



福田實業(集團)有限公司

Fountain Set (Holdings) Limited

The World's Finest Circular Knits. Since 1969.

世界優質圓筒針織，始於1969

SEHK: 420



2012₂
Second Interim Report
第二次中期報告

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

GROUP PROFILE

About Fountain Set (Holdings) Limited

Fountain Set (Holdings) Limited and its subsidiaries are recognized in the industry as one of the world's largest circular knitted fabric manufacturers and has long been a driving force in the global market through its vertically integrated operations in spinning, knitting, dyeing, printing and finishing. The Group's product range also includes dyed yarns, sewing threads and garments. As a major fabric supplier to garment manufacturers in over 40 countries that supply to internationally renowned retail brands, Fountain Set Group's worldwide sales reached HK\$7.0 billion (US\$897 million) for the twelve months ended 31 August 2012.

Headquartered in Hong Kong and listed on The Stock Exchange of Hong Kong Limited, Fountain Set (Holdings) Limited (SEHK: 420) has production facilities in the PRC, Sri Lanka and Indonesia, with marketing and representative offices in 5 countries and a global staff force of over 13,200.

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

集團簡介

有關福田實業(集團)有限公司

福田實業(集團)有限公司及其附屬公司被業界譽為世界最大的圓筒針織布料生產商之一，並一直通過提供紡紗、針織、染色、印花及整理等高度垂直之綜合服務而成為環球紡織行業的翹楚。集團產品亦包括色紗、縫紉線及成衣。作為主要布料供應商，集團向超過40個國家的成衣製造商提供布料，以供應成衣至國際知名的零售品牌。集團於截至2012年8月31日止12個月的環球銷售額達70億港元(8.97億美元)。

福田實業(集團)有限公司之總部位於香港，並於香港聯合交易所有限公司上市(香港聯交所編號：420)，在中國、斯里蘭卡及印尼設有生產設施；海外市場推廣辦事處／代表處分佈五個國家，全球僱員超過13,200人。

欲知更多集團資料，請瀏覽 www.fshl.com

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 簡明綜合財務報表審閱報告

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF FOUNTAIN SET (HOLDINGS) LIMITED

(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Fountain Set (Holdings) Limited (the "Company") and its subsidiaries set out on pages 2 to 29, which comprises the condensed consolidated statement of financial position as of 31 August 2012 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the twelve-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 October 2012

致福田實業(集團)有限公司董事會

(於香港註冊成立之有限公司)

引言

本行已審閱載於第2至29頁之福田實業(集團)有限公司(「貴公司」)及其附屬公司之簡明綜合財務報表,當中包括於2012年8月31日之簡明綜合財務狀況報表,以及截至該日止12個月期間之相關簡明綜合收益表、全面收益表、權益變動表及現金流量表,以及若干附註解釋。香港聯合交易所有限公司主板證券上市規則規定,編製中期財務資料之報告須遵守其項下相關條文,以及香港會計師公會頒佈之香港會計準則第34號「中期財務申報」(「香港會計準則第34號」)。貴公司董事須負責根據香港會計準則第34號編製及呈列該等簡明綜合財務報表。本行之責任乃根據本行之審閱結果就該等簡明綜合財務報表提出結論,並按照與本行協定之聘用條款,僅向閣下全體報告。除此以外,本報告不作其他用途。本行概不就本報告之內容對任何其他人士負責或承擔法律責任。

審閱範圍

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

結論

根據本行之審閱,本行並無發現任何事項致使本行相信該等簡明綜合財務報表未有於各重大方面根據香港會計準則第34號編製。

德勤•關黃陳方會計師行
執業會計師
香港
2012年10月26日

Condensed Consolidated Income Statement 簡明綜合收益表

For the twelve months ended 31 August 2012
截至2012年8月31日止12個月

		Twelve months ended 截至下列日期止12個月		
		31 August 8月31日		
		2012 2012年 HK\$'000 千港元 (unaudited) (未經審核)	2011 2011年 HK\$'000 千港元 (audited) (已經審核)	
	Notes 附註			
Revenue	營業額	3	6,959,620	7,593,889
Cost of sales	銷售成本		(6,407,547)	(6,429,052)
Gross profit	毛利		552,073	1,164,837
Other income and gains	其他收入及收益		96,395	54,967
Distribution and selling expenses	分銷及銷售費用		(229,163)	(189,496)
Administrative expenses	行政費用		(666,965)	(613,459)
Other expenses	其他費用		(2,899)	(22,281)
Finance costs	融資成本	4	(71,922)	(71,589)
Net gain on disposal of subsidiaries	出售附屬公司之所得 收益淨額	19	43,111	20,212
(Loss) profit before taxation	除稅前(虧損)盈利		(279,370)	343,191
Income tax expense	所得稅支出	5	(12,234)	(103,473)
(Loss) profit for the period/ financial year	是期間/財政年度(虧損) 盈利	6	(291,604)	239,718
(Loss) profit for the period/ financial year attributable to:	應佔是期間/財政年度 (虧損)盈利:			
Owners of the Company	本公司擁有人		(289,145)	210,886
Non-controlling interests	非控股權益		(2,459)	28,832
			(291,604)	239,718
			<i>HK cents 港仙</i>	<i>HK cents 港仙</i>
(Loss) earnings per share	每股(虧損)盈利	8		
Basic	基本		(32.4)	26.6
Diluted	攤薄		(32.4)	26.6

