>	<u>44,197,000</u>

附註：

1. 夏漢權先生乃夏松芳先生之兒子。
2. 嚴震銘博士已獲授予可認購7,900,000股股份之購股權，且作為夏錦兒小姐(夏松芳先生之女兒)之配偶，亦被視為於夏錦兒小姐獲授予之可認購5,000,000股股份之購股權中擁有權益。

於最後實際可行日期，除「認購事項對股權架構之影響」一段所披露之44,197,000份尚未行使之購股權外，本公司並無任何其他已發行之購股權、認股權證或可換股證券。

## 6. 申請清洗豁免

於完成時，將向認購人發行409,036,000股認購股份，而認購人及其一致行動人士將持有409,036,000股認購股份，相當於本公司經認購事項擴大後之已發行股本約34.00%（假設於最後實際可行日期至完成之間，除認購股份外，將不會發行任何額外股份）。因此，認購人及其一致行動人士在無清洗豁免之情況下將須根據收購守則第26條就彼等尚未擁有或同意將予收購之本公司所有股份及其他證券提出強制性全面收購要約。

認購人已向執行人員申請清洗豁免。清洗豁免（倘若獲授出）須待（其中包括）獨立股東於股東特別大會上以投票方式批准後，方可作實。執行人員已指出，其將待（其中包括）獨立股東於股東特別大會上以投票方式批准後授出清洗豁免。

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## 董事會函件

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僅獨立股東將有權於股東特別大會上就有關批准認購協議及據此擬進行之交易及清洗豁免之決議案進行投票。夏松芳先生、夏錦安先生及嚴震銘博士曾參與與認購人磋商及討論認購事項之條款，因此，根據收購守則第26條之豁免註釋1，夏氏家族被視為「參與」認購事項。因此，夏松芳先生、夏錦安先生、嚴震銘博士、Ha Trust及彼等之任何一致行動人士須放棄就彼等各自之股權於股東特別大會上就有關批准認購事項及清洗豁免之決議案進行投票。

除認購協議外，認購人及其一致行動人士將不會：

- (a) 自認購協議日期起至完成日期止期間，收購或出售或訂立任何協議或安排以收購或出售本公司之任何投票權；及
- (b) 於股東特別大會後六個月內，向身為董事或主要股東之人士收購或出售或訂立任何協議或安排以收購或出售本公司之任何投票權。

於最後實際可行日期，認購人及其一致行動人士並無持有、控制或指導本公司之投票權或股份之權利。於最後實際可行日期，認購人及其一致行動人士並無自任何股東接獲投票贊成認購事項及清洗豁免之任何不可撤回承諾。

認購人及其各董事及股東已確認，彼或其一致行動人士概無：

- (a) 於認購協議日期前六個月內及截至最後實際可行日期，已收購或出售或訂立任何協議或安排以收購或出售本公司之任何投票權；
- (b) 擁有任何尚未行使之購股權、認股權證或可轉換為股份之任何證券或有關股份之任何衍生工具，亦無訂立有關本公司證券之任何尚未行使衍生工具；
- (c) 與任何其他人士擁有收購守則第22條附註8所述之有關本公司有關證券(定義見收購守則第22條附註4)或認購人股份且對根據認購協議擬進行之交易或清洗豁免而言可能屬重大之任何安排(不論以購股權、彌償保證或其他方式)；

- (d) 已作為一方訂立有關可能會或可能不會援引或尋求援引根據認購協議擬進行之交易或清洗豁免之先決條件或條件之情況之任何協議或安排，亦無任何有關協議或安排導致彼援引或尋求援引有關交易之先決條件或條件，從而引致應付任何違反費用；及
- (e) 已借入或出借任何有關本公司證券（定義見收購守則第22條附註4）。

### 7. 於過去十二個月之集資活動

本公司於緊接最後實際可行日期前之過去十二個月內並無透過發行股本證券進行集資活動，以籌集任何資金。

### 8. 認購人及本集團之主要業務

中紡乃由中國國務院國有資產監督管理委員會直接管理，並為中國500強企業之一。其擁有兩個核心業務－紡織業務及糧油業務。中紡之紡織業務涵蓋買賣及製造棉花、羊毛、紗線及布料、家居裝飾紡織及服裝。中紡擁有位於中國及海外之自身棉花種植園、軋棉及紡紗廠、針織及紡織服裝製造基地。中紡乃中國最大棉花貿易商，最近幾年，年交易量超過200,000噸。中紡營運四個製造基地，共有500,000枚紗錠，每年生產50,000噸中高端純棉紗、混紡紗及纖維紗。中紡正在擴大其生產能力，20,000枚新紗錠在建設中。於二零一一年，中紡之總收入約為人民幣350億元，其紡織及服裝業務之總收入約為人民幣120億元，相當於中紡總收入約三分之一。

本集團乃綜合面料製造商及供應商，主要從事紡織及服裝業務，包括生產及銷售針織面料、服裝及紡織機械及出售原紗、色紗及縫紉線。

### 9. 認購人有關本集團之意向

誠如上文所述，中紡有從棉花到製造服裝之綜合紡織及服裝業務。中紡有意在紡織及服裝行業之價值鏈中發展及擴展其業務。中紡之策略為與中國及香港之其他紡織公司合作，以利用中國之行業資源，以迎接全球市場挑戰及自機遇（例如中國消費市場之增長）中得益，中國消費市場增長乃中國政府於國家經濟社會發展第十二個五年規劃（二零一一年至二零一五年）中之經濟政策主要重點之一。中紡認為本公司之業務及產品線與其現有紡織業務有很強的互補性，並相信透過中紡於原材料供應鏈之資源可提高本公司特別是於出口市場之競爭力。憑藉其於中國紡織行業之領導地位，

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## 董事會函件

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中紡相信其亦能夠幫助加速本公司業務於中國之擴展，而本公司於中國之業務較本公司於北美及歐洲之其他市場之業務相對未獲開發。中紡將主要利用現有管理層繼續營運及發展本公司業務。中紡相信其於本公司之投資將為本公司及其股東創造大量利益。

中紡擬以認購事項方式於本公司作出策略性投資。於完成後，本集團將於日常業務過程中繼續其現有主要業務。除提名七名董事加入董事會及提名董事會主席及本公司首席財務官外，中紡無意對本集團僱員的持續僱用作出主要變動。除於一般業務過程中外，認購人無意對本集團之業務作出任何主要變動或重新配置或出售本集團之資產或業務。任何收購或出售本集團之資產或業務(如有)將遵守上市規則及收購守則(倘適用)及適用法例及規例。

### 10. 股東特別大會

股東特別大會通告載於本通函第92至93頁。

本公司將舉行股東特別大會，以考慮及酌情通過決議案以批准(其中包括)：(i)認購協議及據此擬進行之交易；及(ii)清洗豁免。認購人、其最終實益擁有人及彼等之任何一致行動人士現時並無持有本公司任何股份，因此，將不會就任何決議案進行投票。僅獨立股東將有權於股東特別大會上就有關批准認購協議及據此擬進行之交易及清洗豁免之決議案進行投票。夏松芳先生、夏錦安先生及嚴震銘博士曾參與與認購人磋商及討論認購事項之條款，因此，根據收購守則第26條之豁免註釋1，夏氏家族被視為「參與」認購事項。因此，夏松芳先生、夏錦安先生、嚴震銘博士、Ha Trust及彼等之任何一致行動人士須放棄就彼等各自之股權於股東特別大會上就有關批准認購事項及清洗豁免之決議案進行投票。

不論閣下是否能夠出席股東特別大會，務請將隨附之代表委任表格按印備之指示填妥及儘快交回本公司之股份過戶登記處卓佳秘書商務有限公司，地址為香港灣仔皇后大道東28號金鐘匯中心26樓，惟無論如何，須不遲於股東特別大會或其任何續會指定舉行時間前四十八小時交回。填妥及交回代表委任表格後，閣下仍可親身出席股東特別大會或其任何續會，並於會上投票。

## 11. 推薦建議

董事(包括全體獨立非執行董事經考慮獨立財務顧問之意見後)認為，認購協議及清洗豁免之條款乃按一般商業條款、公平合理及認購協議及清洗豁免符合本集團及股東之整體利益，因此，推薦獨立股東投票贊成將於股東特別大會上提呈以批准認購協議及據此擬進行之交易及清洗豁免之所有決議案。

謹請閣下垂注(i) 獨立董事委員會函件，其全文載於本通函第71頁；及(ii) 獨立財務顧問函件，其全文載於本通函第72至91頁。

## 12. 附加資料

謹請閣下垂注本通函附錄所載之附加資料。

此致

列位股東 台照

承董事會命  
福田實業(集團)有限公司  
主席  
夏松芳  
謹啟

二零一二年四月二十四日





福田實業(集團)有限公司

Fountain Set (Holdings) Limited

(於香港註冊成立之有限公司)

(股份代號：420)

敬啟者：

**認購新股份  
及  
申請清洗豁免**

獨立董事委員會已成立，以就認購協議及據此擬進行之交易及清洗豁免之條款(有關詳情載於二零一二年四月二十四日向股東寄發之通函(「通函」，而本函件亦為通函之一部份)所載之董事會函件內)向閣下提供意見。除文義另有所指者外，本函件所採用之詞彙與通函所界定者具有相同之涵義。

經考慮認購事項之條款及獨立財務顧問就此發表之意見(誠如通函第72至91頁所載)後，吾等認為認購協議及清洗豁免之條款乃按一般商業條款，就獨立股東而言屬公平合理及認購協議及據此擬進行之交易符合本公司及獨立股東之整體利益。因此，吾等推薦獨立股東投票贊成將於股東特別大會上提呈以批准認購協議及據此擬進行之交易及清洗豁免之普通決議案。

此致

列位獨立股東 台照

獨立董事委員會

獨立非執行董事

**伍國棟**

獨立非執行董事

**王幹芝**

獨立非執行董事

**周永健，銀紫荊星章，太平紳士**

獨立非執行董事

**馮葉儀皓**

謹啟

二零一二年四月二十四日

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## 獨立財務顧問函件

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以下為派杰函件之全文，當中載列其致獨立董事委員會及獨立股東之意見，以供載入本通函。

### Piper Jaffray

敬啟者：

#### (1)發行新股份予中紡； (2)申請清洗豁免

#### 緒言

吾等獲委任為獨立董事委員會及獨立股東有關認購事項及清洗豁免（有關詳情載於 貴公司於二零一二年四月二十四日寄發予股東之通函（「通函」，而本函件為其中一部份）所載之董事會函件（「董事會函件」）之獨立財務顧問。吾等之委任已獲獨立董事委員會批准。除文義另有所指者外，本函件所採用詞彙與通函所界定者具有相同之涵義。

於二零一二年四月三日，中紡與 貴公司訂立認購協議，據此，中紡已有條件同意按每股認購股份1.25港元認購409,036,000股認購股份，相當於最後實際可行日期現有已發行股份約51.52%及經認購股份擴大後之已發行股份約34.00%，就此所涉及之代價總額約為511,300,000港元。根據認購協議， 貴公司亦將同意促使中紡所提名之七位人士加入 貴公司董事會。董事會組成之建議變動詳情載於通函之董事會函件。

於最後實際可行日期， 貴公司之法定股本為280,000,000港元，分為1,400,000,000股股份；而已發行股本為158,802,192港元，分為794,010,960股股份。於最後實際可行日期，中紡於 貴公司並無任何股權權益。夏松芳先生、夏錦安先生及嚴震銘博士各自分別持有已發行股份約31.03%、11.44%及0.81%。彼等均為執行董事及曾參與與認購人磋商及討論認購事項之條款，因此，根據收購守則，夏氏家族被視為「參與」認購事項，而夏松芳先生、夏錦安先生、嚴震銘博士、Ha Trust及彼等之任何一致行動人士將放棄就彼等各自之股權於股東特別大會上就有關認購事項及清洗豁免之決議案進行投票。

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## 獨立財務顧問函件

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於認購事項完成時，中紡將持有409,036,000股股份，相當於已發行股份約34.0%，馮葉儀皓女士（一名董事）將持有70,000股股份，相當於已發行股份約0.01%，而夏氏家族將持有343,630,044股股份，相當於已發行股份約28.56%，而其他股東將持有450,310,916股股份，相當於已發行股份約37.43%。

由全體獨立非執行董事（即伍國棟先生、王幹芝先生、周永健先生，銀紫荊星章，太平紳士及馮葉儀皓女士）組成之獨立董事委員會已成立，以就認購協議及據此擬進行之交易之條款及就清洗豁免進行投票向獨立股東提供意見。

### 吾等之意見及推薦意見之基準

在達致吾等之意見時，吾等曾依賴通函所載之陳述、資料及聲明及董事及貴公司管理層提供予吾等之資料及聲明。吾等假設通函所載或所述之所有資料及聲明及董事及貴公司管理層所提供之所有資料及聲明在作出時真實及準確，且於通函寄發日期仍然準確。倘若通函所載資料及聲明有任何變動將對吾等之意見及推薦意見產生重大影響，將在實際可行情況下儘快知會股東。吾等無理由懷疑董事及貴公司管理層提供予吾等之資料及聲明之真實性、準確性及完整性。

董事共同及個別對通函所載資料（與認購人、代名人及彼等之任何一致行動人士有關之資料除外）之準確性承擔全部責任，並於作出一切合理查詢後確認，就彼等所深知，於通函內表達之意見（認購人或代名人或彼等之任何一致行動人士所表達之意見除外）乃經周詳審慎考慮後達致，並無未載於通函之其他事實，而遺漏該等事實將令通函（包括本函件）所載之任何有關陳述有所誤導。

認購人董事共同及個別對通函所載資料（與貴集團有關之資料除外）之準確性承擔全部責任，並於作出一切合理查詢後確認，就彼等所深知，於通函內表達之意見（貴公司或董事所表達之意見除外）乃經周詳審慎考慮後達致，並無未載於通函之其他事實，而遺漏該等事實將令通函（包括本函件）所載之任何有關陳述有所誤導。

吾等認為，吾等已獲提供充足資料，並為吾等之意見構成合理基礎。吾等無理由懷疑任何有關資料被隱瞞，亦不知悉有任何事實或情況將導致所提供之資料及向吾等作出之陳述乃屬失實、不準確或有誤導成份。吾等認為，吾等已採取一切必要步驟，可使吾等達致知情見解及為吾等依賴所獲提供之資料提供合理依據，以為吾等之意見提供合理基礎。

## 獨立財務顧問函件

然而，吾等並無就董事及 貴公司管理層所提供之資料進行任何獨立核實，亦無就 貴集團及彼等各自之聯繫人士之業務及事務進行獨立調查。

本函件乃純粹為了向獨立董事委員會及獨立股東提供資料而發出，以供彼等考慮(i)認購協議及據此擬進行之交易之條款；及(ii)就清洗豁免進行投票。除載入通函外，若無事先獲得書面同意書，本函件不得全部或部份引述或提述，亦不可作任何其他用途。

### 所考慮之主要因素及理由

於達致吾等有關(i)認購協議及據此擬進行之交易之條款；及(ii)就清洗豁免進行投票之意見時，吾等曾考慮以下因素及理由：

#### 1. 貴集團過往表現之回顧

貴集團主要從事生產及銷售面料、縫紉線、紗線及服裝業務。其活動包括棉花紡紗、針織、染色、印花及整理針織面料。

下表概述 貴集團截至二零一一年八月三十一日止三個年度各年之綜合財務業績(摘錄自 貴集團截至二零一一年八月三十一日止年度之年報(「二零一一年年報」)及截至二零一零年八月三十一日止年度之年報(「二零一零年年報」)及 貴集團截至二零一二年二月二十九日止六個月之中期業績(「二零一二年中期業績」))：

表A – 貴集團之綜合財務業績概要

	截至	截至	截至八月三十一日止年度		
	二零一二年 二月二十九日 止六個月 千港元 (未經審核)	二零一一年 二月二十八日 止六個月 千港元 (未經審核)	二零一一年 千港元 (經審核)	二零一零年 千港元 (經審核)	二零零九年 千港元 (經審核)
營業額	3,207,910	3,678,314	7,593,889	6,148,949	5,451,492
銷售成本	2,958,605	3,080,793	6,429,052	5,154,109	4,607,480
毛利	249,305	597,521	1,164,837	994,840	844,012
除稅前(虧損)溢利	(142,257)	179,977	343,191	250,095	8,280
股東應佔全面(開支) 收入總額	(157,973)	155,804	209,246	239,444	(54,274)

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## 獨立財務顧問函件

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截至二零一二年二月二十九日止六個月，貴集團錄得營業額3,207,910,000港元，較截至二零一一年二月二十八日止六個月之3,678,314,000港元減少約12.8%。誠如二零一二年中期業績所解釋，期間內營業額減少主要由於北美及歐洲經濟環境嚴峻導致對紡織品需求下降。高失業率及擔憂歐洲債務違約已不利影響消費者信心及貴集團於期間內之售價及銷售量。獲董事告知，彼等之大多數客戶之主要市場位於北美及歐洲。於期間內，除貴公司作出之直接銷售（其佔總營業額之6.1%）外，貴公司已估計彼等超過70%之銷售乃透過彼等之客戶間接銷往北美及歐洲。此外，貴集團截至二零一二年二月二十九日止六個月之毛利由去年同期之597,521,000港元減少至249,305,000港元。截至二零一二年二月二十九日止六個月，貴集團之股東應佔全面開支總額約為157,973,000港元，而截至二零一一年二月二十八日止六個月為股東應佔全面收益總額155,084,000港元。誠如二零一二年中期業績所解釋，貴集團於截至二零一二年二月二十九日止期間之業績變壞主要由於棉花及棉紗價格持續於二零一一年曆年度最後三季內大幅下降。由於貴集團於中期期間內使用的大部份棉花和棉紗存貨乃於較早前於成本偏高時購入，所以對貴集團截至二零一二年二月二十九日止六個月之溢利造成不利影響。

截至二零一一年八月三十一日止年度，貴集團錄得營業額7,593,889,000港元，較上一個財政年度之6,148,949,000港元增加約23.5%。貴集團截至二零一一年八月三十一日止年度之毛利由上一個財政年度之994,840,000港元增加至1,164,837,000港元。貴集團之股東應佔全面收益總額由截至二零一零年八月三十一日止年度之239,444,000港元減少約12.6%至截至二零一一年八月三十一日止年度之209,246,000港元。誠如二零一一年年報所解釋，貴集團截至二零一一年八月三十一日止年度之業績之負面影響主要為本年度及過往年度之非經常性特殊項目（包括二零一零年出售物業權益之收益約96,400,000港元及二零一一年稅務審核撥備41,000,000港元）。

截至二零一零年八月三十一日止年度，貴集團錄得營業額6,148,949,000港元，較截至二零零九年八月三十一日止年度之5,451,492,000港元增加約12.8%。貴集團截至二零一零年八月三十一日止年度之毛利由上一個財政年度之844,012,000港元增加至994,840,000港元。截至二零一零年八月三十一日止年度，貴集團之股東應佔全面收益總額為239,444,000港元，較上一個財政年度所錄得之股東應佔全面開支總額54,274,000港元大幅增加。根據二零一零年年報，貴集團截至二零一零年八月三十一日止年度變為盈利，主要由於全球經濟從全球金融及經濟危機中復甦及出口訂單增加。

## 獨立財務顧問函件

下表列示 貴集團於二零一二年二月二十九日、二零一一年八月三十一日、二零一零年八月三十一日及二零零九年八月三十一日之綜合財務狀況表(摘錄自二零一二年中期業績、二零一一年年報及二零一零年年報)：

**表B – 貴集團之綜合財務狀況表**

	於二零一二年		於八月三十一日	
	二月二十九日 (未經審核) 千港元	二零一一年 (經審核) 千港元	二零一零年 (經審核) 千港元	二零零九年 (經審核) 千港元
<b>非流動資產</b>				
投資物業	-	-	-	12,755
物業、機器及設備	1,996,084	2,155,311	2,328,801	2,293,055
預付租賃款項－非流動部份	108,808	119,207	125,324	129,491
應收代價－非流動部份	-	-	-	168,672
收購物業、機器及設備之				
已付按金	14,698	-	-	-
人壽保險保單預付款項及權利	36,323	-	-	-
遞延稅項資產	18,080	25,689	25,309	16,111
	2,173,993	2,300,207	2,479,434	2,620,084
<b>流動資產</b>				
存貨	1,695,109	1,683,454	1,938,592	1,180,756
營業及票據應收款項	1,254,583	1,275,741	1,372,026	1,135,082
預付款項、按金及其他應收款項	221,707	214,193	209,979	217,108
預付租賃款項－流動部份	2,525	2,732	2,812	2,848
應收代價－流動部份	-	-	171,283	64,042
衍生金融工具	2,489	4,984	2,514	-
可收回稅項	6,186	3,039	18,957	26,267
有限制用途之銀行存款	-	-	-	2,127
短期銀行存款	112,514	106,075	42,438	58,015
銀行結存及現金	853,677	1,018,477	627,938	742,400
	4,148,790	4,308,695	4,386,539	3,428,645
分類為持作出售之資產	66,615	-	-	5,493
	4,215,405	4,308,695	4,386,539	3,434,138

## 獨立財務顧問函件

	於二零一二年		於八月三十一日	
	二月二十九日 (未經審核) 千港元	二零一一年 (經審核) 千港元	二零一零年 (經審核) 千港元	二零零九年 (經審核) 千港元
<b>流動負債</b>				
營業及票據應付款項	850,738	698,433	867,513	610,859
其他應付款項及應計費用	304,503	320,661	331,771	279,133
欠非控股股東款項	80,100	80,100	80,100	80,100
應付代價－流動部份	-	23,501	58,446	28,672
遞延收入－流動部份	1,458	1,458	1,458	1,458
衍生金融工具	743	108	773	-
應付稅項	99,418	131,311	26,187	20,572
重組撥備	-	-	730	4,689
銀行借貸－一年內到期	1,679,991	1,443,532	1,604,591	839,538
銀行透支	15,313	-	3,386	969
流動負債總額	3,032,264	2,699,104	2,974,955	1,865,990
流動資產淨值	1,183,141	1,609,591	1,411,584	1,568,148
總資產減流動負債	3,357,134	3,909,798	3,891,018	4,188,232
<b>非流動負債</b>				
應付代價－非流動部份	-	-	-	46,316
遞延收入－非流動部份	66,349	67,080	68,538	69,996
衍生金融工具	33,970	45,583	54,389	30,898
銀行借貸－一年後到期	384,387	755,854	951,275	1,489,018
遞延稅項負債	3,312	3,055	3,721	3,247
資產淨值	488,018	871,572	1,077,923	1,639,475
資本及儲備	2,869,116	3,038,226	2,813,095	2,548,757
股本	158,802	158,802	158,802	158,802
儲備	2,518,717	2,679,224	2,474,523	2,235,079
貴公司擁有人應佔權益	2,677,519	2,838,026	2,633,325	2,393,881
非控股權益	191,597	200,200	179,770	154,876
權益總值	2,869,116	3,038,226	2,813,095	2,548,757
流動比率(附註1)	1.39	1.60	1.47	1.85
債務比率(附註2)	0.55	0.54	0.59	0.58

## 獨立財務顧問函件

附註：

1. 流動比率乃按流動資產除以流動負債計算。
2. 債務比率乃按總負債除以總資產計算。

誠如表B所示，貴集團之非流動資產由二零一一年八月三十一日之2,300,207,000港元減少至二零一二年二月二十九日之2,173,993,000港元，主要由於若干物業、廠房及設備重新分類為流動資產下之分類為持作買賣之資產。吾等自二零一二年中期業績注意到，於二零一二年二月二十九日，貴集團與一名獨立第三方訂立協議，以出售New Achieve Investments Limited（「New Achieve」）、聚堡有限公司（「聚堡」）及江陰金田機械有限公司（「金田機械」）之100%股本權益，總代價為人民幣90,000,000元。New Achieve、聚堡及金田機械應佔之資產已分類為持作出售之資產，並於二零一二年二月二十九日之簡明綜合財務狀況表獨立呈列。預計該等資產將於報告期終後一年內出售。貴集團之流動資產由二零一一年八月三十一日之4,308,695,000港元減少至二零一二年二月二十九日之4,215,405,000港元，主要由於提早償還若干銀行借貸。獲貴公司告知，有關銀行借貸之期限介乎約一個月至三年，加權平均利率為每年約3.61%。

貴集團之流動負債由二零一一年八月三十一日之2,699,104,000港元增加至二零一二年二月二十九日增加至二零一二年二月二十九日之3,032,264,000港元，主要由於貴集團購買原材料應對該年度下半年之客戶訂單而導致營業及票據應付款項增加。貴集團之銀行借貸總額由二零一一年八月三十一日之2,199,386,000港元減少至二零一二年二月二十九日之2,079,691,000港元，主要由於貴集團於該期間提早償還銀行借貸。於二零一二年二月二十九日之流動資產淨值及資產淨值分別為1,183,141,000港元及2,869,116,000港元。

貴集團之流動資產由於二零一零年八月三十一日之4,386,539,000港元輕微減少至二零一一年八月三十一日之4,308,695,000港元，主要由於收回應收代價。貴集團之流動負債由二零一零年八月三十一日之2,974,955,000港元減少至二零一一年八月三十一日之2,699,104,000港元，主要由於營業及票據應付款項、應付代價及銀行借貸減少。於二零一一年八月三十一日之流動資產淨值及資產淨值分別為1,609,591,000港元及3,038,226,000港元。貴集團之流動資產由二零零九年八月三十一日之3,434,138,000港元增加至二零一零年八月三十一日之4,386,539,000港元，主要由於存貨及營業及票據應收款項增加。貴集團之流動負債由二零零九年八月三十一日之1,865,990,000港元增加至二零一零年八月三十一日之2,974,955,000港元，主要歸因於短期銀行借貸增加至1,604,591,000港元（二零零九年八月三十一日：839,538,000港元）。非流動負債由二零零九年八月三十一日之1,639,475,000港元減少於二零一零年八月三十一日之1,077,923,000港元，主要由於銀行借貸減少至951,275,000港元（二零零九年八月三十一日：1,489,018,000港元）。

貴集團之流動比率（按流動資產除以流動負債計算）由二零一一年八月三十一日之約1.60減少至二零一二年八月二十九日之約1.39。貴集團於二零零九年八月三十一日、二零一零年八月三十一日、二零一一年八月三十一日及二零一二年二月二十九日之總資產分別為6,054,222,000港元、6,865,973,000港元、6,608,902,000港元及6,389,398,000港元。貴集團於二零零九年八月三十一日、二零一零年八月三十一日、二零一一年八月三十一日及二零一二年二月二十九日之總負債分別為3,505,465,000



## 獨立財務顧問函件

港元、4,052,878,000港元、3,570,676,000港元及3,520,282,000港元。貴集團於截至二零零九年八月三十一日、二零一零年八月三十一日、二零一一年八月三十一日止年度及截至二零一二年二月二十九日止六個月之計息債務(不包括銀行透支)分別為2,328,556,000港元、2,555,866,000港元、2,199,386,000港元及2,064,378,000港元。貴集團之債務比率(按總負債除以總資產計算)由於二零一一年八月三十一日之約0.54增加至於二零一二年二月二十九日之約0.55。

下表概述 貴集團於截至二零一二年二月二十九日止六個月及截至二零一一年八月三十一日止三個年度之綜合現金流量表(摘錄自二零一二年中期業績、二零一一年年報及二零一零年年報)：

**表C－貴集團之綜合現金流量表概要**

	截至二零一二年 二月二十九日 止六個月 (未經審核) 千港元	截至八月三十一日止年度		
		二零一一年 (經審核) 千港元	二零一零年 (經審核) 千港元	二零零九年 (經審核) 千港元
<b>所得／(所用)現金流入／</b>				
<b>(流出)淨額</b>				
－營運項目	84,710	798,212	(218,885)	384,996
－投資項目	(47,826)	134,498	(55,339)	(216,307)
－融資項目	(210,758)	(480,320)	138,578	(41,266)
現金及等同現金項目				
(減少)／增加淨額	(173,874)	452,390	(135,646)	127,423
期初現金及等同現金項目				
匯率變動之影響	204	5,172	3,190	(4,691)
期終之現金及等同現金項目				
	<u>950,882</u>	<u>1,124,552</u>	<u>666,990</u>	<u>799,446</u>

於截至二零零九年八月三十一日止年度及截至二零一一年八月三十一日止年度及截至二零一二年二月二十九日止六個月，貴集團分別錄得營運項目所得現金流量淨額384,996,000港元、798,212,000港元及84,710,000港元。於截至二零一零年八月三十一日止年度，貴集團錄得營運項目現金流出淨額及現金及等同現金項目減少淨額。獲 貴公司告知，經營項目之現金流入淨額由798,212,000港元大幅減少至84,710,000港元主要由於經濟環境困難導致期間內銷售額降低及錄得虧損。誠如二零一一年年報所示，截至二零一一年八月三十一日止年度之現金及等同現金項目減少淨額主要由於除稅前溢利增加及存貨減少。現金及等同現金項目由於二零一一年八月三十一日之1,124,552,000港元減少約15.4%至於二零一二年二月二十九日之950,882,000港元，主要由於提早償還若干銀行借貸。

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## 獨立財務顧問函件

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經考慮(i)貴集團於截至二零一二年二月二十九日止六個月有現金及等同現金項目減少淨額173,874,000港元；(ii)於截至二零一二年二月二十九日止六個月，貴集團之債務比率由0.54增加至0.55，而其流動比率由截至二零一一年八月三十一日止年度之1.60減少至截至二零一二年二月二十九日六個月之1.39；(iii)貴集團一直背負大量計息債務(不包括銀行透支)2,064,378,000港元，加上由於歐洲主權債務有關之問題所致之不利商業放貸市場；及(iv)困難市場環境，加上產品價格下滑及較早前所購買之原材料價格較高，吾等認為，鑒於全球現時業務及經濟環境不明朗，貴集團保留其現金資源及減少其現時／未來負債以改善整體流動性及財務穩定狀況乃必要及權宜。因此，吾等認為認購事項可令貴公司籌集額外股權資金，以增強其資本基礎及減少其債務。

### 2. 認購事項之背景及理由及所得款項用途

貴集團乃綜合面料製造商及供應商，主要從事紡織及服裝業務，包括生產及銷售針織面料、服裝及紡織機械及出售原紗、色紗及縫紉線。

茲提述截至二零一一年八月三十一日止年度之全年業績公告及年報之「業務展望」一節所載之資料，貴公司認為：

- (1) 高失業率及憂慮歐債違約等因素所導致之北美及歐洲困難經濟環境引致消費信心偏低及紡織產品需求減少；及
- (2) 由於棉花及棉紗價格自二零一一年初以來已大幅下降，針織面料之市價於明年很有可能下降；及
- (3) 貴集團預期下個財政年度之行業環境非常具挑戰性，特別於本年度上半年，原因是產品價格日漸下滑，加上較早前所購買之原材料存貨之價格相對較高(當時市價較高)；及
- (4) 貴集團將尋求擴展其銷售至中國國內市場，以彌補出口市場之疲弱。

截至二零一一年八月三十一日止三個財政年度及截至二零一二年二月二十九日止六個月，貴集團之計息債務總額(不包括銀行透支)分別約為2,329,000,000港元、2,556,000,000港元、2,199,000,000港元及2,064,000,000港元。雖然貴集團於過去年度一直削減其資產負債率及銀行借貸總額自二零一零年財政年度以來一直在減少，惟債務與權益總額之比率仍相對較高，根據於二零一二年二月二十九日之計息債務(不包括銀行透支)2,064,378,000港元及權益總額2,869,116,000港元計算，債務與權益之比率約為72.0%。

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## 獨立財務顧問函件

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鑒於上述情況，執行董事於二零一一年下半年一直在檢討 貴公司之營運前景及可能影響 貴公司競爭力之潛在挑戰。 貴公司有較高之債權與權益比率，主要由於截至二零零八年及二零零九年八月三十一日止財政年度連續兩年錄得虧損。儘管 貴公司於二零一一年十一月能夠將當時之即期銀行借貸部份再融資，惟執行董事憂慮緊縮之放貸市場可能影響 貴公司日後再融資之議價能力。此外， 貴公司獲其銀行告知，即使是銀行間之放貸市場，也變得非常緊縮，原因為憂慮歐洲債務危機。

因此，執行董事相信，探索於股本市場籌集額外資本之可能性將符合 貴公司之利益。執行董事間之內部討論於二零一一年十二月初舉行，內容有關可能需要採取以改善 貴公司財務狀況之可能行動。釐定(包括其他營運決定)：

- i. 增強其原材料供應鏈以最大程度降低未來原材料價格波動之影響有利於 貴公司；
- ii. 由於歐洲債務危機變壞導致出口市場進一步脆弱， 貴公司必須加速其進一步滲透中國國內市場之策略；及
- iii. 鑒於惡化之歐洲債務危機導致放貸市場再次進一步緊縮，必須籌集額外資本。

誠如董事會函件所述，董事因以下理由認為訂立認購協議有利於 貴公司：

1. 籌集額外資本以減少其債務及增強其財務狀況有利於 貴公司，特別於憂慮商業放貸市場因歐洲債務危機可能緊縮之情況下；
2. 經考慮認購人之背景，其於紡織品原材料供應鏈方面擁有廣泛網絡及專長以及中國紡織產品國內市場之知識，董事會認為，認購人於 貴公司之策略性參與將對 貴集團之業務產生正面影響，並提高 貴集團之競爭力。尤其是，董事相信，中紡(作為中國500強企業，非常專注於買賣及製造棉花、羊毛、紗線及布料、家居裝飾紡織及服裝)可幫助促進 貴公司於中國之業務，而 貴公司於中國市場之業務較北美及歐洲之其他市場之業務相對未獲開發。
3. 貴公司擬將認購事項之大部份所得款項淨額用於償還債務。

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## 獨立財務顧問函件

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藉訂立認購協議，貴公司能夠籌集股本資金約511,300,000港元，認購事項之所得款項淨額約不少於60%（約300,000,000港元）將用於償還其他借貸。獲貴公司告知，有關銀行借貸乃按年利率香港銀行同業拆息加3.00%計息。於償還有關銀行借貸後，貴集團之銀行借貸總額將由二零一二年二月二十九日之2,079,691,000港元減少至約1,779,691,000港元，而根據恒生12個月銀行同業拆息0.86%計算，每年可節省利息開支約11,580,000港元。因此，吾等認購認購事項可幫助貴公司減少其債務及提高貴集團之財務狀況。

誠如董事會函件所述，中紡乃由中國國務院國有資產監督管理委員會直接管理，並為中國500強企業之一。其擁有兩個核心業務－紡織業務及糧油業務。中紡之紡織業務涵蓋買賣及製造棉花、羊毛、紗線及布料、家居裝飾紡織及服裝。中紡擁有位於中華人民共和國及海外之自身棉花種植園、軋棉及紡紗廠、針織及紡織服裝製造基地。

董事已獲中紡告知，其策略目標是發展與其核心業務相關之上游及下游行業，並成為具有供應鏈管理能力之企業集團，這將令其於全球紡織行業具競爭力。

自二零零八年起，全球金融及經濟危機已令全球紡織行業面臨許多挑戰，傳統出口市場之全球需求減少，導致其他新興國家降價促銷，與在中國擁有生產業務之公司構成競爭。董事已獲中紡告知，中紡之策略為與中國及香港之紡織公司合作，以利用中國之行業資源，以迎接市場挑戰及自機遇（例如中國消費市場之增長）中得益，中國消費市場增長特別是中國政府有關國家未來五年之經濟政策之主要重點之一。

董事認為貴公司之業務及產品線與中紡現有紡織業務有很強的互補性，而其於貴公司之投資將為貴公司帶來大有可為之前景，並且於市場上得到認可。獲董事告知，貴公司於業內被認可為主要針織面料製造商，一直長時間專注於全球市場，並垂直整合棉紡、針織、染色、印花及整理。貴公司之產品（包括色紗、縫紉線及服裝）亦可擴大中紡之產品組合。貴公司亦為超過四十個國家服裝製造商之主要面料供應商，該等製造商供應國際知名零售品牌。貴公司於中國、斯里蘭卡及印尼亦有生產設施，於若干國家有市場推廣及代表辦事處，而員工遍佈全球。

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## 獨立財務顧問函件

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董事相信，中紡成為 貴公司之主要股東可助促進 貴公司於中國之業務，而 貴公司於中國市場較北美及歐洲之其他市場相對未獲開發。股東應注意，根據認購協議，於完成時董事會組成將有若干變化，詳情載於董事會函件內。有關變動主要反映中紡於董事會之預期參與。儘管董事會有關變動對 貴公司之未來發展之影響不明朗，惟經考慮中紡於中國之強勁行業背景，吾等同意，引進中紡作為 貴公司之主要股東(假設於認購協議日期截至認購協議完成止 貴公司之已發行股本並無其他變化，則持有經認購事項擴大後之已發行股份約34.0%)可幫助 貴公司於中國拓展其業務發展。

### 3. 其他可選擇融資方法

獲董事告知， 貴公司於過去數個月一直在尋求股權集資機會，以滿足 貴集團未來之現金需求。然而，鑒於市場氣氛不利於製造領域及憂慮全球經濟展望，由於現時市況非常波動， 貴公司已無法按合理條款自金融機構獲得利益以進行股權集資機會(例如配售新股份、公開發售及供股)。除股權融資外，董事會亦考慮其他融資選擇，例如債務融資及銀行借貸以撥付 貴集團資金需求。經考慮利息費用將對 貴集團施加額外利息負擔及增加 貴集團之資產負債水平，鑒於現時財務狀況，董事會認為有關融資方法不適合 貴集團。

將認購事項與其他集資方法(例如配售新股份或其他可換股證券及銀行借貸)作比較，並考慮到(i)引進中紡作為 貴公司之主要股東所帶來之潛在協同效應；(ii)債務融資及銀行借貸將對 貴公司之產生利息負擔；及(iii)鑒於市場氣氛不利於製造領域及 貴公司之財務表現令人失望(誠如二零一二年中期業績所載)，配售新股份與認購事項相比可能並非適宜之選擇方法，吾等同意董事之觀點，認為以認購事項集資就獨立股東整體利益而言屬公平合理，並符合 貴公司之利益。

### 4. 認購事項之主要條款

根據認購協議，認購事項之主要條款如下：

1. 認購價：每股1.25港元。
2. 認購股份數目：409,036,000股，而認購股份(於獲發行及繳足股款時)將彼此之間及與於配發及發行認購股份日期已發行之所有股份在所有方面享有同等權益。

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## 獨立財務顧問函件

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3. 條件：認購協議之條件詳情載於通函之董事會函件。
4. 擔保：認購人將促使代名人妥當遵守及履行根據認購協議須向 貴公司承擔之責任。
5. 完成：待達成及／或豁免條件後，完成將於完成日期發生，惟其須為不遲於最後截止日期（即二零一二年七月三十一日）之日期或各訂約方可能書面同意之其他日期。
6. 貴公司須在若干限制條件下就中紡因以下原因所遭致或產生之負債彌償中紡：  
(i)貴公司之任何保證於重大方面失實或不準確，且於完成認購協議之前貴公司尚未糾正或補救及(ii)貴公司未能根據認購協議履行其責任。
7. 中紡須就 貴公司因以下原因所遭致或產生之負債彌償 貴公司：(i)認購人任何保證失實或不準確；及(ii)認購人未能根據認購協議履行其責任。

誠如董事會函件所述，認購價每股認購股份1.25港元乃由 貴公司與中紡參考股份近期市價按公平原則磋商後釐定。

認購價每股認購股份1.25港元較：

- a) 股份於最後交易日在聯交所所報之收市價每股0.9400港元溢價約32.98%；
- b) 股份於緊接最後交易日（包括該日）止最後五個連續交易日在聯交所所報之平均收市價每股0.9560港元溢價約30.75%；
- c) 股份於緊接最後交易日（包括該日）止最後十個連續交易日在聯交所所報之平均收市價每股0.9750港元溢價約28.21%；
- d) 股份於緊接最後交易日（包括該日）止最後三十個連續交易日在聯交所所報之平均收市價每股1.0183港元溢價約22.75%；
- e) 股份於最後實際可行日期在聯交所所報之收市價每股0.980港元溢價約27.55%；

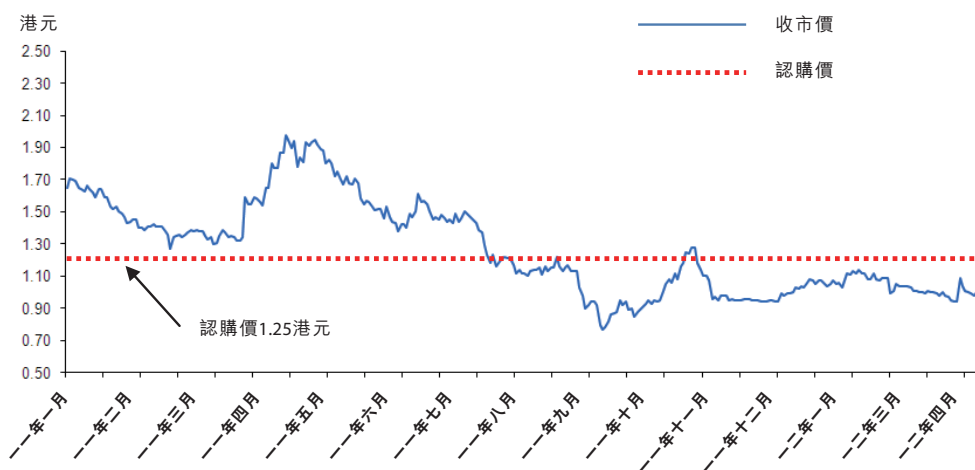
## 獨立財務顧問函件

- f) 於二零一二年二月二十九日之每股股份未經審核資產淨值約3.37港元折讓約62.9% (根據於二零一二年二月二十九日 貴公司擁有人應佔之未經審核綜合資產淨值約2,677,519,000港元 (誠如 貴公司於截至二零一二年二月二十九日止六個月之中期業績所示) 及於二零一二年二月二十九日之794,010,960股股份計算)；及
- g) 於二零一一年八月三十一日之每股經審核綜合資產淨值約3.5472港元 (根據於二零一一年八月三十一日 貴公司擁有人應佔之經審核綜合資產淨值約2,838,026,000港元 (誠如 貴公司截至二零一一年八月三十一日止年度之年報所示) 及於二零一一年八月三十一日之794,010,960股股份計算) 折讓65.03%。

### 股份之過往表現

圖A列示股份於二零一一年一月三日開始至最後實際可行日期止期間(「回顧期間」)內在聯交所所報之收市價：

圖A－股價表現



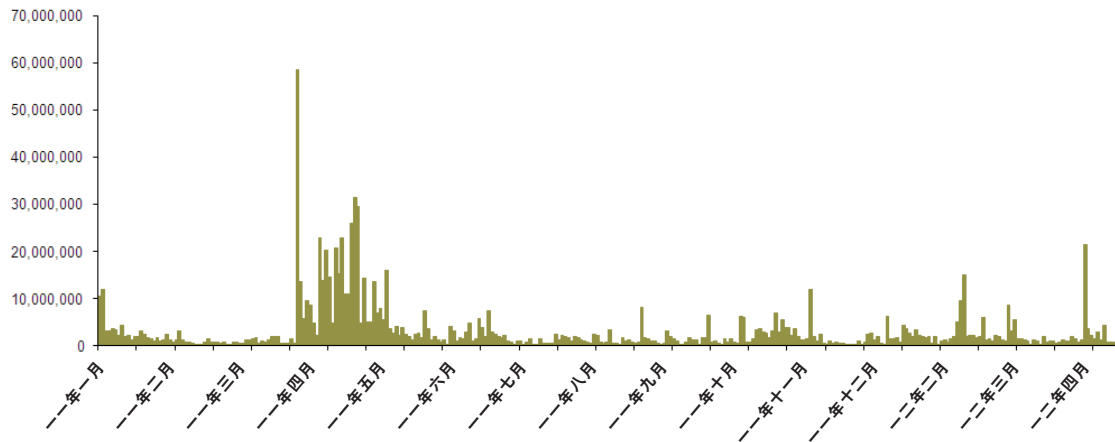
資料來源：聯交所網站([www.hkex.com.hk](http://www.hkex.com.hk))

從圖A看，股份之收市價於二零一一年四月二十六日達到頂峰1.98港元後呈一般逐漸下降趨勢。此後，股份之收市價呈逐漸減少趨勢，並於二零一一年十月四日達到0.77港元，其為回顧期間之最低收市價。誠如上圖所說明，認購價1.25港元接近回顧期間股份之平均收市價(其約為1.27港元)，但於回顧期間之下半年之大部份時間(於二零一一年九月一日至二零一二年四月二十日)，溢價介乎0%至38.4%，惟二零一一年十一月十七日及十八日除外，收市價為1.28港元。認購價較股份於最後實際可行日期在聯交所所報之收市價每股0.98港元溢價27.55%。

股份之成交流動性

圖B載列股份於回顧期間之每日成交量：

圖B－股份之成交量



資料來源：聯交所網站([www.hkex.com.hk](http://www.hkex.com.hk))



## 獨立財務顧問函件

下表D分別載列回顧期間內之每月成交量、每月成交之股份之每日平均數目及與已發行股本比較之各自每日百分比成交量及公眾持股量：

**表D－股份之成交量**

月份	每月成交總量 (股份數目)	平均 每日成交量 (股份數目) (附註1)	平均每日 成交量與已 發行股份總數 之百分比 (%) (附註2)	平均每日 成交量與公眾 股東所持有 之股份總數 之百分比 (%) (附註3)
<b>二零一一年</b>				
一月	65,481,666	3,118,175	0.39	0.69
二月	17,410,600	967,256	0.12	0.21
三月	22,844,554	993,242	0.13	0.22
四月	285,860,640	15,881,147	2.00	3.53
五月	165,284,710	8,264,236	1.04	1.84
六月	53,539,425	2,549,496	0.32	0.57
七月	30,132,000	1,506,600	0.19	0.33
八月	30,698,000	1,334,696	0.17	0.30
九月	28,980,200	1,449,010	0.18	0.32
十月	35,320,000	1,766,000	0.22	0.39
十一月	68,983,000	3,135,591	0.39	0.70
十二月	18,760,000	938,000	0.12	0.21
<b>二零一二年</b>				
一月	38,680,000	2,148,889	0.27	0.48
二月	62,340,000	2,968,571	0.37	0.66
三月	38,006,571	1,727,571	0.22	0.38
四月(截至最後 實際可行日期止)	41,588,157	3,465,680	0.44	0.77

資料來源：聯交所網站([www.hkex.com.hk](http://www.hkex.com.hk))

附註：

1. 每日平均成交量乃按月份／期間之股份成交總量除以月份／期間內之成交日數計算。
2. 根據於最後實際可行日期之794,010,960股已發行股份計算。
3. 根據公眾股東於最後實際可行日期所持有之450,310,916股股份計算。

誠如上文所說明，於回顧期間內，股份之每日平均成交量作為已發行股份平均總數之百分比介乎0.12%至2.00%，而股份之每日平均成交量作為公眾股東所持有股份之平均總數之百分比介乎0.21%至3.53%。股份之最高每日平均成交量發生於二零一一年四月，而貴公司於二零一一年三月三十一日發表正面盈利預告及隨後於二零一一年四月二十九日發表中期業績。自二零一一年四月起，股份每日平均成交量與股份總數及與公眾股東所持有股份總數之百分比顯示一般逐漸上升趨勢，恰逢圖A所示之股份收市價逐漸下降趨勢。鑒於股份之流動性低及事實上於現時市況下難以找到包銷商（誠如上文「其他可選擇融資方法」一節所分析），吾等認為貴公司難以在現時市況下以類似認購事項之定價進行股權集資揮動（例如配售、供股或公開發售）。

儘管注意到認購價1.25港元較於二零一二年二月二十九日貴公司擁有人應佔之每股資產淨值折讓約62.9%，惟經考慮(i)貴集團於截至二零一二年二月二十九日止六個月之流動比率及債務比率惡化；(ii)誠如上文「其他可選擇融資方法」一節所分析，難以在現時市況下以類似於認購事項之定價條款找到包銷商；及(iii)認購價較股份於最後交易日之收市價、股份截至最後交易日（包括該日）止最後五個交易日之平均收市價及股份截至最後交易日（包括該日）止最後三十個交易日之平均收市價分別溢價約32.98%、30.75%及22.75%，吾等認為認購事項之條款（包括認購價）對獨立股東之整體利益而言屬公平合理。

## 5. 認購事項之財務影響

### 營運資金

根據二零一二年中期業績，貴集團之未經審核流動資產及流動負債於二零一二年二月二十九日分別為4,215,405,000港元及3,032,264,000港元，換算為流動比率（流動資產／流動負債）約1.39及資產淨值1,183,141,000港元。於完成認購事項時，貴集團之流動資金及現金狀況將得以改善，原因為認購事項將促使貴公司籌集所得款項淨額約506,300,000港元。因此，貴集團之流動資產淨值及流動比率預期於完成認購事項時得以改善。

### 資產淨值

根據二零一二年中期業績，於二零一二年二月二十九日 貴公司擁有人應佔之 貴集團未經審核綜合資產淨值約為2,677,519,000港元，換算為每股未經審核資產淨值約3.37港元（根據於最後實際可行日期794,010,960股已發行股份計算）。於認購事項完成時， 貴公司擁有人應佔之資產淨值將增加，原因為認購事項將增加 貴集團之股本。因此，完成認購事項將對 貴公司擁有人應佔之資產淨值總額產生正面影響。然而，認購人應注意，由於認購價1.25港元較於二零一二年二月二十九日 貴公司擁有人應佔之每股資產淨值3.37港元折讓62.9%，假設認購事項之所得款項淨額約為506,295,000港元，貴公司股東應佔之每股資產淨值將由二零一二年二月二十九日之3.37港元減少至緊隨完成認購事項後之約2.65港元。

### 資產負債率及流動比率

貴集團之債務比率（即總負債與總資產之比率）由二零一一年八月三十一日之約0.54增加至二零一二年二月二十九日之0.55。同時， 貴集團之流動比率由二零一一年八月三十一日之約1.60減少至二零一二年二月二十九日之約1.39。於完成認購事項時， 貴公司之流動負債及總負債將減少，原因為大部份之所得款項淨額將用於償還銀行借貸。

獲 貴公司告知，認購協議將在技術上觸發600,000,000港元之銀團貸款及80,000,000港元尚未償還雙邊貸款之違約事件， 貴公司已自有關銀行獲得豁免／同意認購事項及其後發生之股權架構變動將不會被當作其600,000,000港元銀團貸款及80,000,000港元雙邊貸款之違約事件。

基於上述者，於總資產淨值、營運資金、流動比率及資產負債率方面，於完成時，認購事項將對 貴集團之財務狀況產生整體正面影響。儘管對每股資產淨值產生攤薄影響，惟 貴集團之整體財務狀況於完成認購事項時將得以增強。考慮到(i)認購事項所籌集之額外資金可增強 貴公司之資本基礎及將部份所得款項用於償還銀行債務可減少 貴集團之資產負債率；及(ii)預期中紡作為中國市場知名業內翹楚有助 貴公司進一步滲透中國國內市場，吾等認為於完成認購事項時 貴公司每股資產淨值之攤薄可接受。因此，吾等認為認購事項符合 貴公司及股東之整體利益。

### 6. 對 貴公司股權架構之影響

誠如董事會函件「認購事項對股權架構之影響」分節所示，現有公眾股東所持有之 貴公司股權將由最後實際可行日期之約56.71%攤薄至緊隨配發及發行認購股份後之約37.43%。儘管對現有公眾股東之股權會攤薄，惟考慮到發行認購股份將增強 貴公司之股本基礎及提高 貴集團之資產淨值、營運資金、流動比率及資產負債率，吾等認為對現有公眾股東股權之攤薄就獨立股東之利益而言可接受。

### 7. 清洗豁免

誠如董事會函件所載，緊隨完成認購事項後，中紡將擁有合共409,036,000股股份，相當於 貴公司經配發及發行認股股份擴大後之已發行股本約34.0%。夏氏家族於認購事項時將擁有343,630,044股股份，相當於 貴公司已發行股本約28.56%。根據收購守則第26條，中紡及彼等之任何一致行動人士（在無清洗豁免之情況下）因發行及配發認購股份而須就彼等尚未擁有或同意將予收購之 貴公司所有股份及其他證券提出強制性全面收購要約。就此，中紡已向執行人員申請清洗豁免，而執行人員已指出，清洗豁免（倘若授出）將須待（其中包括）獨立股東於股東特別大會上以投票方式批准後，方可作實。

認購事項須待（其中包括）執行人員授出清洗豁免及獨立股東於股東特別大會上批准清洗豁免後，方可作實。上述條件不可予以豁免。倘若清洗豁免不獲授出，則認購事項將不會進行。

經考慮本函件先前章節所述之認購事項利益，尤其是，認購事項將：

- (i) 增強 貴公司之財務狀況；
- (ii) 減少 貴公司之資產負債率及利息開支負擔；
- (iii) 有助 貴公司透過中紡之網絡及經驗進一步滲透中國市場；及
- (iv) 認購價較最後交易日之收市價及截至最後交易日（包括該日）止最後五個交易日之平均收市價分別溢價32.98%及30.75%，

吾等認為，授出清洗豁免屬公平合理，並符合 貴公司及股東之整體利益。

## 推薦意見

經考慮上述主要因素及理由，特別是，

- i. 鑒於現時市況及 貴公司現時之財務狀況， 貴公司難以獲得可選擇融資方法；
- ii. 認購事項為 貴公司獲得額外資金以作為其營運資金及作未來發展之現時最佳可獲得之選擇；
- iii. 認購價較股份於最後交易日之收市價、股份截至最後交易日(包括該日)止最後五個交易日之平均收市價及股份截至最後交易日(包括該日)止最後三十個交易日之平均收市價分別溢價約32.98%、30.75%及22.75%；
- iv. 於截至二零一二年二月二十九日止六個月， 貴集團之流動比率及債務比率惡化，而於完成認購事項時，認購事項在資產淨值總額、營運資金、流動比率及資產負債表方面，將對 貴集團之財務狀況產生整體正面影響。
- v. 大多數所得款項將用於償還銀行借貸，從而改善 貴集團之資產負債率及減少其利息負擔；及
- vi. 中紡作為主要股東所產生之協同效應，讓 貴公司透過其網絡及經驗進一步滲透中國市場，

吾等認為認購協議之條款及清洗豁免乃按一般商業條款進行，對獨立股東之利益而言屬公平合理，而認購協議及據此擬進行之交易符合 貴公司及獨立股東之整體利益。吾等亦認為授出清洗豁免屬公平合理，並符合 貴公司及獨立股東之整體利益。因此，吾等建議獨立股東以及獨立董事委員會建議獨立股東投票贊成擬於股東特別大會上提呈之普通決議案，以批准認購協議及據此擬進行之交易及清洗豁免。

此致

獨立董事委員會及列位獨立股東 台照

代表  
派杰亞洲有限公司  
投資銀行  
董事總經理  
蔡詠詩  
謹啟

二零一二年四月二十四日

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## 股東特別大會通告

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福田實業(集團)有限公司

Fountain Set (Holdings) Limited

(於香港註冊成立之有限公司)

(股份代號：420)

### 股東特別大會通告

茲通告福田實業(集團)有限公司(「本公司」)謹訂於二零一二年五月十日(星期四)上午十時正假座香港九龍灣展貿徑一號九龍灣國際展貿中心7樓751-759室727號會議室舉行股東特別大會或其任何續會，藉以考慮及酌情通過下列決議案(不論是否予以修訂)為本公司之普通決議案：

#### 普通決議案

1. 「動議：

- (a) 批准、確認及追認中國中紡集團公司(「認購人」)與本公司於二零一二年四月三日訂立之有條件認購協議(「認購協議」，其註有「A」字樣之副本已提交大會並由大會主席簡簽以供識別)及據此擬進行及相關之所有交易；
- (b) 批准根據認購協議之條款及條件以現金按每股認購股份1.25港元向認購人(或其代名人)配發及發行本公司股本中409,036,000股每股面值0.20港元之股份(「認購股份」)；及
- (c) 授權本公司任何一位董事或本公司董事會不時授權之任何其他人士(或如需加蓋公司印鑑，則本公司任何兩位董事)，代表本公司簽立、蓋印、執行、完成、履行及交付所有該等合約、文書、文件及契據，以及一切在彼或彼等全權酌情決定下認為使認購協議及據此擬進行之交易(包括配發及發行認購股份)及附帶於或附屬於所有事宜(包括議定或作出任何修訂、修改、豁免、更改或延遲認購協議及／或據此擬進行之交易)得以執行及／或生效屬必須、可取、適當或權宜之所有有關行動或事宜，並採取所有行動。」

## 股東特別大會通告

2. 「**動議**待通過本會議通告所載之第1項決議案後，批准香港證券及期貨事務監察委員會企業融資部之執行理事或其委派之任何人士根據公司收購及合併守則（「**收購守則**」）第26條之豁免註釋1授出或將授出之豁免，豁免認購人及其一致行動人士因認購人（或其代名人）獲配發及發行認購股份（定義見本大會通告所載之第1項決議案）而根據收購守則第26.1條須就彼等尚未擁有或同意將予收購之本公司所有已發行股份及證券向本公司股東提出強制性全面收購要約。」

承董事會命  
**福田實業(集團)有限公司**  
夏松芳  
主席

香港，二零一二年四月二十四日

註冊辦事處：

香港  
新界葵涌  
葵昌路二十九至三十九號  
東海工業大廈  
A座七字樓

附註：

1. 凡有權出席上述大會及投票之股東，均可委派一位或多位代表出席，並於投票表決時代其投票，受委代表不必為本公司股東。
2. 代表委任表格連同授權簽署該表格之授權書或其他授權文件（如有）或由公證人簽署證明之該等授權書或授權文件副本，最遲需於大會或其任何續會指定舉行時間四十八小時前送達本公司之股份過戶登記處卓佳秘書商務有限公司，地址為香港灣仔皇后大道東28號金鐘匯中心26樓，方為有效。
3. 於股東特別大會上，大會主席將根據本公司組織章程細則第73條行使其權力，根據香港聯合交易所有限公司證券上市規則及收購守則以投票方式表決本通告所載之決議案。於投票表決時，每位親身出席（或如股東為公司則其公司代表）或委派代表出席之股東每持有任何類別股份一股將持有一票。
4. 填妥及交回代表委任表格後，股東仍可親身出席召開的大會或其任何續會，並於會上投票。在此情況下，授權代表將被視為已撤回論。
5. 於本通告日期，本公司董事會總共由八位董事組成，即執行董事夏松芳先生、夏錦安先生、夏漢權先生及嚴震銘博士；及獨立非執行董事伍國棟先生、王幹芝先生、周永健先生，銀紫荊星章，太平紳士及馮葉儀皓女士。

## 1. 責任聲明

本通函的資料乃遵照上市規則及收購守則之規定而刊載，旨在提供有關本集團及認購人之資料。

各董事願就本通函所載資料(不包括有關認購人、代名人及其一致行動人士之資料)之準確性共同及個別承擔全部責任，並於作出一切合理查詢後確認，就彼等所深知，本通函所表達之意見(不包括認購人或代名人或彼等之任何一致行動之人士所表達之意見)乃經審慎周詳考慮後達致，及並無未載於本通函之其他事實，而遺漏該等事實會致使本通函所載任何聲明有誤導成份。

認購人之各董事願就本通函所載資料(不包括有關本集團之資料)之準確性共同及個別承擔全部責任，並於作出一切合理查詢後確認，就彼等所深知，本通函所表達之意見(不包括本公司或董事所表達之意見)乃經審慎周詳考慮後達致，及並無未載於本通函之其他事實，而遺漏該等事實會致使本通函所載任何聲明有誤導成份。

## 2. 股本及購股權

### (1) 股本

本公司於最後實際可行日期之法定及已發行股本如下：

法定：

1,400,000,000股股份 280,000,000.00港元

已發行及已繳足或入賬列為已繳足：

794,010,960股股份 158,802,192港元

所有股份於所有方面(包括股息、表決及資本)享有同等權益。

自二零一一年八月三十一日起截至最後實際可行日期止，本公司之已發行股本並無增加。



## (2) 購股權

於最後實際可行日期，本公司已根據分別於二零零二年一月二十五日及二零一一年一月二十日採納之購股權計劃授出以下購股權：

	尚未行使購股權 購股權數目
<b>董事：</b>	
— 夏錦安先生	7,900,000
— 夏漢權先生(附註1)	5,000,000
— 嚴震銘博士(附註2)	7,900,000
<b>僱員</b>	<u>23,397,000</u>
<b>合計</b>	<u><u>44,197,000</u></u>

附註：

1. 夏漢權先生乃夏松芳先生之兒子。
2. 嚴震銘博士獲授予可認購7,900,000股股份之購股權，而作為夏錦兒小姐(夏松芳先生之女兒)之配偶，亦被視為於夏錦兒小姐獲授予可認購5,000,000股股份之購股權中擁有權益。

除本附錄「股本及購股權」一節所披露者外，於最後實際可行日期，並無影響股份之尚未行使購股權、認股權證或換股權。

## 3. 市價

股份於(i)二零一二年四月三日(即該公告之日期)前六個月起計至最後實際可行日期止期間每個曆月結束時；(ii)二零一二年四月二日(即緊接該公告日期前最後營業日)；(iii)最後交易日；及(iv)最後實際可行日期在聯交所所報之收市價如下：

日期	股份之收市價
二零一二年十月三十一日	0.95港元
二零一二年十一月三十日	0.95港元
二零一二年十二月三十一日	0.94港元
二零一二年一月三十一日	1.04港元
二零一二年二月二十九日	1.09港元
二零一二年三月三十一日	0.95港元
二零一二年四月二日	0.94港元
最後交易日	0.94港元
最後實際可行日期	0.98港元

於二零一二年四月三日(即該公告之日期)前六個月起計至最後實際可行日期止期間，股份於聯交所所報之最高及最低收市價分別為二零一一年十一月十八日之1.29港元及二零一一年十月三日之0.74港元。

#### 4. 權益披露

- (a) 於最後實際可行日期，本公司各董事及行政總裁在本公司及其相聯法團(按證券及期貨條例第XV部之涵義)之股份、相關股份及債權證中，擁有(i)須依據證券及期貨條例第XV部第7及第8分部之規定知會本公司及聯交所之權益及淡倉(包括彼等根據證券及期貨條例之有關規定被當作或視為擁有之權益或淡倉)；或(ii)須列入本公司依據證券及期貨條例第352條規定存置之登記冊之權益及淡倉；或(iii)須依據本公司採納之《上市公司董事進行證券交易之標準守則》(「標準守則」)知會本公司及聯交所之權益及淡倉；或(iv)根據收購守則之規定須於本通函內披露之權益及淡倉(如有)如下：

##### (i) 於股份的好倉

董事姓名	擁有權益的股份數目			總數	佔本公司 於最後實際 可行日期之 已發行股本 之概約%
	實益擁有人	其他權益			
夏松芳先生	34,280,000	212,108,948 (附註)	246,388,948		31.03
夏錦安先生	90,841,096	—	90,841,096		11.44
嚴震銘博士	6,400,000	—	6,400,000		0.81
馮葉儀皓女士	70,000	—	70,000		0.01

附註：夏松芳先生因設立Ha Trust而被視為於212,108,948股本公司股份中擁有權益。

## (ii) 於相關股份的好倉

董事姓名	身份	所持購股權數目	相關股份數目
夏錦安先生	實益擁有人	7,900,000	7,900,000
夏漢權先生	實益擁有人	5,000,000	5,000,000
嚴震銘博士	實益擁有人	7,900,000	7,900,000
嚴震銘博士	配偶權益	5,000,000	5,000,000

除上文所披露者外，於最後實際可行日期，就董事所知，本公司董事及行政總裁概無在本公司及其相聯法團（按證券及期貨條例第XV部之涵義）之任何股份或相關股份或債權證中擁有任何須依據證券及期貨條例第XV部第7及第8分部規定知會本公司及聯交所之權益或淡倉（包括彼等根據證券及期貨條例之有關規定被當作或視為擁有之權益或淡倉）；或須列入本公司依據證券及期貨條例第352條規定存置之登記冊之權益或淡倉；或須依據標準守則知會本公司及聯交所之權益或淡倉；或須根據收購守則之規定於本通函內披露之權益或淡倉。

- (b) 於最後實際可行日期，下列人士（董事或本公司行政總裁除外）或法團於股份及相關股份中擁有根據證券及期貨條例第XV部第2及第3分部條文須向本公司披露之權益或淡倉：

主要股東姓名／名稱	股份數目	身份	佔本公司已發行股本之概約%
鄧娟妹女士	246,388,948 (附註1及3)	配偶權益	31.03
Newcorp Ltd.	212,108,948 (附註2及3)	所控制法團的權益	26.71
中紡	409,036,000 (附註4)	實益擁有人	51.52

附註：

1. 夏松芳先生之配偶鄧娟妹女士被視為於夏松芳先生及Newcorp Ltd.所持有之股份中擁有權益。
2. Newcorp Ltd.乃Trustcorp Limited之唯一股東，為Ha Trust之受託人。
3. 夏松芳先生、鄧娟妹女士及Newcorp Ltd.之權益重複。

4. 中紡於股份之權益乃根據本公司於最後實際可行日期之已發行股本794,010,960股股份計算。緊隨完成後(假設除發行認購股份外,截至完成止,本公司之已發行股本並無變動),計及認購股份,中紡於股份之權益將約為本公司經擴大已發行股本1,203,046,960股股份之約34%。

除上文所披露者外,於最後實際可行日期,董事或本公司行政總裁概不知悉任何其他人士(董事或本公司行政總裁除外)或法團於股份或相關股份中擁有根據證券及期貨條例第XV部第2及第3分部條文須向本公司披露之權益或淡倉。

## 5. 根據收購守則對股權及買賣之披露

- (a) 於最後實際可行日期:
  - (i) 認購人並無本公司之股權(按收購守則附表一第4段附註1所界定之涵義)、可換股證券、認股權證、購股權及衍生工具;
  - (ii) 認購人之董事概無於本公司之任何股權(按收購守則附表一第4段附註1所界定之涵義)、可換股證券、認股權證、購股權及衍生工具中擁有權益;
  - (iii) 認購人之一致行動人士概無擁有或控制本公司之任何股權(按收購守則附表一第4段附註1所界定之涵義)、可換股證券、認股權證、購股權及衍生工具;
  - (iv) 認購人及其任何一致行動人士概無借入或借出本公司之任何股權(按收購守則附表一第4段附註1所界定之涵義)、可換股證券、認股權證、購股權及衍生工具;
  - (v) 本公司並無認購人之股權(按收購守則附表一第4段附註1所界定之涵義)、可換股證券、認股權證、購股權及衍生工具;
  - (vi) 各董事概無於認購人之任何股權(按收購守則附表一第4段附註1所界定之涵義)、可換股證券、認股權證、購股權及衍生工具中擁有權益;
  - (vii) 除本通函董事會函件「5.認購事項對股權架構之影響」一節所披露者外,概無董事於本公司之任何股權(按收購守則附表一第4段附註1所界定之涵義)、可換股證券、認股權證、購股權及衍生工具中擁有權益;

- (viii) 本公司任何附屬公司或本集團任何成員公司之退休基金或根據收購守則「聯繫人士」定義之第(2)類所指之本公司顧問(但不包括獲豁免自營買賣商)概無擁有或控制本公司任何股權(按收購守則附表一第4段附註1所界定之涵義)、可換股證券、認股權證、購股權及衍生工具；
  - (ix) 本公司之股權(按收購守則附表一第4段附註1所界定之涵義)、可換股證券、認股權證、購股權及衍生工具概無由與本公司有關連的基金經理(獲豁免基金經理除外)以全權委託方式管理；
  - (x) 全體執行董事(即夏氏家族成員)將不會就彼等各自之股權於股東特別大會上就認購協議或清洗豁免進行任何投票，原因為彼等須放棄於股東特別大會上就彼等各自於本公司之實益股權進行投票；
  - (xi) 獨立非執行董事馮葉儀皓女士已就彼於本公司之實益股權表達彼投票贊成認購協議及清洗豁免之意向；及
  - (xii) 本公司或董事概無借入或出借本公司之任何股權(按收購守則附表一第4段附註1所界定之涵義)、可換股證券、認股權證、購股權及衍生工具。
- (b) 於二零一二年四月三日(即該公告日期)前六個月起計截至最後實際可行日期止期間：
- (i) 除認購協議外，認購人及其一致行動人士概無進行任何有關本公司股權(按收購守則附表一第4段附註1所界定之涵義)、可換股證券、認股權證、購股權及衍生工具之有值代價買賣；
  - (ii) 認購人各董事概無進行任何有關本公司股權(按收購守則附表一第4段附註1所界定之涵義)、可換股證券、認股權證、購股權及衍生工具之有值代價買賣；
  - (iii) 本公司概無進行有關認購人任何股權(按收購守則附表一第4段附註1所界定之涵義)、可換股證券、認股權證、購股權及衍生工具之有值代價買賣；
  - (iv) 各董事概無進行任何有關認購人任何股權(按收購守則附表一第4段附註1所界定之涵義)、可換股證券、認股權證、購股權及衍生工具之有值代價買賣；

- (v) 本公司之附屬公司、本集團任何成員公司之退休基金或根據收購守則「聯繫人士」定義之第(2)類所指之本公司顧問(但不包括獲豁免自營買賣商)概無進行任何有關本公司任何股權(按收購守則附表一第4段附註1所界定之涵義)、可換股證券、認股權證、購股權及衍生工具之有值代價買賣；
- (vi) 與本公司有關連的基金經理(獲豁免基金經理除外)概無進行有關以全權委託方式管理之本公司任何股權(按收購守則附表一第4段附註1所界定之涵義)、可換股證券、認股權證、購股權及衍生工具之有值代價買賣；
- (vii) 認購人或其一致行動人士概無借入或借出本公司股權(按收購守則附表一第4段附註1所界定之涵義)、可換股證券、認股權證、購股權及衍生工具；及
- (viii) 以下董事已進行本公司股權(按收購守則附表一第4段附註1所界定之涵義)、可換股證券、認股權證、購股權及衍生工具之有值代價買賣：
  - (1) 於二零一一年十一月二十九日，夏松芳先生以總象徵式代價1.00港元轉讓2,066,000股股份予其兒子夏錦安先生；及
  - (2) 於二零一一年十二月七日，Ha Trust(其由夏松芳先生所設立)以總象徵式代價1.00港元轉讓67,973,096股本公司股份予其兒子夏錦安先生；

除上文所披露者外，概無董事已進行本公司任何股權、可換股證券、認股權證、購股權及衍生工具之有值代價買賣。

## 6. 就清洗豁免投票

- (a) 於最後實際可行日期，並無任何人士於本通函寄發之前不可撤銷地承諾其投票贊成或反對認購事項或清洗豁免。
- (b) 僅獨立股東將有權於股東特別大會上就有關批准認購協議及據此擬進行之交易及清洗豁免之決議案進行投票。夏松芳先生、夏錦安先生及嚴震銘博士曾參與與認購人磋商及討論認購事項之條款，因此，根據收購守則第26條之豁免註釋1，夏氏家族被視為「參與」認購事項。因此，夏松芳先生、夏錦安先生、嚴震銘博士、Ha Trust及彼等之任何一致行動人士將放棄就彼等各自之股權於股東特別大會上就有關批准認購事項及清洗豁免之決議案進行投票。

- (c) 認購人、其最終實益擁有人及彼等任何人士之一致行動人士現時並無且於股東特別大會舉行時間不會持有任何股份，因此將不會就有關決議案進行投票。

## 7. 與認購事項有關之安排

- (a) 於最後實際可行日期，除認購協議所載之條款外，認購人或其任何一致行動人士概無與本公司任何董事、近任董事、股東或近任股東訂立任何與認購事項及／或清洗豁免有關或取決於認購事項及／或清洗豁免之協議、安排或諒解（包括任何補償安排）。
- (b) 於最後實際可行日期，並無存在任何協議、安排或諒解，據此，根據認購事項將收購之任何證券將被轉讓、押記或質押予任何其他人士。
- (c) 於最後實際可行日期，概無任何協議、安排或諒解而致使董事將獲得任何利益，以作為離職或有關認購事項及／或清洗豁免之補償。
- (d) 於最後實際可行日期，本公司任何董事與任何其他人士概無訂立任何協議或安排，而有關協議或安排須待或視乎認購事項及／或清洗豁免之結果而定，或與認購事項及／或清洗豁免存在其他關連。
- (e) 於最後實際可行日期，概無任何人士與認購人或認購人之任何一致行動人士訂有收購守則第22條附註8所述類型之安排。
- (f) 於最後實際可行日期，概無任何人士與本公司或身為本公司聯繫人士之任何人士（屬收購守則「聯繫人士」定義第(1)、(2)、(3)或(4)類者）訂有收購守則第22條附註8所述類型之任何安排。
- (g) 於最後實際可行日期，認購人並無訂立任何董事擁有重大個人權益之任何重大合約。

## 8. 董事之服務合約

夏錦安先生（「夏錦安先生」）已於二零零九年四月一日與本公司訂立一份服務協議，內容有關委任其擔任執行董事及本集團總經理，於二零零九年四月一日開始（「二零零九年服務協議」）。根據二零零九年服務協議，固定酬金為每年2,453,760港元，惟須由董事會定期檢討，而於最後實際可行日期，夏錦安先生之固定酬金為每年3,816,960港元。二零零九年服務協議可由本公司或夏錦安先生透過發出不少於十二個月之事先書面通知予以終止。根據二零零九年服務協議，本公司可向夏錦安先生支付酌情花

紅，花紅之金額將由董事會全權酌情根據其所提供之服務釐定，並須於本公司可能決定之時間支付。二零零九年服務協議乃取代夏錦安先生與本公司之附屬公司Higon Enterprises Limited (「Higon」) 先前所訂立之服務合約，內容有關於二零零二年十二月二十一日委任其為Higon之董事及總經理 (「二零零二年服務協議」)。根據二零零二年服務協議，固定酬金為每年3,276,000港元，惟須根據夏錦安先生之表現及Higon之薪酬政策予以檢討。根據二零零二年服務協議，Higon亦可緊接每個歷年九月前根據其有關財政年度之業務業績向夏錦安先生支付酌情花紅，而花紅之金額將由Higon之董事會全權酌情根據其所提供之服務予以釐定。

除上文所披露者外，於最後實際可行日期，概無董事與本集團任何成員公司已訂立或擬訂立服務合約 (不包括於一年內屆滿或可由本集團相關成員公司於一年內終止而毋須支付任何賠償 (法定賠償除外) 的合約)，亦無任何董事與本集團任何成員公司或本公司之聯營公司訂有任何服務合約，而該等服務合約：

- (a) (包括持續性及固定年期合約) 乃於二零一二年四月三日 (即該公告日期) 前六個月內已訂立或修訂；
- (b) 乃通知期為十二個月或以上之持續性合約；或
- (c) 乃不論通知期長短，十二個月以上之固定年期合約。

## 9. 訴訟

於最後實際可行日期，本公司或其任何附屬公司並無涉及或可能涉及任何重大訴訟。

## 10. 重大合約

以下合約 (並非於日常業務中訂立的合約) 由本集團成員公司於兩年前該公告日期之日起及截至本通函刊發日期 (包括該日) 止期間訂立而屬或可能屬重大：

- (a) 海洋染紗廠有限公司 (「**海洋染紗**」，本公司之全資附屬公司，作為賣方)、Maxy Rich Investments Limited (「**Maxy Rich**」，作為買方) 及本公司訂立日期為二零一二年二月二十九日之協議，據此，海洋染紗已同意出售而Maxy Rich已同意購買New Achieve Investments Limited (「**New Achieve**」) 之1股每股面值1美元之股份 (「**銷售股份**」) 及本金額為12,000,000美元之股東貸款，有關股東貸款乃New Achieve結欠海洋染紗之無擔保、免息及應要求償還之貸款 (「**銷售貸款**」)，Maxy Rich就銷售股份及銷售貸款應付之總代價為人民幣90,000,000元；及



- (b) 認購協議。

## 11. 專家

以下為提供本通函所載意見或建議的專家之資格：

名稱	資格
派杰亞洲有限公司	根據證券及期貨條例可進行第一類(證券買賣)及第六類(就企業融資提供意見)受規管活動之持牌法團

於最後實際可行日期，上述專家並無直接或間接擁有本集團任何成員公司的任何股權或擁有可認購或提名他人認購本集團任何成員公司證券的任何權利(不論是否可依法執行)。

上述專家已就刊發本通函發出書面同意書，同意以現時所示的形式及涵義在本通函內轉載其函件，以及引述其名稱及建議或意見，且迄今並無撤回其同意書。

## 12. 一般事項

- (a) 認購人之註冊辦事處位於中國北京建國門內大街第19號中紡大廈。認購人之董事為趙博雅先生、王文德先生、樂日成先生、任傳俊先生、張建華先生、王樹岩先生、沈四寶先生、申安秦先生及高麗麗女士。
- (b) 本公司註冊辦事處及主要營業地點位於香港新界葵涌葵昌路29-39號東海工業大廈A座7字樓。
- (c) 本公司股份過戶登記處為卓佳秘書商務有限公司，地址為香港灣仔皇后大道東28號金鐘匯中心26樓。
- (d) 本公司之公司秘書為黃建文先生，其為香港會計師公會會員。
- (e) 如本通函的中英文版本有任何歧異，概以英文版本為準。

### 13. 備查文件

下列文件的副本於本通函日期起截至二零一二年五月十日(包括該日)止期間，可於(i)任何工作日(公眾假期除外)的一般辦公時間內於香港新界葵涌葵昌路29-39號東海工業大廈A座7字樓；(ii)本公司網站www.fshl.com；及(iii)證監會網站www.sfc.hk供查閱。

- (a) 本公司之組織章程大綱及新組織章程細則；
- (b) 認購人之章程；
- (c) 本集團截至二零一零年及二零一一年八月三十一日止兩個財政年度之經審核綜合賬目；
- (d) 本集團截至二零一二年二月二十九日止六個月之未經審核綜合中期業績；
- (e) 獨立董事委員會函件，其全文載於本通函；
- (f) 獨立財務顧問函件，其全文載於本通函；
- (g) 本附錄第8段「董事之服務協議」一節所述之服務合約；
- (h) 本附錄第10段「重大合約」一節所述之合約；及
- (i) 本附錄第11段「專家」一節所述之書面同意書。

## 1. 債務聲明

### 借貸

於二零一二年二月二十九日(即本通函付印前就聲明債務而言之最後實際可行日期)營業時間結束時，本公司之借貸如下：

- (i) 為數約1,664,684,000港元並於一年內到期之無抵押銀行借貸；
- (ii) 為數約384,387,000港元並於一年後到期之無抵押銀行借貸；
- (iii) 為數約15,307,000港元並於一年內到期之有抵押銀行借貸(附註)；
- (iv) 為數約15,313,000港元並於一年內到期之無抵押銀行透支；及
- (v) 為數約80,100,000港元之免息並須應要求償還之欠非控股股東無抵押款項。

附註：銀行借貸乃以本集團若干主要管理層之身故為給付條件之人壽保險單作抵押。

除上述者及集團內公司間之負債外，於二零一二年二月二十九日營業時間結束時，本集團並無任何尚未償還按揭、押記、債權證或其他貸款資本或銀行透支、貸款、債務證券或其他類似債務、承兌負債或承付信貸或租購承擔或任何擔保。