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

For the twelve months ended 31 August 2012
截至2012年8月31日止12個月

		Twelve months ended 截至下列日期止12個月	
		31 August 8月31日	
		2012 2012年 HK\$'000 千港元 (unaudited) (未經審核)	2011 2011年 HK\$'000 千港元 (audited) (已經審核)
(Loss) profit for the period/financial year	是期間／財政年度(虧損)盈利	(291,604)	239,718
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	(65)	7,835
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	30	(5,166)
Other comprehensive (expense) income for the period/financial year	是期間／財政年度其他全面(開支)收益	(35)	2,669
Total comprehensive (expense) income for the period/financial year	是期間／財政年度全面(開支)收益總值	(291,639)	242,387
Total comprehensive (expense) income for the period/financial year attributable to:	應佔是期間／財政年度全面(開支)收益總值：		
Owners of the Company	本公司擁有人	(289,378)	209,246
Non-controlling interests	非控股權益	(2,261)	33,141
		(291,639)	242,387

Condensed Consolidated Statement of Financial Position

簡明綜合財務狀況表

At 31 August 2012
於2012年8月31日

		At 31 August 8月31日	
		2012 2012年 HK\$'000 千港元 (unaudited) (未經審核)	2011 2011年 HK\$'000 千港元 (audited) (已經審核)
	Notes 附註		
Non-current assets	非流動資產		
Investment properties	投資物業	9	2,734
Property, plant and equipment	物業、機器及設備	9	1,900,178
Prepaid lease payments	預付租賃款項		
– non-current portion	– 非流動部份		107,546
Deposits paid for acquisition of property, plant and equipment	購買物業、機器及設備之已付按金		17,290
Prepayments for and rights under life insurance policies	人壽保險保單預付款項及權利	10	36,545
Deferred tax assets	遞延稅項資產		25,742
		<u>2,090,035</u>	<u>2,300,207</u>
Current assets	流動資產		
Inventories	存貨	11	1,538,014
Trade and bills receivables	營業及票據應收款項	12	1,314,766
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	12	204,109
Prepaid lease payments	預付租賃款項		
– current portion	– 流動部份		2,525
Derivative financial instruments	衍生金融工具		242
Tax recoverable	可收回稅項		3,055
Short-term bank deposits	短期銀行存款		333,054
Bank balances and cash	銀行結存及現金		671,373
		<u>4,067,138</u>	<u>4,308,695</u>
Current liabilities	流動負債		
Trade and bills payables	營業及票據應付款項	13	818,468
Other payables and accruals	其他應付款項及應計費用	13	319,740
Amounts due to non-controlling shareholders	欠非控股股東款項		80,100
Consideration payable	應付代價	14	–
Deferred income – current portion	遞延收入 – 流動部份		1,458
Derivative financial instruments	衍生金融工具		23,559
Tax payable	應付稅項		100,189
Bank borrowings	銀行借貸		
– due within one year	– 一年內到期	15	1,486,656
Bank overdrafts	銀行透支		9,221
		<u>2,839,391</u>	<u>2,699,104</u>
Net current assets	流動資產淨值	<u>1,227,747</u>	<u>1,609,591</u>
Total assets less current liabilities	資產總值減流動負債	<u>3,317,782</u>	<u>3,909,798</u>

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

At 31 August 2012
於2012年8月31日

		At 31 August 8月31日	
		2012 2012年 HK\$'000 千港元 (unaudited) (未經審核)	2011 2011年 HK\$'000 千港元 (audited) (已經審核)
		Notes 附註	
Non-current liabilities	非流動負債		
Deferred income	遞延收入		
– non-current portion	– 非流動部份	65,620	67,080
Derivative financial instruments	衍生金融工具	–	45,583
Bank borrowings	銀行借貸		
– due after one year	– 一年後到期	3,611	755,854
Deferred tax liabilities	遞延稅項負債	3,015	3,055
		<u>72,246</u>	<u>871,572</u>
Net assets	資產淨值	<u>3,245,536</u>	<u>3,038,226</u>
Capital and reserves	資本及儲備		
Share capital	股本	240,609	158,802
Reserves	儲備	2,816,693	2,679,224
Equity attributable to owners of the Company	本公司擁有人應佔權益	<u>3,057,302</u>	<u>2,838,026</u>
Non-controlling interests	非控股權益	188,234	200,200
Total equity	權益總值	<u>3,245,536</u>	<u>3,038,226</u>

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

For the twelve months ended 31 August 2012
截至2012年8月31日止12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	Non-controlling interests	Total equity
		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	權益總值
		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
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	-	-	-	3,526	-	-	-	3,526	4,309	7,835
Reclassification adjustment of translation reserve upon disposal of subsidiaries (note 19)	出售附屬公司時匯兌儲備之重新分類調整(附註19)	-	-	-	(5,166)	-	-	-	(5,166)	-	(5,166)
Profit for the financial year	是財政年度盈利	-	-	-	-	-	-	210,886	210,886	28,832	239,718
Total comprehensive (expense) income for the financial year	是財政年度全面(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
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	-	-	-	-	-	-	-	-	(11,900)	(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 31 August 2011 (audited)	於2011年8月31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	-	-	-	(263)	-	-	-	(263)	198	(65)
Reclassification adjustment of translation reserve upon disposal of subsidiaries (note 19)	出售附屬公司時匯兌儲備之重新分類調整(附註19)	-	-	-	30	-	-	-	30	-	30
Loss for the period	是期間虧損	-	-	-	-	-	-	(289,145)	(289,145)	(2,459)	(291,604)
Total comprehensive expense for the period	是期間全面開支總值	-	-	-	(233)	-	-	(289,145)	(289,378)	(2,261)	(291,639)
Equity-settled share-based payments	以權益結算以股份為基礎之付款	-	-	-	-	10,519	-	-	10,519	-	10,519
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	-	-	-	-	-	-	-	-	(9,705)	(9,705)
Issue of shares (note)	發行股份(附註)	81,807	429,488	-	-	-	-	-	511,295	-	511,295
Share issuance expenses	股份發行開支	-	(5,220)	-	-	-	-	-	(5,220)	-	(5,220)
At 31 August 2012 (unaudited)	於2012年8月31日(未經審核)	240,609	621,392	210	(37,011)	13,914	43,302	2,174,886	3,057,302	188,234	3,245,536

Note: On 6 June 2012, the Company allotted and issued a total of 409,036,000 shares of HK\$0.2 each at the price of HK\$1.25 per share to Chinatex Corporation ("Chinatex"), a company established in the People's Republic of China. Immediately after the issue of shares, there were 1,203,046,960 shares in issue and Chinatex held approximately 34% of the issued share capital of the Company and became the single largest shareholder of the Company.

附註：於2012年6月6日，本公司按每股1.25港元之價格配發及發行合共409,036,000股每股面值0.2港元之股份予一家於中華人民共和國註冊成立之公司中國中紡集團公司(「中紡」)。緊隨發行股份後，本公司有已發行股份1,203,046,960股，而中紡持有本公司已發行股本約34%，並成為本公司之單一最大股東。

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

For the twelve months ended 31 August 2012
截至2012年8月31日止12個月

		Twelve months ended 截至下列日期止12個月 31 August 8月31日	
		2012 2012年 HK\$'000 千港元 (unaudited) (未經審核)	2011 2011年 HK\$'000 千港元 (audited) (已經審核)
	Notes 附註		
Net cash from operating activities	營運項目所得之現金淨值	155,523	798,212
Net cash from investing activities:	投資項目所得之現金淨值：		
Net proceeds from disposal of subsidiaries	出售附屬公司所得款項淨值	109,752	46,600
Purchase of property, plant and equipment	購買物業、機器及設備	(78,020)	(110,334)
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	(17,290)	-
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	-	192,550
Other investing cash flows	其他投資之現金流量	51,480	5,682
		<u>29,744</u>	<u>134,498</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	(3,666,745)	(3,904,647)
Interest paid	已付利息	(62,281)	(62,496)
Payments for consideration payable	支付應付代價	(23,501)	(35,630)
Dividends paid to non-controlling shareholders	已付股息予非控股股東	(9,705)	(11,900)
Dividends paid	已付股息	(7,940)	(7,940)
Share issuance expenses	股份發行開支	(5,220)	-
New bank borrowings raised	新籌集之銀行借貸	2,951,543	3,556,825
Proceeds from issue of shares	發行股份所得款項	511,295	-
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)
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)
Capital contribution from a non-controlling shareholder	非控股股東注資	-	4
Other financing cash flows	其他融資之現金流量	(2,279)	-
		<u>(314,833)</u>	<u>(480,320)</u>
Net (decrease) increase in cash and cash equivalents	現金及等同現金項目之(減少)增加淨值	(129,566)	452,390
Cash and cash equivalents at beginning of the period/financial year	於是期間/財政年度開始時之現金及等同現金項目	1,124,552	666,990
Effect of foreign exchange rate changes	匯率變動之影響	220	5,172
Cash and cash equivalents at end of the period/financial year	於是期間/財政年度終結時之現金及等同現金項目	<u>995,206</u>	<u>1,124,552</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS:	現金及等同現金項目結存之分析：		
Short-term bank deposits	短期銀行存款	333,054	106,075
Bank balances and cash	銀行結存及現金	671,373	1,018,477
Bank overdrafts	銀行透支	(9,221)	-
		<u>995,206</u>	<u>1,124,552</u>