董事已確認，除上文所披露者外，自二零一二年二月二十九日起至最後實際可行日期為止本集團之債務及或然負債並無任何重大變化。

就上述債務聲明而言，外幣賬目已按於二零一二年二月二十九日營業時間結束時之現行概約匯率換算為港元。

### 免責聲明

除上述者及集團內公司間負債及於日常業務過程中應付之營業及票據應付款項外，本集團於二零一二年二月二十九日營業時間結束時並無任何尚未償還之銀行借貸、銀行透支及承兌負債或其他類似債務、債權證或其他貸款資本、按揭、押記、融資租賃或租購承兌、擔保或其他重大或然負債。

## 2. 重大變動

除本公司截至二零一二年二月二十九日止六個月之中期報告所披露者及本通函所載之資料(尤其是下文所載之事項)外,董事確認,本集團之財務或貿易狀況或前景自二零一一年八月三十一日(本集團最近期刊發之經審核財務報表之結算日)起截至最後實際可行日期止期間並無任何重大變動。

- (i) 海洋染紗廠有限公司(「**海洋染紗**」,本公司之全資附屬公司,作為賣方)、Maxy Rich Investments Limited(「**Maxy Rich**」,作為買方)及本公司訂立日期為二零一二年二月二十九日之協議,據此,海洋染紗已同意出售而Maxy Rich已同意購買New Achieve Investments Limited(「**New Achieve**」)之1股每股面值1美元之股份(「**銷售股份**」)及本金額為12,000,000美元之股東貸款,有關股東貸款乃New Achieve結欠海洋染紗之無擔保、免息及應要求償還之貸款(「**銷售貸款**」),Maxy Rich須分兩期支付總代價人民幣90,000,000元(「**代價**」)。出售銷售股份及銷售貸款之事項已完成。於最後實際可行日期,本公司已接獲代價之首期款人民幣72,000,000元(約相等於87,805,000港元)。Maxy Rich根據上述協議之條款須支付代價之第二期款項。請參閱本公司於二零一二年二月二十九日發表之公告;
- (ii) 本集團已訂立認購協議,有關詳情載於本公司日期為二零一二年四月三日之公告內;
- (iii) 本公司截至二零一二年二月二十九日止六個月之中期報告所載之本集團財務表現及財務及貿易狀況,尤其是本集團錄得本公司擁有人應佔截至二零一二年二月二十九日止六個月之未經審核虧損約157,600,000港元。

## 3. 財務概要

以下資料摘錄自本集團截至二零零九年、二零一零年及二零一一年八月三十一日止三個年度之經審核綜合財務報表及本集團截至二零一二年二月二十九日止六個月之未經審核綜合財務報表：

	截至二零一二年 二月二十九日止 六個月 (未經審核) 千港元		截至八月三十一日止年度 二零一一年 二零一零年 二零零九年 (經審核) (經審核) (經審核) 千港元 千港元 千港元	
營業額	3,207,910	7,593,889	6,148,949	5,451,492
銷售成本	(2,958,605)	(6,429,052)	(5,154,109)	(4,607,480)
毛利	249,305	1,164,837	994,840	844,012
其他收入	34,578	54,967	70,351	64,794
政府補貼(附註1)	37,874	-	-	-
出售分類為持作出售之 資產所得收益(附註1)	-	-	-	104,657
出售物業權益之所得收益 (附註1)	-	-	96,387	-
物業、機器及設備 之減值損失撥回(附註1)	-	-	1,813	-
減值損失撥回，扣除轉撥分類為 持作出售之資產至 物業、機器及設備之計提 折舊(附註1)	-	-	-	11,094
分銷及銷售費用	(99,549)	(189,496)	(244,071)	(304,482)
行政費用	(325,913)	(613,459)	(560,564)	(585,072)
其他費用	(1,043)	(22,281)	(59,006)	(75,959)
分類為持作出售之資產 之減值損失(附註1)	-	-	(1,801)	-
物業、機器及設備之 減值損失(附註1)	-	-	(419)	(2,456)
出售附屬公司之所得收益淨額 (附註1)	-	20,212	766	-
融資成本	(37,509)	(71,589)	(48,201)	(48,308)
除稅前(虧損)盈利	(142,257)	343,191	250,095	8,280
所得稅支出	(16,735)	(103,473)	(6,516)	(12,475)
是期間／年度(虧損)盈利	(158,992)	239,718	243,579	(4,195)

	截至二零一二年 二月二十九日止		截至八月三十一日止年度	
	六個月 (未經審核) 千港元	二零一一年 (經審核) 千港元	二零一零年 (經審核) 千港元	二零零九年 (經審核) 千港元
歸屬於以下人士之是期間／ 年度(虧損)盈利：				
本公司擁有人	(157,628)	210,886	223,798	(48,928)
非控股權益	(1,364)	28,832	19,781	44,733
	<u>(158,992)</u>	<u>239,718</u>	<u>243,579</u>	<u>(4,195)</u>
股息	-	7,940	7,940	-
每股股息	-	1.0港仙	1.0港仙	-
每股(虧損)盈利				
基本	<u>(19.9)港仙</u>	<u>26.6港仙</u>	<u>28.2港仙</u>	<u>(6.2)港仙</u>
攤薄	<u>(19.9)港仙</u>	<u>26.6港仙</u>	不適用	不適用
總資產	<u>6,389,398</u>	<u>6,608,902</u>	<u>6,865,973</u>	<u>6,054,222</u>
總負債	<u>3,520,282</u>	<u>3,570,676</u>	<u>4,052,878</u>	<u>3,505,465</u>
資產淨值	<u>2,869,116</u>	<u>3,038,226</u>	<u>2,813,095</u>	<u>2,548,757</u>
現金及等同現金項目	<u>950,882</u>	<u>1,124,552</u>	<u>666,990</u>	<u>799,446</u>
本公司擁有人應佔權益	<u>2,677,519</u>	<u>2,838,026</u>	<u>2,633,325</u>	<u>2,393,881</u>

## 附註：

- 截至二零零九年、二零一零年及二零一一年八月三十一日止三個年度及截至二零一二年二月二十九日止六個月之特殊項目。
- 截至二零零九年、二零一零年及二零一一年八月三十一日止三個年度及截至二零一二年二月二十九日止六個月並無任何非經常項目。
- 二零一零年及二零一一年之末期股息每股1港仙已於二零一零年及二零一一年支付。
- 執業會計師德勤·關黃陳方會計師行並無於就截至二零一一年八月三十一日止三個財政年度發出之核數師報告內給出任何保留意見。

4. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTHS ENDED 29 FEBRUARY 2012

The following information is extracted from the unaudited consolidated financial statements of the Group as set out in the 2012 Interim Report of the Company:

4. 本集團截至二零一二年二月二十九日止六個月之未經審核綜合財務報表

以下資料乃摘錄自本公司二零一二年中期報告所載之本集團未經審核綜合財務報表：

Condensed Consolidated Income Statement 簡明綜合收益表

For the six months ended 29 February 2012  
截至2012年2月29日止6個月

		Six months ended 截至下列日期止6個月		
		29 February 2012 2012年 2月29日 HK\$' 000 千港元 (unaudited) (未經審核)	28 February 2011 2011年 2月28日 HK\$' 000 千港元 (unaudited) (未經審核)	
Revenue	營業額	3	3,207,910	3,678,314
Cost of sales	銷售成本		(2,958,605)	(3,080,793)
Gross profit	毛利		249,305	597,521
Other income and gains	其他收入及收益		72,452	29,189
Distribution and selling expenses	分銷及銷售費用		(99,549)	(100,800)
Administrative expenses	行政費用		(325,913)	(297,915)
Other expenses	其他費用		(1,043)	(13,205)
Finance costs	融資成本	4	(37,509)	(34,813)
(Loss) profit before taxation	除稅前(虧損)盈利		(142,257)	179,977
Income tax expense	所得稅支出	5	(16,735)	(16,893)
(Loss) profit for the period	是期間(虧損)盈利	6	(158,992)	163,084
(Loss) profit for the period attributable to:	應佔是期間(虧損)盈利：			
Owners of the Company	本公司擁有人		(157,628)	154,111
Non-controlling interests	非控股權益		(1,364)	8,973
			(158,992)	163,084
			HK cents 港仙	HK cents 港仙
(Loss) earnings per share	每股(虧損)盈利	8		
Basic	基本		(19.9)	19.4
Diluted	攤薄		(19.9)	19.4

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

For the six months ended 29 February 2012  
截至2012年2月29日止6個月

		Six months ended 截至下列日期止6個月	
		29 February 2012 2012年 2月29日 HK\$'000 千港元 (unaudited) (未經審核)	28 February 2011 2011年 2月28日 HK\$'000 千港元 (unaudited) (未經審核)
(Loss) profit for the period	是期間(虧損)盈利	(158,992)	163,084
Other comprehensive (expense) income:	其他全面(開支)收益：		
Exchange differences arising on translation of foreign operations	換算海外業務產生之匯兌差額	(224)	4,766
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)
Other comprehensive (expense) income for the period	是期間其他全面(開支)收益	(224)	4,150
Total comprehensive (expense) income for the period	是期間全面(開支)收益總值	(159,216)	167,234
Total comprehensive (expense) income for the period attributable to:	應佔是期間全面(開支)收益總值：		
Owners of the Company	本公司擁有人	(157,973)	155,804
Non-controlling interests	非控股權益	(1,243)	11,430
		(159,216)	167,234



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

At 29 February 2012  
於2012年2月29日

			At 29 February 2012 2012年 2月29日 HK\$'000 千港元 (unaudited) (未經審核)	At 31 August 2011 2011年 8月31日 HK\$'000 千港元 (audited) (已經審核)
<b>Non-current assets</b>	<b>非流動資產</b>			
Property, plant and equipment	物業、機器及設備	9	1,996,084	2,155,311
Prepaid lease payments	預付租賃款項			
– non-current portion	– 非流動部份		108,808	119,207
Deposits paid for acquisition of property, plant and equipment	購買物業、機器及設備之已付按金		14,698	–
Prepayments for and rights under life insurance policies	人壽保險保單預付款項及權利	10	36,323	–
Deferred tax assets	遞延稅項資產		18,080	25,689
			<u>2,173,993</u>	<u>2,300,207</u>
<b>Current assets</b>	<b>流動資產</b>			
Inventories	存貨	11	1,695,109	1,683,454
Trade and bills receivables	營業及票據應收款項	12	1,254,583	1,275,741
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	12	221,707	214,193
Prepaid lease payments	預付租賃款項			
– current portion	– 流動部份		2,525	2,732
Derivative financial instruments	衍生金融工具		2,489	4,984
Tax recoverable	可收回稅項		6,186	3,039
Short-term bank deposits	短期銀行存款		112,514	106,075
Bank balances and cash	銀行結存及現金		853,677	1,018,477
			<u>4,148,790</u>	<u>4,308,695</u>
Assets classified as held for sale	分類為持作出售之資產	13	66,615	–
			<u>4,215,405</u>	<u>4,308,695</u>
<b>Current liabilities</b>	<b>流動負債</b>			
Trade and bills payables	營業及票據應付款項	14	850,738	698,433
Other payables and accruals	其他應付款項及應計費用	14	304,503	320,661
Amounts due to non-controlling shareholders	欠非控股股東款項		80,100	80,100
Consideration payable	應付代價	15	–	23,501
Deferred income – current portion	遞延收入 – 流動部份		1,458	1,458
Derivative financial instruments	衍生金融工具		743	108
Tax payable	應付稅項		99,418	131,311
Bank borrowings	銀行借貸			
– due within one year	– 一年內到期	16	1,679,991	1,443,532
Bank overdrafts	銀行透支		15,313	–
			<u>3,032,264</u>	<u>2,699,104</u>
<b>Net current assets</b>	<b>流動資產淨值</b>		<u>1,183,141</u>	<u>1,609,591</u>
<b>Total assets less current liabilities</b>	<b>資產總值減流動負債</b>		<u>3,357,134</u>	<u>3,909,798</u>

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

At 29 February 2012  
於2012年2月29日

		Note 附註	At 29 February 2012 2012年 2月29日 HK\$'000 千港元 (unaudited) (未經審核)	At 31 August 2011 2011年 8月31日 HK\$'000 千港元 (audited) (已經審核)
<b>Non-current liabilities</b>	<b>非流動負債</b>			
Deferred income	遞延收入			
– non-current portion	– 非流動部份		66,349	67,080
Derivative financial instruments	衍生金融工具		33,970	45,583
Bank borrowings	銀行借貸			
– due after one year	– 一年後到期	16	384,387	755,854
Deferred tax liabilities	遞延稅項負債		3,312	3,055
			<u>488,018</u>	<u>871,572</u>
<b>Net assets</b>	<b>資產淨值</b>		<u>2,869,116</u>	<u>3,038,226</u>
<b>Capital and reserves</b>	<b>資本及儲備</b>			
Share capital	股本		158,802	158,802
Reserves	儲備		2,518,717	2,679,224
Equity attributable to owners of the Company	本公司擁有人應佔權益		<u>2,677,519</u>	<u>2,838,026</u>
Non-controlling interests	非控股權益		191,597	200,200
<b>Total equity</b>	<b>權益總值</b>		<u>2,869,116</u>	<u>3,038,226</u>

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

For the six months ended 29 February 2012  
截至2012年2月29日止6個月

		Attributable to owners of the Company 本公司擁有人應佔							Non- controlling interests	Total equity	
		Share capital	Share premium	Capital redemption reserve	Translation reserve	Share options reserve	Statutory reserves	Retained profits	Total		
		股本	股份溢價	贖回儲備	匯兌儲備	購股權 儲備	法定儲備	滾存盈利	總值	非控股 權益	
		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	
At 1 September 2010 (audited)	於2010年9月1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
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)	-	-	-	(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
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
Dividends recognised as distribution (note 7)	已確認分派之股息(附註7)	-	-	-	-	-	-	(7,940)	(7,940)	-	(7,940)
Capital contribution from a non-controlling shareholder	非控股股東之注資	-	-	-	-	-	-	-	-	4	4
Dividends paid to non-controlling shareholders	已付股息予非控股股東	-	-	-	-	-	-	-	-	(11,610)	(11,610)
At 28 February 2011 (unaudited)	於2011年2月28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
Exchange differences arising on translation of foreign operations	換算海外業務產生之匯兌差額	-	-	-	1,217	-	-	-	1,217	1,852	3,069
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	-	-	-	(4,550)	-	-	-	(4,550)	-	(4,550)
Profit for the period	是期間盈利	-	-	-	-	-	-	56,775	56,775	19,859	76,634
Total comprehensive (expense) income for the period	是期間全面(開支)收益總值	-	-	-	(3,333)	-	-	56,775	53,442	21,711	75,153
Equity-settled share-based payments	以權益結算以股份為基礎之付款	-	-	-	-	1,987	-	-	1,987	-	1,987
Dividends paid to non-controlling shareholders	已付股息予非控股股東	-	-	-	-	-	-	-	-	(290)	(290)
Appropriation to a non-controlling shareholder upon deregistration of a subsidiary	取消註冊附屬公司時分派予非控股股東	-	-	-	-	-	-	-	-	(815)	(815)
At 31 August 2011 and 1 September 2011 (audited)	於2011年8月31日及2011年9月1日(已經審核)	158,802	197,124	210	(36,778)	3,395	42,193	2,473,080	2,838,026	200,200	3,038,226
Exchange differences arising on translation of foreign operations	換算海外業務產生之匯兌差額	-	-	-	(345)	-	-	-	(345)	121	(224)
Loss for the period	是期間虧損	-	-	-	-	-	-	(157,628)	(157,628)	(1,364)	(158,992)
Total comprehensive expense for the period	是期間全面開支總值	-	-	-	(345)	-	-	(157,628)	(157,973)	(1,243)	(159,216)
Equity-settled share-based payments	以權益結算以股份為基礎之付款	-	-	-	-	5,406	-	-	5,406	-	5,406
Dividends recognised as distribution (note 7)	已確認分派之股息(附註7)	-	-	-	-	-	-	(7,940)	(7,940)	-	(7,940)
Transfers	調撥	-	-	-	-	-	1,109	(1,109)	-	-	-
Dividends paid to non-controlling shareholders	已付股息予非控股股東	-	-	-	-	-	-	-	-	(7,360)	(7,360)
At 29 February 2012 (unaudited)	於2012年2月29日(未經審核)	158,802	197,124	210	(37,123)	8,801	43,302	2,306,403	2,677,519	191,597	2,869,116

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

For the six months ended 29 February 2012  
截至2012年2月29日止6個月

		Six months ended 截至下列日期止6個月	
		29 February 2012 2012年 2月29日 HK\$'000 千港元 (unaudited) (未經審核)	28 February 2011 2011年 2月28日 HK\$'000 千港元 (unaudited) (未經審核)
		Note 附註	
Net cash from operating activities	營運項目所得之現金淨值		84,710
Net cash (used in) from investing activities:	投資項目(所用)所得之現金淨值：		
Purchase of property, plant and equipment	購買物業、機器及設備		(41,842)
Upfront payments under life insurance policy contracts	人壽保險保單合約之預付款項		(36,178)
Deposits paid for acquisition of property, plant and equipment	購買物業、機器及設備之已付按金		(14,698)
Consideration received from sale of assets classified as held for sale	出售分類為持作出售資產之所收代價		-
Other investing cash flows	其他投資之現金流量		94,145
			3,436
			<u>(47,826)</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		(1,670,594)
Payments for consideration payable	支付應付代價	15	(23,501)
Dividends paid to non-controlling shareholders	已付股息予非控股股東		(7,360)
Dividends paid	已付股息		(7,940)
New bank borrowings raised	新籌集之銀行借貸		1,532,382
Other financing cash flows	其他融資之現金流量		(33,745)
			<u>(210,758)</u>
			<u>(273,397)</u>
Net decrease in cash and cash equivalents	現金及等同現金項目之減少淨值		(173,874)
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		1,124,552
Effect of foreign exchange rate changes	匯率變動之影響		204
			<u>3,144</u>
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>950,882</u>
			<u>612,310</u>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS:</b>	<b>現金及等同現金項目結存之分析：</b>		
Short-term bank deposits	短期銀行存款		112,514
Bank balances and cash	銀行結存及現金		853,677
Bank balances and cash classified as held for sale	分類為持作出售之銀行結存及現金		4
Bank overdrafts	銀行透支		(15,313)
			<u>950,882</u>
			<u>612,310</u>

## Notes to the Condensed Consolidated Financial Statements 簡明綜合財務報表附註

For the six months ended 29 February 2012  
截至2012年2月29日止6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 and methods of computation used in the condensed consolidated financial statements for six months ended 29 February 2012 are the same as those followed in the preparation of annual financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 August 2011 except for the accounting policy for prepayments for and rights under life insurance policies newly adopted by the Group which has been disclosed below.

#### Prepayments for and rights under life insurance policies

Prepaid life insurance premium component of the relevant contracts is amortised over the life insurance policy period on a straight-line basis. The remaining component of the contracts contains discretionary participation feature as well as a guaranteed element. Under the discretionary participation feature, the relevant insurers have full discretion to declare interest on top of the guaranteed interest on a monthly basis. Interest income is recognised upon monthly declaration of the interest by the insurers. Rights under life insurance policies are stated in the condensed consolidated statement of financial position at cost plus accumulated interest earned and minus insurance costs and administrative charges.

Moreover, in the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 September 2011.

### 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除外）乃按歷史成本基準編製。

截至2012年2月29日止6個月之簡明綜合財務報表所採用之會計政策及計算方法與編製本公司及其附屬公司（統稱「本集團」）截至2011年8月31日止年度之全年財務報表所遵循者相同，惟下文所述本集團就人壽保險保單預付款項及權利新採納之會計政策除外。

#### 人壽保險保單預付款項及權利

相關合約之預付人壽保險保費部份按人壽保險保單年期以直線法攤銷。合約之餘下部份具備酌情分紅特點及包含保證成份。根據酌情分紅特點，相關保險公司每月可全權酌情在保證利息以外宣派利息。利息收入於保險公司每月宣派利息時確認。人壽保險保單權利於簡明綜合財務狀況表中按成本加所賺取之累計利息，扣除保費及行政費用列賬。

此外，於本中期期間，本集團首次應用下列由香港會計師公會頒佈並於本集團2011年9月1日開始之財政年度生效之新訂及經修訂準則、修訂本及詮釋（「新訂及經修訂香港財務報告準則」）。

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

For the six months ended 29 February 2012  
截至2012年2月29日止6個月

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

- Improvements to HKFRSs issued in 2010 that are effective for annual periods beginning on or after 1 January 2011
- HKFRS 7 (Amendments) "Disclosures – Transfers of Financial Assets"
- HKAS 24 (as revised in 2009) "Related Party Disclosures"
- Amendments to HK(IFRIC) – Int 14 "Prepayments of a Minimum Funding Requirement"

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

The Group has not early applied new or revised HKFRSs that have been issued but are not yet effective. The following new or revised HKFRSs have been issued after the date the consolidated financial statements for the year ended 31 August 2011 were authorised for issuance and are not yet effective:

Amendments to HKFRS 7  
香港財務報告準則第7號之修訂本

Amendments to HKFRS 7 and HKFRS 9  
香港財務報告準則第7號及第9號之修訂本

Amendments to HKAS 32  
香港會計準則第32號之修訂本

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2013.
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2015.
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2014.

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

2. 主要會計政策(續)

- 2010年頒佈之香港財務報告準則的改進，於2011年1月1日或之後開始之年度期間生效
- 香港財務報告準則第7號(修訂本)「披露-金融資產之轉撥」
- 香港會計準則第24號(於2009年經修訂)「關連方披露」
- 香港(國際財務報告詮釋委員會)-詮釋第14號之修訂本「最低資本規定之預付款項」

於本中期期間應用上述新訂或經修訂香港財務報告準則並無對該等簡明綜合財務報表所呈報之金額及/或該等簡明綜合財務報表所披露之事項造成重大影響。

本集團並無提早應用已頒佈但尚未生效之新訂或經修訂香港財務報告準則。下列新訂或經修訂香港財務報告準則於截至2011年8月31日止年度之綜合財務報表經授權刊發後已頒佈但尚未生效：

Disclosures – Offsetting Financial Assets and Financial Liabilities<sup>1</sup>  
披露-抵銷金融資產及金融負債<sup>1</sup>

Mandatory Effective Date of HKFRS 9 and Transition Disclosures<sup>2</sup>  
香港財務報告準則第9號之強制生效日期及過渡性披露<sup>2</sup>

Offsetting Financial Assets and Financial Liabilities<sup>3</sup>  
抵銷金融資產及金融負債<sup>3</sup>

- <sup>1</sup> 於2013年1月1日或之後開始之年度期間生效
- <sup>2</sup> 於2015年1月1日或之後開始之年度期間生效
- <sup>3</sup> 於2014年1月1日或之後開始之年度期間生效

本公司董事預期應用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 29 February 2012  
截至2012年2月29日止6個月

3. REVENUE AND SEGMENT INFORMATION

The board of directors of the Company, i.e. the chief operating decision maker, regularly reviews the operating results and financial information based on distinct geographical areas of location of customers, including Hong Kong (place of domicile of the Group), the People's Republic of China (the "PRC"), Taiwan, Korea, Sri Lanka, America, Europe and Others (i.e. representing other geographical locations mainly Singapore 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(即首席營運決策者)根據客戶所在地區位於不同的地域位置定期審閱經營業績及財務資料,包括香港(本集團所屬地)、中華人民共和國(「中國」)、台灣、韓國、斯里蘭卡、美洲、歐洲及其他地區(即指其他地域位置,主要為新加坡及澳門),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。

以下為本集團源自製造及銷售色布、縫紉線、紗及成衣之營業額及盈利於回顧期內按可申報分類所作之分析。

Six months ended 29 February 2012

截至2012年2月29日止6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	894,453	633,702	421,231	366,015	376,145	149,950	45,308	321,106	3,207,910	-	3,207,910
Inter-segment sales (note)	分類間銷售(附註)	2,220,060	1,496,940	-	-	221,101	59,148	-	112,752	4,110,001	(4,110,001)	-
Total segment revenue	分類營業額總值	3,114,513	2,130,642	421,231	366,015	597,246	209,098	45,308	433,858	7,317,911	(4,110,001)	3,207,910
RESULTS	業績											
Segment profit	分類盈利	54,864	29,952	23,620	21,064	13,126	13,794	2,406	18,538			177,364
Interest income	利息收入											5,962
Unallocated expenses, net	未分配支出,淨值											(288,074)
Finance costs	融資成本											(37,509)
Loss before taxation	除稅前虧損											(142,257)

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

For the six months ended 29 February 2012  
截至2012年2月29日止6個月

3. REVENUE AND SEGMENT INFORMATION (Continued)

Six months ended 28 February 2011

3. 營業額及分類資料(續)

截至2011年2月28日止6個月

		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
		HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'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
<b>REVENUE</b>	<b>營業額</b>											
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>
<b>RESULTS</b>	<b>業績</b>											
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, net	未分配支出, 淨值											(284,149)
Finance costs	融資成本											(34,813)
Profit before taxation	除稅前盈利											<u>179,977</u>

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當時之市場價格而釐定。

Segment profit represents the profit earned by each segment without allocation of central administration costs and other expenses (including non-production related employee benefits expense, directors' emoluments, bank charges, etc.), depreciation charges, interest income, loss on disposal/written-off of property, plant and equipment, net gain from derivative financial instruments 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.

分類盈利乃指各分類所賺取的盈利, 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支出、董事酬金、銀行費用等)、折舊、利息收入、出售/註銷物業、機器及設備之虧損、衍生金融工具之收益淨額及融資成本。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 29 February 2012  
截至2012年2月29日止6個月

4. FINANCE COSTS

4. 融資成本

		Six months ended 截至下列日期止6個月	
		29 February 2012 2012年 2月29日 HK\$'000 千港元	28 February 2011 2011年 2月28日 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 之銀行借貸	37,509	34,262
Imputed interest expense on consideration payable (note 15)	應付代價之推算利息開支 (附註15)	-	551
		<u>37,509</u>	<u>34,813</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 29 February 2012  
截至2012年2月29日止6個月

5. INCOME TAX EXPENSE

5. 所得稅支出

		Six months ended 截至下列日期止6個月	
		29 February 2012 2012年 2月29日 HK\$'000 千港元	28 February 2011 2011年 2月28日 HK\$'000 千港元
Current tax:	是期間稅項：		
Hong Kong	香港	585	30,941
The PRC	中國	5,730	2,669
Other jurisdictions	其他司法地區	2,351	-
		<u>8,666</u>	<u>33,610</u>
Under(over)provision in prior years:	過往年度撥備不足(超額撥備)：		
The PRC	中國	489	(1,016)
Other jurisdictions	其他司法地區	(287)	485
		<u>202</u>	<u>(531)</u>
Deferred tax:	遞延稅項：		
The PRC	中國	7,532	(15,991)
Other jurisdictions	其他司法地區	335	(195)
		<u>7,867</u>	<u>(16,186)</u>
		<u>16,735</u>	<u>16,893</u>

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

香港利得稅乃按兩個期間之估計應課稅盈利以16.5%計算。

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT law, the tax rate of the PRC subsidiaries is 25% starting from 1 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 31 December 2012.

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2008年1月1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2012年12月31日屆滿。

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

For the six months ended 29 February 2012  
截至2012年2月29日止6個月

5. INCOME TAX EXPENSE (Continued)

Pursuant to the relevant laws and regulations in Sri Lanka, the profit generated from a subsidiary of the Company is entitled to exemption from the Sri Lanka income tax until 31 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.

In February 2008, the Hong Kong Inland Revenue Department (the "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, February 2011, January 2012 and February 2012, notices of estimated additional assessment (the "Protective Assessments") for the years of assessment 2001/02, 2002/03, 2003/04, 2004/05, 2005/06 and 2005/06 in an aggregate amount of HK\$14,352,000, HK\$19,844,000, HK\$18,390,000, HK\$62,834,000, HK\$35,019,000 and HK\$12,343,000, 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 the above overseas subsidiary. Regarding the Protective Assessments for the year of assessment 2005/06, out of the aggregate amount of HK\$47,362,000, two Protective Assessments of HK\$1,687,000 and HK\$15,985,000 issued to the Company and a Hong Kong subsidiary, respectively, were also in effect alternative assessments to that of the above overseas subsidiary.

5. 所得稅支出(續)

根據斯里蘭卡有關之法律及法規，由本公司一間附屬公司所產生之盈利可獲豁免斯里蘭卡所得稅，直至2015年8月31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。

於2008年2月，香港稅務局(「稅務局」)就本公司及其附屬公司由2001/02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2008年3月、2009年3月及2010年3月、2011年2月、2012年1月以及2012年2月，稅務局就2001/02、2002/03、2003/04、2004/05、2005/06及2005/06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、62,834,000港元、35,019,000港元及12,343,000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2003/04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2004/05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上述海外附屬公司的保障性評稅之交替式的估計評稅。就2005/06課稅年度之保障性評稅合共47,362,000港元之金額，當中兩張保障性評稅金額1,687,000港元及15,985,000港元分別發出給本公司及一間香港附屬公司實為發出給上述海外附屬公司的保障性評稅之交替式的估計評稅。

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

For the six months ended 29 February 2012  
截至2012年2月29日止6個月

5. INCOME TAX EXPENSE (Continued)

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, 2004/05 and 2005/06, amounts were held over on the condition that Tax Reserve Certificates in the amount of HK\$1,600,000, HK\$23,000,000 and HK\$10,000,000 were purchased in May 2010, April 2011 and March 2012, respectively. The scope and outcome of the tax audit cannot be readily ascertained at this stage.

Having taken the advices from the Group's tax advisor, the directors of the Company made an aggregate provision of HK\$41,000,000 in relation to the tax audit and believe that other than the aforesaid provision, no significant amount of additional profits tax will be payable for the tax audit.

Since the process to finalise the tax audit with the IRD is still at a preliminary stage, the eventual amount of penalty and interest payable, if any, under the tax audit cannot be reliably estimated at this stage. Hence, no provision for penalty or interest has been recognised.

Given the above stance of the Group, the directors of the Company are also considering various approaches in the best interests of the Group to resolve the dispute with the IRD.

5. 所得稅支出(續)

就此項保障性評稅已提出反對，2001/02及2002/03課稅年度之全數金額已獲無條件緩繳，而2003/04、2004/05及2005/06課稅年度之金額已分別於2010年5月、2011年4月及2012年3月購買1,600,000港元、23,000,000港元及10,000,000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。

經考慮本集團稅務顧問之意見後，本公司董事已就此稅務審查作出撥備合共41,000,000港元及相信除上述撥備外，就稅務審查需償付之補加利得稅金額並不重大。

由於與稅務局達致完成稅務審查之程序仍在初步階段，於現階段仍未能確定估計其最終罰款金額及應付利息(如有)。因此，未有就罰款或利息作撥備確認。

鑑於本集團之上述情況，本公司董事亦正在考慮符合本集團最佳利益之不同方法以解決與稅務局之糾紛。

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

For the six months ended 29 February 2012  
截至2012年2月29日止6個月

6. (LOSS) PROFIT FOR THE PERIOD

6. 是期間(虧損)盈利

		Six months ended 截至下列日期止6個月	
		29 February 2012 2012年 2月29日 HK\$'000 千港元	28 February 2011 2011年 2月28日 HK\$'000 千港元
(Loss) profit for the period has been arrived at after charging:	是期間(虧損)盈利已扣減下列：		
Release of prepaid lease payments	預付租賃款項轉出	1,367	1,408
Depreciation of property, plant and equipment	物業、機器及設備之折舊	131,982	126,786
Loss on disposal/written-off of property, plant and equipment (included in other expenses)	出售/註銷物業、機器及設備之虧損(包括在其他費用內)	262	1,731
Net exchange losses (included in other expenses)	匯兌虧損淨值(包括在其他費用內)	781	11,474
Employee benefits expense (including directors' emoluments)	僱員福利支出(包括董事酬金)	426,038	420,804
and after crediting:	及已計入：		
Imputed interest income on consideration receivable	應收代價之推算利息收入	-	(5,178)
Interest income	利息收入	(5,962)	(960)
Net gain from derivative financial instruments	衍生金融工具之收益淨值	(3,909)	(2,172)
Government grants (note)	政府補貼(附註)	(37,874)	(729)

Note: Government grants for the six months ended 29 February 2012 mainly represent a grant of HK\$37,145,000 received from the local government authority as a compensation to the Group for relocating and disposing of certain property, plant and equipment in the current interim period.

附註：截至2012年2月29日止6個月之政府補貼主要指收取自地方政府之37,145,000港元補貼，以補償本集團於本中中期間重置及出售若干物業、機器及設備。

7. DIVIDENDS

During the current interim period, the final dividend of HK1.0 cent per share in respect of the year ended 31 August 2011 (six months ended 28 February 2011: HK1.0 cent per share in respect of the year ended 31 August 2010) was declared and paid to the owners of the Company. The amount of the final dividend declared and paid in current interim period amounted to HK\$7,940,000 (six months ended 28 February 2011: HK\$7,940,000).

7. 股息

於本中中期間，本公司已宣派及派付截至2011年8月31日止年度之末期股息每股1.0港仙(截至2011年2月28日止6個月：截至2010年8月31日止年度每股1.0港仙)予本公司擁有人。本中中期間已宣派及派付之末期股息為7,940,000港元(截至2011年2月28日止6個月：7,940,000港元)。

No interim dividend was proposed by the directors for the six months ended 29 February 2012 (six months ended 28 February 2011: Nil).

董事不建議派發截至2012年2月29日止6個月之中期股息(截至2011年2月28日止6個月：無)。

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

For the six months ended 29 February 2012  
截至2012年2月29日止6個月

8. (LOSS) EARNINGS PER SHARE

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

8. 每股(虧損)盈利

本公司擁有人應佔每股基本及攤薄(虧損)盈利乃根據下列數據計算：

		Six months ended 截至下列日期止6個月	
		29 February 2012 2012年 2月29日 HK\$'000 千港元	28 February 2011 2011年 2月28日 HK\$'000 千港元
(Loss) earnings	(虧損) 盈利		
(Loss) profit for the period attributable to owners of the Company for the purposes of basic and diluted (loss) earnings per share	就計算每股基本及攤薄(虧損)盈利所用之本公司擁有人應佔是期間(虧損)盈利	(157,628)	154,111
		Six months ended 截至下列日期止6個月	
		29 February 2012 2012年 2月29日	28 February 2011 2011年 2月28日
Number of shares	股份數目		
Number of ordinary shares for the purposes of basic and diluted (loss) earnings per share	就計算每股基本及攤薄(虧損)盈利所用之普通股數目	794,010,960	794,010,960

The computation of diluted (loss) earnings per share for the six months ended 29 February 2012 and 28 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.

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2012年2月29日止6個月及截至2011年2月28日止6個月之每股攤薄(虧損)盈利時並無假設該等購股權已獲行使。

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

For the six months ended 29 February 2012  
截至2012年2月29日止6個月

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

The Group incurred expenditure of HK\$41,842,000 during the six months ended 29 February 2012 (six months ended 28 February 2011: HK\$73,683,000) on property, plant and equipment to expand and upgrade the Group's manufacturing facilities.

During this period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of HK\$12,822,000 (six months ended 28 February 2011: HK\$3,384,000) and reclassified certain property, plant and equipment with an aggregate carrying amount of HK\$57,319,000 (six months ended 28 February 2011: HK\$27,593,000) as assets classified as held for sale (note 13).

10. PREPAYMENTS FOR AND RIGHTS UNDER LIFE INSURANCE POLICIES

During the six months ended 29 February 2012, the Group entered into contracts with two insurance companies which contain life insurance policies to insure against the death of certain key members of management of the Group for a period ranging from 25 to 44 years, with an aggregate insured sum of approximately US\$18.8 million (equivalent to approximately HK\$145.8 million). Under these contracts, the beneficiary and policy holder is the Company. The Company has made upfront payments of HK\$36,178,000 during the current interim period and is required to pay monthly insurance costs and administrative charges determined by the insurance companies. Out of the upfront payments, a portion of HK\$2,164,000 represents prepayments for the life insurance premium. The insurers will declare interest (including the guaranteed interest) to the Company on a monthly basis based on the amount of upfront payments, plus accumulated interest earned and less amounts representing prepayments for life insurance premium, monthly insurance costs and administrative charges, at a rate to be determined at their own discretion.

11. INVENTORIES

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

9. 物業、機器及設備之變動

本集團於截至2012年2月29日止6個月，為擴大及增強本集團之生產設施而用於物業、機器及設備的開支為41,842,000港元(截至2011年2月28日止6個月：73,683,000港元)。

於本期間，本集團出售若干物業、機器及設備，賬面總值為12,822,000港元(截至2011年2月28日止6個月：3,384,000港元)，並重新分類賬面總值57,319,000港元之若干物業、機器及設備為持作出售之資產(截至2011年2月28日止6個月：27,593,000港元)(附註13)。

10. 人壽保險保單預付款項及權利

截至2012年2月29日止6個月期間，本集團與兩間保險公司訂立合約，當中包含人壽保險保單，為本集團若干名主要管理層成員之身故事宜投保，年期介乎25年至44年，投保金額合共約為18,800,000美元(相等於約145,800,000港元)。根據該等合約，受益人及保單持有人為本公司。本公司於本中期期間已支付預付按金36,178,000港元，並須每月支付保費及保險公司釐定之行政費用。預付按金當中，2,164,000港元為預付人壽保險保費。保險公司每月可酌情向本公司宣派利息(包括保證利息)，計算方法將根據預付款項金額，加所賺取之累計利息，扣除相當於人壽保險保費預付款項、每月保費及行政費用。

11. 存貨

	At 29 February 2012 2012年 2月29日 HK\$'000 千港元	At 31 August 2011 2011年 8月31日 HK\$'000 千港元
	111,031	98,941
	784,677	787,348
	374,875	397,242
	424,526	399,923
	<u>1,695,109</u>	<u>1,683,454</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 29 February 2012  
截至2012年2月29日止6個月

12. 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 29 February 2012 represented value-added tax recoverable of HK\$74,802,000 (31 August 2011: HK\$65,967,000), tax reserve certificates purchased of HK\$24,600,000 (31 August 2011: HK\$24,600,000) and prepayments, deposits and other receivables of HK\$122,305,000 (31 August 2011: HK\$123,626,000).

12. 營業及票據應收款項／預付款項、按金及其他應收款項

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

At 29 February 2012 2012年 2月29日 HK\$'000 千港元	At 31 August 2011 2011年 8月31日 HK\$'000 千港元
745,880	919,114
247,886	179,692
114,158	109,931
146,659	67,004
<u>1,254,583</u>	<u>1,275,741</u>

於2012年2月29日，其他應收款項乃指可收回增值稅74,802,000港元(2011年8月31日：65,967,000港元)、購買儲稅券24,600,000港元(2011年8月31日：24,600,000港元)以及預付款項、按金及其他應收款項122,305,000港元(2011年8月31日：123,626,000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 29 February 2012  
截至2012年2月29日止6個月

13. ASSETS CLASSIFIED AS HELD FOR SALE

On 29 February 2012, the Group entered into an agreement with an independent third party to dispose of its 100% equity interests of New Achieve Investments Limited (“New Achieve”), Able Jubilee Limited (“Able Jubilee”) and Jiangyin Jintian Machinery Limited (“Jintian Machinery”), at an aggregate consideration of RMB90,000,000 (equivalent to HK\$109,756,000). The assets attributable to New Achieve, Able Jubilee and Jintian Machinery were classified as assets held for sale and were presented separately in the condensed consolidated statement of financial position as at 29 February 2012. The disposal of these subsidiaries are expected to be completed within one year of the end of the reporting period. There were no liabilities in these companies at 29 February 2012. The first installment of RMB72,000,000 (equivalent to HK\$87,805,000) was settled subsequent to the end of the reporting period and the remaining balance is due for settlement in June 2012.