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the twelve months ended 31 August 2012
截至2012年8月31日止12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").

Since 6 June 2012, Chinatex Corporation ("Chinatex"), a company established in the People's Republic of China (the "PRC"), has held approximately 34% of the issued share capital of the Company. In view of the fact that the principal operating subsidiaries of the Company established in the PRC are statutorily required to have their financial year end date set at 31 December, pursuant to a resolution of the board of directors dated 10 August 2012, the financial year of the Company (together with its subsidiaries collectively referred to as the "Group") has been changed from 31 August to 31 December. Accordingly, these condensed consolidated financial statements now presented cover a period of twelve months from 1 September 2011 to 31 August 2012. The comparative figures presented for the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and related notes cover the financial year from 1 September 2010 to 31 August 2011.

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 value.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the twelve months ended 31 August 2012 are the same as those followed in the preparation of the Group's annual financial statements for the financial 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.

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。

自2012年6月6日起，於中華人民共和國(「中國」)註冊成立之中國中紡集團公司(「中紡」)已持有本公司已發行股本約34%。由於本公司在中國成立之主要營業附屬公司的法定財政年度結算日均為12月31日，根據日期為2012年8月10日之董事會決議案，本公司(連同其附屬公司，統稱為「本集團」)之財政年度已由8月31日更改為12月31日。因此，現時所呈列之該等簡明綜合財務報表涵蓋由2011年9月1日起至2012年8月31日止12個月。而簡明綜合收益表、簡明綜合全面收益表、簡明綜合權益變動表、簡明綜合現金流量表所呈列之比較數字以及相關附註涵蓋由2010年9月1日起至2011年8月31日止之財政年度。

2. 主要會計政策

本簡明綜合財務報表(除部份金融工具以公平價值列出外)乃按歷史成本基準編製。

截至2012年8月31日止12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集團截至2011年8月31日止財政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。

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

For the twelve months ended 31 August 2012
截至2012年8月31日止12個月

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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.

- 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.

2. 主要會計政策 (續)

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」）。

- 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。

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

For the twelve months ended 31 August 2012
截至2012年8月31日止12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 PRC, Taiwan, Korea, Sri Lanka, America, Europe and Others (i.e. representing other geographical locations mainly Singapore, Bangladesh 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.

Twelve months ended 31 August 2012

		Hong Kong								Sri Lanka			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	1,832,667	1,222,245	936,838	1,007,695	726,080	289,490	159,796	784,809	6,959,620	-	6,959,620		
Inter-segment sales (note)	分類間銷售(附註)	5,177,793	3,227,200	-	-	459,200	107,962	-	229,274	9,201,429	(9,201,429)	-		
Total segment revenue	分類營業額總值	<u>7,010,460</u>	<u>4,449,445</u>	<u>936,838</u>	<u>1,007,695</u>	<u>1,185,280</u>	<u>397,452</u>	<u>159,796</u>	<u>1,014,083</u>	<u>16,161,049</u>	<u>(9,201,429)</u>	<u>6,959,620</u>		
RESULTS	業績													
Segment profit	分類盈利	<u>101,486</u>	<u>47,111</u>	<u>48,495</u>	<u>52,629</u>	<u>21,560</u>	<u>24,471</u>	<u>8,024</u>	<u>41,545</u>			<u>345,321</u>		
Interest income	利息收入											11,981		
Unallocated income	未分配收入											3,548		
Unallocated expenses	未分配支出											(611,409)		
Finance costs	融資成本											(71,922)		
Net gain on disposal of subsidiaries	出售附屬公司之所得 收益淨額											43,111		
Loss before taxation	除稅前虧損											<u>(279,370)</u>		

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、孟加拉及澳門),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。

截至2012年8月31日止12個月

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註 (續)

For the twelve months ended 31 August 2012
截至2012年8月31日止12個月

3. REVENUE AND SEGMENT INFORMATION (Continued)

Financial year ended 31 August 2011

		Segment								Eliminations	Consolidated	
		Hong Kong	The PRC	Taiwan	Korea	Sri Lanka	America	Europe	Others			total
		香港	中國	台灣	韓國	斯里蘭卡	美洲	歐洲	其他地區	分類總值	對銷	綜合
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
REVENUE	營業額											
External sales	對外銷售	2,090,673	1,484,926	1,072,529	782,444	748,313	331,627	81,133	1,002,244	7,593,889	-	7,593,889
Inter-segment sales (note)	分類間銷售(附註)	4,832,987	2,719,455	-	-	486,374	85,574	-	65,462	8,189,852	(8,189,852)	-
Total segment revenue	分類營業額總值	6,923,660	4,204,381	1,072,529	782,444	1,234,687	417,201	81,133	1,067,706	15,783,741	(8,189,852)	7,593,889
RESULTS	業績											
Segment profit	分類盈利	274,480	188,802	153,923	113,239	79,632	13,657	9,704	140,517			973,954
Interest income	利息收入											9,779
Unallocated income	未分配收入											4,316
Unallocated expenses	未分配支出											(593,481)
Finance costs	融資成本											(71,589)
Net gain on disposal of subsidiaries	出售附屬公司之所得 收益淨額											20,212
Profit before taxation	除稅前盈利											343,191

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

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

3. 營業額及分類資料 (續)

截至2011年8月31日止財政年度

附註：分類間銷售之價格乃參照當時之市場價格而釐定。

分類盈利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、衍生金融工具之虧損／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 twelve months ended 31 August 2012
截至2012年8月31日止12個月

4. FINANCE COSTS

4. 融資成本

		Twelve months ended 截至下列日期止12個月	
		31 August 8月31日	
		2012	2011
		2012年	2011年
		HK\$'000	HK\$'000
		千港元	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	71,922	70,904
Imputed interest expense on consideration payable (note 14)	應付代價之推算利息開支 (附註14)	-	685
		<u>71,922</u>	<u>71,589</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註 (續)

For the twelve months ended 31 August 2012
截至2012年8月31日止12個月

5. INCOME TAX EXPENSE

5. 所得稅支出

		Twelve months ended 截至下列日期止12個月	
		31 August 8月31日	
		2012	2011
		2012年	2011年
		HK\$'000	HK\$'000
		千港元	千港元
Current tax:	是期間稅項：		
Hong Kong	香港	585	52,164
The PRC	中國	6,686	9,396
Other jurisdictions	其他司法地區	4,182	3,318
		<hr/>	<hr/>
		11,453	64,878
		<hr/>	<hr/>
Under(over)provision in prior years:	過往年度撥備不足(超額撥備)：		
Hong Kong	香港	585	9
The PRC	中國	576	(1,865)
Other jurisdictions	其他司法地區	(288)	497
		<hr/>	<hr/>
		873	(1,359)
		<hr/>	<hr/>
Provision for the tax audit	稅務審查撥備	-	41,000
		<hr/>	<hr/>
		12,326	104,519
		<hr/>	<hr/>
Deferred tax:	遞延稅項：		
Hong Kong	香港	-	78
The PRC	中國	(371)	(729)
Other jurisdictions	其他司法地區	279	(395)
		<hr/>	<hr/>
		(92)	(1,046)
		<hr/>	<hr/>
		12,234	103,473
		<hr/>	<hr/>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the period/financial year.

香港利得稅乃按是期間／財政年度之估計應課稅盈利以16.5%計算。

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

For the twelve months ended 31 August 2012
截至2012年8月31日止12個月

5. 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 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 the period/financial year. The Tax Holiday will expire by 31 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 31 August 2015. Accordingly, no provision for income tax was made on the profit for the period/financial year.

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.

5. 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」)。於是期間/財政年度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。

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,於是期間/財政年度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。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註 (續)

For the twelve months ended 31 August 2012
截至2012年8月31日止12個月

5. INCOME TAX EXPENSE (Continued)

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.

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 during the financial year ended 31 August 2011 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。

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，本公司董事已於截至2011年8月31日止財政年度期間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 twelve months ended 31 August 2012
截至2012年8月31日止12個月

6. (LOSS) PROFIT FOR THE PERIOD/FINANCIAL YEAR

6. 是期間/財政年度(虧損)盈利

		Twelve months ended 截至下列日期止12個月 31 August 8月31日	
		2012 2012年 HK\$'000 千港元	2011 2011年 HK\$'000 千港元
(Loss) profit for the period/financial year has been arrived at after charging:	是期間/財政年度(虧損)盈利已扣減下列：		
Release of prepaid lease payments	預付租賃款項轉出	2,629	2,791
Depreciation of investment properties	投資物業之折舊	23	-
Depreciation of property, plant and equipment	物業、機器及設備之折舊	257,957	256,808
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)	2,439	5,169
Net exchange losses (included in other expenses)	匯兌虧損淨值(包括在其他費用內)	-	17,112
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)	460	-
Employee benefits expense (including directors' emoluments)	僱員福利支出(包括董事酬金)	884,931	876,284
and after crediting to other income and gains:	及已計入至其他收入及收益：		
Imputed interest income on consideration receivable	應收代價之推算利息收入	-	6,469
Interest income	利息收入	11,981	3,310
Net rental income from investment properties	投資物業之租金收入淨值	83	-
Net exchange gain	匯兌收益淨值	1,498	-
Net gain from derivative financial instruments	衍生金融工具之收益淨值	-	2,521
Government grants (note)	政府補貼(附註)	42,140	1,458