At 29 February 2012, assets classified as held for sale comprise:

13. 分類為持作出售之資產

於2012年2月29日，本集團與一名獨立第三方訂立協議，以出售New Achieve Investments Limited (「New Achieve」)、聚堡有限公司 (「聚堡」) 及江陰金田機械有限公司 (「金田機械」) 之100%股本權益，總代價為人民幣90,000,000元 (相等於109,756,000港元)。New Achieve、聚堡及金田機械之資產已分類為持作出售之資產，並於2012年2月29日之簡明綜合財務狀況表獨立呈列。有關出售該等附屬公司預期將於報告期終後一年內完成。於2012年2月29日，該等公司並無任何負債。第一期款項人民幣72,000,000元 (相等於87,805,000港元) 已於報告期終後償付，而餘額將於2012年6月到期償付。

於2012年2月29日，分類為持作出售之資產包括：

		HK\$'000 千港元
Property, plant and equipment	物業、機器及設備	57,319
Prepaid lease payments	預付租賃款項	9,292
Bank balances and cash	銀行結餘及現金	4
		<hr/>
Total assets classified as held for sale	分類為持作出售之資產總值	66,615
		<hr/> <hr/>

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

For the six months ended 29 February 2012  
截至2012年2月29日止6個月

14. TRADE AND BILLS PAYABLES/OTHER PAYABLES AND  
ACCRUALS

		At 29 February 2012 2012年 2月29日 HK\$'000 千港元	At 31 August 2011 2011年 8月31日 HK\$'000 千港元
Trade payables	營業應付款項	424,740	418,672
Bills payables	票據應付款項	425,998	279,761
		<u>850,738</u>	<u>698,433</u>

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

		At 29 February 2012 2012年 2月29日 HK\$'000 千港元	At 31 August 2011 2011年 8月31日 HK\$'000 千港元
Not yet due	未到期	366,382	363,886
Overdue 1 – 30 days	過期1-30天	24,114	26,801
Overdue 31 – 60 days	過期31-60天	16,931	6,550
Overdue > 60 days	過期超過60天	17,313	21,435
		<u>424,740</u>	<u>418,672</u>

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

Other payables and accruals as at 29 February 2012 represented other payables of HK\$146,237,000 (31 August 2011: HK\$149,248,000) and accruals of HK\$158,266,000 (31 August 2011: HK\$171,413,000).

14. 營業及票據應付款項／其他應付款項及應計費用

營業應付款項按付款到期日之賬齡分析如下：

於報告期終，本集團之所有票據應付款項均未到期。

於2012年2月29日，其他應付款項及應計費用指其他應付款項146,237,000港元（2011年8月31日：149,248,000港元）及應計費用158,266,000港元（2011年8月31日：171,413,000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 29 February 2012  
截至2012年2月29日止6個月

**15. CONSIDERATION PAYABLE**

On 27 April 2009, Folktune Limited ("Folktune"), a wholly owned subsidiary of the Company, entered into an agreement with certain non-controlling shareholders of Dongguan Fuan Textiles Limited ("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 in 2009, Dongguan Fuan became a 90% owned subsidiary of the Company.

Pursuant to the Share Transfer Agreement, the consideration was payable by 5 installments, 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. The balance outstanding as at 31 August 2011 was fully settled during the current interim period.

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

**16. BANK BORROWINGS**

During the current interim period, the Group obtained new bank borrowings of HK\$1,532,382,000 (six months ended 28 February 2011: HK\$2,057,008,000) and made repayments of HK\$1,670,594,000 (six months ended 28 February 2011: HK\$2,269,783,000). These bank borrowings obtained and repaid are mainly denominated in Hong Kong dollar. The bank borrowings raised were mainly used to repay the existing bank borrowings or as working capital of the Group.

The borrowings mainly carry floating interest at the weighted average effective interest rate of 2.36% (31 August 2011: 2.58%) per annum and are repayable by installments over a period from one to three years. Except for borrowings of HK\$15,307,000 (31 August 2011: Nil) which are secured by certain life insurance policies as detailed in note 10, all other borrowings are unsecured.

**15. 應付代價**

於2009年4月27日，本公司之一間全資附屬公司福津有限公司(「福津」)與東莞福安紡織印染有限公司(「東莞福安」)若干名非控股股東(「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2009年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。

根據股權轉讓協議，代價分五期支付，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2011年8月31日之餘下未償還款項已於本中期期間清償。

有關上述交易之詳情已載於本公司日期為2009年7月30日之通函內。

**16. 銀行借貸**

於本中期期間，本集團取得新銀行借貸1,532,382,000港元(截至2011年2月28日止6個月：2,057,008,000港元)及已償還1,670,594,000港元(截至2011年2月28日止6個月：2,269,783,000港元)，該等取得及已償還之銀行借貸主要以港元計值。所籌集之銀行借貸乃主要用作償還現有的銀行借貸或用作本集團之流動資金。

有關借貸主要按浮息以加權平均實際年利率2.36%(2011年8月31日：2.58%)計算利息，並須於介乎1年至3年期內分期償還。除附註10所詳述以若干人壽保險保單抵押之借貸15,307,000港元(2011年8月31日：無)外，所有其他借貸均為無抵押。

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

For the six months ended 29 February 2012  
截至2012年2月29日止6個月

17. CAPITAL COMMITMENTS

17. 資本承擔

		At 29 February 2012 2012年 2月29日 HK\$'000 千港元	At 31 August 2011 2011年 8月31日 HK\$'000 千港元
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:	就下列各項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：		
– acquisition of property, plant and equipment	– 購買物業、機器及設備	40,378	7,432
– additions to intangible assets	– 添置無形資產	8,012	1,386
		<u>48,390</u>	<u>8,818</u>
Capital expenditure authorised but not contracted for in respect of:	就下列各項之已批准但未簽約之資本開支：		
– acquisition of property, plant and equipment	– 購買物業、機器及設備	1,663	7,540
– additions to intangible assets	– 添置無形資產	350	–
		<u>2,013</u>	<u>7,540</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 29 February 2012  
截至2012年2月29日止6個月

**18. SHARE-BASED PAYMENT TRANSACTIONS**

**The 2002 Scheme**

The Company has a share option scheme (the “2002 Scheme”), which was adopted by the Company at the extraordinary general meeting held on 25 January 2002 and early terminated on 20 January 2011. The primary purpose of the 2002 Scheme was to provide the Company with a flexible mean of giving incentives to, rewarding, remunerating, compensating and/or providing benefits to the employees and for such other purposes as the board of directors of the Company might approve from time to time.

**The 2011 Scheme**

On 20 January 2011, the Company adopted a new share option scheme (the “2011 Scheme”) pursuant to a resolution passed at the extraordinary general meeting held on the same date. The 2011 Scheme will expire on 20 January 2021.

The terms and conditions of the 2011 Scheme are basically the same as those of the 2002 Scheme except that the eligible participants of the 2011 Scheme include, among others, directors and full-time or part-time employees whereas the eligible participants of the 2002 Scheme cover only directors and full-time employees.

**18. 以股份為基礎之付款交易**

**2002年計劃**

本公司擁有一項購股權計劃(「2002年計劃」)，乃由本公司於2002年1月25日舉行之股東特別大會上採納，並已於2011年1月20日提前終止。2002年計劃的主要目的為讓本公司可向僱員給予鼓勵、獎償、報酬、補償及／或提供福利及就本公司董事會不時批准的其他目的而言提供一個靈活方式。

**2011年計劃**

於2011年1月20日，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(「2011年計劃」)。2011年計劃將於2021年1月20日屆滿。

2011年計劃之條款及條文基本上與2002年計劃相同，惟2011年計劃之合資格參與者包括(其中包括)董事及全職或兼職僱員，而2002年計劃之合資格參與者僅包括董事及全職僱員。

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

For the six months ended 29 February 2012  
截至2012年2月29日止6個月

18. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

The following table discloses movements of the Company's share options granted under the 2002 Scheme and the 2011 Scheme during the period.

18. 以股份為基礎之付款交易(續)

下表披露本公司根據2002年計劃及2011年計劃已授出購股權於期內之變動情況。

	Scheme	Date of grant	Exercise price	Outstanding at 1 September 2010	Granted during the period	Forfeited during the period	Outstanding at 28 February 2011	Granted during the period	Outstanding at 31 August 2011 and 29 February 2012
	計劃	授出日期	行使價	於2010年9月1日 尚未行使	期內已授出	期內已沒收	於2011年2月28日 尚未行使	期內已授出	於2011年 8月31日及 2012年2月29日 尚未行使
Category 1: Directors	2002	17 September 2010	HK\$1.29	-	11,200,000	-	11,200,000	-	11,200,000
第1類：董事	2002年	2010年9月17日	1.29港元						
	2011	18 August 2011	HK\$1.21	-	-	-	-	9,600,000	9,600,000
	2011年	2011年8月18日	1.21港元						
				-	11,200,000	-	11,200,000	9,600,000	20,800,000
Category 2: Employees	2002	17 September 2010	HK\$1.29	-	11,200,000	(4,600,000)	6,600,000	-	6,600,000
第2類：僱員	2002年	2010年9月17日	1.29港元						
	2011	18 May 2011	HK\$1.91	-	-	-	-	3,352,000	3,352,000
	2011年	2011年5月18日	1.91港元						
	2011	18 August 2011	HK\$1.21	-	-	-	-	13,445,000	13,445,000
	2011年	2011年8月18日	1.21港元						
				-	11,200,000	(4,600,000)	6,600,000	16,797,000	23,397,000
Two categories	兩類別合共			-			17,800,000		44,197,000
Exercisable at the end of the period	於期終時 可予行使			N/A 不適用			-		-

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

For the six months ended 29 February 2012  
截至2012年2月29日止6個月

**18. SHARE-BASED PAYMENT TRANSACTIONS (Continued)**

Further details of the exercisable period of the options granted are set out in the 2011 annual report.

The Group recognised the total expense of HK\$5,406,000 (six months ended 28 February 2011: HK\$1,408,000) for the current interim period in relation to share options granted by the Company.

**19. EVENT AFTER THE REPORTING PERIOD**

Subsequent to the end of the reporting period, the disposal of assets classified as held for sale as detailed in note 13 has been completed.

**18. 以股份為基礎之付款交易(續)**

有關已授出購股權之行使期間之進一步詳情已載於2011年年報內。

本集團於本中期期間已就本公司授出之購股權確認總開支合共5,406,000港元(截至2011年2月28日止6個月：1,408,000港元)。

**19. 報告期後事項**

於報告期終後，附註13所詳述出售分類為持作出售之資產經已完成。

5. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 AUGUST 2011

The following information is extracted from the audited consolidated financial statements of the Group for the year ended 31 August 2011 as set out in the 2011 Annual Report of the Company:

5. 本集團截至二零一一年八月三十一日止年度之經審核綜合財務報表

以下資料乃摘錄自本公司二零一一年年報所載之本集團截至二零一一年八月三十一日止年度之經審核綜合財務報表：

CONSOLIDATED INCOME STATEMENT 綜合收益表

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

		NOTES 附註	2011 HK\$'000 千港元	2010 HK\$'000 千港元
Revenue	營業額	5	7,593,889	6,148,949
Cost of sales	銷售成本		(6,429,052)	(5,154,109)
Gross profit	毛利		1,164,837	994,840
Other income	其他收入		54,967	70,351
Gain on disposal of property interests	出售物業權益之所得收益	12	-	96,387
Reversal of impairment loss on property, plant and equipment	物業、機器及設備之減值損失撥回		-	1,813
Distribution and selling expenses	分銷及銷售費用		(189,496)	(244,071)
Administrative expenses	行政費用		(613,459)	(560,564)
Other expenses	其他費用		(22,281)	(59,006)
Finance costs	融資成本	6	(71,589)	(48,201)
Impairment loss on assets classified as held for sale	分類為持作出售之資產之減值損失		-	(1,801)
Impairment loss on property, plant and equipment	物業、機器及設備之減值損失		-	(419)
Net gain on disposal of subsidiaries	出售附屬公司之所得收益淨額	38	20,212	766
Profit before taxation	除稅前盈利		343,191	250,095
Income tax expense	所得稅支出	7	(103,473)	(6,516)
Profit for the year	是年度盈利	8	239,718	243,579
Profit for the year attributable to:	應佔是年度盈利：			
Owners of the Company	本公司擁有人		210,886	223,798
Non-controlling interests	非控股權益		28,832	19,781
			239,718	243,579
			HK cents 港仙	HK cents 港仙
Earnings per share	每股盈利	11		
Basic	基本		26.6	28.2
Diluted	攤薄		26.6	N/A 不適用



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 綜合全面收益表

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

		NOTES 附註	2011 HK\$'000 千港元	2010 HK\$'000 千港元
Profit for the year	是年度盈利	8	<b>239,718</b>	243,579
Other comprehensive income (expense):	其他全面收益(開支):			
Exchange differences arising on translation of foreign operations	換算海外業務產生之匯兌差額		<b>7,835</b>	29,316
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	38	<b>(5,166)</b>	(766)
Other comprehensive income for the year	是年度其他全面收益		<b>2,669</b>	28,550
Total comprehensive income for the year	是年度全面收益總值		<b>242,387</b>	272,129
Total comprehensive income for the year attributable to:	應佔是年度全面收益總值:			
Owners of the Company	本公司擁有人		<b>209,246</b>	239,444
Non-controlling interests	非控股權益		<b>33,141</b>	32,685
			<b>242,387</b>	272,129

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 綜合財務狀況表

At 31st August, 2011  
於二零一一年八月三十一日

			At 31st August, 2011 於二零一一年 八月三十一日	At 31st August, 2010 於二零一零年 八月三十一日	At 1st September, 2009 於二零零九年 九月一日
	NOTES 附註	HK\$'000 千港元	HK\$'000 千港元 (restated) (經重列)	HK\$'000 千港元 (restated) (經重列)	HK\$'000 千港元 (restated) (經重列)
Non-current assets	非流動資產				
Investment properties	投資物業	12	-	-	12,755
Property, plant and equipment	物業、機器及設備	13	2,155,311	2,328,801	2,293,055
Prepaid lease payments – non-current portion	預付租賃款項 – 非流動部份	14	119,207	125,324	129,491
Consideration receivable – non-current portion	應收代價 – 非流動部份	16	-	-	168,672
Deferred tax assets	遞延稅項資產	17	25,689	25,309	16,111
			<b>2,300,207</b>	<b>2,479,434</b>	<b>2,620,084</b>
Current assets	流動資產				
Inventories	存貨	18	1,683,454	1,938,592	1,180,756
Trade and bills receivables	營業及票據應收款項	19	1,275,741	1,372,026	1,135,082
Prepayments, deposits and other receivables	預付款項、按金及 其他應收款項	20	214,193	209,979	217,108
Prepaid lease payments – current portion	預付租賃款項 – 流動部份	14	2,732	2,812	2,848
Consideration receivable – current portion	應收代價 – 流動部份	16	-	171,283	64,042
Derivative financial instruments	衍生金融工具	21	4,984	2,514	-
Tax recoverable	可收回稅項		3,039	18,957	26,267
Bank deposits with restricted use	有限制用途之銀行存款	22	-	-	2,127
Short-term bank deposits	短期銀行存款	22	106,075	42,438	58,015
Bank balances and cash	銀行結存及現金	22	1,018,477	627,938	742,400
			<b>4,308,695</b>	<b>4,386,539</b>	<b>3,428,645</b>
Assets classified as held for sale	分類為持作出售之資產		-	-	5,493
			<b>4,308,695</b>	<b>4,386,539</b>	<b>3,434,138</b>
Current liabilities	流動負債				
Trade and bills payables	營業及票據應付款項	23	698,433	867,513	610,859
Other payables and accruals	其他應付款項及應計費用	24	320,661	331,771	279,133
Amounts due to non-controlling shareholders	欠非控股股東款項	25	80,100	80,100	80,100
Consideration payable – current portion	應付代價 – 流動部份	26	23,501	58,446	28,672
Deferred income – current portion	遞延收入 – 流動部份	27	1,458	1,458	1,458
Derivative financial instruments	衍生金融工具	21	108	773	-
Tax payable	應付稅項		131,311	26,187	20,572
Restructuring provisions	重組撥備	28	-	730	4,689
Bank borrowings – due within one year	銀行借貸 – 一年內到期	29	1,443,532	1,604,591	839,538
Bank overdrafts	銀行透支	29	-	3,386	969
			<b>2,699,104</b>	<b>2,974,955</b>	<b>1,865,990</b>
Net current assets	流動資產淨值		<b>1,609,591</b>	<b>1,411,584</b>	<b>1,568,148</b>
Total assets less current liabilities	資產總值減流動負債		<b>3,909,798</b>	<b>3,891,018</b>	<b>4,188,232</b>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 綜合財務狀況表

At 31st August, 2011  
於二零一一年八月三十一日

			At 31st August, 2011 於二零一一年 八月三十一日	At 31st August, 2010 於二零一零年 八月三十一日	At 1st September, 2009 於二零零九年 九月一日
	NOTES 附註	HK\$'000 千港元	HK\$'000 千港元 (restated) (經重列)	HK\$'000 千港元 (restated) (經重列)	HK\$'000 千港元 (restated) (經重列)
Non-current liabilities	非流動負債				
Consideration payable – non-current portion	應付代價 – 非流動部份	26	-	-	46,316
Deferred income – non-current portion	遞延收入 – 非流動部份	27	67,080	68,538	69,996
Derivative financial instruments	衍生金融工具	21	45,583	54,389	30,898
Bank borrowings – due after one year	銀行借貸 – 一年後到期	29	755,854	951,275	1,489,018
Deferred tax liabilities	遞延稅項負債	17	3,055	3,721	3,247
			<u>871,572</u>	<u>1,077,923</u>	<u>1,639,475</u>
Net assets	資產淨值		<u>3,038,226</u>	<u>2,813,095</u>	<u>2,548,757</u>
Capital and reserves	資本及儲備				
Share capital	股本	30	158,802	158,802	158,802
Reserves	儲備		2,679,224	2,474,523	2,235,079
Equity attributable to owners of the Company	本公司擁有人應佔權益		<u>2,838,026</u>	<u>2,633,325</u>	<u>2,393,881</u>
Non-controlling interests	非控股權益		<u>200,200</u>	<u>179,770</u>	<u>154,876</u>
Total equity	權益總值		<u>3,038,226</u>	<u>2,813,095</u>	<u>2,548,757</u>

STATEMENT OF FINANCIAL POSITION 財務狀況表

At 31st August, 2011  
於二零一一年八月三十一日

		NOTES	2011	2010
		附註	HK\$'000	HK\$'000
			千港元	千港元
Non-current assets	非流動資產			
Property, plant and equipment	物業、機器及設備	13	5,441	4,932
Investments in subsidiaries	附屬公司投資	15	32,539	33,856
			<b>37,980</b>	38,788
Current assets	流動資產			
Prepayments, deposits and other receivables	預付款項、按金及其他 應收款項	20	6,666	17,131
Amounts due from subsidiaries	附屬公司所欠款項	15	3,457,621	3,152,295
Derivative financial instruments	衍生金融工具	21	-	2,508
Tax recoverable	可收回稅項		314	314
Bank balances and cash	銀行結存及現金	22	85,585	32,831
			<b>3,550,186</b>	3,205,079
Current liabilities	流動負債			
Other payables and accruals	其他應付款項及應計費用	24	18,742	13,085
Amounts due to subsidiaries	欠附屬公司款項	15	1,031,238	668,485
Tax payable	應付稅項		41,000	-
Bank borrowings – due within one year	銀行借貸 – 一年內到期	29	761,916	658,344
			<b>1,852,896</b>	1,339,914
Net current assets	流動資產淨值		<b>1,697,290</b>	1,865,165
Total assets less current liabilities	資產總值減流動負債		<b>1,735,270</b>	1,903,953

STATEMENT OF FINANCIAL POSITION 財務狀況表

At 31st August, 2011  
於二零一一年八月三十一日

		NOTES	2011	2010
		附註	HK\$'000	HK\$'000
			千港元	千港元
Non-current liabilities	非流動負債			
Derivative financial instruments	衍生金融工具	21	<b>45,583</b>	54,389
Bank borrowings – due after one year	銀行借貸 – 一年後到期	29	<b>701,638</b>	873,867
			<b>747,221</b>	928,256
Net assets	資產淨值		<b>988,049</b>	975,697
Capital and reserves	資本及儲備			
Share capital	股本	30	<b>158,802</b>	158,802
Reserves	儲備	32	<b>829,247</b>	816,895
Total equity	權益總值		<b>988,049</b>	975,697

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 綜合權益變動表

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

		Attributable to owners of the Company 本公司擁有人應佔							Non-controlling interests		Total equity
		Share capital	Share premium	Capital redemption reserve	Translation reserve	Share options reserve	Statutory reserves	Retained profits	Total		
		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	總值	非控股權益	權益總值
		HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'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
							(note) (附註)				
At 1st September, 2009	於二零零九年九月一日	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	-	-	-	16,412	-	-	-	16,412	12,904	29,316
Release upon disposal of a subsidiary (note 38)	出售一間附屬公司時轉出(附註38)	-	-	-	(766)	-	-	-	(766)	-	(766)
Profit for the year	是年度盈利	-	-	-	-	-	-	223,798	223,798	19,781	243,579
Total comprehensive income for the year	是年度全面收益總值	-	-	-	15,646	-	-	223,798	239,444	32,685	272,129
Transfer	調撥	-	-	-	-	-	4,408	(4,408)	-	-	-
Dividends paid to non-controlling shareholders	已付股息予非控股股東	-	-	-	-	-	-	-	-	(7,791)	(7,791)
At 31st August, 2010	於二零一零年八月三十一日	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	-	-	-	3,526	-	-	-	3,526	4,309	7,835
Release upon disposal of subsidiaries (note 38)	出售附屬公司時轉出(附註38)	-	-	-	(5,166)	-	-	-	(5,166)	-	(5,166)
Profit for the year	是年度盈利	-	-	-	-	-	-	210,886	210,886	28,832	239,718
Total comprehensive (expense) income for the year	是年度全面(開支)收益總值	-	-	-	(1,640)	-	-	210,886	209,246	33,141	242,387
Equity-settled share-based payments	以權益結算以股份為基礎之付款	-	-	-	-	3,395	-	-	3,395	-	3,395
Dividend recognised as distribution	已確認分派之股息	-	-	-	-	-	-	(7,940)	(7,940)	-	(7,940)
Capital contribution from a non-controlling shareholder	非控股股東之注資	-	-	-	-	-	-	-	-	4	4
Dividends paid to non-controlling shareholders	已付股息予非控股股東	-	-	-	-	-	-	-	-	(11,900)	(11,900)
Appropriation to a non-controlling shareholder upon deregistration of a subsidiary	取消註冊附屬公司時分派予非控股股東	-	-	-	-	-	-	-	-	(815)	(815)
At 31st August, 2011	於二零一一年八月三十一日	158,802	197,124	210	(36,778)	3,395	42,193	2,473,080	2,838,026	200,200	3,038,226

Note: The statutory reserves represent the appropriation of certain percentages of profit after taxation of certain subsidiaries in the People's Republic of China (the "PRC") as recommended by the directors of those subsidiaries as reported under the PRC statutory financial statements. According to the provision of the articles of association of the subsidiaries, the statutory reserves shall only be used for making up losses, capitalisation into share capital, expansion of the relevant subsidiary's operation and for the welfare of the subsidiary's staff and workers.

附註：法定儲備指若干在中華人民共和國(「中國」)的附屬公司的董事按中國法定財務報表的呈報要求建議將該等附屬公司若干比率的稅後盈利撥備的金額。根據附屬公司組織章程細則的條款，法定儲備僅可用於彌補虧損、撥充股本、擴充相關附屬公司的業務及附屬公司員工及工人的福利。

CONSOLIDATED STATEMENT OF CASH FLOWS 綜合現金流量表

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

	NOTE 附註	2011 HK\$'000 千港元	2010 HK\$'000 千港元 (restated) (經重列)
OPERATING ACTIVITIES			
Profit before taxation		343,191	250,095
Adjustments for:			
Amortisation of deferred income		(1,458)	(1,458)
Depreciation of investment properties		-	121
Depreciation of property, plant and equipment		256,808	239,919
Equity-settled share-based payments			
		3,395	-
Finance costs		71,589	48,201
Gain on disposal of property interests	12	-	(96,387)
Impairment loss on property, plant and equipment		-	419
Impairment loss on assets classified as held for sale		-	1,801
Interest income		(9,779)	(18,506)
Loss on disposal/written-off of property, plant and equipment, other than property interests			
		5,169	14,740
Net gain on disposal of subsidiaries			
		(20,212)	(766)
Impairment loss (reversed) recognised on trade receivables, net		(8,245)	24,870
Reversal of impairment loss on property, plant and equipment		-	(1,813)
Release of prepaid lease payments		2,791	2,027
Operating cash flows before movements in working capital		643,249	463,263
Decrease (increase) in inventories		261,532	(753,855)
Decrease (increase) in trade and bills receivables		100,961	(264,100)
(Increase) decrease in prepayments, deposits and other receivables		(14,516)	23,312
Net movement in derivative financial instruments		(11,941)	21,750
(Decrease) increase in trade and bills payables		(199,779)	245,106
Increase in other payables and accruals		2,943	51,913
Decrease in restructuring provisions		(730)	(3,959)
Net cash generated from (used in) operations		781,719	(216,570)
Hong Kong Profits Tax refunded		21,689	279
Overseas taxation paid		(5,196)	(2,594)
NET CASH FROM (USED IN) OPERATING ACTIVITIES		798,212	(218,885)

CONSOLIDATED STATEMENT OF CASH FLOWS 綜合現金流量表

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

	NOTES 附註	2011 HK\$'000 千港元	2010 HK\$'000 千港元 (restated) (經重列)
<b>INVESTING ACTIVITIES</b>			
Consideration received for sale of assets classified as held for sale	投資項目 出售分類為持作出售之資產之所收代價	192,550	80,971
Proceeds from disposal of subsidiaries	出售附屬公司所得款項	46,600	-
Interest received	已收利息	3,270	3,484
Proceeds from disposal of investment properties, property, plant and equipment and prepaid lease payments	出售投資物業、物業、機器及設備以及預付租賃款項所得款項	2,412	119,808
Purchase of property, plant and equipment	購買物業、機器及設備	(110,334)	(266,632)
Proceeds from disposal of assets classified as held for sale	出售分類為持作出售之資產所得款項	-	4,903
Decrease in bank deposits with restricted use	有限制用途之銀行存款的減少	-	2,127
<b>NET CASH FROM (USED IN) INVESTING ACTIVITIES</b>	<b>投資項目所得(所用)的現金淨值</b>	<b>134,498</b>	<b>(55,339)</b>
<b>FINANCING ACTIVITIES</b>			
Repayment of bank borrowings	償還銀行借貸	(3,904,647)	(2,548,595)
Interest paid	已付利息	(62,496)	(60,779)
Payments for consideration payable	支付應付代價	(35,630)	(18,195)
Payments as compensation and for acquisition of additional interest in a subsidiary	支付賠償及收購附屬公司額外權益	(13,721)	-
Dividends paid to non-controlling shareholders	已付股息予非控股股東	(11,900)	(7,791)
Dividends paid	已付股息	(7,940)	-
Appropriation to a non-controlling shareholder upon deregistration of a subsidiary	取消註冊附屬公司時分派予非控股股東	(815)	-
New bank borrowings raised	新籌集之銀行借貸	3,556,825	2,773,938
Capital contribution from a non-controlling shareholder	非控股股東注資	4	-
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>	<b>融資項目(所用)所得的現金淨值</b>	<b>(480,320)</b>	<b>138,578</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>現金及等同現金項目的增加(減少)淨值</b>	<b>452,390</b>	<b>(135,646)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>於是年度開始時的現金及等同現金項目</b>	<b>666,990</b>	<b>799,446</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>匯率變動的影響</b>	<b>5,172</b>	<b>3,190</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>於是年度終結時的現金及等同現金項目</b>	<b>1,124,552</b>	<b>666,990</b>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS:</b>			
Short-term bank deposits	現金及等同現金項目結存的分析： 短期銀行存款	106,075	42,438
Bank balances and cash	銀行結存及現金	1,018,477	627,938
Bank overdrafts	銀行透支	-	(3,386)
		<b>1,124,552</b>	<b>666,990</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**1. GENERAL**

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and the principal place of business of the Company are disclosed in the Corporate Information to the annual report.

The consolidated financial statements are presented in Hong Kong dollar ("HK\$"), which is also the functional currency of the Company.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 15.

**2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")**

In the current year, the Group has applied a number of new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are mandatorily effective for the current financial year.

Except as described below, the application of the new and revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

**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 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.

**1. 簡介**

本公司為在香港註冊成立的公眾有限公司而其股份於香港聯合交易所有限公司(「聯交所」)上市。本公司的註冊辦事處地址及主要營業地點於本年報公司資料內披露。

綜合財務報表乃以港元呈列，港元亦為本公司的功能貨幣。

本公司乃一間投資控股公司。其主要附屬公司的主要業務載列於附註15內。

**2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)**

於本年度，本集團已應用多項由香港會計師公會(「香港會計師公會」)頒佈並於本財政年度強制生效之新訂及經修訂準則、修訂本及詮釋(「新訂及經修訂香港財務報告準則」)。

除下文所述者外，於本年度應用新訂及經修訂香港財務報告準則對該等綜合財務報表所呈報之款額及／或該等綜合財務報表所載之披露事項並無造成重大影響。

**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，即根據租賃資產擁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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**2. APPLICATION OF NEW AND REVISED HONG KONG  
FINANCIAL REPORTING STANDARDS (“HKFRSs”)  
(continued)**

**Amendments to HKAS 17 “Leases” (continued)**

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 the Group’s prepaid lease payments with the carrying amounts of HK\$9,266,000 and HK\$9,021,000 as at 1st September, 2009 and 31st August, 2010, respectively, being reclassified to property, plant and equipment. Therefore, the carrying amount of the Group’s property, plant and equipment as at 1st September, 2009 increased from HK\$2,283,789,000 to HK\$2,293,055,000 and the carrying amount of the Group’s property, plant, and equipment as at 31st August, 2010 increased from HK\$2,319,780,000 to HK\$2,328,801,000.

As at 31st August, 2011, leasehold land that qualifies for finance lease classification with the carrying amount of HK\$8,776,000 has been included in the Group’s property, plant and equipment. The application of the amendments to HKAS 17 has had no impact on the Group’s reported profit or loss or earnings per share figures for the current and prior years and on the Company.

**2. 應用新訂及經修訂香港財務報告  
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)

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。此導致本集團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9,266,000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。因此，本集團之物業、機器及設備於二零零九年九月一日之賬面值由2,283,789,000港元增加至2,293,055,000港元，而本集團之物業、機器及設備於二零一零年八月三十一日之賬面值由2,319,780,000港元增加至2,328,801,000港元。

於二零一一年八月三十一日，符合融資租賃分類資格賬面值為8,776,000港元之租賃土地已計入本集團之物業、機器及設備內。應用香港會計準則第17號之修訂本對本集團於本年度及過往年度之已申報盈利或虧損或每股盈利以及對本公司並無造成影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)**

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010 <sup>1</sup>	香港財務報告準則(修訂本)	二零一零年頒佈之香港財務報告準則的改進 <sup>1</sup>
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets <sup>2</sup>	香港財務報告準則第7號(修訂本)	披露—金融資產之轉撥 <sup>2</sup>
HKFRS 9	Financial Instruments <sup>3</sup>	香港財務報告準則第9號	金融工具 <sup>3</sup>
HKFRS 10	Consolidated Financial Statements <sup>3</sup>	香港財務報告準則第10號	綜合財務報表 <sup>3</sup>
HKFRS 11	Joint Arrangements <sup>3</sup>	香港財務報告準則第11號	聯合安排 <sup>3</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>3</sup>	香港財務報告準則第12號	於其他實體的權益披露 <sup>3</sup>
HKFRS 13	Fair Value Measurement <sup>3</sup>	香港財務報告準則第13號	公平值計量 <sup>3</sup>
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income <sup>4</sup>	香港會計準則第1號(修訂本)	其他全面收益項目的呈列 <sup>4</sup>
HKAS 12 (Amendments)	Deferred Tax Recovery of Underlying Assets <sup>5</sup>	香港會計準則第12號(修訂本)	遞延稅項：收回相關資產 <sup>5</sup>
HKAS 19 (as revised in 2011)	Employee Benefits <sup>3</sup>	香港會計準則第19號 (於二零一一年經修訂)	僱員福利 <sup>3</sup>
HKAS 24 (as revised in 2009)	Related Party Disclosures <sup>1</sup>	香港會計準則第24號 (於二零零九年經修訂)	關連方披露 <sup>1</sup>
HKAS 27 (as revised in 2011)	Separate Financial Statements <sup>3</sup>	香港會計準則第27號 (於二零一一年經修訂)	獨立財務報表 <sup>3</sup>
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures <sup>3</sup>	香港會計準則第28號 (於二零一一年經修訂)	於聯營公司及合營公司之投資 <sup>3</sup>
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement <sup>1</sup>	香港(國際財務報告詮釋委員會)—詮釋第14號 (修訂本)	最低資本規定之預付款項 <sup>1</sup>
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine <sup>3</sup>	香港(國際財務報告詮釋委員會)—詮釋第20號	露天礦生產階段的剝採成本 <sup>3</sup>

**2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)**

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準則、修訂本或詮釋：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)**

- <sup>1</sup> Effective for annual periods beginning on or after 1st January, 2011.
- <sup>2</sup> Effective for annual periods beginning on or after 1st July, 2011.
- <sup>3</sup> Effective for annual periods beginning on or after 1st January, 2013.
- <sup>4</sup> Effective for annual periods beginning on or after 1st July, 2012.
- <sup>5</sup> Effective for annual periods beginning on or after 1st January, 2012.

The directors of the Company anticipate that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

**2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）**

- <sup>1</sup> 於二零一一年一月一日或之後開始之年度期間生效
- <sup>2</sup> 於二零一一年七月一日或之後開始之年度期間生效
- <sup>3</sup> 於二零一三年一月一日或之後開始之年度期間生效
- <sup>4</sup> 於二零一二年七月一日或之後開始之年度期間生效
- <sup>5</sup> 於二零一二年一月一日或之後開始之年度期間生效

本公司董事預期應用該等新訂及經修訂準則、修訂本或詮釋將不會對本集團之業績及財務狀況造成重大影響。

**3. 主要會計政策**

綜合財務報表已按香港會計師公會頒佈的香港財務報告準則編製。此外，綜合財務報表包括聯交所證券上市規則（「上市規則」）及香港公司條例規定的適用披露。

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，所採用的主要會計政策解說如下。歷史成本一般基於交換商品所給予之代價公平價值計算。

主要會計政策載列如下。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

**Allocation of total comprehensive income to non-controlling interests**

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

**3. 主要會計政策(續)**

**綜合基準**

綜合財務報表包括本公司及受本公司控制的機構(其附屬公司)的財務報表。倘本公司有權管治機構的財務及營運政策，從而在其業務中獲得利益，即取得控制權。

是年度收購或出售的附屬公司的業績已根據其收購或出售生效日期(如適用)包括在綜合收益表內。

如有需要，附屬公司的財務報表會作出調整，使其會計政策與本集團其他成員公司所採用者一致。

所有集團間的交易、結餘、收入及支出均於綜合賬目時對銷。

附屬公司的非控股權益與本集團的權益分開呈列。

**將全面收入總額分配至非控股權益**

倘若附屬公司的全面收入及開支總額歸屬於本公司的擁有人及非控股權益會導致非控股權益產生虧絀餘額，全面收入及開支總額仍然必須歸屬於本公司的擁有人及非控股權益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of consolidation (continued)**

*Changes in the Group's ownership interests in existing subsidiaries*

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and their fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

**Investment properties**

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

**3. 主要會計政策(續)**

**綜合基準(續)**

*本集團於現有附屬公司的擁有權變動*

本集團於附屬公司擁有權的變動如並無導致本集團對附屬公司失去控制權，則按權益交易入賬。本集團的權益及非控股權益的賬面值將予以調整以反映彼等於附屬公司的有關權益變動。非控股權益的經調整金額與已付或已收代價的公平價值間任何差額直接於權益中確認並歸屬於本公司的擁有人。

**投資物業**

投資物業指持作賺取租金及／或資本增值的物業。

投資物業初步以成本(包括任何直接應佔開支)列賬。於初步確認後，投資物業以成本減往後累計折舊及任何累計減值損失列賬。折舊撇銷投資物業之成本乃按其估計可使用年期並經考慮其估計剩餘價值後以直線法確認。

投資物業於出售或當投資物業永久不再使用時或預期不會藉其出售而產生未來經濟效益時，則不作確認。不作確認該資產所產生的任何收益或虧損(以該資產的出售款項淨值與賬面值的差額來計算)會在該項目不作確認的期間包括在損益內。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Property, plant and equipment**

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress and freehold land) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment (other than construction in progress and freehold land) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Freehold land is carried at cost less any recognised impairment loss.

Construction in progress includes property, plant and equipment in the course of construction for production or for administrative purposes. Construction in progress is carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policies. Construction in progress is classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**3. 主要會計政策(續)**

**物業、機器及設備**

物業、機器及設備包括持作生產或供應貨物或提供服務或行政用途的樓宇(惟在建工程及永久持有的土地除外)，以成本扣減往後累計折舊及累計減值損失(如有)後列賬。

除在建工程及永久持有的土地外，物業、機器及設備折舊乃按估計可使用年期經扣減其剩餘價值後，以直線法撇銷其成本。估計可使用年期、剩餘價值及折舊方法於各報告期終進行檢討，而任何估計變動的影響按預期基準入賬。

永久持有的土地乃按成本減任何已確認減值損失列賬。

在建工程包括在建築過程中供生產或作行政用途的物業、機器及設備。在建工程以成本減任何已確認的減值損失列賬。成本包括專業費用及(如屬合資格資產)按本集團會計政策資本化的借貸成本。在建工程於完成後及可供擬定使用時分類為物業、機器及設備的適當類別。此等資產的折舊基準與其他資產相同，乃於可供其擬定使用時開始計算。

物業、機器及設備項目於出售或當預期不會藉持續使用該項資產而產生未來經濟效益時不作確認。出售或棄用一項物業、機器及設備所產生的任何收益或虧損釐定為資產銷售所得款項與賬面值的差額，並於損益內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Property, plant and equipment (continued)**

*Buildings under development for future owner-occupied purpose*

When buildings are in the course of development for production or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

**Investments in subsidiaries**

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

**Financial instruments**

Financial assets and financial liabilities are recognised in the statements of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss (i.e. derivative financial instruments) are recognised immediately in profit or loss.

**3. 主要會計政策 (續)**

**物業、機器及設備 (續)**

*可供日後業主自用的在建樓宇*

當正興建樓宇作生產或行政用途時，於建築期間就預付租賃款項之攤銷撥備會被計入在建樓宇成本部分。在建樓宇以成本減任何已確定減值損失列賬。當樓宇可供使用時(即當樓宇可按管理層計劃的方式於可經營地點及狀況下)開始計提折舊。

**附屬公司的投資**

附屬公司的投資以成本扣除任何已確定的減值損失後包括在本公司財務狀況表內。

**存貨**

存貨乃以成本或可變現淨值兩者中的較低值列賬。成本按最先存入則最先報銷的方法計算。

**金融工具**

當集團機構成為金融工具合約條文的訂約方，金融資產及金融負債會在財務狀況表上確認。

金融資產及金融負債初步以公平價值計算。收購或發行金融資產及金融負債的直接關連交易成本會在初步確認時在金融資產或金融負債的公平價值中計入或扣除(如適用)。收購按公平價值計入損益之金融資產或金融負債(即衍生金融工具)直接關連之交易成本隨即於損益內確認。



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial instruments (continued)**

**Financial assets**

The Group's financial assets are classified as loans and receivables and derivative financial instruments.

**Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including consideration receivable, trade and bills receivables, other receivables, amounts due from subsidiaries, bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of loans and receivables below).

**3. 主要會計政策(續)**

**金融工具(續)**

**金融資產**

本集團的金融資產分類為貸款及應收款項以及衍生金融工具。

**有效利率方法**

有效利率方法是一種計算金融資產的攤銷成本以及按有關期間攤分利息收入的方法。有效利率是將估計未來現金收入(包括所有構成有效利率整體部分已支付或已收的費用、交易成本及其他溢價或折價)透過金融資產的預期年期或更短期間(倘適用)準確貼現至初步確認時之賬面淨值的利率。

債務工具的利息收入按有效利率方法確認。

**貸款及應收款項**

貸款及應收款項為在活躍市場非報價的附帶固定或可釐定付款的非衍生金融資產。於初步確認後，貸款及應收款項(包括應收代價、營業及票據應收款項、其他應收款項、附屬公司所欠款項、銀行存款及銀行結存)均按有效利率方法，扣除任何已確定的減值損失後的已攤銷成本列賬(見下述貸款及應收款項減值的會計政策)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial instruments (continued)**

**Financial assets (continued)**

*Impairment of loans and receivables*

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the respective credit period and observable changes in national or local economic conditions that correlate with default on receivables.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

**3. 主要會計政策 (續)**

**金融工具 (續)**

**金融資產 (續)**

*貸款及應收款項減值*

在報告期終會評估貸款及應收款項是否有任何減值跡象。倘有客觀證據證明，於初步確認貸款及應收款項後發生一項或多項的事件，令估計未來現金流量受到影響，則會予以減值。

減值的客觀證據可能包括：

- 發行人或對手方出現嚴重財務困難；或
- 違反合約，例如欠繳或拖欠利息或本金付款；或
- 借款人很有可能將宣告破產或進行財務重組；或
- 因財務困難導致該金融資產的活躍市場消失。

就若干類別的金融資產 (如營業應收款項) 不會單獨作出減值評估的資產會於日後彙集一併評估減值。應收款項組合出現的減值客觀證據可包括本集團的過往收款經驗、組合內延遲還款至超逾信貸期之次數增加及國家或地區經濟狀況出現明顯變動導致應收款項未能償還。

減值損失乃於有客觀證據證明資產出現減值時於損益內確認，並按該資產的賬面值與按原有效利率貼現的估計未來現金流量現值的差額計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial instruments (continued)**

**Financial assets (continued)**

**Impairment of loans and receivables (continued)**

The carrying amount of the loans and receivables is reduced by the impairment loss directly for all loans and receivables with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

**Financial liabilities and equity instruments**

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group entity after deducting all of its liabilities. The Group's financial liabilities are generally classified into derivative financial instruments and other financial liabilities.

**3. 主要會計政策 (續)**

**金融工具 (續)**

**金融資產 (續)**

**貸款及應收款項減值 (續)**

就所有貸款及應收款項而言，貸款及應收款項的賬面值直接按減值損失調低，惟營業應收款項除外，其賬面值乃透過使用撥備賬目而調低。撥備賬目的賬面值變動於損益內確認。倘營業應收款項被視為無法收回，則於撥備賬內撇銷。其後收回過往撇銷的款項計入損益內。

倘於往後期間，減值損失金額減少，而該減少可客觀地與減值損失確認後發生的事件有關，則先前確認的減值損失透過損益撥回，惟該資產於撥回減值當日的賬面值不得超過在並無確認減值的情況下應有的已攤銷成本。

**金融負債及權益工具**

集團機構發行的金融負債及權益工具乃按所訂立的合約安排實質及金融負債及權益工具的定義而分類。

權益工具乃證實集團機構在扣除所有其負債後在資產內剩餘權益的任何合約。本集團之金融負債一般分類為衍生金融工具及其他金融負債。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial instruments (continued)**

**Financial liabilities and equity instruments (continued)**

**Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

**Other financial liabilities**

Other financial liabilities including trade and bills payables, other payables, amounts due to subsidiaries/non-controlling shareholders, consideration payable, bank borrowings and bank overdrafts are subsequently measured at amortised cost, using the effective interest method.

**Equity instruments**

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

**Derivative financial instruments**

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately. Derivative financial instruments not held primarily for trading purposes are classified as non-current assets or liabilities when the remaining maturity of the instruments is more than one year.

**3. 主要會計政策 (續)**

**金融工具 (續)**

**金融負債及權益工具 (續)**

**有效利率方法**

有效利率方法是一種計算金融負債的攤銷成本以及按有關期間攤分利息費用的方法。有效利率是將估計未來現金付款透過金融負債的預期年期或更短期間(倘適用)準確貼現的利率。

利息費用按有效利率方法確認。

**其他金融負債**

其他金融負債包括營業及票據應付款項、其他應付款項、欠附屬公司／非控股股東款項、應付代價、銀行借貸及銀行透支，其後乃按有效利率方法以攤銷成本計量。

**權益工具**

本公司發行的權益工具乃以所收款項，扣除直接發行成本後記賬。

**衍生金融工具**

衍生工具於衍生工具合約簽訂當日初步按公平價值確認，其後於報告期終按照公平價值重新計量。由此產生的收益或虧損即時於損益內確認。當持有並非主要作買賣用途的衍生金融工具的餘下到期時間長逾一年，則分類為非流動資產或負債。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial instruments (continued)**

**Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Company and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Company measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 "Revenue".

**Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**3. 主要會計政策(續)**

**金融工具(續)**

**財務擔保合約**

財務擔保合約為簽發者需就特定負債人未能根據原本或經修改之債務文件之條款於到期日支付款項產生之損失向持有人作出特定補償之合約。由本公司簽發且並無指定為按公平價值計入損益之財務擔保合約，初步會以公平價值減簽發財務擔保合約直接應佔之交易成本確認。於初步確認後，本公司之財務擔保合約以下列之較高者計算：(i)根據香港會計準則第37號「撥備、或然負債及或然資產」釐定之金額；及(ii)最初確認之金額減(如適用)根據香港會計準則第18號「收入」確認之累計攤銷。

**不作確認**

當從資產收取現金流量的權利屆滿或此類金融資產已轉讓及本集團已將其於金融資產擁有權的絕大部份風險及回報轉移，則金融資產將不作確認。

於完全不作確認金融資產時，該資產的賬面值與已收取和應收代價及已於其他全面收益確認及於權益累計之累計盈虧的總和的差額會在損益內確認。

金融負債會在有關合約訂明的責任獲解除、取消或屆滿時不作確認。不作確認的金融負債的賬面值與已付和應付的代價的差額會在損益賬內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

**Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants related to depreciable assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss over the useful lives of the related assets.

**3. 主要會計政策 (續)**

**持作出售的非流動資產**

倘非流動資產賬面值將主要透過銷售交易而非透過持續使用收回，則該項非流動資產須分類為持作出售項目。僅於出售機會相當高及該項非流動資產可於現況下即時出售時，本條件方被視為達成。管理層必須負責進行出售，而該項出售預期於分類日期起計一年內符合確認為完成出售。

被分類為持作出售的非流動資產按過往的賬面值或公平價值減銷售成本，兩者之中以較低者計量。

**政府補貼**

除非能合理確定本集團將符合所附帶之條件及將獲發有關補貼，否則政府補貼不予確認。

政府補貼於本集團確認有關成本為開支的期間內，有系統地於損益內確認，該補貼擬用於補償相關成本。與折舊資產有關的政府補貼於綜合財務狀況表確認為遞延收入，並按相關資產的可使用年內撥入損益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect is material).

A provision for restructuring is recognised in the consolidated statement of financial position on conditions that the Group has a detailed formal plan and has raised a valid expectation in those affected that the restructuring will be carried out, by starting to implement that plan or by announcing its main features to those affected by it.

**Impairment losses on tangible assets**

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

**3. 主要會計政策(續)**

**撥備**

倘本集團因過往事件而承擔現有責任，且本集團有可能須履行該責任時，則確認撥備。撥備乃經計及責任的附帶風險及不確定因素後，於報告期終須履行現有責任所需代價的最佳估計量。倘撥備使用為履行現有責任所估計的現金流量計算，其賬面值為該等現金流量的現值(倘影響屬重大)。

倘本集團持有一個正式詳細計劃，並在開始實施該項計劃或公佈受影響的主要情況下進行此項計劃時對受影響的重組作出有效預測，則會在綜合財務狀況表內確認一項重組撥備。

**有形資產的減值損失**

於報告期終，本集團會檢討其有形資產的賬面值，以判斷該等資產是否出現減值損失的任何跡象。倘出現任何有關跡象，則估計該資產的可收回金額，以釐定減值損失(如有)的程度。若估計一項資產的可收回金額低於其賬面值時，該資產的賬面值會減至其可收回金額。此項減值損失會立即確認為支出。

倘減值損失其後出現逆轉，則該資產的賬面值可增加至其經修訂的預計可收回金額，惟增加後的賬面值不得超過該資產於過往年度並未確認減值損失時的賬面值。此項減值損失撥回會立即確認為收入。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of returns, discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and title has passed, at which date the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

**3. 主要會計政策 (續)**

**收入確認**

收入按已收或應收代價的公平價值計量，乃指於日常業務過程中售出貨品及提供服務應收的款項，經扣除退貨、折扣及銷售相關稅項。

貨品銷售收入於貨品付運及擁有權移交後確認，即下列條件獲達成之日：

- 本集團已將貨品擁有權之重大風險及回報轉移予買方；
- 本集團並無保留一般與擁有權有關之銷售貨品持續管理權或實際控制權；
- 銷售收入金額能夠可靠地計量；
- 與交易相關之經濟利益很可能流向本集團；及
- 有關交易產生或將產生之成本能夠可靠地計量。

金融資產的利息收入乃於經濟利益可能流向本集團，且收益金額能被可靠地計量時予以確認。

投資所得的股息收入於股東確立收取股款的權利時確認。



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Retirement benefit costs**

Payments to defined contribution retirement benefit plans/state-managed retirement benefit schemes/the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

**The Group as lessor**

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

**3. 主要會計政策(續)**

**退休福利費用**

支付定額供款退休福利計劃／國家管理退休福利計劃／強制性公積金計劃的款項於賦予提供服務的僱員獲取供款的權利時作支出扣除。

**借貸成本**

收購、建造或生產合資格資產(即需要大量時間作其擬定用途或供銷售的資產)直接應佔的借貸成本，將加入該等資產的成本，直至有關資產大致可用於其擬定用途或銷售。合資格資產有待支銷的特定借貸臨時投資所賺得的投資收入，從符合資格資本化的借貸成本中扣除。

所有其他借貸成本在其發生期間的損益內確認。

**租賃**

如租賃條款將絕大部份風險及主權收益轉嫁給承租人，則該等租賃被視為財務租賃。所有其他租賃則被視為營運租賃。

**本集團作為出租人**

營運租賃的租金收入乃按有關租賃年期以直線法在損益內確認。磋商及安排營運租約的初步直接成本會加入該租賃資產的賬面值內及按租賃年期以直線法確認為支出。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Leasing (continued)**

**The Group as lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**Leasehold land and building**

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

**3. 主要會計政策 (續)**

**租賃 (續)**

**本集團作為承租人**

營運租賃付款以直線法按租賃年期確認為開支，惟倘若另有系統性基準更能代表租賃資產之經濟利益被消耗之時間模式則除外。

倘若於訂立營運租賃時收取租賃優惠，則有關優惠確認為負債。有關優惠之利益總額以直線法確認為租金開支減少，惟倘若另有系統性基準更能代表租賃資產之經濟利益被消耗之時間模式則除外。

**租賃土地及樓宇**

倘租賃包括土地及樓宇部分，則本集團會基於有關各部分擁有權之絕大部分風險及回報是否轉讓予本集團的評定，獨立評估各要素作為財務或營運租賃的分類。具體而言，最低租賃付款（包括任何一次過預付款）按租賃開始時土地及樓宇部分之租賃權益的相對公平價值比例於土地與樓宇部分之間分配。

倘租賃付款能夠可靠分配，則列為營運租賃的租賃土地權益於綜合財務狀況表呈列為「預付租賃款項」，並以直線基準於租賃年期內攤銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

**3. 主要會計政策 (續)**

**稅項**

所得稅開支乃指是年度應付稅項及遞延稅項的總和。

是年度應付稅項是以是年度的應課稅盈利作基準。應課稅盈利與綜合收益表內呈報的盈利並不相等，乃基於其並無計入應在其他年度課稅或扣減的收入或費用項目，亦無計入毋須課稅及不獲扣減的項目所致。本集團是年度稅項的負債乃按照報告期終已頒佈或實質上已頒佈的稅率計算。

遞延稅項乃綜合財務報表內資產及負債的賬面值與計算應課稅盈利所用的相關稅基的暫時差異的確認。遞延稅項負債一般按所有應課稅暫時差異確認。遞延稅項資產的確認則以可用作抵銷可能會產生應課稅盈利的所有可扣減暫時差異為限。倘若暫時差異是由於商譽或一項不影響應課稅盈利或會計盈利的交易於最初確認為其他資產及負債（業務合併除外）所引致，則此項資產及負債不予確認。

就附屬公司的投資相關的應課稅暫時差異會被確認為遞延稅項負債，惟若本集團可控制暫時差異的撥回及於可見將來不會將暫時差異撥回則除外。該等投資相關的可扣稅暫時差異產生的遞延稅項資產，僅於有足夠應課稅盈利以動用暫時差異及預計將於可見將來撥回時確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Taxation (continued)**

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

**Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity ("foreign currencies") are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

**3. 主要會計政策 (續)**

**稅項 (續)**

遞延稅項資產的賬面值於報告期終作出檢討，並在預期不再有足夠應課稅盈利以收回全部或部份資產的情況下作出相應扣減。

遞延稅項資產及負債根據報告期終已頒佈或實質上已頒佈的稅率(及稅法)，按償付負債或變現資產期間內的預計適用稅率計量。

遞延稅項負債及資產的計量，反映於報告期終本集團預計收回或償付其資產及負債賬面值時產生的稅務後果。遞延稅項於損益內確認，惟倘遞延稅項與其他全面收益或直接於權益確認的項目有關，在此情況下，遞延稅項分別於其他全面收益或於權益中直接確認。

**外幣**

於編製各個別集團實體的財務報表時，以該實體的功能貨幣以外的貨幣(「外幣」)進行的交易乃按於交易日期當時的匯率換算為其個別功能貨幣(即該實體經營所在的主要經濟環境貨幣)。於報告期終，以外幣定值的貨幣項目乃按該日當時的匯率重新換算。按外幣的歷史成本計算的非貨幣項目毋須重新換算。

於結算及重新換算貨幣項目時產生的匯兌差額乃於其產生的期間於損益內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Foreign currencies (continued)**

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollar) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve).

**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.

**3. 主要會計政策(續)**

**外幣(續)**

就綜合財務報表的呈列而言，本集團海外業務的資產及負債乃按報告期終當時的匯率換算為本集團的呈列貨幣(即港元)，而其收入及支出乃按該期間的平均匯率換算，除非匯率於該年度內出現大幅波動則除外，在此情況下則會採用交易日當時的匯率換算。所產生的匯兌差額(如有)於其他全面收益確認，及累計入權益(匯兌儲備)。

**以權益結算以股份為基礎之付款交易**

參考購股權於授出日的公平價值所釐定的已收取服務的公平價值，於歸屬期間以直線法支銷，並會於權益中作出相應增加(購股權儲備)。

於報告期終，本集團修訂其對預期最終會歸屬的購股權數目之估計。於歸屬期間，修訂該等估計的影響(如有)將於損益確認，並於購股權儲備作出相應調整。

當購股權獲行使時，原於購股權儲備中確認的金額將撥入股份溢價。當購股權於歸屬日期後遭沒收或於到期日仍未獲行使，則原於購股權儲備中確認的金額則會撥入滾存溢利。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**4. KEY SOURCES OF ESTIMATION UNCERTAINTY**

The key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

**Estimated impairment of trade receivables**

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are different from expected, a material impairment or reversal may arise.

**Allowance for inventories**

Inventories are valued at the lower of cost and net realisable value. The Group regularly reviews its inventory levels in order to identify slow-moving and obsolete merchandise. When the Group identifies items of inventories which have a market price that is lower than its carrying amount, the Group estimates the amount of write-down of inventories as allowance for inventories. If the market price of inventories of the Group becomes lower than its carrying amount subsequently, an additional allowance may be required.

**4. 不確定性估計的主要來源**

於報告期終會導致下個財政年度的資產及負債的賬面值出現重大調整之不確定性估計的主要來源如下：

**營業應收款項的估計減值**

當有客觀證據證明出現減值損失，本集團會考慮估計未來之現金流量。減值損失金額乃按資產賬面值與按金融資產原先有效利率（即初步確認時計算的有效利率）貼現的估計未來現金流量（不包括尚未產生的日後信貸虧損）現值的差額計量。倘實際日後現金流量與預期相異，或會產生重大減值或撥回。

**存貨撥備**

存貨乃按成本或可變現淨值的較低者估值。本集團定期檢討其存貨水平，以辨別滯銷及陳舊商品。倘本集團發現存貨項目的市價低於其賬面值，則本集團評估存貨撇減的金額，確認存貨撇減撥備。倘本集團的存貨市價之後低於其賬面值，則或須作出額外撥備。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**4. KEY SOURCES OF ESTIMATION UNCERTAINTY  
(continued)**

**Estimated provision for the tax audit**

As detailed in note 7, the Hong Kong Inland Revenue Department (“IRD”) has initiated a tax audit on the Company and its subsidiaries for the years of assessment from 2001/02 onwards and issued the Protective Assessments for the years of assessment 2001/02, 2002/03, 2003/04 and 2004/05. Having taken the advices from the Group’s tax advisor, the directors of the Company made an aggregate provision of HK\$41,000,000 in the current year, which was charged to the consolidated income statement, in relation to the tax audit and believe that other than the aforesaid provision, no significant amount of additional profits tax will be payable for the tax audit. If the final tax required for the settlement of the tax audit is more than expected, a material additional provision may arise.

**5. REVENUE AND SEGMENT INFORMATION**

The board of directors of the Company, i.e. the chief operating decision maker, regularly reviews the operating results and financial information based on distinct geographical areas of location of customers, including Hong Kong (place of domicile of the Group), the People’s Republic of China (the “PRC”), Taiwan, Korea, Sri Lanka, America, Europe and Others (i.e. representing other geographical locations mainly Singapore 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 year.

**4. 不確定性估計的主要來源(續)**

**稅務審查的估計撥備**

誠如附註7所詳述，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保障性評稅通知。經考慮本集團稅務顧問之意見後，於是年度本公司董事已就此稅務審查作出撥備合共41,000,000港元於綜合收益表扣除及相信除上述撥備外，就稅務審查需償付之補加利得稅金額並不重大。倘若償付稅務審查所需之最終稅項多於預期，或會產生重大額外撥備。

**5. 營業額及分類資料**

本公司董事會（即主要營運決策者）根據客戶所在地區位於不同的地域位置定期審閱經營業績及財務資料，包括香港（集團所屬地）、中華人民共和國（「中國」）、台灣、韓國、斯里蘭卡、美洲、歐洲及其他地區（即指其他地域位置，主要為新加坡及澳門），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。

以下為本集團源自製造及銷售色布、縫紉線、紗及成衣之營業額及盈利於是年度按可申報分類所作之分析。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

5. REVENUE AND SEGMENT INFORMATION  
(continued)

5. 營業額及分類資料(續)

2011

二零一一年

	Hong								Sri		Segment		Consolidated
	Kong	The PRC	Taiwan	Korea	Lanka	America	Europe	Others	total	Eliminations			
	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												
Inter-segment sales (note)	分類間銷售(附註)												
Total segment revenue	分類營業額總值												
RESULTS	業績												
Segment profit	分類盈利												
Interest income	利息收入												
Unallocated income	未分配收入												
Unallocated expenses	未分配支出												
Finance costs	融資成本												
Net gain on disposal of subsidiaries	出售附屬公司之所得 收益淨額												
Profit before taxation	除稅前盈利												



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

5. REVENUE AND SEGMENT INFORMATION  
(continued)

5. 營業額及分類資料(續)

2010		二零一零年										
		Hong				Sri			Segment			
		Kong	The PRC	Taiwan	Korea	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	1,707,561	1,045,977	910,026	609,452	631,836	246,681	53,148	944,268	6,148,949	-	6,148,949
Inter-segment sales (note)	分類間銷售(附註)	4,296,142	2,951,383	-	-	386,798	37,580	-	154,593	7,826,496	(7,826,496)	-
Total segment revenue	分類營業額總值	6,003,703	3,997,360	910,026	609,452	1,018,634	284,261	53,148	1,098,861	13,975,445	(7,826,496)	6,148,949
RESULTS	業績											
Segment profit (loss)	分類盈利(虧損)	191,088	122,841	130,460	87,886	72,096	(725)	4,912	134,989			743,547
Interest income	利息收入											18,506
Gain on disposal of property interests	出售物業權益之所得收益											96,387
Reversal of impairment loss on property, plant and equipment	物業、機器及設備之減值損失撥回											1,813
Unallocated income	未分配收入											2,526
Unallocated expenses	未分配支出											(563,029)
Finance costs	融資成本											(48,201)
Impairment loss on assets classified as held for sale	分類為持作出售之資產之減值損失											(1,801)
Impairment loss on property, plant and equipment	物業、機器及設備之減值損失											(419)
Gain on disposal of a subsidiary	出售附屬公司之收益											766
Profit before taxation	除稅前盈利											250,095

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當時之市場價格而釐定。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

5. REVENUE AND SEGMENT INFORMATION  
(continued)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit/loss represents the profit earned by/loss incurred 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 on disposal of property interests, gain or loss on disposal/written-off of property, plant and equipment, impairment loss/reversal of impairment loss on property, plant and equipment and assets classified as held for sale, net gain or loss from derivative financial instruments, finance costs, net gain on disposal of subsidiaries, etc.. This is the measure reported to the board of directors of the Company for the purposes of resource allocation and performance assessment. No analysis on segment assets and liabilities is disclosed as it is not presented to the board of directors of the Company.

Other segment information

Amounts included in the measure of segment profit or loss:

5. 營業額及分類資料(續)

可申報分類之會計政策與本集團附註3所述之會計政策相同。分類盈利／虧損乃指各分類所賺取或產生的盈利／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、出售物業權益之所得收益、出售／註銷物業、機器及設備之收益或虧損、物業、機器及設備以及分類為持作出售之資產之減值損失／減值損失撥回、衍生金融工具之收益或虧損淨值、融資成本及出售附屬公司之所得收益淨額等。此乃為資源分配及績效評估而向本公司董事會匯報之基準。對分類資產及負債並沒有作出分析披露，因該資料沒有向本公司董事會呈列。

其他分類資料

已包括入計量分類盈利或虧損之金額：

	Hong Kong	The PRC	Taiwan	Korea	Sri Lanka	America	Europe	Others	Consolidated	
	香港	中國	台灣	韓國	斯里蘭卡	美洲	歐洲	其他地區	綜合	
	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	
<b>2011</b>	<b>二零一一年</b>									
Impairment loss (reversed)	營業應收款項之已確認									
recognised on	減值損失(撥回)									
trade receivables, net	淨值	(4,499)	1,224	581	17	(567)	(48)	(46)	(4,907)	(8,245)
		=====	=====	=====	=====	=====	=====	=====	=====	=====
<b>2010</b>	<b>二零一零年</b>									
Impairment loss recognised	營業應收款項之已確認									
(reversed) on trade	減值損失(撥回)									
receivables, net	淨值	7,197	5,067	7,631	-	114	(544)	(40)	5,445	24,870
		=====	=====	=====	=====	=====	=====	=====	=====	=====

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

5. REVENUE AND SEGMENT INFORMATION  
(continued)

Revenue from the Group's products

The following is an analysis of the Group's revenue from external customers by products:

Production and sales of dyed fabrics,  
sewing threads and yarns (note) 製造及銷售色布、縫紉線及紗  
(附註)

Production and sales of garments 製造及銷售成衣

2011  
HK\$'000  
千港元

2010  
HK\$'000  
千港元

6,643,889  
950,000  
7,593,889

5,419,354  
729,595  
6,148,949

Note: The balance substantially represents revenue from sales of dyed fabrics for both years.

附註：兩個年度的金額指營業額主要源自銷售色布。

Geographical information

The following is an analysis of geographical location of the Group's non-current assets (note) at the end of the reporting period:

地域資料

於報告期終，本集團之非流動資產(附註)按地域位置之分析如下：

	At 31st August, 2011 於 二零一一年 八月三十一日 HK\$'000 千港元	At 31st August, 2010 於 二零一零年 八月三十一日 HK\$'000 千港元 (restated) (經重列)	At 1st September, 2009 於 二零零九年 九月一日 HK\$'000 千港元 (restated) (經重列)
The PRC	中國	2,081,324	2,219,217
Hong Kong	香港	21,556	48,706
America	美洲	201	255
Sri Lanka	斯里蘭卡	170,198	164,879
Others	其他地區	1,239	2,244
		2,274,518	2,435,301

Note: Non-current assets excluded consideration receivable and deferred tax assets.

附註：非流動資產不包括應收代價及遞延稅項資產。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

5. REVENUE AND SEGMENT INFORMATION  
(continued)

Information about major customers

No revenue from individual customer contributed over 10% of the total revenue of the Group for each of the two years ended 31st August, 2011.

5. 營業額及分類資料(續)

有關主要客戶之資料

於截至二零一一年八月三十一日止兩個年度之各年，均無來自個別客戶之營業額佔本集團營業總額超過10%。

6. FINANCE COSTS

6. 融資成本

		2011 HK\$'000 千港元	2010 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之銀行借貸	70,904	48,020
Imputed interest expense on consideration payable (note 26)	應付代價之推算利息開支(附註26)	685	1,653
Total finance costs	融資成本總值	71,589	49,673
Less: amounts capitalised (note 13)	減：化作資產金額(附註13)	-	(1,472)
		<u>71,589</u>	<u>48,201</u>

Finance costs capitalised during the year ended 31st August, 2010 arose on the general borrowing pool and were calculated by applying a capitalisation rate of 2.06% per annum on expenditure of qualifying assets.

截至二零一零年八月三十一日止年度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2.06%計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

7. INCOME TAX EXPENSE

7. 所得稅支出

		2011	2010
		HK\$'000	HK\$'000
		千港元	千港元
Current tax:	是年度稅項：		
Hong Kong	香港	52,164	6,795
The PRC	中國	9,396	3,307
Other jurisdictions	其他司法地區	3,318	22
		<u>64,878</u>	<u>10,124</u>
Under(over)provision in prior years:	過往年度撥備不足(超額撥備)：		
Hong Kong	香港	9	-
The PRC	中國	(1,865)	5,741
Other jurisdictions	其他司法地區	497	(625)
		<u>(1,359)</u>	<u>5,116</u>
Provision for the tax audit	稅務審查撥備	41,000	-
		<u>104,519</u>	<u>15,240</u>
Deferred tax (note 17):	遞延稅項(附註17)：		
Hong Kong	香港	78	8
The PRC	中國	(729)	(8,901)
Other jurisdictions	其他司法地區	(395)	169
		<u>(1,046)</u>	<u>(8,724)</u>
		<u>103,473</u>	<u>6,516</u>

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profit for the year.

香港利得稅乃按是年度之估計應課稅盈利以16.5%(二零一零年：16.5%)計算。

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註**

*For the year ended 31st August, 2011*  
截至二零一一年八月三十一日止年度

**7. INCOME TAX EXPENSE (continued)**

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 years. 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 the income tax was made on the profit for both years.

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

In February 2008, the 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\$14,532,000, 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 in April 2011 respectively. The scope and outcome of the tax audit cannot be readily ascertained at this stage.

**7. 所得稅支出(續)**

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」)。於兩個年度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，於兩個年度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。

於二零零八年二月，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14,532,000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二零一一年四月購買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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**7. INCOME TAX EXPENSE (continued)**

Having taken the advices from the Group's tax advisor, the directors of the Company made an aggregate provision of HK\$41,000,000 in the current year, which was charged to the consolidated income statement, in relation to the tax audit and believe that other than the aforesaid provision, no significant amount of additional profits tax will be payable for the tax audit.

Since the process to finalise the tax audit with the IRD is still at a preliminary stage, it is too remote to consider the eventual amount of penalty and interest payable, if any, under the tax audit at this stage. Hence, no amount of penalty or interest has been considered as necessary.

Given the above stance of the Group, the directors of the Company are also considering various approaches in the best interests of the Group to resolve the dispute with the IRD. If the above dispute is not resolved before 31st March, 2012, the IRD will issue 2005/06 protective assessment to the Group for revenue protection purpose. It may affect the Group's financial position and results of its operations.

Details of the deferred tax are set out in note 17.

**7. 所得稅支出(續)**

經考慮本集團稅務顧問之意見後，於是年度本公司董事已就此稅務審查作出撥備合共41,000,000港元於綜合收益表扣除及相信除上述撥備外，就稅務審查需償付之補加利得稅金額並不重大。

由於與稅務局達致完成稅務審查之程序仍在初步階段，於現階段實為過早去考慮其最終罰款金額及應付利息，(如有)。因此，未有罰款金額或利息被視為需要。

鑑於本集團之上述情況，本公司董事亦正在考慮符合本集團最佳利益之不同方法以解決與稅務局之糾紛。倘於二零一二年三月三十一日前未能解決上述糾紛，稅務局將會發出二零零五／零六課稅年度之保障性評稅予本集團作收入保障目的，則可能會對本集團之財務狀況及營運業績造成影響。

有關遞延稅項之詳情載於附註17。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**7. INCOME TAX EXPENSE (continued)**

The tax charge for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

**7. 所得稅支出(續)**

是年度於綜合收益表的稅項支出與除稅前盈利的對賬如下：

		2011 HK\$'000 千港元	2010 HK\$'000 千港元
Profit before taxation	除稅前盈利	<b>343,191</b>	250,095
Tax at domestic rates applicable to profits or losses in the jurisdiction concerned	有關司法地區之損益適用之當地稅率計算的稅項	<b>35,142</b>	23,809
Tax effect of expenses not deductible for tax purpose	費用不獲扣稅的稅務影響	<b>4,755</b>	989
Tax effect of income not taxable for tax purpose	收入毋須課稅的稅務影響	<b>(12,521)</b>	(23,562)
(Over)underprovision in prior years	過往年度(超額撥備)撥備不足	<b>(1,359)</b>	5,116
Provision for the tax audit	稅務審查撥備	<b>41,000</b>	-
Tax effect of tax losses not recognised	稅項虧損未被確認的稅務影響	<b>45,689</b>	32,194
Tax effect of other deferred tax not recognised	其他遞延稅項未被確認的稅務影響	<b>20,737</b>	12,356
Income tax at concessionary rate	按優惠稅率計算的所得稅	<b>(623)</b>	(1,102)
Utilisation of tax losses previously not recognised	運用過往未被確認的稅項虧損	<b>(18,215)</b>	(35,838)
Utilisation of other deferred tax previously not recognised	運用過往未被確認的其他遞延稅項	<b>(10,482)</b>	(7,914)
Deferred tax (reversed) provided on withholding tax on PRC and overseas subsidiaries	中國及海外附屬公司預扣稅的遞延稅項(撥回)計提	<b>(736)</b>	474
Others	其他	<b>86</b>	(6)
Tax charge for the year	是年度稅項支出	<b>103,473</b>	6,516



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

8. PROFIT FOR THE YEAR

8. 是年度盈利

		2011	2010
		HK\$'000	HK\$'000
		千港元	千港元
			(restated)
			(經重列)
Profit for the year has been arrived at after charging:	是年度盈利已扣減下列：		
Auditors' remuneration	核數師之薪酬	4,600	4,770
Cost of inventories recognised as expenses	確認為費用之存貨成本	6,429,052	5,154,109
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)	256,808	239,919
Employee benefits expense (including directors' emoluments set out in note 9)	僱員福利支出 (包括載於附註9之董事酬金)	876,284	751,736
Impairment loss recognised on trade receivables, net	確認為營業應收款項之減值損失淨值	-	24,870
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)	5,169	14,740
Net exchange losses (included in other expenses)	匯兌虧損淨值 (包括在其他費用內)	17,112	5,086
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)	-	39,180
Release of prepaid lease payments included in	包括在以下項目內的預付租賃款項轉出		
- cost of sales (note)	- 銷售成本 (附註)	2,711	1,914
- administrative expenses	- 行政費用	80	113
and after crediting:	及已計入：		
Amortisation of deferred income*	遞延收入的攤銷*	1,458	1,458
Imputed interest income on consideration receivable* (note 16)	應收代價之推算利息收入* (附註16)	6,469	15,055
Interest income*	利息收入*	3,310	3,451
Net rental income from investment properties*	投資物業的租金收入淨值*	-	2,590
Net gain from derivative financial instruments*	衍生金融工具之收益淨值*	2,521	-
Impairment loss reversed on trade receivables, net	營業應收款項之減值損失淨值撥回	8,245	-

\* Included in other income

\* 包括在其他收入內

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

8. PROFIT FOR THE YEAR (continued)

Note: Upon the application of amendments to HKAS 17 "Leases" (see note 2) during the current year, the Group reclassified an amount of HK\$245,000 from release of prepaid lease payments to depreciation of property, plant and equipment for year ended 31st August, 2010.

8. 是年度盈利(續)

附註：於是年度應用香港會計準則第17號「租賃」之修訂本(見附註2)後，本集團將截至二零一零年八月三十一日止年度之預付租賃款項轉出245,000港元重新分類至物業、機器及設備之折舊。

9. INFORMATION REGARDING DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the ten (2010: nine) directors were as follows:

9 董事及僱員酬金資料

(a) 董事酬金

已付或應付給十位(二零一零年：九位)中每一位董事的酬金如下：

2011

二零一一年

	HA Chung Fong 夏松芳 HK\$'000 千港元	HA Kam On, Victor 夏錦安 HK\$'000 千港元	HA Hon Kuen 夏漢權 HK\$'000 千港元	YEN Gordon 嚴震銘 HK\$'000 千港元	LAU Hong Yon 柳康遠 HK\$'000 千港元 (note i) (附註i)	CHAN Yuk Yin 陳旭賢 HK\$'000 千港元 (note ii) (附註ii)	NG Kwok Tung 伍國棟 HK\$'000 千港元	WONG Kwong Chi 王幹芝 HK\$'000 千港元	CHOW Wing Kin, Anthony 周永健 HK\$'000 千港元	FUNG YEH Yi Hao, Yvette 馮葉儀皓 HK\$'000 千港元	Total 總值 HK\$'000 千港元
Fees 袍金	-	-	-	-	-	75	250	200	200	200	925
Other emoluments 其他酬金											
Salaries and other benefits 薪金及其他福利	12,849	3,185	1,357	2,826	1,732	-	-	-	-	-	21,949
Equity-settled share-based payments 以權益結算以股份 為基礎之付款	-	726	331	726	-	-	-	-	-	-	1,783
Retirement benefits scheme contributions 退休福利計劃 供款	-	230	74	185	69	-	-	-	-	-	558
	<u>12,849</u>	<u>4,141</u>	<u>1,762</u>	<u>3,737</u>	<u>1,801</u>	<u>75</u>	<u>250</u>	<u>200</u>	<u>200</u>	<u>200</u>	<u>25,215</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

9. INFORMATION REGARDING DIRECTORS' AND  
EMPLOYEES' EMOLUMENTS (continued)

(a) Directors' emoluments (continued)

2010

	HA Chung Fong 夏松芳 HK\$'000 千港元	HA Kam On, Victor 夏錦安 HK\$'000 千港元	HA Hon Kuen Kuen 夏漢權 HK\$'000 千港元	YEN Gordon 嚴震銘 HK\$'000 千港元	LAU Hong Yon 柳康遠 HK\$'000 千港元 (note i) (附註i)	NG Kwok Tung 伍國棟 HK\$'000 千港元	WONG Kwong Chi 王幹芝 HK\$'000 千港元	CHOW Wing Kin, Anthony 周永健 HK\$'000 千港元	FUNG YEH Yi Hao, Yvette 馮葉儀皓 HK\$'000 千港元	Total 總值 HK\$'000 千港元
Fees	-	-	150	-	-	250	200	200	150	950
Other emoluments	袍金 其他酬金									
Salaries and other benefits	12,849	2,454	666	1,962	2,498	-	-	-	-	20,429
Retirement benefits scheme contributions	-	184	13	136	165	-	-	-	-	498
	<u>12,849</u>	<u>2,638</u>	<u>829</u>	<u>2,098</u>	<u>2,663</u>	<u>250</u>	<u>200</u>	<u>200</u>	<u>150</u>	<u>21,877</u>

Notes:

- (i) Mr. LAU Hong Yon retired on 1st March, 2011.
- (ii) Mr. CHAN Yuk Yin was appointed as a non-executive director of the Company on 1st March, 2011.

During the year, no emoluments were paid by the Group to any director as an inducement to join or upon joining the Group or as compensation for loss of office. No directors waived any emoluments in the year.

9. 董事及僱員酬金資料 (續)

(a) 董事酬金 (續)

二零一零年

	LAU Hong Yon 柳康遠 HK\$'000 千港元 (note i) (附註i)	NG Kwok Tung 伍國棟 HK\$'000 千港元	WONG Kwong Chi 王幹芝 HK\$'000 千港元	CHOW Wing Kin, Anthony 周永健 HK\$'000 千港元	FUNG YEH Yi Hao, Yvette 馮葉儀皓 HK\$'000 千港元	Total 總值 HK\$'000 千港元
Fees	-	250	200	200	150	950
Other emoluments	袍金 其他酬金					
Salaries and other benefits	2,498	-	-	-	-	20,429
Retirement benefits scheme contributions	165	-	-	-	-	498
	<u>2,663</u>	<u>250</u>	<u>200</u>	<u>200</u>	<u>150</u>	<u>21,877</u>

附註：

- (i) 柳康遠先生於二零一一年三月一日退任。
- (ii) 陳旭賢先生於二零一一年三月一日獲委任為本公司非執行董事。

於本年度，本集團並無向任何董事支付酬金，以作為加盟本集團或於加入本集團時的獎勵或離職補償。本年度概無董事放棄任何酬金。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**9. INFORMATION REGARDING DIRECTORS' AND  
EMPLOYEES' EMOLUMENTS (continued)**

**(b) Employees' emoluments**

The five highest paid employees included three (2010: three) directors, whose emoluments are set out in note (a) above. Emoluments of the remaining two (2010: two) employees are as follows:

		2011	2010
		<i>HK\$'000</i>	<i>HK\$'000</i>
		千港元	千港元
Salaries and other benefits	薪金及其他福利	5,080	4,470
Retirement benefits scheme contributions	退休福利計劃供款	186	307
Equity-settled share-based payments	以權益結算以股份為基礎之付款	754	-
		<u>6,020</u>	<u>4,777</u>

Their emoluments were within the following bands:

**9. 董事及僱員酬金資料(續)**

**(b) 僱員酬金**

最高酬金的五名僱員包括三位(二零一零年: 三位)董事, 其酬金詳情載於上述附註(a)。餘下兩位(二零一零年: 兩位)僱員的酬金如下:

		2011	2010
		<i>HK\$'000</i>	<i>HK\$'000</i>
		千港元	千港元
Salaries and other benefits	薪金及其他福利	5,080	4,470
Retirement benefits scheme contributions	退休福利計劃供款	186	307
Equity-settled share-based payments	以權益結算以股份為基礎之付款	754	-
		<u>6,020</u>	<u>4,777</u>

彼等之酬金介乎以下組別:

		2011	2010
HK\$2,000,001 to HK\$2,500,000	2,000,001港元至2,500,000港元	1	2
HK\$3,500,001 to HK\$4,000,000	3,500,001港元至4,000,000港元	1	-
		<u>1</u>	<u>2</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

10. DIVIDENDS

10. 股息

		2011	2010
		HK\$'000	HK\$'000
		千港元	千港元
Dividend recognised as distribution during the year:	是年度已確認分派之股息：		
2010 final dividend of HK 1 cent (2010: Nil) per share	二零一零年末期股息每股1港仙 (二零一零年：無)	<b>7,940</b>	-

No interim dividend was paid or proposed for both years.