Note: Government grants for the twelve months ended 31 August 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8月31日止12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期期間重置及出售若干物業、機器及設備。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註 (續)

For the twelve months ended 31 August 2012
截至2012年8月31日止12個月

7. DIVIDENDS

During the current interim period, the final dividend of HK1.0 cent per share in respect of the financial year ended 31 August 2011 (2011: HK1.0 cent per share in respect of the financial 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 (2011: HK\$7,940,000).

No interim dividend was proposed by the directors for the twelve months ended 31 August 2012 (2011: HK1.0 cent per share as annual dividend for the financial year ended 31 August 2011).

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:

7. 股息

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

董事不建議派發截至2012年8月31日止12個月之中期股息（2011年：截至2011年8月31日止財政年度之年度股息為每股1.0港仙）。

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：

		Twelve months ended 截至下列日期止12個月	
		31 August 8月31日	
		2012	2011
		2012年	2011年
		HK\$'000	HK\$'000
		千港元	千港元
(Loss) earnings	(虧損) 盈利		
(Loss) profit for the period/ financial year 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／財政年度（虧損）盈利	<u>(289,145)</u>	<u>210,886</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the twelve months ended 31 August 2012
截至2012年8月31日止12個月

8. (LOSS) EARNINGS PER SHARE (Continued)

Number of shares

Weighted average 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)盈利所用之普通股加權平均數目

The computation of diluted (loss) earnings per share for the period/financial year 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 period/financial year.

9. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

During the current interim period, properties with an aggregate carrying amount of HK\$2,757,000 were transferred to investment properties at cost as the management had changed the intended use of the properties from owner-occupation to rental purpose. The investment properties are measured at cost model and depreciated on a straight-line basis over the remaining lease term.

The Group incurred expenditure of HK\$78,020,000 during the twelve months ended 31 August 2012 (2011: HK\$110,334,000) on property, plant and equipment to expand and upgrade the Group's manufacturing facilities.

During the current interim period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of HK\$73,515,000 (2011: HK\$35,209,000), out of which HK\$57,319,000 (2011: HK\$27,628,000) was disposed of through disposal of subsidiaries (note 19).

8. 每股(虧損)盈利(續)

Twelve months ended
截至下列日期止12個月
31 August
8月31日

2012 2011
2012年 2011年

891,240,829 **794,010,960**

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該期間／財政年度之平均市價，因此計算是期間／財政年度之每股攤薄(虧損)盈利時並無假設該等購股權已獲行使。

9. 投資物業以及物業、機器及設備之變動

於本中期期間，由於管理層將賬面總值為2,757,000港元之物業之擬定用途由自用更改為租賃，因此該等物業已按成本值轉移至投資物業。投資物業乃按成本模式計量，並根據剩餘租賃年期按直線法折舊。

本集團於截至2012年8月31日止12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78,020,000港元(2011年：110,334,000港元)。

於本中期期間，本集團出售賬面總值73,515,000港元(2011年：35,209,000港元)之若干物業、機器及設備，當中57,319,000港元(2011年：27,628,000港元)乃透過出售附屬公司而售出(附註19)。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註 (續)

For the twelve months ended 31 August 2012
截至2012年8月31日止12個月

10. PREPAYMENTS FOR AND RIGHTS UNDER LIFE INSURANCE POLICIES

During the twelve months ended 31 August 2012, the Group entered into contracts with two insurance companies of 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

10. 人壽保險保單預付款項及權利

截至2012年8月31日止12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 31 August 8月31日	
2012	2011
2012年	2011年
HK\$'000	HK\$'000
千港元	千港元
99,175	98,941
677,272	787,348
376,145	397,242
385,422	399,923
1,538,014	1,683,454

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the twelve months ended 31 August 2012
截至2012年8月31日止12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

Included in trade and bills receivables are bills receivables of HK\$309,272,000 (2011: HK\$187,184,000). Bills receivables of HK\$8,735,000 were discounted to a bank with recourse at 31 August 2011 (2012: Nil).

Other receivables as at 31 August 2012 represented value-added tax recoverable of HK\$47,673,000 (2011: HK\$65,967,000), tax reserve certificates purchased of HK\$34,600,000 (2011: HK\$24,600,000) and prepayments, deposits and other receivables of HK\$121,836,000 (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 31 August 8月31日	
2012 2012年 HK\$'000 千港元	2011 2011年 HK\$'000 千港元
868,279	919,114
226,661	179,692
77,762	109,931
142,064	67,004
1,314,766	1,275,741

營業及票據應收款項包括應收票據309,272,000港元(2011年：187,184,000港元)。應收票據8,735,000港元為於2011年8月31日之附追索權銀行貼現票據(2012年：無)。

於2012年8月31日，其他應收款項乃指可收回增值稅47,673,000港元(2011年：65,967,000港元)、購買儲稅券34,600,000港元(2011年：24,600,000港元)以及預付款項、按金及其他應收款項121,836,000港元(2011年：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 twelve months ended 31 August 2012
截至2012年8月31日止12個月

13. TRADE AND BILLS PAYABLES/OTHER PAYABLES AND ACCRUALS

Trade payables 營業應付款項
Bills payables 票據應付款項

13. 營業及票據應付款項／其他應付款項及應計費用

At 31 August 8月31日	
2012	2011
2012年	2011年
HK\$'000	HK\$'000
千港元	千港元
465,166	418,672
353,302	279,761
818,468	698,433

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之賬齡分析如下：

At 31 August 8月31日		
2012	2011	
2012年	2011年	
HK\$'000	HK\$'000	
千港元	千港元	
Not yet due 未到期	421,744	363,886
Overdue 1 – 30 days 過期1-30天	17,013	26,801
Overdue 31 – 60 days 過期31-60天	9,379	6,550
Overdue > 60 days 過期超過60天	17,030	21,435
	465,166	418,672

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。

Other payables and accruals as at 31 August 2012 represented other payables of HK\$108,568,000 (2011: HK\$149,248,000) and accruals of HK\$211,172,000 (2011: HK\$171,413,000).

於2012年8月31日，其他應付款項及應計費用指其他應付款項108,568,000港元（2011年：149,248,000港元）及應計費用211,172,000港元（2011年：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 twelve months ended 31 August 2012
截至2012年8月31日止12個月

14. CONSIDERATION PAYABLE

On 27 April 2009, Folk tune Limited ("Folk tune"), a wholly owned subsidiary of the Company, entered into an agreement with certain non-controlling shareholders of Dongguan Fuan 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.

15. BANK BORROWINGS

During the current interim period, the Group obtained new bank borrowings of HK\$2,951,543,000 (2011: HK\$3,556,825,000) and made repayments of HK\$3,666,745,000 (2011: HK\$3,904,647,000). These bank borrowings obtained and repaid are mainly denominated in Hong Kong dollar. The new 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 2.62% (2011: 2.58%) per annum and are repayable by installments over a period from one to three years. Except for borrowings of HK\$14,853,000 (2011: Nil) which are secured by certain life insurance policies as detailed in note 10, all other borrowings are unsecured.

14. 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。

15. 銀行借貸

於本中期期間，本集團取得新銀行借貸2,951,543,000港元(2011年：3,556,825,000港元)及已償還3,666,745,000港元(2011年：3,904,647,000港元)，該等取得及已償還之銀行借貸主要以港元計值。新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2.62%(2011年：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14,853,000港元(2011年：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 twelve months ended 31 August 2012
截至2012年8月31日止12個月

15. BANK BORROWINGS (Continued)

During the current interim period, the Group breached covenant for two bank loans with an aggregate carrying amount of HK\$530,386,000 as at 31 August 2012 (the "Bank Loans"). The Bank Loans require the ratio of consolidated earnings before interest, taxes, depreciation and amortisation to consolidated interest expense of the Group to be not less than 3.0 for the twelve months ended 31 August 2012 but the Group has failed to attain. Accordingly, the non-current portion of the Bank Loans with a carrying amount of HK\$237,958,000 having an original maturity of over one year are presented under current liabilities in the condensed consolidated statement of financial position as at 31 August 2012 as the banks have the right to demand immediate payment as a result of the breach. The Group has obtained waiver letters for the breach of covenant for the Bank Loans subsequent to the end of the reporting period.

The directors of the Company are of the opinion that given the waiver letters have been obtained subsequent to the end of the reporting period, the breach will not trigger immediate repayment of the Bank Loans of the Group.