於兩個年度並無已付或擬派中期股息。

The final dividend of HK 1 cent in respect of the year ended 31st August, 2011 (2010: HK 1 cent) per share, amounting to HK\$7,940,000 (2010: HK\$7,940,000) in total, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

本公司董事建議派付截至二零一一年八月三十一日止年度之末期股息每股1港仙(二零一零年：1港仙)，合共7,940,000港元(二零一零年：7,940,000港元)，並須待股東於應屆股東週年大會上批准。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**11. 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:

**11. 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：

		2011	2010
		HK\$'000	HK\$'000
		千港元	千港元
<b>Earnings</b>	<b>盈利</b>		
Profit for the year 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年度盈利	<b>210,886</b>	223,798
		<b>2011</b>	2010

<b>Number of shares</b>	<b>股份數目</b>		
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	<b>794,010,960</b>	794,010,960

The computation of diluted earnings per share for the year ended 31st August, 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.

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八月三十一日止年度之每股攤薄盈利時並無假設該等購股權已獲行使。

Diluted earnings per share is not presented for the year ended 31st August, 2010 as there were no potential ordinary shares outstanding during that year.

由於截至二零一零年八月三十一日止年度沒有尚未行使之潛在普通股，因此並無呈列該年度之每股攤薄盈利。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

12. INVESTMENT PROPERTIES

12. 投資物業

		HK\$'000 千港元
<hr/>		
COST	成本	
At 1st September, 2009	於二零零九年九月一日	14,176
Disposals	出售	(14,176)
		<hr/>
At 31st August, 2010 and 2011	於二零一零年及二零一一年八月三十一日	-
<hr/>		
DEPRECIATION	折舊	
At 1st September, 2009	於二零零九年九月一日	1,421
Provided for the year	是年度撥備	121
Eliminated on disposals	出售時撇銷	(1,542)
		<hr/>
At 31st August, 2010 and 2011	於二零一零年及二零一一年八月三十一日	-
<hr/>		
CARRYING VALUES	賬面值	
At 31st August, 2010 and 2011	於二零一零年及二零一一年八月三十一日	-
		<hr/> <hr/>

During the year ended 31st August 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. The disposed property interests comprised:

於截至二零一零年八月三十一日止年度，本集團出售賬面總值26,130,000港元之若干物業權益予獨立第三方，代價為122,517,000港元（扣除直接開支283,000港元），致使產生出售收益96,387,000港元。出售之物業權益包括：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

12. INVESTMENT PROPERTIES (continued)

12. 投資物業(續)

		HK\$'000
		千港元
Investment properties	投資物業	12,634
Property, plant and equipment	物業、機器及設備	10,624
Prepaid lease payments	預付租賃款項	2,872
		26,130
		26,130

Details of these transactions are set out in an announcement of the Company dated 13th November, 2009.

有關該等交易之詳情已載於本公司日期為二零零九年十一月十三日之通告內。

The above investment properties were depreciated on a straight-line basis over the shorter of the lease term or 50 years.

上述投資物業以直線法按租賃年期或50年(以較短者為準)折舊。

All of the investment properties of the Group were situated in Hong Kong and were held to earn rentals and/or for capital appreciation before disposal.

本集團的所有投資物業乃位於香港並於出售前持有作賺取租金及／或資本增值。



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

13. PROPERTY, PLANT AND EQUIPMENT  
THE GROUP

13. 物業、機器及設備  
本集團

		Freehold and leasehold land 永久持有及 租賃的土地 HK\$'000 千港元	Buildings 樓宇 HK\$'000 千港元	Furniture, fixtures and equipment 傢俬、裝置 及設備 HK\$'000 千港元	Plant and machinery 廠房機器 HK\$'000 千港元	Motor vehicles 車輛 HK\$'000 千港元	Construction in progress 在建工程 HK\$'000 千港元	Total 總值 HK\$'000 千港元
COST	成本							
At 1st September, 2009 (originally stated)	於二零零九年九月一日 (原先呈列)	1,921	689,296	732,290	2,288,209	32,616	289,801	4,034,133
Effect of application of amendments to HKAS 17 "Leases"	應用香港會計準則第17號 「租賃」之修訂本之影響	21,152	-	-	-	-	-	21,152
At 1st September, 2009 (restated)	於二零零九年九月一日 (經重列)	23,073	689,296	732,290	2,288,209	32,616	289,801	4,055,285
Currency realignment	外幣換算差額	420	21,130	3,391	17,606	1,066	1,279	44,892
Additions	增加	-	67,799	59,166	71,205	3,057	65,405	266,632
Interest capitalised (note 6)	利息化作資產(附註6)	-	-	-	-	-	1,472	1,472
Reclassifications	調撥	-	287,645	10,792	8,275	-	(306,712)	-
Transfer to assets classified as held for sale	轉撥至分類為持作出售 之資產	-	-	-	(11,632)	-	-	(11,632)
Disposals/written-off	出售/註銷	-	(20,329)	(40,001)	(300,205)	(1,807)	-	(362,342)
At 31st August, 2010 (restated)	於二零一零年八月三十一日 (經重列)	23,493	1,045,541	765,638	2,073,458	34,932	51,245	3,994,307
Currency realignment	外幣換算差額	5	6,328	9,766	21,318	344	812	38,573
Additions	增加	-	2,900	23,014	58,224	4,813	21,383	110,334
Reclassifications	調撥	-	-	51,531	602	-	(52,133)	-
Disposals/written-off	出售/註銷	-	-	(14,759)	(19,524)	(8,538)	-	(42,821)
Disposal of subsidiaries (note 38)	出售附屬公司(附註38)	-	(39,255)	(56)	(200)	(411)	-	(39,922)
At 31st August, 2011	於二零一一年八月三十一日	23,498	1,015,514	835,134	2,133,878	31,140	21,307	4,060,471

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

13. PROPERTY, PLANT AND EQUIPMENT (continued)

13. 物業、機器及設備(續)

		Freehold and leasehold land 永久持有 及租賃的土地 HK\$'000 千港元	Buildings 樓宇 HK\$'000 千港元	Furniture, fixtures and equipment 傢俬、裝置 及設備 HK\$'000 千港元	Plant and machinery 廠房機器 HK\$'000 千港元	Motor vehicles 車輛 HK\$'000 千港元	Construction in progress 在建工程 HK\$'000 千港元	Total 總值 HK\$'000 千港元
DEPRECIATION AND IMPAIRMENT	折舊及減值							
At 1st September, 2009 (originally stated)	於二零零九年九月一日 (原先呈列)	-	142,344	430,364	1,152,832	24,789	15	1,750,344
Effect of application of amendments to HKAS 17 "Leases"	應用香港會計準則第17號 「租賃」之修訂本之影響	11,886	-	-	-	-	-	11,886
At 1st September, 2009 (restated)	於二零零九年九月一日 (經重列)	11,886	142,344	430,364	1,152,832	24,789	15	1,762,230
Currency realignment	外幣換算差額	-	2,494	2,214	9,258	893	-	14,859
Provided for the year (restated)	是年度撥備(經重列)	245	34,707	59,342	142,478	3,147	-	239,919
Reversal of impairment loss	減值損失撥回	-	-	-	(1,780)	(18)	(15)	(1,813)
Impairment loss recognised upon transfer to assets classified as held for sale	轉撥至分類為持作出售之 資產時確認之減值損失	-	-	-	419	-	-	419
Eliminated on transfer to assets classified as held for sale	轉撥至分類為持作出售 之資產時撇銷	-	-	-	(10,421)	-	-	(10,421)
Eliminated on disposals/ written-off	出售/註銷時撇銷	-	(9,265)	(35,701)	(293,122)	(1,599)	-	(339,687)
At 31st August, 2010 (restated)	於二零一零年八月三十一日 (經重列)	12,131	170,280	456,219	999,664	27,212	-	1,665,506
Currency realignment	外幣換算差額	-	2,378	8,074	19,677	251	-	30,380
Provided for the year	是年度撥備	245	43,612	58,162	151,525	3,264	-	256,808
Eliminated on disposals/ written-off	出售/註銷時撇銷	-	-	(11,345)	(15,833)	(8,062)	-	(35,240)
Eliminated on disposal of subsidiaries (note 38)	出售附屬公司時撇銷 (附註38)	-	(11,827)	(45)	(67)	(355)	-	(12,294)
At 31st August, 2011	於二零一一年八月三十一日	12,376	204,443	511,065	1,154,966	22,310	-	1,905,160
CARRYING VALUES	賬面值							
At 31st August, 2011	於二零一一年八月三十一日	11,122	811,071	324,069	978,912	8,830	21,307	2,155,311
At 31st August, 2010 (restated)	於二零一零年八月三十一日 (經重列)	11,362	875,261	309,419	1,073,794	7,720	51,245	2,328,801
At 1st September, 2009 (restated)	於二零零九年九月一日 (經重列)	11,187	546,952	301,926	1,135,377	7,827	289,786	2,293,055

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

13. PROPERTY, PLANT AND EQUIPMENT (continued)  
THE COMPANY

13. 物業、機器及設備(續)  
本公司

		Furniture, fixtures and equipment 傢俬、裝置 及設備 HK\$'000 千港元	Motor vehicles 車輛 HK\$'000 千港元	Total 總值 HK\$'000 千港元
COST		成本		
At 1st September, 2009	於二零零九年九月一日	38,702	2,282	40,984
Additions	增加	1,267	907	2,174
Written-off	註銷	(10)	-	(10)
At 31st August, 2010		39,959	3,189	43,148
Additions	增加	1,342	1,231	2,573
Disposals/written-off	出售/註銷	(1,201)	-	(1,201)
At 31st August, 2011		40,100	4,420	44,520
DEPRECIATION		折舊		
At 1st September, 2009	於二零零九年九月一日	34,221	2,165	36,386
Provided for the year	是年度撥備	1,776	64	1,840
Eliminated on written-off	註銷時撇銷	(10)	-	(10)
At 31st August, 2010		35,987	2,229	38,216
Provided for the year	是年度撥備	1,579	485	2,064
Eliminated on disposals/written off	出售/註銷時撇銷	(1,201)	-	(1,201)
At 31st August, 2011		36,365	2,714	39,079
CARRYING VALUES		賬面值		
At 31st August, 2011	於二零一一年八月三十一日	3,735	1,706	5,441
At 31st August, 2010	於二零一零年八月三十一日	3,972	960	4,932

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The cost of above items of property, plant and equipment are depreciated, after taking into account of their estimated residual values, on a straight-line basis at the following rates per annum:

Freehold land	Nil
Leasehold land and buildings	Shorter of 2% – 4.5% or period of the lease term
Furniture, fixtures and equipment	10% – 33%
Plant and machinery	10% – 20%
Motor vehicles	20% – 30%
Construction in progress	Nil

The carrying value of properties shown above comprises:

13. 物業、機器及設備(續)

上述物業、機器及設備之成本以直線法經計入估計剩餘價值後按下列年率折舊：

永久持有的土地	無
租賃土地及樓宇	2% – 4.5%或 租賃年期(以較 短者為準)
傢俬、裝置及設備	10% – 33%
廠房機器	10% – 20%
車輛	20% – 30%
在建工程	無

以上物業賬面值包括：

	Freehold and leasehold land and buildings 永久持有及租賃的 土地以及樓宇			Construction in progress 在建工程		
	At 31st August, 2011 於二零一一年 八月三十一日 HK\$'000 千港元	At 31st August, 2010 於二零一零年 八月三十一日 HK\$'000 千港元 (restated) (經重列)	At 1st September, 2009 於二零零九年 九月一日 HK\$'000 千港元 (restated) (經重列)	At 31st August, 2011 於二零一一年 八月三十一日 HK\$'000 千港元	At 31st August, 2010 於二零一零年 八月三十一日 HK\$'000 千港元	At 1st September, 2009 於二零零九年 九月一日 HK\$'000 千港元
Leasehold land in Hong Kong under medium-term leases	8,776	9,021	9,266	-	-	-
Freehold land outside Hong Kong	2,346	2,341	1,921	-	-	-
Buildings erected on land in Hong Kong held under medium-term leases	5,173	5,385	15,887	-	-	-
Buildings erected on land in the PRC held under medium-term land use rights	730,181	792,478	476,760	20,990	50,928	282,348
Buildings erected on freehold and land held under medium-term leases outside Hong Kong (note)	75,717	77,398	54,305	317	317	7,438
	<u>822,193</u>	<u>886,623</u>	<u>558,139</u>	<u>21,307</u>	<u>51,245</u>	<u>289,786</u>

Note: The directors of the Company consider that the allocation of buildings erected on the freehold and leasehold land cannot be reliably separated for disclosure.

附註：本公司董事認為，於永久持有及租賃的土地上之樓宇分配不能可靠地分開披露。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

14. PREPAID LEASE PAYMENTS

14. 預付租賃款項

	At 31st August, 2011 於二零一一年 八月三十一日 HK\$'000 千港元	At 31st August, 2010 於二零一零年 八月三十一日 HK\$'000 千港元 (restated) (經重列)	At 1st September, 2009 於二零零九年 九月一日 HK\$'000 千港元 (restated) (經重列)
The Group's prepaid lease payments comprise:	本集團的預付租賃款項包括：		
Leasehold land situated outside Hong Kong under medium-term leases or medium-term land use rights	121,939	128,136	132,339
Analysed for reporting purposes as:	就呈報而言的分析：		
Current assets	2,732	2,812	2,848
Non-current assets	119,207	125,324	129,491
	<b>121,939</b>	<b>128,136</b>	<b>132,339</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

15. INTERESTS IN SUBSIDIARIES

15. 應佔附屬公司權益

		2011	2010
		HK\$'000	HK\$'000
		千港元	千港元
Unlisted shares, at cost	非上市股份，以成本列出	31,435	33,856
Deemed contribution (note)	被視為注資(附註)	1,104	-
		<u>32,539</u>	<u>33,856</u>
Amounts due from subsidiaries	附屬公司所欠款項	4,003,646	3,708,278
Less: Impairment loss recognised	減：減值損失確認	(546,025)	(555,983)
		<u>3,457,621</u>	<u>3,152,295</u>
Amounts due to subsidiaries	欠附屬公司款項	1,031,238	668,485
Movements in the impairment loss recognised are as follows:	已確認減值損失之變動如下：		
		2011	2010
		HK\$'000	HK\$'000
		千港元	千港元
Balance at beginning of the year	年初結餘	555,983	555,983
Impairment loss reversed	已撥回減值損失	(9,958)	-
Balance at end of the year	年終結餘	<u>546,025</u>	<u>555,983</u>

Note: Deemed contribution arises from the equity-settled share-based payments incurred by the Company but attributable to its subsidiaries' employees.

附註：本公司所產生而歸屬於其附屬公司僱員之以權益結算以股份為基礎之付款被視為注資。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**15. INTERESTS IN SUBSIDIARIES (continued)**

The amounts due from subsidiaries are unsecured and repayable on demand. Except for an aggregate amount of HK\$1,006,550,000 (2010: HK\$751,030,000) which bears interest rate with reference to the average effective interest rate of the bank borrowings of the Group, the balances are interest-free. In the opinion of the directors, as the Company acts as the treasury centre for the operating subsidiaries, the amounts are expected to be realised within one year from the end of the reporting period and accordingly, such amounts have been classified as current assets. At the end of the reporting period, the amounts (net of impairment loss recognised) of HK\$3,457,621,000 (2010: HK\$3,152,295,000) were not impaired as a result of the satisfactory assessment of the current financial position and business prospects of those subsidiaries by the management of the Group. An impairment loss has been recognised if after the same assessment, the amount was considered not recoverable. At the end of the reporting period, the impairment loss recognised is related to individually impaired amounts and the relevant subsidiaries are considered not in a good financial position to repay their debts after assessing their net assets value, liquidity position and business prospects.

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

**15. 應佔附屬公司權益(續)**

附屬公司所欠款項為無抵押並應要求償還，惟當中之金額1,006,550,000港元則除外(二零一零年：751,030,000港元)，此等金額參考本集團銀行借貸的平均有效利率計息，其餘則為免息。根據董事的意見，由於本公司作為經營附屬公司之庫存中心，該等款項預期於報告期終後一年內可變現，因此，該等款項被列為流動資產。於報告期終，由於本集團管理層滿意對該等附屬公司之現有財務狀況及業務前景所進行之評估，因此有關款項(經扣除已確認之減值損失)3,457,621,000港元(二零一零年：3,152,295,000港元)並無減值。倘若進行相同的評估後有關款項被認為無法收回，則會確認減值損失。於報告期終，所確認之減值損失乃來自個別減值款項及經評估資產淨值、流動資金狀況及業務前景後被視為清還債務能力不在良好的財務狀況下之附屬公司。

欠附屬公司之款項為無抵押、免息及應要求償還。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

15. INTERESTS IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries of the Company at 31st August, 2010 and 2011 are as follows:

15. 應佔附屬公司權益(續)

於二零一零年八月三十一日及二零一一年八月三十一日本公司的主要附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Place/country of incorporation/ registration and operation 註冊成立/ 登記及營業 所在地/國家	Issued and fully paid share capital/ registered capital 已發行及 繳足的 股本/登記股本	Proportion of nominal value of issued share capital/ registered capital held by the Company 本公司所持 已發行股本/ 登記股本面值的比率		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
			%	%	
Dongguan Fuquan Garment Co., Ltd. (note a) 東莞福泉製衣有限公司(附註a)	The PRC 中國	United States Dollar ("USD") 3,499,352 3,499,352美元	-	55.5	Production and sales of garments 製造及銷售成衣
東莞福怡服裝有限公司(note a)(附註a)	The PRC 中國	HK\$14,000,000 (2010: HK\$12,800,000) 14,000,000港元 (2010 : 12,800,000港元)	-	100	Production and sales of garments 製造及銷售成衣
Dongguan Goldlink Thread Factory Co., Ltd. (note a) 東莞金菱線廠有限公司(附註a)	The PRC 中國	HK\$3,600,000 3,600,000港元	-	100	Manufacturing of sewing threads 製造縫紉線
東莞海星服裝有限公司 (note a)(附註a)	The PRC 中國	HK\$15,000,000 15,000,000港元	-	100	Production and sales of garments 製造及銷售成衣
Dongguan Shatin Lake Side Textiles Printing & Dyeing Co., Ltd. (note b) 東莞沙田麗海紡織印染有限公司(附註b)	The PRC 中國	HK\$307,500,000 307,500,000港元	-	95	Dyeing, printing and sales of dyed fabrics 染色、印花和銷售色布
Folktune Limited ("Folktune") 福津有限公司(「福津」)	Hong Kong 香港	HK\$2 2港元	100	-	Investment holding 投資控股
Fountain Set Limited 福田實業有限公司	Hong Kong 香港	HK\$3,000,000 3,000,000港元	100	-	Trading of dyed fabrics and yarns 色布及色紗貿易
Fountain Set Textiles (Ontario) Ltd.	Canada 加拿大	Canadian Dollar ("CAD") 300,100 (Common shares) 300,100加元(普通股)	51	-	Trading of fabrics and garments 布及成衣貿易



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

15. INTERESTS IN SUBSIDIARIES (continued)

15. 應佔附屬公司權益(續)

Name of subsidiary 附屬公司名稱	Place/country of incorporation/ registration and operation 註冊成立/ 登記及營業 所在地/國家	Issued and fully paid share capital/ registered capital 已發行及 繳足的 股本/登記股本	Proportion of nominal value of issued share capital/ registered capital held by the Company 本公司所持 已發行股本/ 登記股本面值的比率		Principal activities 主要業務
			Directly 直接 %	Indirectly 間接 %	
Goldlink Thread Limited 金菱線廠有限公司	Hong Kong 香港	HK\$5,000,000 5,000,000港元	100	-	Trading of sewing threads 縫紉線貿易
Highscene Limited 漢盛有限公司	Hong Kong 香港	HK\$3,000,000 3,000,000港元	-	100	Trading of yarns 胚紗貿易
Hiway Textiles Limited 海匯紡織有限公司	Hong Kong 香港	HK\$2 2港元	-	100	Trading of garments 成衣貿易
Jiangmen Huilian Textile Company Limited (note a) 江門市匯聯紡織有限公司(附註a)	The PRC 中國	HK\$28,000,000 28,000,000港元	-	100	Production and sales of yarns 製造及銷售胚紗
Jiangyin Fuhui Textiles Limited (note a) 江陰福匯紡織有限公司(附註a)	The PRC 中國	USD104,000,000 (2010: USD102,000,000) 104,000,000美元 (2010: 102,000,000美元)	-	100	Knitting, dyeing and sales of dyed fabrics and yarns 針織、染色和銷售 色布及色紗
江陰金田機械有限公司 (note a) (附註a)	The PRC 中國	USD12,000,000 12,000,000美元	-	100	Manufacturing of machineries 製造機械
Kaiping Hui Hua Textiles Limited (note a) 開平匯華紡織有限公司(附註a)	The PRC 中國	USD615,414 615,414美元	-	100	Production and sales of yarns 製造及銷售胚紗
Lake Side Printing Factory Limited 麗海印花廠有限公司	Hong Kong 香港	HK\$2 2港元	100	-	Investment holding 投資控股

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

15. INTERESTS IN SUBSIDIARIES (continued)

15. 應佔附屬公司權益(續)

Name of subsidiary 附屬公司名稱	Place/country of incorporation/ registration and operation 註冊成立/ 登記及營業 所在地/國家	Issued and fully paid share capital/ registered capital 已發行及 繳足的 股本/登記股本	Proportion of nominal value of issued share capital/ registered capital held by the Company 本公司所持 已發行股本/ 登記股本面值的比率		Principal activities 主要業務
			Directly 直接 %	Indirectly 間接 %	
Ningbo Young Top Garments Co., Ltd. (note a) 寧波創裕製衣有限公司(附註a)	The PRC 中國	USD22,000,000 (2010: USD16,079,462) 22,000,000美元 (2010: 16,079,462美元)	-	55.5	Production and sales of garments 製造及銷售成衣
Ocean Lanka (Private) Limited	Democratic Socialist Republic of Sri Lanka 斯里蘭卡民主 社會主義共和國	Sri Lanka Rupee ("LKR") 985,000,000 985,000,000盧比	-	60	Knitting, dyeing and sales of dyed fabrics 針織、染色和銷售色布
Ocean Yarn Dyeing Factory Limited 海洋染紗廠有限公司	Hong Kong 香港	HK\$2 2港元	100	-	Investment holding 投資控股
Prosperlink (Macao Commercial Offshore) Limited 匯漢(澳門離岸商業服務)有限公司	Macao 澳門	Macau Pataca 100,000 100,000葡幣	-	100	Trading of yarns, dyestuffs and chemicals 胚紗及顏化料貿易
上海福匯紡織貿易有限公司 (note a) (附註a)	The PRC 中國	RMB5,000,000 人民幣5,000,000元	-	100	Trading of dyed fabrics 色布貿易
深圳福力紡織品有限公司 (note a) (附註a)	The PRC 中國	RMB5,000,000 人民幣5,000,000元	-	100	Trading of dyed fabrics 色布貿易
Suqian Young Top Garments Co., Ltd. (note a) 宿遷創裕製衣有限公司(附註a)	The PRC 中國	USD800,000 800,000美元	-	55.5	Production and sales of garments 製造及銷售成衣
Triumph Luck Limited 凱福有限公司	Hong Kong 香港	HK\$1,000,000 1,000,000港元	-	55.5	Trading of garments 成衣貿易
鹽城福匯紡織有限公司 (note a) (附註a)	The PRC 中國	USD40,500,000 (2010: USD35,000,000) 40,500,000美元 (2010: 35,000,000美元)	-	100	Knitting, dyeing and sales of dyed fabrics and yarns 針織、染色和 銷售色布及色紗

Notes:

附註:

- Companies are established as wholly foreign owned enterprises in the PRC.
- Companies are established as cooperative joint ventures in the PRC.

- 於中國以外商獨資企業成立的公司。
- 於中國以合資經營的合作形式成立的公司。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**15. INTERESTS IN SUBSIDIARIES (continued)**

The above table includes the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results of the Group for the year or formed a substantial portion of the assets and liabilities of the Group at the end of the reporting period. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length. Details of the subsidiaries, which were disposed of or deregistered during the year, are set out in note 38.

None of the subsidiaries had any debentures outstanding at the end of the year or at any time during the year.

**16. 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 and last installments of RMB77,500,000 (approximately HK\$94,145,000) and RMB77,500,000 (approximately HK\$98,405,000), respectively, were settled during the current financial year.

The receivable amounts were unsecured and interest-free. The fair value of the deferred consideration at the date of initial recognition was determined as 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.

**15. 應佔附屬公司權益(續)**

以上本公司的附屬公司乃基於本公司董事認為其對本年度業績及本集團於報告期終的資產及負債有重要影響性而表列。本公司董事認為併列其他附屬公司的詳情會引致篇幅過於冗長。有關於本年度已出售或取消註冊附屬公司之詳情載於附註38。

於本年度終結時或在本年度任何時間，附屬公司並無任何債權證結餘。

**16. 應收代價**

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。第四期及最後一期分期款項分別為人民幣77,500,000元（約94,145,000港元）及人民幣77,500,000元（約98,405,000港元）亦已於本財政年度支付。

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 CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

17. DEFERRED TAX

The major deferred tax liabilities (assets) recognised by the Group and the Company and movements thereon during the current and prior reporting years are as follows:

17. 遞延稅項

本集團及本公司於本報告年度及過往報告年度確認的主要遞延稅項負債(資產)及其變動如下:

THE GROUP

本集團

		Accelerated tax depreciation	Tax losses	Others	Total
		提前稅項折舊	稅項虧損	其他	總值
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
				(note)	
				(附註)	
At 1st September, 2009	於二零零九年九月一日	1,806	(1,192)	(13,478)	(12,864)
(Credited) charged to profit or loss	於損益內(計入)扣除	(1,111)	731	(8,344)	(8,724)
At 31st August, 2010	於二零一零年八月三十一日	695	(461)	(21,822)	(21,588)
Charged (credited) to profit or loss	於損益內扣除(計入)	167	(210)	(1,003)	(1,046)
At 31st August, 2011	於二零一一年八月三十一日	862	(671)	(22,825)	(22,634)

Note: The amount represents mainly deferred tax assets arising from deferred income as disclosed in note 27, unrealised profit on inventories and unrealised gain on transfer of plant and equipment between subsidiaries and deferred tax liabilities arising from withholding tax charged on certain PRC and overseas subsidiaries at the amounts of HK\$17,134,000 (2010: HK\$17,499,000), HK\$2,411,000 (2010: HK\$2,581,000), HK\$1,986,000 (2010: HK\$2,097,000) and HK\$2,985,000 (2010: HK\$3,721,000), respectively.

附註: 有關款額主要為附註27所披露之遞延收入所產生之遞延稅項資產、存貨的未變現利益及附屬公司之間機器及設備調撥的未變現收益, 以及若干中國及海外附屬公司扣除的預扣稅所產生的遞延稅項負債, 分別為17,134,000港元(二零一零年: 17,499,000港元)、2,411,000港元(二零一零年: 2,581,000港元)、1,986,000港元(二零一零年: 2,097,000港元)及2,985,000港元(二零一零年: 3,721,000港元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**17. DEFERRED TAX (continued)**

As at 31st August, 2011, the Group had unused tax losses of approximately HK\$552 million (2010: HK\$434 million) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$4 million (2010: HK\$3 million) of such losses, which represent tax losses incurred by certain of the Company's subsidiaries as it is considered by the management that future taxable profits will be available against which the tax losses can be utilised. No deferred tax asset has been recognised in respect of the remaining HK\$548 million (2010: HK\$431 million) tax losses due to the unpredictability of future profit streams. As at 31st August, 2011, of the above tax losses, an aggregate amount of approximately HK\$432 million (2010: HK\$276 million) can be carried forward for five years following the year when the losses were incurred. Other tax losses may be carried forward indefinitely.

In addition, at 31st August, 2011, the Group had other deductible temporary differences of approximately HK\$90 million (2010: HK\$44 million) in respect of unrealised gain on transfer of plant and equipment between subsidiaries, unrealised profit on inventories, allowance for doubtful debts and inventories and interest capitalisation. No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not certain that taxable profits will be available against which the deductible temporary differences can be utilised.

**17. 遞延稅項(續)**

於二零一一年八月三十一日，本集團可用作抵銷未來盈利的未運用稅項虧損約為552,000,000港元(二零一零年：434,000,000港元)。而此項虧損中約4,000,000港元(二零一零年：3,000,000港元)已確認為一項遞延稅項資產，此乃本公司若干附屬公司所產生的稅項虧損，經管理層考慮認為未來的應課稅盈利將可抵銷此稅項虧損。餘下的稅項虧損為548,000,000港元(二零一零年：431,000,000港元)因未能預測將來的盈利來源而未有確認為遞延稅項資產。於二零一一年八月三十一日，上述稅項虧損中，總金額約432,000,000港元(二零一零年：276,000,000港元)可於產生虧損年度後轉存五年。其他稅項虧損可能無限期地轉存。

此外，於二零一一年八月三十一日，本集團就附屬公司之間機器及設備調撥的未變現收益、存貨的未變現利益、呆賬及存貨撥備以及利息化作資產的其他可扣減暫時差異約為90,000,000港元(二零一零年：44,000,000港元)。因未能確定應課稅盈利將可作抵銷此可扣減暫時差異，故未有確認該可扣減暫時差異為遞延稅項資產。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**17. DEFERRED TAX (continued)**

According to the EIT Law, starting from 1st January, 2008, 10% withholding income tax will be imposed on dividends relating to profits earned in the calendar year 2008 onwards to foreign investors for the companies established in the PRC. For investors incorporated in Hong Kong and holds at least 25% of the equity interest in the PRC company, reduced rate of 5% will be applied. Deferred tax has been provided for in the consolidated financial statements in respect of the temporary differences attributable to such profits amounting to HK\$25,200,000 (2010: HK\$31,700,000). Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries amounting to HK\$67,817,000 (2010: HK\$41,551,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

For the overseas subsidiaries, the Group provided the deferred tax in full in respect of the withholding tax attributable to the undistributed profits of HK\$12,818,000 (2010: HK\$12,050,000). The rate applied is the respective domestic income tax rate.

For the purposes of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances for reporting purposes:

**17. 遞延稅項(續)**

根據企業所得稅法，由二零零八年一月一日起，於中國成立的公司向境外投資者派發與於二零零八年及以後年度的盈利有關的股息須繳納10%預扣所得稅。於香港註冊成立且持有中國公司最少25%權益的投資者，將應用寬減稅率5%。就該等盈利應佔的暫時差異已於綜合財務報表作出遞延稅項撥備25,200,000港元(二零一零年：31,700,000港元)。由於本集團可以控制暫時差異撥回之時間，而暫時差異很可能於可見將來不會撥回，故並未就中國附屬公司滾存盈利之暫時差異67,817,000港元(二零一零年：41,551,000港元)在綜合財務報表內作出遞延稅項撥備。

就海外附屬公司而言，本集團已就未分派溢利12,818,000港元(二零一零年：12,050,000港元)之預扣稅全數計提遞延稅項撥備。所應用之稅率為各自之地方所得稅率。

就綜合財務狀況表的呈列而言，若干遞延稅項資產及負債已抵銷。以下是就呈報而言的遞延稅項結餘分析：

		2011 HK\$'000 千港元	2010 HK\$'000 千港元
Deferred tax assets	遞延稅項資產	(25,689)	(25,309)
Deferred tax liabilities	遞延稅項負債	3,055	3,721
		<u>(22,634)</u>	<u>(21,588)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

17. DEFERRED TAX (continued)  
THE COMPANY

At 1st September, 2009	於二零零九年九月一日	(40)	40	-
(Credited) charged to profit or loss	於損益內(計入)扣除	(66)	66	-
At 31st August, 2010	於二零一零年八月三十一日	(106)	106	-
(Credited) charged to profit or loss	於損益內(計入)扣除	(162)	162	-
At 31st August, 2011	於二零一一年八月三十一日	(268)	268	-

As at 31st August, 2011, the Company had unused tax losses of HK\$2,538,000 (2010: HK\$2,502,000) available for offset against future profits. A deferred tax has been recognised in respect of HK\$1,630,000 (2010: HK\$649,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$908,000 (2010: HK\$1,853,000) tax losses due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

18. INVENTORIES

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

17. 遞延稅項(續)

本公司

	Tax losses	Accelerated depreciation	Total
	稅項虧損	提前稅項折舊	總值
	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元
At 1st September, 2009	(40)	40	-
(Credited) charged to profit or loss	(66)	66	-
At 31st August, 2010	(106)	106	-
(Credited) charged to profit or loss	(162)	162	-
At 31st August, 2011	(268)	268	-

於二零一一年八月三十一日，本公司可用作抵銷未來盈利的未運用稅項虧損為2,538,000港元(二零一零年：2,502,000港元)。就此項虧損中的1,630,000港元(二零一零年：649,000港元)已確認為一項遞延稅項。餘下的稅項虧損908,000港元(二零一零年：1,853,000港元)因未能預測將來的盈利來源而未有確認為遞延稅項資產。稅項虧損可能無限期地轉存。

18. 存貨

	2011	2010
	HK\$'000	HK\$'000
	千港元	千港元

Spare parts	備件	98,941	118,224
Raw materials	原料	787,348	1,006,077
Work in progress	半製品	397,242	421,254
Finished goods	製成品	399,923	393,037
		1,683,454	1,938,592

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

19. TRADE AND BILLS RECEIVABLES

19. 營業及票據應收款項

		2011	2010
		<i>HK\$'000</i>	<i>HK\$'000</i>
		千港元	千港元
Trade receivables	營業應收款項	<b>1,116,780</b>	1,220,305
Bills receivables	票據應收款項	<b>187,184</b>	199,566
Less: allowance for doubtful debts	減：呆賬撥備	<b>(28,223)</b>	(47,845)
		<b>1,275,741</b>	1,372,026

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:

本集團提供平均30天至90天數期予其營業客戶。營業及票據應收款項根據付款到期日(經扣除呆賬撥備)的賬齡分析如下：

		2011	2010
		<i>HK\$'000</i>	<i>HK\$'000</i>
		千港元	千港元
Not yet due	未到期	<b>919,114</b>	925,897
Overdue 1 – 30 days	過期1-30天	<b>179,692</b>	226,351
Overdue 31 – 60 days	過期31-60天	<b>109,931</b>	128,389
Overdue > 60 days	過期超過60天	<b>67,004</b>	91,389
		<b>1,275,741</b>	1,372,026

As at 31st August, 2011, included in bills receivables is an amount of HK\$8,735,000 (2010: Nil) which have been discounted with recourse (see note 29).

於二零一一年八月三十一日，票據應收款項包括附追索權之貼現款項8,735,000港元(二零一零年：無)(見附註29)。



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**19. TRADE AND BILLS RECEIVABLES (continued)**

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits. Credit sales are made to customers with satisfactory trustworthy credit history. Credit limits attributed to customers are reviewed regularly. Trade receivables that are neither past due nor impaired have good track records with the Group.

Included in the Group's trade receivables balance are debtors with an aggregate carrying amount of HK\$356,627,000 (2010: HK\$446,129,000) which were past due at the end of the reporting period for which the Group has not provided for impairment loss, as there has not been a significant change in credit quality and the amounts are either settled subsequently or still considered recoverable based on the historical experience. The Group does not hold any collateral over these balances.

No interest is charged on the overdue trade debtors. The Group has provided fully for all trade receivables over 360 days because historical experience is such that trade receivables that are past due beyond 360 days are generally not recoverable. Trade receivables between 60 days and 360 days have been provided for based on estimated irrecoverable amounts, determined by reference to past default experience.

Movements in the allowance for doubtful debts are as follows:

**19. 營業及票據應收款項(續)**

本集團於接納任何新客戶前，會評估該潛在客戶的信貨質素及界定其信貸限額。信貸銷售將會給予信貸記錄良好的客戶。客戶信貸限額定期予以檢討。本集團既無逾期亦無減值的營業應收款項均擁有良好往績記錄。

包括在本集團營業及票據應收款項結餘內的應收賬合共賬面值為356,627,000港元(二零一零年：446,129,000港元)，其於報告期終已過期。由於信貸質素並無重大變動且該等金額已於其後結清或根據過往經驗仍視為可予收回，本集團並無就此作出減值損失撥備。本集團並無就該等結餘持有任何抵押品。

逾期營業應收賬款不計入利息。本集團已就超過360天的所有營業應收款項全數計提撥備，此乃由於過往經驗顯示過期超過360天的營業應收款項一般是無法收回。60天至360天之間的營業應收款項乃按估計無法收回金額並參考過往欠款經驗所釐定而計提撥備。

呆賬撥備之變動如下：

		2011 HK\$'000 千港元	2010 HK\$'000 千港元
Balance at beginning of the year	年初結餘	47,845	25,582
Currency realignment	外幣換算差額	323	17
Impairment loss (reversed) recognised on trade receivables, net	營業應收款項之已確認減值損失(撥回)淨額	(8,245)	24,870
Amounts written-off as uncollectible	撤銷的不可收回金額	(11,700)	(2,624)
Balance at end of the year	年終結餘	<u>28,223</u>	<u>47,845</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**19. TRADE AND BILLS RECEIVABLES (continued)**

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK\$28,223,000 (2010: HK\$47,845,000) that are considered irrecoverable by management after consideration of the credit quality of those individual customers, the ongoing relationship with the Group and the ageing of those receivables. The Group does not hold any collateral over these balances.

No allowance for doubtful debts has been provided or reversed for bills receivables during both years.

The Group's trade, bills and other receivables that are denominated in currencies other than functional currencies of the relevant group entities are set out below:

		2011 HK\$'000 千港元	2010 HK\$'000 千港元
USD	美元	488,418	623,196
RMB	人民幣	295,930	197,628
LKR	盧比	3,506	3,283
HK\$	港元	761	4,870

**20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES**

Value-added tax recoverable 可退回增值稅  
Tax Reserve Certificates 儲稅券  
Deposits, prepayments and other receivables 按金、預付款項及其他應收款項

	<b>65,967</b>	85,234	-	-
	<b>24,600</b>	1,600	<b>2,000</b>	-
	<b>123,626</b>	123,145	<b>4,666</b>	17,131
	<b>214,193</b>	209,979	<b>6,666</b>	17,131

The Group's other receivables that are denominated in currencies other than functional currencies of the relevant group entities are set out in note 19.

**19. 營業及票據應收款項(續)**

呆賬撥備包括合共結餘28,223,000港元(二零一零年: 47,845,000港元)的個別減值營業應收款項, 經管理層考慮該等個別客戶的信貨質素、與本集團持續關係及該等應收款項的賬齡後, 認為該等應收款項無法收回。本集團並無就該等結餘持有任何抵押。

應收票據於兩個年度並無計提或撥回任何呆賬撥備。

本集團以相關集團實體功能貨幣以外貨幣計值的營業、票據及其他應收款項載列如下:

**20. 預付款項、按金及其他應收款項**

	THE GROUP 本集團		THE COMPANY 本公司	
	2011 HK\$'000 千港元	2010 HK\$'000 千港元	2011 HK\$'000 千港元	2010 HK\$'000 千港元
	<b>65,967</b>	85,234	-	-
	<b>24,600</b>	1,600	<b>2,000</b>	-
	<b>123,626</b>	123,145	<b>4,666</b>	17,131
	<b>214,193</b>	209,979	<b>6,666</b>	17,131

本集團以相關集團實體功能貨幣以外貨幣計值的其他應收款項載於附註19。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

21. DERIVATIVE FINANCIAL INSTRUMENTS

21. 衍生金融工具

	THE GROUP				THE COMPANY			
	本集團		本公司		本公司		本公司	
	Current		Non-current		Current		Non-current	
	流動	2010	非流動	2010	流動	2010	非流動	2010
2011	2010	2011	2010	2011	2010	2011	2010	
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	
<b>Derivative financial assets</b> 衍生金融資產								
Foreign currency forward contracts 遠期外匯合約	4,984	2,514	-	-	-	2,508	-	-
<b>Derivative financial liabilities</b> 衍生金融負債								
Foreign currency forward contracts 遠期外匯合約	108	773	-	-	-	-	-	-
Interest rate swaps 利率掉期			45,583	54,389			45,583	54,389
	108	773	45,583	54,389	-	-	45,583	54,389

The principal terms of the Group's foreign currency forward contracts outstanding at the end of the reporting period are as follows:

於報告期終，尚未到期的遠期外匯合約之主要條款如下：

Notional amount	Currency conversion	面值金額	貨幣換算
<b>At 31st August, 2011:</b>		於二零一一年八月三十一日：	
43 contracts to sell USD62,335,387 in total	USD1: RMB6.3522 to 6.5097	43份賣出合共 62,335,387美元的合約	1美元兌6.3522至 6.5097人民幣
1 contract to buy USD1,020,168 in total	USD1: RMB6.3715	1份買入合共 1,020,168美元的合約	1美元兌 6.3715人民幣
<b>At 31st August, 2010:</b>		於二零一零年八月三十一日：	
17 contracts to sell USD20,000,000 in total	USD1: RMB6.7262 to 6.8129	17份賣出合共 20,000,000美元的合約	1美元兌6.7262至 6.8129人民幣
17 contracts to buy USD20,000,000 in total*	USD1: RMB6.6320 to 6.7417	17份買入合共 20,000,000美元的合約*	1美元兌6.6320至 6.7417人民幣

The above foreign currency forward contracts will mature within one year from the end of the reporting period.

上述遠期外匯合約將自報告期終起計一年內到期。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**21. DERIVATIVE FINANCIAL INSTRUMENTS (continued)**

The principal terms of the Group's interest rate swaps outstanding at the end of the reporting period are as follows:

Notional amount	Interest rate swaps
<b>At 31st August, 2011:</b>	
2 contracts with HK\$960,000,000 in total*	From Hong Kong Interbank Offered Rate ("HIBOR") to fixed rates ranging from 2.63% to 3.95%
<b>At 31st August, 2010:</b>	
2 contracts with HK\$1,000,000,000 in total*	From HIBOR to fixed rates ranging from 2.03% to 3.95%

\* These contracts are entered into by the Company.

The above interest rate swap contracts will mature within two (2010: 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.

**21. 衍生金融工具(續)**

於報告期終，本集團尚未到期的利率掉期之主要條款如下：

面值金額	利率掉期
於二零一一年八月三十一日：	
2份合共960,000,000港元 的合約*	由香港銀行同業 拆息(「香港銀行 同業拆息」)轉至 定息介乎2.63% 至3.95%
於二零一零年八月三十一日：	
2份合共1,000,000,000港元 的合約*	由香港銀行同業 拆息轉至定息介 乎2.03%至3.95%

\* 該等合約由本公司訂立。

上述利率掉期合約將自報告期終起計兩年(二零一零年：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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**22. BANK DEPOSITS WITH RESTRICTED USE/SHORT-TERM BANK DEPOSITS/BANK BALANCES AND CASH**

The bank deposits with restricted use as at 31st August, 2009 represented deposits placed by the Group that were with restricted use for tax or custom duties to be incurred by the Group which would expire within one year from the end of the reporting period and were therefore classified as current assets. Short-term bank deposits represent deposits placed with the banks with maturity of three months or less and are classified as current assets.

The restricted bank deposits carried market interest rates ranging from 0.36% to 0.72% per annum for the year ended 31st August, 2009. Bank balances and short term bank deposits carry market interest rates ranging from 0.01% to 5.50% (2010: 0.01% to 6.10%) per annum.

The bank deposits with restricted use, short-term bank deposits and bank balances and cash that are denominated in currencies other than functional currencies of the relevant group entities are set out below:

**22. 有限制用途之銀行存款／短期銀行存款／銀行結存及現金**

於二零零九年八月三十一日，有限制用途之銀行存款乃指本集團的銀行存款為有限制用途的，用於本集團在稅項或關稅上的承擔。該等有限制用途之銀行存款，於報告期終起計一年內到期，因此該等存款分類為流動資產。短期銀行存款指存放於銀行到期日為三個月或以下之存款，分類為流動資產。

於截至二零零九年八月三十一日止年度，有限制之銀行存款乃按市場年利率介乎0.36%至0.72%計息。銀行結存及短期銀行存款按市場年利率介乎0.01%至5.50%（二零一零年：0.01%至6.10%）計息。

以相關集團實體功能貨幣以外貨幣計值的有限制用途之銀行存款、短期銀行存款及銀行結存及現金載列如下：

		THE GROUP		THE COMPANY	
		本集團		本公司	
		2011	2010	2011	2010
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
RMB	人民幣	421,249	137,699	61	-
USD	美元	179,745	164,860	15,599	12,845
CAD	加元	12,730	5,232	4,522	10
HK\$	港元	3,455	11,516	-	-
LKR	盧比	1,511	10	-	-
British Pound ("GBP")	英鎊	3,313	3,135	3,240	3,067

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

23. TRADE AND BILLS PAYABLES

23. 營業及票據應付款項

		2011 HK\$'000 千港元	2010 HK\$'000 千港元
Trade payables	營業應付款項	418,672	518,923
Bills payables	票據應付款項	279,761	348,590
		<u>698,433</u>	<u>867,513</u>

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

營業應付款項按付款到期日的賬齡分析如下：

		2011 HK\$'000 千港元	2010 HK\$'000 千港元
Not yet due	未到期	363,886	413,674
Overdue 1 – 30 days	過期1-30天	26,801	61,053
Overdue 31 – 60 days	過期31-60天	6,550	17,801
Overdue > 60 days	過期超過60天	21,435	26,395
		<u>418,672</u>	<u>518,923</u>

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

於報告期終，本集團之所有票據應付款項均未到期。

The average credit period on purchase of goods ranges from 30 days to 120 days. The Group has financial risk management policies in place to ensure that payables are within the credit time frame.

購貨的平均信貸期為30天至120天。本集團已設有財務風險管理政策，以確保應付賬款均處於信貸期限內。

The Group's trade, bills and other payables that are denominated in currencies other than functional currencies of the relevant group entities are set out below:

本集團以相關集團實體功能貨幣以外貨幣計值的營業、票據及其他應付款項載列如下：

		2011 HK\$'000 千港元	2010 HK\$'000 千港元
USD	美元	306,152	405,512
RMB	人民幣	313,616	353,232
HK\$	港元	14,873	14,740
LKR	盧比	10,035	8,383

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

24. OTHER PAYABLES AND ACCRUALS

24. 其他應付款項及應計費用

		THE GROUP		THE COMPANY	
		本集團		本公司	
		2011	2010	2011	2010
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Other payables (note)	其他應付款項(附註)	149,248	163,621	290	149
Accruals	應計費用	171,413	168,150	18,452	12,936
		<b>320,661</b>	<b>331,771</b>	<b>18,742</b>	<b>13,085</b>

Note: As at 31st August, 2010, the balance included an amount of HK\$19,827,000 in relation to an undertaking that the Group had committed, at any time after one year from 27th April, 2009, (i) to make an one-off payment of HK\$7,616,000 as compensation to release the Group's obligation under an undertaking and operation agreement to a non-controlling shareholder of Dongguan Fuan and (ii) to acquire the remaining 10% equity interest in Dongguan Fuan from that non-controlling shareholder at a consideration of HK\$12,211,000. The one-off payment and an amount of HK\$6,105,000 were settled during the current year and the remaining amount of HK6,106,000 remained outstanding as at 31st August, 2011. Further details are set out in the circular of the Company dated 30th July, 2009.

附註：於二零一零年八月三十一日，該結餘包括金額19,827,000港元，乃為本集團就有關承諾函承諾於二零零九年四月二十七日起一年後任何時間(i)向東莞福安之非控股股東一次性支付7,616,000港元之補償費作為解除本集團根據承包經營合同之承擔及(ii)以代價12,211,000港元從該名非控股股東收購其於東莞福安餘下10%之股本權益。該一次性付款及款額6,105,000港元已於是年度內支付，於二零一一年八月三十一日尚未支付之餘額為6,106,000港元。有關詳情載於本公司日期為二零零九年七月三十日之通函內。

The Group's other payables that are denominated in currencies other than functional currencies of the relevant group entities are set out in note 23.

以相關集團實體功能貨幣以外貨幣計值的本集團其他應付款項載於附註23。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

*For the year ended 31st August, 2011*  
截至二零一一年八月三十一日止年度

**25. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS**

The amounts are unsecured, interest-free and repayable on demand.

**26. CONSIDERATION PAYABLE**

On 27th April, 2009, Folktune, 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.

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 year, an amount of HK\$35,630,000 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.

**25. 欠非控股股東款項**

該等款項並無抵押，免息及應要求償還。

**26. 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。

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。於是年度內，本集團已支付35,630,000港元。於報告期終，餘額須按要求時償還。

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。



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**27. DEFERRED INCOME**

In prior years, the Group received a government subsidy of HK\$72,912,000 for the purchase of certain assets, which had been deferred to recognise as income over the useful lives of the relevant assets upon the fulfillment of the relevant conditions. An amount of HK\$1,458,000 (2010: HK\$1,458,000) was amortised as income during the year, with a corresponding adjustment to deferred tax assets previously recognised.

**27. 遞延收入**

於過往年度，本集團已收一項政府補貼72,912,000港元，用於購買若干資產，補貼已於達成相關條件後按有關資產使用年期確認為收入。年內，已將1,458,000港元（二零一零年：1,458,000港元）攤銷為收入，並已於先前確認之遞延稅項資產作出相應調整。

**28. RESTRUCTURING PROVISIONS**

**28. 重組撥備**

		HK'000 千港元
At 1st September, 2009	於二零零九年九月一日	4,689
Utilisation of provision	運用撥備	(3,959)
At 31st August, 2010	於二零一零年八月三十一日	730
Utilisation of provision	運用撥備	(730)
<b>At 31st August, 2011</b>	<b>於二零一一年八月三十一日</b>	<b>-</b>

Restructuring provisions were made in relation to the closure plan of Dongguan Fuan in prior years. The provision was fully utilised during the year ended 31st August, 2011. As at 31st August, 2011, the closure plan is close to completion.

重組撥備乃就過往年度東莞福安之關閉計劃而作出。於截至二零一一年八月三十一日止年度，有關撥備已獲悉數動用。於二零一一年八月三十一日，關閉計劃已接近完成。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

29. BANK BORROWINGS/BANK OVERDRAFTS

29. 銀行借貸／銀行透支

		THE GROUP		THE COMPANY	
		本集團		本公司	
		2011	2010	2011	2010
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Bank loans	銀行借貸	1,945,663	2,174,757	1,463,554	1,532,211
Import bills loans	進口借款	244,988	381,109	-	-
Discounted bills with recourse	附追索權之貼現票據	8,735	-	-	-
Bank overdrafts	銀行透支	-	3,386	-	-
		<u>2,199,386</u>	<u>2,559,252</u>	<u>1,463,554</u>	<u>1,532,211</u>
Repayable as follows:	須於下列期間償還：				
On demand or within one year	應要求償還或一年內	1,443,532	1,607,977	761,916	658,344
More than one year, but not exceeding two years	一年以上但不超過兩年	481,446	664,868	427,230	639,066
More than two years, but not exceeding five years	兩年以上但不超過五年	274,408	286,407	274,408	234,801
		<u>2,199,386</u>	<u>2,559,252</u>	<u>1,463,554</u>	<u>1,532,211</u>
Less: Amounts repayable on demand or due within one year shown under current liabilities	減：應要求償還或一年內到期金額轉入流動負債項目				
- bank borrowings due within one year	- 銀行借貸一年內到期	(1,443,532)	(1,604,591)	(761,916)	(658,344)
- bank overdrafts	- 銀行透支	-	(3,386)	-	-
		<u>(1,443,532)</u>	<u>(1,604,591)</u>	<u>(761,916)</u>	<u>(658,344)</u>
Amounts due after one year	一年後到期金額	755,854	951,275	701,638	873,867

Except for discounted bills which are secured by the corresponding bills receivables as disclosed in note 19, the above bank borrowings are unsecured at the end of the reporting period.

除附註19所披露以相關應收票據作為抵押之貼現票據外，於報告期終，上述的銀行借貸並無抵押。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**29. BANK BORROWINGS/BANK OVERDRAFTS**

(continued)

The bank borrowings of the Group and the Company are mainly variable-rate borrowings which carry interest at HIBOR plus a spread, ranging from 0.4% to 2.3% (2010: 0.4% to 2.3%) or London Interbank Offered Rate plus a spread, ranging from 1.0% to 2.1% (2010: 0.6% to 1.0%) per annum in Hong Kong or the People's Bank of China Base Lending Rate per annum in the PRC. The average effective interest rates of the bank borrowings of the Group and the Company are 2.58% and 2.04% (2010: 2.05% and 1.66%) per annum, respectively. Some other bank borrowings of the Group carry interest at fixed-rates ranging from 2.3% to 6.7% (2010: 1.0% to 4.5%) per annum.

Discounted bills as at 31st August, 2011 represent bills discounted to a bank with recourse. The fixed interest rate applied is 6.06% per annum.

In addition, the average effective interest rate of the bank overdrafts of the Group was 3.77% per annum for the year ended 31st August, 2010.

The Group's bank borrowings and bank overdrafts that are denominated in currencies other than functional currencies of the relevant group entities are set out below:

**29. 銀行借貸／銀行透支(續)**

本集團及本公司的銀行借貸主要為浮息借貸，於香港乃按香港銀行同業拆息加上息差介乎年利率0.4%至2.3%（二零一零年：0.4%至2.3%）或倫敦銀行同業拆息加上息差介乎年利率1.0%至2.1%（二零一零年：0.6%至1.0%）計息，而於中國為中國人民銀行基準貸款利率計息。本集團及本公司銀行借貸之平均有效年利率分別為2.58%及2.04%（二零一零年：2.05%及1.66%）。本集團部份其他銀行借貸乃按固定年利率介乎2.3%至6.7%（二零一零年：1.0%至4.5%）計息。

於二零一一年八月三十一日之貼現票據乃指給予銀行附追索權之貼現票據。所採用之固定年利率為6.06%。

此外，截至二零一零年八月三十一日止年度，本集團銀行透支的平均有效年利率為3.77%。

本集團以相關集團實體功能貨幣以外貨幣計值的銀行借貸及銀行透支載列如下：

		THE GROUP	
		本集團	
		2011	2010
		HK\$'000	HK\$'000
		千港元	千港元
USD	美元	244,838	143,423
RMB	人民幣	128,765	138,806
LKR	盧比	-	3,198

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

30. SHARE CAPITAL

30. 股本

		Number of ordinary shares of HK\$0.20 each 每股面值0.20港元 的普通股份數目 2011 & 2010	Amount 金額 2011 & 2010 HK\$'000 千港元
Authorised:	法定股本：		
At beginning and end of the year	於是年度開始及終結時	1,400,000,000	280,000
Issued and fully paid:	已發行及繳足股本：		
At beginning and end of the year	於是年度開始及終結時	794,010,960	158,802

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**31. SHARE-BASED PAYMENT TRANSACTIONS****The 2002 Scheme**

The Company has a share option scheme (the "2002 Scheme"), which was adopted by the Company at the extraordinary general meeting held on 25th January, 2002. The 2002 Scheme will expire on 24th January, 2012. The primary purpose of the 2002 Scheme is to provide the Company with a flexible mean of giving incentives to, rewarding, remunerating, compensating and/or providing benefits to the employees and for such other purposes as the board of directors of the Company may approve from time to time. Under the 2002 Scheme, the board of directors of the Company may offer to full time employees, including full time executive directors, of the Company and/or its subsidiaries who have completed the probation period options to subscribe for shares in the Company in accordance with the terms of the 2002 Scheme for the consideration of HK\$1 for each lot of share options granted. The total number of shares in respect of which options may be granted under the 2002 Scheme is not permitted to exceed 10% of the shares of the Company in issue at the date of approval of the 2002 Scheme. The Company may seek approval from shareholders of the Company in general meeting to refresh the 10% limit. In addition, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2002 Scheme and any other share option schemes of the Company shall not exceed 30% (or such higher percentage as may be allowed under the Listing Rules) of the total number of shares in issue from time to time. The number of shares in respect of which options may be granted to any employee in any 12-month period is not permitted to exceed 1% of the total number of shares of the Company in issue, subject to approval from shareholders of the Company. Options granted must be taken within 28 days of the date of grant or such longer or shorter period as the board of directors of the Company may think fit. The minimum period for which an option must be held before it can be exercised is one year or such other period as the board of directors of the Company may think fit commencing from the date of grant ("Hold-up period"). An option period, at the absolute discretion of the board of directors of the Company, shall commence on the expiry of the Hold-up period and expire no later than the 10th anniversary of the date of grant. The exercise price is determined by the board of directors of the Company and will be at least the highest of the followings:

**31. 以股份為基礎之付款交易****二零零二年計劃**

本公司擁有一項購股權計劃（「二零零二年計劃」），乃由本公司於二零零二年一月二十五日舉行之股東特別大會上採納。二零零二年計劃將於二零一二年一月二十四日屆滿。二零零二年計劃的主要目的為本公司可向僱員給予鼓勵、獎賞、報酬、補償及／或提供福利及就本公司董事會不時批准的其他目的而言提供一個靈活方式。根據二零零二年計劃，本公司董事會可按二零零二年計劃的條款授予本公司及／或其附屬公司已通過試用期的全職僱員（包括全職執行董事）購股權以認購本公司股份，每次接受購股權的代價為1港元。根據二零零二年計劃所授出的購股權而發行的股份總數，最多不得超過二零零二年購股權計劃獲批准當日的已發行股份總數的10%。本公司可在股東大會上尋求股東批准，更新此10%的上限。此外，根據二零零二年計劃及本公司任何其他購股權計劃已授出但尚未行使的購股權獲行使而發行的股份總數，最多不得超過本公司不時已發行股份總數的30%（或根據上市規則容許的較高上限）。除已獲股東批准外，任何一位僱員於任何十二個月期間內，其因行使將獲授購股權的股份總數，最多不得超過本公司已發行股份總數的1%。僱員必須在購股權授出日起28日內或本公司董事會可能認為適當的其他較長或較短時間內接納所獲授予的購股權。僱員必須最少於授出日起計一年或本公司董事會可能認為適當的其他期間（「持有期」）持有購股權後，才可作出認購。認購期由本公司董事會按絕對酌情權釐定，將由持有期屆滿後開始計算及不遲於授出日後十週年屆滿。行使價由本公司董事會議定，但必須為以下三者中的最高者：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**31. SHARE-BASED PAYMENT TRANSACTIONS**

(continued)

**The 2002 Scheme (continued)**

- (a) the closing price of shares at the date of grant of a share option;
- (b) the average closing price of the shares for the five business days immediately preceding the date of grant; and
- (c) the nominal value of a share.

Under the 2002 Scheme, 22,400,000 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. Details of the movements of those options and other information of the grant are set out below.

**The 2011 Scheme**

On 20th January, 2011, the 2002 Scheme was early terminated and the Company adopted a new share option scheme (the "2011 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 10th December, 2010.

The terms and conditions of the 2011 Scheme are basically the same as those of the 2002 Scheme except that the eligible participants of the 2011 Scheme include, among others, directors and full-time or part-time employees whereas the eligible participants of the 2002 Scheme cover only directors and full-time employees. In addition, there is no specific period for accepting the share options granted and also no specific Hold-up period, which are determined by the board of directors upon the grant of share options as they think as appropriate.

The 2011 Scheme will expire on 20th January, 2021.

Under the 2011 Scheme, share options of 3,352,000 and 23,045,000 were granted on 18th May, 2011 and 18th August, 2011, respectively. The closing prices of the Company's shares immediately before the dates of grant were HK\$1.80 and HK\$1.21, respectively.

**31. 以股份為基礎之付款交易 (續)**

二零零二年計劃 (續)

- a) 股份於購股權授出日的收市價；
- b) 股份於購股權授出日之前五個營業日的平均收市價；及
- c) 股份的每股面值。

根據二零零二年計劃，已於二零一零年九月十七日授出22,400,000份購股權。本公司股份於緊接授出日期之收市價為1.29港元。有關該等購股權變動詳情及授出之其他資料載列於下文。

二零一一年計劃

於二零一一年一月二十日，二零零二年計劃已被提前終止，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（「二零一一年計劃」）。有關詳情載於本公司日期為二零一零年十二月十日之公告內。

二零一一年計劃之條款及條文基本上與二零零二年計劃相同，惟二零一一年計劃之合資格參與者包括（其中包括）董事及全職或兼職僱員，而二零零二年計劃之合資格參與者僅包括董事及全職僱員。此外，概無由董事會於購股權授出時已釐定之接納已授出購股權特定期限，亦無特定持有期（如彼等認為適用）。

二零一一年計劃將於二零二一年一月二十日屆滿。

根據二零一一年計劃，已分別於二零一一年五月十八日及二零一一年八月十八日授出3,352,000份及23,045,000份購股權。本公司股份於緊接授出日期之收市價分別為1.80港元及1.21港元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

31. SHARE-BASED PAYMENT TRANSACTIONS  
(continued)

The following table discloses movements of the Company's share options granted under the 2002 Scheme and the 2011 Scheme during the year.

31. 以股份為基礎之付款交易(續)

下表披露本公司根據二零零二年計劃及二零一一年計劃已授出購股權於年內之變動情況。

Scheme	Date of grant	Exercise price	Outstanding at	Granted during the year	Forfeited during the year	Outstanding at	
			1st September, 2009, 31st August, 2010 and 1st September, 2010			31st August, 2011	
計劃	授出日期	行使價	於二零零九年九月一日、二零一零年八月三十一日及二零一零年九月一日尚未行使	年內已授出	年內已沒收	於二零一一年八月三十一日尚未行使	
Category 1: Directors 第1類：董事	2002 二零零二年	17th September, 2010 二零一零年九月十七日	HK\$1.29 1.29港元	-	11,200,000	-	11,200,000
	2011 二零一一年	18th August, 2011 二零一一年八月十八日	HK\$1.21 1.21港元	-	9,600,000	-	9,600,000
				-	20,800,000	-	20,800,000
Category 2: Employees 第2類：僱員	2002 二零零二年	17th September, 2010 二零一零年九月十七日	HK\$1.29 1.29港元	-	11,200,000	(4,600,000)	6,600,000
	2011 二零一一年	18th May, 2011 二零一一年五月十八日	HK\$1.91 1.91港元	-	3,352,000	-	3,352,000
	2011 二零一一年	18th August, 2011 二零一一年八月十八日	HK\$1.21 1.21港元	-	13,445,000	-	13,445,000
				-	27,997,000	(4,600,000)	23,397,000
Two categories 兩類別合共				-	48,797,000	(4,600,000)	44,197,000
Exercisable at the end of the year 於年結時可予行使			N/A 不適用				-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**31. SHARE-BASED PAYMENT TRANSACTIONS**

**(continued)**

Share options granted on 17th September, 2010 under the 2002 Scheme are exercisable during the period from 17th March, 2014 to 17th March, 2017 in three tranches, being

- 17th March, 2014 to 17th March, 2017 (up to 30.00% of the share options granted are exercisable)
- 17th March, 2015 to 17th March, 2017 (up to 60.00% of the share options granted are exercisable)
- 17th March, 2016 to 17th March, 2017 (all share options granted are exercisable)

Share options granted on 18th May, 2011 under the 2011 Scheme are exercisable during the period from 18th May, 2012 to 17th May, 2015 in three tranches, being

- 18th May, 2012 to 17th May, 2015 (up to 32.52% of the share options granted are exercisable)
- 18th May, 2013 to 17th May, 2015 (up to 65.04% of the share options granted are exercisable)
- 18th May, 2014 to 17th May, 2015 (all share options granted are exercisable)

**31. 以股份為基礎之付款交易 (續)**

於二零一零年九月十七日根據二零零二年計劃授出之購股權可於二零一四年三月十七日至二零一七年三月十七日期間分三個階段予以行使，即

- 二零一四年三月十七日至二零一七年三月十七日(最多佔已授出購股權之30.00%可予行使)
- 二零一五年三月十七日至二零一七年三月十七日(最多佔已授出購股權之60.00%可予行使)
- 二零一六年三月十七日至二零一七年三月十七日(所有已授出之購股權可予行使)

於二零一一年五月十八日根據二零一一年計劃授出之購股權可於二零一二年五月十八日至二零一五年五月十七日期間分三個階段予以行使，即

- 二零一二年五月十八日至二零一五年五月十七日(最多佔已授出購股權之32.52%可予行使)
- 二零一三年五月十八日至二零一五年五月十七日(最多佔已授出購股權之65.04%可予行使)
- 二零一四年五月十八日至二零一五年五月十七日(所有已授出之購股權可予行使)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**31. SHARE-BASED PAYMENT TRANSACTIONS**  
**(continued)**

Share options granted on 18th August, 2011 under the 2011 Scheme are exercisable by 2 batches as follows:

Batch 1: 15,900,000 share options are exercisable during the period from 19th August, 2012 to 18th August, 2017 in five tranches, being

- 19th August, 2012 to 18th August, 2017 (up to 20.00% of the share options granted are exercisable)
- 19th August, 2013 to 18th August, 2017 (up to 40.00% of the share options granted are exercisable)
- 19th August, 2014 to 18th August, 2017 (up to 60.00% of the share options granted are exercisable)
- 19th August, 2015 to 18th August, 2017 (up to 80.00% of the share options granted are exercisable)
- 19th August, 2016 to 18th August, 2017 (all share options granted are exercisable)

Batch 2: 7,145,000 share options are exercisable during the period from 19th August, 2012 to 18th August, 2015 in three tranches, being

- 19th August, 2012 to 18th August, 2015 (up to 34.15% of the share options granted are exercisable)
- 19th August, 2013 to 18th August, 2015 (up to 68.31% of the share options granted are exercisable)
- 19th August, 2014 to 18th August, 2015 (all share options granted are exercisable)

**31. 以股份為基礎之付款交易(續)**

於二零一一年八月十八日根據二零一一年計劃授出之購股權可分兩批予以行使，載列如下：

第一批：15,900,000份購股權可於二零一二年八月十九日至二零一七年八月十八日期間分五個階段予以行使，即

- 二零一二年八月十九日至二零一七年八月十八日(最多佔已授出購股權之20.00%可予行使)
- 二零一三年八月十九日至二零一七年八月十八日(最多佔已授出購股權之40.00%可予行使)
- 二零一四年八月十九日至二零一七年八月十八日(最多佔已授出購股權之60.00%可予行使)
- 二零一五年八月十九日至二零一七年八月十八日(最多佔已授出購股權之80.00%可予行使)
- 二零一六年八月十九日至二零一七年八月十八日(所有已授出之購股權可予行使)

第二批：7,145,000份購股權可於二零一二年八月十九日至二零一五年八月十八日期間分三個階段予以行使，即

- 二零一二年八月十九日至二零一五年八月十八日(最多佔已授出購股權之34.15%可予行使)
- 二零一三年八月十九日至二零一五年八月十八日(最多佔已授出購股權之68.31%可予行使)
- 二零一四年八月十九日至二零一五年八月十八日(所有已授出之購股權可予行使)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

31. SHARE-BASED PAYMENT TRANSACTIONS

(continued)

The fair values of the share options were determined using the Binomial model:

31. 以股份為基礎之付款交易(續)

購股權之公平價值乃採用二項式模式釐定：

		Under the 2002 Scheme		Under the 2011 Scheme	
		根據二零零二年計劃		根據二零一一年計劃	
		Share options granted on 17th September, 2010	Share options granted on 18th May, 2011	Share options granted on 18th August, 2011	
		於二零一零年九月十七日 已授出購股權	於二零一一年五月十八日 已授出購股權	於二零一一年八月十八日 已授出購股權	
Number of options	購股權數目	22,400,000	3,352,000	23,045,000	
Grant date fair value	授出日期之公平價值	HK\$15,812,000港元	HK\$2,718,000港元	HK\$13,156,000港元	
Grant date share price	授出日期之股價	HK\$1.29港元	HK\$1.80港元	HK\$1.21港元	
Exercise price	行使價	HK\$1.29港元	HK\$1.91港元	HK\$1.21港元	
Suboptimal exercise factor	次優行使因素	2	2	2	
Contractual life	合約年期	6.5 years年	4 years年	4-6 years年	
Expected volatility	預計波幅	58.25%	66.97%	59.96%-66.16%	
Dividend yield	股息率	0%	0.58%	0.88%	
Risk-free interest rate	無風險利率	1.59%	1.23%	0.48%-0.99%	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**31. SHARE-BASED PAYMENT TRANSACTIONS**  
**(continued)**

Expected volatilities were determined by using historical volatilities of the stock return of the Company over the previous 4 to 6.5 years. The risk-free interest rates used in the model were determined based on the yield of Hong Kong Sovereign Curve for the share options granted on 17th September, 2011 and the yield of Hong Kong Exchange Fund Note for the share options granted on 18th May, 2011 and 18th August, 2011.

The Group recognised the total expense of HK\$3,395,000 (2010: Nil) for the current year in relation to share options granted by the Company. Out of the amount, HK\$1,783,000 (2010: Nil) is related to the directors of the Company.

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 original estimates, if any, is recognised in profit and loss over the remaining vesting period, with a corresponding adjustment to the share options reserve.

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. The value of an option varies with different variables of certain subjective assumptions.

**31. 以股份為基礎之付款交易(續)**

預期波幅乃採用本公司過去4至6.5年股票回報之歷史波幅釐定。模式中所採用之無風險利率乃根據香港主權曲線回報率(yield of Hong Kong Sovereign Curve) (就二零一一年九月十七日已授出之購股權)及香港外匯基金債券回報率(就二零一一年五月十八日及二零一一年八月十八日已授出之購股權)釐定。

本集團於本年度已就本公司授出之購股權確認總開支3,395,000港元(二零一零年:無),當中之一,783,000港元(二零一零年:無)與本公司董事有關。

於報告期終,本集團修訂其對預期最終歸屬的購股權數目之估計。修訂原先估計產生之影響(如有)按剩餘歸屬年期於損益確認,並於購股權儲備作出相應調整。

購股權之公平價值採用二項式模式估計。計算購股權公平價值所採用之變動因素及假設乃根據董事之最佳估計而釐定。購股權之價值於若干主觀假設之變動因素下會有所不同。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

32. RESERVES

32. 儲備

		THE COMPANY				
		本公司				
		Share	Capital	Share	Retained	Total
		premium	redemption	options	profits	
		股份溢價	贖回儲備	購股權	滾存盈利	總值
		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
At 1st September, 2009	於二零零九年九月一日	197,124	210	-	530,192	727,526
Profit and total comprehensive income for the year	是年度盈利及全面收益總額	-	-	-	89,369	89,369
At 31st August, 2010	於二零一零年八月三十一日	197,124	210	-	619,561	816,895
Profit and total comprehensive income for the year	是年度盈利及全面收益總額	-	-	-	16,897	16,897
Equity-settled share-based payments	以權益結算以股份為基礎之付款	-	-	3,395	-	3,395
Dividend recognised as distribution	已確認分派之股息	-	-	-	(7,940)	(7,940)
<b>At 31st August, 2011</b>	<b>於二零一一年八月三十一日</b>	<b>197,124</b>	<b>210</b>	<b>3,395</b>	<b>628,518</b>	<b>829,247</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**33. CAPITAL RISK MANAGEMENT**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of debts, which include the borrowings disclosed in note 29, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on an on-going basis. As part of this review, the directors consider the cost of capital and the risks associated with the share capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debts.

**34. FINANCIAL INSTRUMENTS**

(a) Categories of financial instruments

**33. 資本風險管理**

本集團管理資本之目的，在於確保本集團各實體得以持續經營，同時透過取得債務與權益之間的最佳平衡，為股權持有人爭取最大回報。本集團的整體策略與往年一致。

本集團的資本架構包括債務（當中包括附註29所披露的借貸）及本公司擁有人應佔權益（包括已發行股本及儲備）。

本公司董事按持續基準檢討資本架構。作為檢討一部分，董事會考慮資本的成本與股本的相關風險。根據董事的建議，本集團將透過派發股息、發行新股及購回股份與及發行新債務或贖回現有債務以平衡整體資本架構。

**34. 金融工具**

(a) 金融工具類別

		THE GROUP		THE COMPANY	
		本集團		本公司	
		2011	2010	2011	2010
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
<b>Financial assets</b>	<b>金融資產</b>				
Loans and receivables (including cash and cash equivalents)	貸款及應收款項（包括現金及等同現金項目）	<b>2,467,782</b>	2,270,113	<b>3,543,842</b>	3,185,126
Derivative financial instruments	衍生金融工具	<b>4,984</b>	2,514	-	2,508
<b>Financial liabilities</b>	<b>金融負債</b>				
Amortised cost	攤銷成本	<b>3,056,424</b>	3,650,470	<b>2,494,808</b>	2,200,696
Derivative financial instruments	衍生金融工具	<b>45,691</b>	55,162	<b>45,583</b>	54,389

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**34. FINANCIAL INSTRUMENTS (continued)**

**(b) Financial risk management objectives and policies**

The major financial instruments of the Group and the Company include consideration receivable, trade and bills receivables, other receivables, amounts due from/to subsidiaries, bank deposits, bank balances and cash, derivative financial instruments, trade and bills payables, other payables, amounts due to non-controlling shareholders, consideration payable, bank borrowings and bank overdrafts. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

**Market risk**

**(i) Currency risk**

Certain entities in the Group have foreign currency transactions, which expose the Group to foreign currency risk.

The Group manages and monitors foreign exchange exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group has entered into foreign currency forward contracts to mitigate the risk.

At the end of the reporting period, the carrying amounts of foreign currency denominated monetary assets and monetary liabilities and derivative financial instruments of the Group and the Company that are considered significant by the management are as follows:

**34. 金融工具(續)**

**(b) 財務風險管理目標及政策**

本集團及本公司的主要金融工具包括應收代價、營業及票據應收款項、其他應收款項、附屬公司所欠／欠附屬公司的款項、銀行存款、銀行結存及現金、衍生金融工具、營業及票據應付款項、其他應付款項、欠非控股股東的款項、應付代價、銀行借貸及銀行透支。該等金融工具之詳情已於各附註中披露。與該等金融工具有關的風險包括市場風險(貨幣風險及利率風險)、信貸風險及流動資金風險。下文載列有關如何降低該等風險的政策。管理層管理及監控該等風險，以確保及時和有效地採取適當措施。

**市場風險**

**(i) 貨幣風險**

本集團若干實體有外幣交易，故本集團涉及外幣風險。

本集團管理及監控外匯風險，以確保及時和有效地採取適當措施。本集團已簽訂遠期外匯合約，以降低該等風險。

於報告期終，管理層認為屬重大的本集團及本公司以外幣列值的貨幣資產及貨幣負債及衍生金融工具的賬面值如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**34. FINANCIAL INSTRUMENTS (continued)**

**(b) Financial risk management objectives and policies (continued)**

**Market risk (continued)**

*(i) Currency risk (continued)*

Monetary assets and liabilities:

**34 金融工具(續)**

**(b) 財務風險管理目標及政策(續)**

市場風險(續)

*(i) 貨幣風險(續)*

貨幣資產及負債：

		THE GROUP 本集團			
		Assets 資產		Liabilities 負債	
		2011	2010	2011	2010
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
USD	美元	<b>668,163</b>	788,056	<b>550,990</b>	548,935
RMB	人民幣	<b>717,179</b>	506,610	<b>442,381</b>	492,038
CAD	加元	<b>12,730</b>	5,232	-	-
LKR	盧比	<b>5,017</b>	3,293	<b>10,035</b>	11,581
HK\$	港元	<b>4,216</b>	16,386	<b>14,873</b>	14,740
GBP	英鎊	<b>3,313</b>	3,135	-	-

		THE COMPANY 本公司			
		Assets 資產		Liabilities 負債	
		2011	2010	2011	2010
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
USD	美元	<b>15,599</b>	12,845	-	-
RMB	人民幣	<b>61</b>	-	-	-
CAD	加元	<b>4,522</b>	10	-	-
GBP	英鎊	<b>3,240</b>	3,067	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**34. FINANCIAL INSTRUMENTS (continued)**

**(b) Financial risk management objectives and policies (continued)**

**Market risk (continued)**

*(i) Currency risk (continued)*

Derivative financial instruments:

**34. 金融工具(續)**

**(b) 財務風險管理目標及政策(續)**

市場風險(續)

*(i) 貨幣風險(續)*

衍生金融工具：

		THE GROUP		THE COMPANY	
		本集團		本公司	
		2011	2010	2011	2010
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Derivative financial assets	衍生金融資產				
Foreign currency forward contracts to sell RMB and buy USD	賣出人民幣及買入美元的遠期外匯合約	-	2,508	-	2,508
Foreign currency forward contracts to buy RMB and sell USD	買入人民幣及賣出美元的遠期外匯合約	4,984	6	-	-
		<b>4,984</b>	<b>2,514</b>	<b>-</b>	<b>2,508</b>
Derivative financial liabilities	衍生金融負債				
Foreign currency forward contracts to buy RMB and sell USD	買入人民幣及賣出美元的遠期外匯合約	-	773	-	-
Foreign currency forward contracts to sell RMB and buy USD	賣出人民幣及買入美元的遠期外匯合約	108	-	-	-
		<b>108</b>	<b>773</b>	<b>-</b>	<b>-</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**34. FINANCIAL INSTRUMENTS (continued)**

**(b) Financial risk management objectives and policies (continued)**

**Market risk (continued)**

*(i) Currency risk (continued)*

Sensitivity analysis

The Group is mainly exposed to the risk of fluctuation of USD, RMB, CAD, LKR, GBP and HK\$ when such currencies are different from the relevant group entities.

The following tables detail the sensitivity of the Group to a 5% increase and decrease in the above foreign currencies against the functional currency of the corresponding group entity, except for HK\$ against USD since HK\$ is pegged to USD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and derivative financial instruments and adjusts their translation or fair value in the case of derivative financial instruments at the year end for a 5% change in foreign currency rates. On this basis, there will be an increase (a decrease) in pre-tax profit for the year where USD, RMB, CAD, LKR and GBP strengthen against the functional currency of the corresponding group entity by 5%, and vice versa.

**34. 金融工具 (續)**

**(b) 財務風險管理目標及政策 (續)**

**市場風險 (續)**

*(i) 貨幣風險 (續)*

敏感度分析

本集團主要涉及美元、人民幣、加元、盧比、英鎊及港元(當該等貨幣與相關集團實體的功能貨幣不同時)的波動風險。

下表詳細載列上述外幣兌相關集團實體功能貨幣升值或貶值5%的敏感度。由於港元與美元掛鈎，因此港元兌美元除外。5%為向主要管理人員內部呈報外匯風險及管理層對匯率可能合理變動的評估所採用的敏感度比率。敏感度分析僅包括尚未結算以外幣列值的貨幣項目及衍生金融工具，並於年底按5%的外匯率變動調整其換算或衍生金融工具之公平價值。按此基準，當美元、人民幣、加元、盧比及英鎊兌相關集團實體功能貨幣升值5%，是年度稅前盈利將會增加(減少)，反之亦然。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**34. FINANCIAL INSTRUMENTS (continued)**

**(b) Financial risk management objectives and policies (continued)**

**Market risk (continued)**

*(i) Currency risk (continued)*

Sensitivity analysis (continued)

Monetary assets and liabilities:

**34. 金融工具(續)**

**(b) 財務風險管理目標及政策(續)**

市場風險(續)

*(i) 貨幣風險(續)*

敏感度分析(續)

貨幣資產及負債：

		THE GROUP		THE COMPANY	
		2011	2010	2011	2010
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Increase (decrease) in pre-tax profit for the year	是年度稅前盈利增加(減少)				
USD against RMB	美元兌人民幣	415	334	-	-
USD against CAD	美元兌加元	1,471	1,087	-	-
RMB against HK\$	人民幣兌港元	13,740	729	3	-
CAD against USD	加元兌美元	321	236	-	-
CAD against HK\$	加元兌港元	315	25	226	1
LKR against USD	盧比兌美元	(251)	(414)	-	-
GBP against HK\$	英鎊兌港元	166	157	162	153
		<b>16,177</b>	2,154	<b>391</b>	154

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**34. FINANCIAL INSTRUMENTS (continued)**

**(b) Financial risk management objectives and policies (continued)**

**Market risk (continued)**

*(i) Currency risk (continued)*

Sensitivity analysis (continued)

Derivative financial instruments:

**34. 金融工具 (續)**

**(b) 財務風險管理目標及政策 (續)**

**市場風險 (續)**

*(i) 貨幣風險 (續)*

敏感度分析 (續)

衍生金融工具：

		THE GROUP		THE COMPANY	
		本集團		本公司	
		2011	2010	2011	2010
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Foreign currency forward contracts to sell RMB and buy USD	賣出人民幣及買入美元的遠期外匯合約	389	7,792	-	7,792
Foreign currency forward contracts to buy RMB and sell USD	買入人民幣及賣出美元的遠期外匯合約	(23,862)	(7,795)	-	-

*(ii) Interest rate risk*

The Group and the Company are mainly exposed to cash flow interest rate risk primarily in relation to variable-rate bank balances and borrowings. It is the Group's policy to keep its bank borrowings at floating rate of interests so as to minimise the fair value interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's Hong Kong dollar denominated borrowings. In order to minimise the risk, the Group entered into certain interest rate swaps to partially hedge against its exposure to variable-rate bank borrowings.

*(ii) 利率風險*

本集團及本公司的現金流量利率風險主要與浮息銀行結存及借貸有關。本集團的政策是維持其銀行借貸於浮動利率以減低公平價值利率風險。本集團的現金流量利率風險主要集中於香港銀行同業拆息波動所引致本集團以港元列值的借貸。為降低風險，本集團簽訂若干利率掉期，以就浮息銀行借貸的利率風險進行部份對沖。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**34. FINANCIAL INSTRUMENTS (continued)**

**(b) Financial risk management objectives and policies (continued)**

**Market risk (continued)**

*(ii) Interest rate risk (continued)*

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both non-derivative (included variable-rate borrowings only as the directors consider the exposure on bank balances is not significant) and derivative instruments at 31st August, 2010 and 2011. The analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 (2010: 50) basis points increase or decrease in interest rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

For non-derivative bank borrowings, if interest rate had been 50 basis points higher/lower and all other variables were held constant, the Group's and the Company's pre-tax profit for the year would decrease/increase by HK\$8,949,000 and HK\$7,318,000 (2010: HK\$10,100,000 and HK\$7,661,000), respectively.

For derivative financial instruments, if HIBOR had been 50 basis points higher and all other variables were held constant, the Group's and the Company's pre-tax profit for the year would increase by the same amount of HK\$8,192,000 (2010: HK\$13,216,000), and vice versa.

**34. 金融工具(續)**

**(b) 財務風險管理目標及政策(續)**

**市場風險(續)**

*(ii) 利率風險(續)*

敏感度分析

下列敏感度分析根據非衍生工具(僅包括浮息借貸, 因董事認為就銀行結餘所承擔之風險並不重大)及衍生工具於二零一零年及二零一一年八月三十一日的利率風險釐定。有關分析乃假設於報告期終尚未償還的負債數額在本年整個年度內均為未償還。向主要管理人員內部呈報利率風險乃採用50個(二零一零年: 50個)基點的升降, 代表管理層對利率可能合理變動的評估。

就非衍生銀行借貸而言, 倘利率上升/下跌50個基點, 而所有其他變數維持不變, 則本集團及本公司的是年度稅前盈利將分別減少/增加8,949,000港元及7,318,000港元(二零一零年: 10,100,000港元及7,661,000港元)。

就衍生金融工具而言, 倘香港銀行同業拆息上升50個基點, 而所有其他變數維持不變, 則本集團及本公司的是年度稅前盈利將增加相同金額8,192,000港元(二零一零年: 13,216,000港元), 反之亦然。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**34. FINANCIAL INSTRUMENTS (continued)**

**(b) Financial risk management objectives and policies (continued)**

**Credit risk**

As at 31st August, 2011, the maximum exposure to credit risk by the Group and the Company which will cause a financial loss due to failure to discharge an obligation by the counterparties and financial guarantees provided is arising from:

- the carrying amounts of the recognised financial assets as stated in the statements of financial position; and
- the amount of contingent liabilities in relation to financial guarantees issued by the Company as disclosed in note 37.

In order to manage the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Credit sales of products are only made to customers with good credit quality and repayment history. In addition, the Group regularly reviews the recoverable amount of debt on both collective and individual basis to ensure that adequate impairment losses are made for irrecoverable amounts. During the year, a net impairment loss of HK\$8,245,000 in respect of the trade receivables was reversed by the Group whereas a net impairment loss of HK\$24,870,000 was recognised for the year ended 31st August, 2010. Furthermore, the Company only provides financial guarantees to its subsidiaries after a careful consideration of its subsidiaries' financial conditions. In this regard, the directors of the Company consider that the Group's and the Company's credit risk are significantly reduced.

The credit risk on liquid funds of the Group and the Company is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

**34. 金融工具(續)**

**(b) 財務風險管理目標及政策(續)**

**信貸風險**

於二零一一年八月三十一日，本集團及本公司因對手方未能履行責任及提供財務擔保而導致財務損失的最高信貸風險乃因以下各項產生：

- 財務狀況表所呈列已確認金融資產的賬面值；及
- 附註37所披露有關本公司所發出財務擔保之或然負債的款額。

為管理其信貸風險，本集團的管理層已委派一組人員負責釐定信貸限額、信貸審批及其他監控程序，以確保採取跟進行動收回逾期債項。產品信貸銷售僅提供予具有良好信貸質素及還款記錄的客戶。此外，本集團會定期按集體及個別基準檢討債項的可收回款額，以確保就無法收回款額作出足夠的減值損失。年內，本集團已就營業應收款項撥回減值損失淨值8,245,000港元，而於截至二零一零年八月三十一日止年度則確認減值損失淨值24,870,000港元。此外，本公司僅於審慎考慮其附屬公司的財務狀況後方向其附屬公司提供財務擔保。就此而言，本公司董事認為本集團及本公司的信貸風險已大幅減低。

本集團及本公司的流動資金信貸風險有限，因對手方均為國際信貸評級機構給予高信貸評級的銀行。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**34. FINANCIAL INSTRUMENTS (continued)**

**(b) Financial risk management objectives and policies (continued)**

**Credit risk (continued)**

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group and the Company has no significant concentration of credit risk with exposure spread over a number of counterparties.

**Liquidity risk**

In the management of the liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank borrowings and ensures compliance with the relevant loan covenants.

Other than equity, the Group and the Company relies on bank borrowings as a significant source of liquidity. As at 31st August, 2011, the available unutilised banking facilities of the Group and the Company are approximately HK\$2,315 million and HK\$113 million (2010: HK\$1,932 million and HK\$713 million), respectively.

The following tables detail the Group's and the Company's remaining contractual maturity for their non-derivative financial liabilities and derivatives financial liabilities (including foreign currency forward contracts and interest rate swaps contracts) based on the agreed repayment terms. For non-derivative financial liabilities, the tables have been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

**34. 金融工具(續)**

**(b) 財務風險管理目標及政策(續)**

**信貸風險(續)**

除存放於若干高信貸評級銀行的流動資金外，本集團及本公司並無面對重大集中信貸風險，因風險分散於多個對手方。

**流動資金風險**

於管理流動資金風險時，本集團與本公司會監察及維持管理層視為足夠水平的現金及等同現金項目，以撥付本集團及本公司營運所需及減低現金流量波動的影響。管理層會監察銀行借貸的運用情況，並確保遵守相關貸款契諾。

除權益外，本集團及本公司倚賴銀行借貸作為主要流動資金來源。於二零一一年八月三十一日，本集團及本公司的可動用但未運用的銀行信貸額分別約為2,315,000,000港元及113,000,000港元（二零一零年：1,932,000,000港元及713,000,000港元）。

下表詳列根據議定償還條款本集團及本公司非衍生金融負債及衍生金融負債(包括遠期外匯合約及利率掉期合約)的餘下合同到期情況。就非衍生金融負債，該表乃按照本集團及本公司可能被要求付款的最早日期根據金融負債的未貼現現金流量編製。該表包括利息及本金現金流量。在利息流採用浮動利率之限度內，未貼現金額乃由報告期終之利率得出。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**34. FINANCIAL INSTRUMENTS (continued)**

**(b) Financial risk management objectives and policies (continued)**

**Liquidity risk (continued)**

For derivative instruments settled on a net basis, undiscounted net cash flows are presented. Whereas they require gross settlement, the undiscounted gross outflow (inflow) on these derivatives are shown on the tables.

**THE GROUP**

**34. 金融工具(續)**

**(b) 財務風險管理目標及政策(續)**

**流動資金風險(續)**

淨額結算的衍生工具，以未貼現現金流量淨值呈列。如需以總額結算，該等衍生工具的未貼現流出(流入)總額載列於下表。

**本集團**

		Weighted average effective interest rate	Less than 1 month or on demand	1-3 months	3 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount at
								31st August, 2011
								於二零一一年 八月三十一日 的賬面值
		%	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
<b>2011</b>	二零一一年							
<b>Non-derivative financial liabilities</b>	非衍生金融負債							
Trade, bills and other payables	營業、票據及其他應付款項	-	398,864	252,123	102,450	-	753,437	753,437
Amounts due to non-controlling shareholders	欠非控股股東款項	-	80,100	-	-	-	80,100	80,100
Consideration payable	應付代價	3.70	23,573	-	-	-	23,573	23,501
Bank borrowings	銀行借貸							
- fixed rate	一定息	3.76	71,765	201,961	141,785	-	415,511	409,518
- variable rate	一浮息	2.34	104,938	288,859	675,270	780,356	1,849,423	1,789,868
			679,240	742,943	919,505	780,356	3,122,044	3,056,424
<b>Derivatives - net settlement</b>	衍生工具—以淨額結算							
Interest rate swaps	利率掉期	0.02	-	5,606	18,339	21,650	45,595	45,583
Foreign currency forward contracts	遠期外匯合約	-	-	-	108	-	108	108
			-	5,606	18,447	21,650	45,703	45,691

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**34. FINANCIAL INSTRUMENTS (continued)**

**(b) Financial risk management objectives and policies (continued)**

**Liquidity risk (continued)**

**THE GROUP**

**34. 金融工具(續)**

**(b) 財務風險管理目標及政策(續)**

**流動資金風險(續)**

**本集團**

		Weighted average effective interest rate	Less than 1 month or on demand	1-3 months	3 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount at 31st August, 2010 於二零一零年 八月三十一日 的賬面值
		加權平均 有效利率 %	少於一個月 或應要求 HK\$'000 千港元	一至三個月 HK\$'000 千港元	三個月 至一年 HK\$'000 千港元	超過一年 HK\$'000 千港元	未貼現現金 流量總值 HK\$'000 千港元	HK\$'000 千港元
<b>2010</b>	<b>二零一零年</b>							
<b>Non-derivative financial liabilities</b>	<b>非衍生金融負債</b>							
Trade, bills and other payables	營業、票據及 其他應付款項	-	448,131	308,232	196,057	252	952,672	952,672
Amounts due to non-controlling shareholders	欠非控股股東款項	-	80,100	-	-	-	80,100	80,100
Consideration payable	應付代價	3.70	-	35,630	23,501	-	59,131	58,446
Bank borrowings	銀行借貸							
- fixed rate	- 定息	3.72	2,632	254,926	288,650	-	546,208	539,335
- variable rate	- 浮息	1.87	268,220	611,661	209,352	969,556	2,058,789	2,016,531
Bank overdrafts	銀行透支	6.81	3,405	-	-	-	3,405	3,386
			802,488	1,210,449	717,560	969,808	3,700,305	3,650,470
<b>Derivatives - net settlement</b>	<b>衍生工具-以淨額結算</b>							
Interest rate swaps	利率掉期	0.07	-	5,718	12,159	36,550	54,427	54,389
<b>Derivatives - gross settlement</b>	<b>衍生工具-以總額結算</b>							
Foreign currency forward contracts	遠期外匯合約							
- outflow	- 流出	-	23,344	62,250	54,469	-	140,063	N/A
- inflow	- 流入	-	(23,307)	(61,927)	(54,056)	-	(139,290)	N/A
			37	323	413	-	773	773



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

34. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

THE COMPANY

	Weighted average effective interest rate	Less than 1 month or on demand	1-3 months	3 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount at 31st August, 2011
	加權平均 有效利率 %	少於一個月 或應要求 HK\$'000 千港元	一至三個月 HK\$'000 千港元	三個月 至一年 HK\$'000 千港元	超過一年 HK\$'000 千港元	未貼現現金 流量總值 HK\$'000 千港元	於二零一一年 八月三十一日 的賬面值 HK\$'000 千港元
<b>2011</b>							
<b>Non-derivative financial liabilities</b>							
Other payables	-	16	-	-	-	16	16
Amounts due to subsidiaries	-	1,031,238	-	-	-	1,031,238	1,031,238
Bank borrowings – variable rate	2.08	100,057	174,842	517,661	724,120	1,516,680	1,463,554
Financial guarantee contracts	-	3,145,341	-	-	-	3,145,341	-
		<u>4,276,652</u>	<u>174,842</u>	<u>517,661</u>	<u>724,120</u>	<u>5,693,275</u>	<u>2,494,808</u>
<b>Derivatives – net settlement</b>							
Interest rate swaps	0.02	-	5,606	18,339	21,650	45,595	45,583

34. 金融工具(續)

(b) 財務風險管理目標及政策(續)

流動資金風險(續)

本公司

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**34. FINANCIAL INSTRUMENTS (continued)**

**(b) Financial risk management objectives and policies (continued)**

**Liquidity risk (continued)**

**THE COMPANY**

	Weighted average effective interest rate	Less than 1 month or on demand	1-3 months	3 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount at 31st August, 2010 於二零一零年 八月三十一日 的賬面值
	加權平均 有效利率 %	少於一個月 或應要求 HK\$'000 千港元	一至三個月 HK\$'000 千港元	三個月 至一年 HK\$'000 千港元	超過一年 HK\$'000 千港元	未貼現現金 流量總值 HK\$'000 千港元	八月三十一日 的賬面值 HK\$'000 千港元
<b>2010</b>							
<b>Non-derivative financial liabilities</b>							
Amounts due to subsidiaries		-	668,485	-	-	-	668,485
Bank borrowings – variable rate	1.60	212,052	427,495	37,544	886,698	1,563,789	1,532,211
Financial guarantee contracts		-	2,561,344	-	-	-	-
			3,441,881	427,495	37,544	886,698	4,793,618
							2,200,696
<b>Derivatives – net settlement</b>							
Interest rate swaps	0.07	-	5,718	12,159	36,550	54,427	54,389

The amounts included above for financial guarantee contracts are the maximum amounts the Company could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

**34. 金融工具 (續)**

**(b) 財務風險管理目標及政策 (續)**

**流動資金風險 (續)**

**本公司**

上述財務擔保合約金額包括倘擔保對手方就全數擔保金額提出申索，則本公司根據有關安排可被要求償付之最高金額。根據於報告期終之預期，本公司認為較可能毋須根據有關安排支付任何金額。然而，此預期可能改變，視乎對手方根據擔保提出申索之可能性，而此可能性則須視乎對手方持有並受擔保之財務應收款項承受信貸虧損之可能性而定。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**34. FINANCIAL INSTRUMENTS (continued)**

**(b) Financial risk management objectives and policies (continued)**

**Liquidity risk (continued)**

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

**(c) Fair value**

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of derivative financial instruments are calculated using generally accepted pricing models based on quoted forward exchange rates and discounted cash flow analysis based on the applicable yield curves of interest rates provided by counterparty financial institutions.
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the statements of financial position approximate their fair values.

**Fair value measurement recognised in the statements of financial position**

Financial instruments that are measured subsequent to initial recognition at fair value and grouped into Level 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) on active market for identical assets or liabilities.

**34 金融工具(續)**

**(b) 財務風險管理目標及政策(續)**

**流動資金風險(續)**

倘浮動利率之變動有別於於報告期終所釐定之利率估計變動，則上述非衍生之金融負債浮息工具之金額可能改變。

**(c) 公平價值**

金融資產及金融負債的公平價值乃按以下釐定：

- 衍生金融工具的公平價值乃按公認定價模式，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。
- 其他金融資產及金融負債的公平價值乃根據公認定價模式按貼現現金流量分析而釐定。

董事認為在財務狀況表內以攤銷成本入賬的金融資產及金融負債的賬面值與彼等的公平價值相若。

**於財務狀況表確認之公平價值計量**

於首次確認後以公平價值計量之金融工具並按照其可觀察公平價值程度分為一至三級。

- 第一級公平價值計量乃自相同資產或負債於活躍市場中之報價(未經調整)得出。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**34. FINANCIAL INSTRUMENTS (continued)**

**(c) Fair value (continued)**

**Fair value measurement recognised in the statements of financial position (continued)**

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At the end of the reporting period, all of the Group's and the Company's derivative financial instruments are grouped into Level 2 category.

There were no transfers between the three Levels during the year.

**35. CAPITAL COMMITMENTS**

Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:

- acquisition of property, plant and equipment
- additions to intangible assets

已簽約但於綜合財務報表未有作出撥備之資本開支：

- 購買物業、機器及設備
- 添置無形資產

THE GROUP	
本集團	
2011	2010
HK\$'000	HK\$'000
千港元	千港元

7,432	34,777
1,386	–
<b>8,818</b>	<b>34,777</b>

Capital expenditure in respect of the acquisition of property, plant and equipment authorised but not contracted for

就有關購買物業、機器及設備的已批准但未簽約的資本開支

<b>7,540</b>	<b>29,612</b>
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The Company had no significant capital commitments at the end of the reporting period.

**34. 金融工具(續)**

**(c) 公平價值(續)**

於財務狀況表確認之公平價值計量(續)

- 第二級公平價值計量乃除第一級所包括之報價外，自資產或負債可直接(即價格)或間接(自價格衍生)觀察之輸入數據得出。
- 第三級公平價值計量乃以使用計入並非根據可觀察市場數據之資產或負債之輸入數據(無法觀察輸入數據)之估值方法得出。

於報告期終，本集團及本公司所有衍生金融工具均歸類為第二級類別。

年內並無於三個級別之間作出轉撥。

**35. 資本承擔**

於報告期終，本公司並無重大的資本承擔。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**36. OPERATING LEASES**

The Group as lessee

**36. 營運租賃**

本集團作為承租人

		THE GROUP	
		本集團	
		2011	2010
		HK\$'000	HK\$'000
		千港元	千港元
Minimum lease payments paid under operating leases during the year:	是年度就營運租賃而支付的最低租賃支出：		
Land and buildings	土地及樓宇	<b>52,745</b>	46,639
Plant and machinery	廠房機器	<b>10,996</b>	13,389
		<b>63,741</b>	60,028

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

於報告期終，本集團就不可取消營運租賃的未來最低租賃支出承擔於下列到期日支付：

		THE GROUP			
		本集團			
		2011		2010	
		Land and buildings	Plant and machinery	Land and buildings	Plant and machinery
		土地及樓宇	廠房機器	土地及樓宇	廠房機器
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Within one year	一年內	<b>54,756</b>	<b>6,360</b>	48,083	7,754
In the second to fifth year inclusive	第二年至第五年內 (首尾兩年包括在內)	<b>134,605</b>	<b>22,419</b>	112,299	21,861
Over five years	五年以上	<b>74,340</b>	<b>5,494</b>	46,147	10,459
		<b>263,701</b>	<b>34,273</b>	206,529	40,074

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**36. OPERATING LEASES (continued)**

**The Group as lessee (continued)**

Operating lease payments represent rentals payable by the Group for certain of its office premises, factories, and plant and machinery. Leases are negotiated for terms ranging from one to twenty five years for land and buildings and from two to ten years for plant and machinery. There is no contingent rental arrangement.

**The Group as lessor**

Gross rental income earned from investment properties of the Group during the year ended 31st August, 2010 was HK\$2,849,000 (2011: Nil). The related outgoings amounted to HK\$259,000 (2011: Nil).

The Group had no operating lease arrangements at the end of the reporting period.

The Company had no significant operating lease commitments or arrangements at the end of the reporting period.

**37. CONTINGENT LIABILITIES**

**THE COMPANY**

The Company has given limited guarantees to various banks to secure general banking and loan facilities granted to certain subsidiaries to the extent of HK\$3,145,341,000 (2010: HK\$2,561,344,000). As at 31st August, 2011, the aggregate amounts utilised by these subsidiaries amounted to HK\$1,006,838,000 (2010: HK\$1,375,631,000).

**36. 營運租賃(續)**

**本集團作為承租人(續)**

營運租賃支出乃本集團就其若干辦公室、工廠機器及機械的應付租金。經磋商的租賃年期就土地及樓宇乃介乎一至二十五年之間，就廠房機器則介乎二至十年之間。並未有或然租金安排。

**本集團作為出租人**

截至二零一零年八月三十一日止年度，本集團就投資物業所賺得的租金收入總值為2,849,000港元(二零一一年：無)。其有關的支出為259,000港元(二零一一年：無)。

於報告期終，本集團並無經營租賃安排。

於報告期終，本公司並無重大的營運租賃承擔或安排。

**37. 或然負債**

**本公司**

本公司已向多間銀行給予有限制的擔保至為3,145,341,000港元(二零一零年：2,561,344,000港元)，作為該等銀行給予若干附屬公司一般貸款及借款的抵押。於二零一一年八月三十一日，該等附屬公司已運用的總額為1,006,838,000港元(二零一零年：1,375,631,000港元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

38. DISPOSAL OF SUBSIDIARIES

During the current year, the Group deregistered its 80% owned subsidiary, Fountain Set Textiles (B.C.) Limited ("Fountain Set Textiles (B.C.)"), and disposed of its entire 100% interests in wholly-owned subsidiaries, namely Futian Properties Limited ("Futian Properties" and formerly known as Fountain Set Properties Limited), Futian Development Limited ("Futian Development" and formerly known as Fountain Set Development Limited), Intracord Company Limited ("Intracord") and 韶關市滙業紡織有限公司("韶關滙業") to certain independent third parties. During the year ended 31st August, 2010, the Group deregistered its wholly-owned subsidiary, 肇慶市滙華紡織有限公司.

The net assets of these disposed subsidiaries at the respective dates of disposal were as follows:

38. 出售附屬公司

於是年度，本集團取消註冊其擁有80%之附屬公司Fountain Set Textiles (B.C.) Limited (「Fountain Set Textiles (B.C.)」) 及出售其全資附屬公司福田地產有限公司(「福田地產」，英文名稱已更改)、福田發展有限公司(「福田發展」，英文名稱已更改)、Intracord Company Limited (「Intracord」) 及韶關市滙業紡織有限公司(「韶關滙業」)之全部權益予多名獨立第三方。截至二零一零年八月三十一日止年度，本集團已取消註冊其全資附屬公司肇慶市滙華紡織有限公司。

該等已出售之附屬公司於各自出售日期之資產淨值載列如下：

		Fountain Set Textiles (B.C.)	Futian Properties	Futian Development	Intracord and 韶關滙業	2011 Total	2010 Total
		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
<b>Cash consideration received and cash inflow arising on disposal</b>	已收現金代價及出售時產生之現金流入	-	32,221	13,809	570	46,600	-
<b>Analysis of assets and liabilities over which control was lost:</b>	已失去資產及負債控制權之分析：						
Property, plant and equipment	物業、機器及設備	-	27,427	-	201	27,628	-
Prepaid lease payments	預付租賃款項	-	1,006	2,641	-	3,647	-
Trade and other receivables	營業及其他應收款項	-	-	-	2,227	2,227	-
Trade and other payables	營業及其他應付款項	-	-	(141)	(1,807)	(1,948)	-
		-	28,433	2,500	621	31,554	-
<b>Gain (loss) on disposal of subsidiaries:</b>	出售附屬公司之所得收益(虧損)：						
Consideration received	已收代價	-	32,221	13,809	570	46,600	-
Net assets disposed of	所出售之資產淨值	-	(28,433)	(2,500)	(621)	(31,554)	-
Translation reserve released	撥回匯兌儲備	5,782	-	-	(616)	5,166	766
Gain (loss) on disposal	出售收益(虧損)	5,782	3,788	11,309	(667)	20,212	766

The above disposed subsidiaries had no significant impact on the Group's results and cash flows in the current and prior periods.

上述已出售之附屬公司並無對本集團於本期間及過往期間之業績及現金流量造成重大影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

*For the year ended 31st August, 2011*  
截至二零一一年八月三十一日止年度

**39. RETIREMENT BENEFIT SCHEMES**

The Group operates a defined contribution scheme registered under the Occupational Retirement Schemes Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Scheme Ordinance for all the eligible employees of the Group in Hong Kong. The assets of both schemes are held separately from those of the Group in funds under the control of trustees. The retirement benefits cost charged to the profit or loss represents the contributions payable to the funds by the Group at rates specified in the rules of the schemes.

Employees of the Group in other jurisdictions currently participate in state-sponsored pension scheme or defined contribution schemes operated by the Government of such jurisdictions. The Group are required to contribute a certain percentage of their payroll to the schemes to fund the benefits. The only obligation of the Group with respect to the schemes is to make the required contributions.

During both years, there was no significant forfeited contribution, which arose upon employees leaving the retirement benefits schemes, available to reduce the contribution payable in the future years.

The retirement benefits scheme contributions, net of forfeited contributions of HK\$415,000 (2010: HK\$324,000), amounting to HK\$36,724,000 (2010: HK\$27,748,000) have been charged to profit or loss for the year and included in employee benefits expense as set out in note 8.

**39. 退休福利計劃**

本集團根據職業退休計劃條例註冊成立一項定額供款計劃（「職業退休計劃」）及根據強制性公積金計劃條例設立一項強制性公積金計劃（「強積金計劃」）予所有合資格的本集團香港僱員。這兩個計劃的資產乃由信託人獨立持有及管理。在損益內扣除的退休福利成本乃本集團根據計劃既定比率計算的應付供款。

本集團其他司法地區的僱員現正參與該司法地區政府營運的國家退休福利計劃或定額供款計劃。本集團須將僱員薪酬的若干百分比供款予該等計劃作為福利基金。本集團對該等計劃的唯一責任是按規定作出供款。

兩個年度，因僱員退出退休福利計劃而沒收的供款並不重大，此款項並可用作扣減未來年度的應付供款。

已於本年度在損益內扣除的退休福利計劃供款金額淨值為36,724,000港元（二零一零年：27,748,000港元），當中已扣減沒收的供款415,000港元（二零一零年：324,000港元），並已計入附註8所載之僱員福利開支內。



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**40. RELATED AND CONNECTED PARTIES  
DISCLOSURES**

**(a) Related party balances**

Details of the Group's outstanding balances with related parties are set out in the consolidated statement of financial position and in note 25.

Details of the Company's outstanding balances with related parties are set out in the statement of financial position and in note 15.

**(b) Connected party transactions**

**Name of connected party**

關連人士名稱

**Nature of transactions**

交易性質

**2011**

**HK\$'000**

千港元

The FM Group (note i) FM集團(附註i)	Sale of fabrics, yarns and similar items 售賣布料、紗及類似產品	<b>84,114</b>
The AH Group (note ii) AH集團(附註ii)	Sale of fabrics, yarns and similar items 售賣布料、紗及類似產品	<b>80,959</b>
The LFK Group (note iii) LFK集團(附註iii)	Sale of fabrics, yarns and similar items 售賣布料、紗及類似產品	<b>75,650</b>
Factory Co (note iv) 織廠公司(附註iv)	Provision of fabrics knitting services by Factory Co 織廠公司提供針織加工服務	<b>25,860</b>

**40. 相關及關連人士的披露**

**(a) 相關人士的結餘**

本集團與相關人士的結餘詳情載列於綜合財務狀況表及附註25內。

本公司與相關人士的結餘詳情載列於財務狀況表及附註15內。

**(b) 關連人士交易**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**40. RELATED AND CONNECTED PARTIES  
DISCLOSURES (continued)**

**(b) Connected party transactions (continued)**

Notes:

- (i) On 10th December, 2010, the Company and Mr. Feroz Omar ("Mr. Feroz") entered into a master agreement (the "FM Master Sales Agreement") regarding the sales of fabrics, yarns and similar items by the Group to the FM Group. Mr. Feroz is a director of a non-wholly owned subsidiary of the Company, and accordingly a connected person of the Company under the Listing Rules. The FM Group includes companies which Mr. Feroz or/and his relatives who are persons referred to in Rules 14A.11(4)(b)(i) and 14A.11(4)(c)(i) of the Listing Rules individually or together exercise or control the exercise of more than half of the voting power at general meetings or control the composition of a majority of the board of directors and hence the FM Group are associates of Mr. Feroz. The transactions under the FM Master Sales Agreement constitute continuing connected transactions of the Company under the Listing Rules.

The FM Master Sales Agreement is for a term commencing from 20th January, 2011 to 31st August, 2013.

The extent of these connected transactions did not exceed the annual cap of HK\$88,000,000 for the year ended 31st August, 2011 as set out in an announcement of the Company dated 10th December, 2010.

- (ii) On 10th December, 2010, the Company and Mr. Anil Kumar Lalchand Hirdaramani ("Mr. Hirdaramani") entered into a master agreement (the "AH Master Sales Agreement") regarding the sales of fabrics, yarns and similar items by the Group to the AH Group. Mr. Hirdaramani is a director of a non-wholly owned subsidiary of the Company, and accordingly a connected person of the Company under the Listing Rules. The AH Group includes companies which Mr. Hirdaramani or/and his relatives who are persons referred to in Rules 14A.11(4)(b)(i) and 14A.11(4)(c)(i) of the Listing Rule individually or together exercise or control the exercise of more than half of the voting power at general meetings or control the composition of a majority of the board of directors and hence the AH Group are associates of Mr. Hirdaramani. The transactions under the AH Master Sales Agreement constitute continuing connected transactions of the Company under the Listing Rules.

**40. 相關及關連人士的披露(續)**

**(b) 關連人士交易(續)**

附註：

- (i) 於二零一零年十二月十日，本公司與Feroz Omar先生（「Feroz先生」）就本集團向FM集團出售布料、紗及類似產品訂立總協議（「FM總銷售協議」）。Feroz先生為本集團一間非全資附屬公司之董事，根據上市規則，彼為本公司之關連人士。FM集團之成員公司包括由Feroz先生或／及其於上市規則第14A.11(4)(b)(i)條及第14A.11(4)(c)(i)條所述之親屬可在該等公司的股東大會上個別地或共同地行使或控制行使過半數以上的表決權，或控制該等公司的董事會大部分成員的公司，因此FM集團為Feroz先生之聯繫人士。根據上市規則，FM總銷售協議之交易構成本公司之持續關連交易。

FM總銷售協議為期限由二零一一年一月二十日起至二零一三年八月三十一日止。

該等關連交易並無超過本公司日期為二零一零年十二月十日之公佈所載截至二零一一年八月三十一日止年度之年度上限88,000,000港元。

- (ii) 於二零一零年十二月十日，本公司與Anil Kumar Lalchand Hirdaramani先生（「Hirdaramani先生」）就本集團向AH集團出售布料、紗及類似產品訂立總協議（「AH總銷售協議」）。Hirdaramani先生為本公司一間非全資附屬公司之董事，根據上市規則，彼為本公司之關連人士。AH集團之成員公司包括由Hirdaramani先生或／及其於上市規則第14A.11(4)(b)(i)條及第14A.11(4)(c)(i)條所述之親屬可在該等公司股東大會上個別地或共同地行使或控制行使過半數以上的表決權，或控制該等公司董事會大部分成員的公司，因此AH集團為Hirdaramani先生之聯繫人士。根據上市規則，AH總銷售協議之交易構成本公司之持續關連交易。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**40. RELATED AND CONNECTED PARTIES  
DISCLOSURES (continued)**

**(b) Connected party transactions (continued)**

Notes: (continued)

(ii) (continued)

The AH Master Sales Agreement is for a term commencing from 20th January, 2011 to 31st August, 2013.

The extent of these connected transactions did not exceed the annual cap of HK\$100,000,000 for the year ended 31st August, 2011 as set out in an announcement of the Company dated 10th December, 2010.

(iii) On 10th December, 2010, the Company and LFK (Holdings) Limited ("LFK") entered into a master agreement (the "LFK Master Sales Agreement") regarding the sale of fabrics, yarns and similar items by the Group to members of the LFK Group (i.e. LFK and its subsidiaries). As the relatives who are persons referred to in Rule 14A.11(4)(c)(i) of the Listing Rules of a director of the Company, Mr. HA Kam On, Victor, together exercise or control the exercise of more than half of the voting power at general meetings or control the composition of a majority of the board of directors of LFK, members of the LFK Group are associates of that director of the Company under the Listing Rules and the transactions under the LFK Master Sales Agreement constitute continuing connected transactions of the Company under the Listing Rules.

The LFK Master Sales Agreement is for a term commencing from 20th January, 2011 to 31st August, 2013.

The extent of these connected transactions did not exceed the annual cap of HK\$165,000,000 for the year ended 31st August, 2011 as set out in an announcement of the Company dated 10th December, 2010.

**40. 相關及關連人士的披露 (續)**

**(b) 關連人士交易 (續)**

附註：(續)

(ii) (續)

AH總銷售協議為期限由二零一一年一月二十日起至二零一三年八月三十一日止。

該等關連交易並無超過本公司日期為二零一零年十二月十日之公佈所載截至二零一一年八月三十一日止年度之年度上限100,000,000港元。

(iii) 於二零一零年十二月十日，本公司與LFK (Holdings) Limited (「LFK」) 就本集團向LFK集團成員公司(即LFK及其附屬公司)出售布料、紗及類似產品訂立總協議(「LFK總銷售協議」)。由於本公司董事夏錦安先生於上市規則第14A.11(4)(c)(i)條所述之親屬可在LFK股東大會上共同地行使或控制行使過半數以上的表決權，或控制LFK董事會大部分成員的公司，因此根據上市規則，LFK集團之成員公司為該名董事之聯繫人士，因此根據上市規則，LFK總銷售協議之交易構成本公司之持續關連交易。

LFK總銷售協議為期限由二零一一年一月二十日起至二零一三年八月三十一日止。

該等關連交易並無超過本公司日期為二零一零年十二月十日之公佈所載截至二零一一年八月三十一日止年度之年度上限165,000,000港元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31st August, 2011  
截至二零一一年八月三十一日止年度

**40. RELATED AND CONNECTED PARTIES  
DISCLOSURES (continued)**

**(b) Connected party transactions (continued)**

Notes: (continued)

- (iv) On 10th December, 2010, the Company and 江陰滙堅針織有限公司 ("Factory Co") entered into a master agreement (the "Master Services Agreement") regarding the provision of fabrics knitting services by Factory Co to the Group. As Factory Co is owned as to 51% by the brother of a director of certain subsidiaries in the Group, it is an associate of that director under the Listing Rules. The transactions under the Master Services Agreement constitute continuing connected transactions of the Company under the Listing Rules.

The Master Services Agreement is for a term commencing from 20th January, 2011 to 31st August, 2013.

The extent of these connected transactions did not exceed the annual cap of HK\$39,000,000 for the year ended 31st August, 2011 as set out in an announcement of the Company dated 10th December, 2010.

**(c) Compensation of key management personnel**

The remuneration of directors and other members of key management during the year was as follows:

		<b>THE GROUP</b>	
		本集團	
		2011	2010
		HK\$'000	HK\$'000
		千港元	千港元
Short-term benefits	短期福利	28,731	27,513
Post-employment benefits	離職後福利	920	921
Equity-settled share-based payments	以權益結算以股份為基礎之付款	2,840	-
		32,491	28,434

The remunerations of directors and key management are decided by the board of directors and reviewed by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

**40. 相關及關連人士的披露 (續)**

**(b) 關連人士交易 (續)**

附註：(續)

- (iv) 於二零一零年十二月十日，本公司與江陰滙堅針織有限公司 (「織廠公司」) 就織廠公司向本集團提供針織加工服務訂立總協議 (「總服務協議」)。由於織廠公司由本集團若干附屬公司之一名董事之弟弟擁有51%股權，因此根據上市規則，織廠公司為該名董事之聯繫人士。根據上市規則，總服務協議之交易構成本公司之持續關連交易。

總服務協議為期限由二零一一年一月二十日起至二零一三年八月三十一日止。

該等關連交易並無超過本公司日期為二零一零年十二月十日之公佈所載截至二零一一年八月三十一日止年度之年度上限39,000,000港元。

**(c) 主要管理人員的補償**

本年度董事及其他主要管理人員的薪酬如下：

董事及主要管理人員之酬金由董事會參照本公司之營運業績、個別表現及可比較市場統計數字而釐定，並由薪酬委員會審閱。

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## CONTENTS

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	<i>Page</i>
<b>Definitions .....</b>	<b>1</b>
<b>Letter from the Board .....</b>	<b>4</b>
<b>Letter from the Independent Board Committee .....</b>	<b>17</b>
<b>Letter from the Independent Financial Adviser .....</b>	<b>18</b>
<b>Notice of EGM .....</b>	<b>38</b>
<b>Appendix I – General information .....</b>	<b>40</b>
<b>Appendix II – Financial information on the Group .....</b>	<b>51</b>

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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Fountain Set (Holdings) Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

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**福田實業(集團)有限公司**

**Fountain Set (Holdings) Limited**

*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 420)**

**SUBSCRIPTION OF NEW SHARES  
APPLICATION FOR WHITEWASH WAIVER  
AND  
NOTICE OF EGM**

**Independent financial adviser to  
the Independent Board Committee and the Independent Shareholders**

**Piper Jaffray**

**Piper Jaffray Asia Limited**

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A letter from the Board is set out on pages 4 to 16 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on page 17 of this circular. A letter from Piper Jaffray Asia Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 37 of this circular.

A notice convening the EGM to be held at Meeting Room 727, Units 751-759, 7/F, KITEC, 1 Trademart Drive, Kowloon Bay, Hong Kong on Thursday, 10 May 2012 at 10:00 a.m. is set out on pages 38 to 39 of this circular. A form of proxy for use at the EGM is enclosed herewith. Whether or not you are able to attend the EGM, you are requested to complete and return the form of proxy accompanying this circular in accordance with the instructions printed thereon and return the same to the Company's share registrar, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any adjournment thereof should you so wish.

Hong Kong, 24 April 2012