16. SHARE CAPITAL

Issued and fully paid:

At 1 September 2010, 31 August 2011 and 1 September 2011	於2010年9月1日、2011年8月31日 及2011年9月1日	Number of ordinary shares of HK\$0.2 each 每股面值0.2港元 之普通股份數目	Amount 金額 HK\$'000 千港元
		794,010,960	158,802
Issue of shares	發行股份	409,036,000	81,807
At 31 August 2012	於2012年8月31日	1,203,046,960	240,609

On 6 June 2012, the Company allotted and issued a total of 409,036,000 shares of HK\$0.2 each at the price of HK\$1.25 per share to Chinatex, a company established in the PRC. These shares rank pari passu in all respects with other shares in issue. Immediately after the issue of shares, there were 1,203,046,960 shares in issue and Chinatex held approximately 34% of the issued share capital of the Company and became the single largest shareholder of the Company.

15. 銀行借貸 (續)

於本中期期間，本集團違反兩項銀行貸款契約，於2012年8月31日之總面值為530,386,000港元（「銀行貸款」）。銀行貸款規定本集團於截至2012年8月31日止12個月之綜合未計利息、稅項、折舊及攤銷前盈利與綜合利息開支之比率不得低於3.0，惟本集團未能達標。因此，由於違反事項而銀行有權要求即時償還款項，原訂到期日超過一年賬面值為237,958,000港元之銀行貸款之非流動部份已於2012年8月31日之簡明綜合財務狀況表內列作流動負債。本集團已於報告期後就違反銀行貸款契約取得豁免函件。

本公司董事認為，由於在報告期後已取得豁免函件，因此違反事項將不會觸發即時償還本集團之銀行貸款。

16. 股本

已發行及繳足股本：

Number of ordinary shares of HK\$0.2 each 每股面值0.2港元 之普通股份數目	Amount 金額 HK\$'000 千港元
794,010,960	158,802
409,036,000	81,807
1,203,046,960	240,609

於2012年6月6日，本公司按每股1.25港元之價格配發及發行合共409,036,000股每股面值0.2港元之股份予一家於中國註冊成立之公司中紡。該等股份於所有方面均與其他已發行股份享有同等權益。緊隨發行股份後，本公司有已發行股份1,203,046,960股，而中紡持有本公司已發行股本約34%，並成為本公司之單一最大股東。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the twelve months ended 31 August 2012
截至2012年8月31日止12個月

17. CAPITAL COMMITMENTS

17. 資本承擔

		At 31 August	
		8月31日	
		2012	2011
		2012年	2011年
		HK\$'000	HK\$'000
		千港元	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	47,965	7,432
– additions to concession assets (sewage plant) under a service concession arrangement	– 根據服務特許權安排添置特許權資產(污水處理廠)	64,892	1,386
		<u>112,857</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	2,722	7,540
– additions to concession assets (sewage plant) under a service concession arrangement	– 根據服務特許權安排添置特許權資產(污水處理廠)	303	–
		<u>3,025</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 twelve months ended 31 August 2012
截至2012年8月31日止12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年計劃之條款及條件基本上與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 twelve months ended 31 August 2012
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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.

Scheme	Date of grant	Exercise price	Outstanding	Granted	Forfeited	Outstanding	Transferred	Forfeited	Outstanding	
			at 1 September 2010	during the financial year	during the financial year	at 31 August 2011	during the period	during the period	at 31 August 2012	
計劃	授出日期	行使價	於2010年9月1日尚未行使	財政年度內已授出	財政年度內已沒收	於2011年8月31日尚未行使	期內已調撥	期內已沒收	於2012年8月31日尚未行使	
Category 1: Directors 第1類：董事	2002 2002年	17 September 2010 2010年9月17日	HK\$1.29 1.29港元	-	11,200,000	-	11,200,000	(2,000,000)	-	9,200,000
	2011 2011年	18 August 2011 2011年8月18日	HK\$1.21 1.21港元	-	9,600,000	-	9,600,000	(3,000,000)	-	6,600,000
				-	20,800,000	-	20,800,000	(5,000,000)	-	15,800,000
Category 2: Employees 第2類：僱員	2002 2002年	17 September 2010 2010年9月17日	HK\$1.29 1.29港元	-	11,200,000	(4,600,000)	6,600,000	2,000,000	-	8,600,000
	2011 2011年	18 May 2011 2011年5月18日	HK\$1.91 1.91港元	-	3,352,000	-	3,352,000	-	(540,000)	2,812,000
	2011 2011年	18 August 2011 2011年8月18日	HK\$1.21 1.21港元	-	13,445,000	-	13,445,000	3,000,000	(1,245,000)	15,200,000
				-	27,997,000	(4,600,000)	23,397,000	5,000,000	(1,785,000)	26,612,000
Two categories 兩類別合共				-			44,197,000			42,412,000
Exercisable at the end of the financial year/period	於是財政年度/期間 終結時可予行使		N/A 不適用				-			6,038,000

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\$10,519,000 (2011: HK\$3,395,000) for the current interim period in relation to share options granted by the Company.

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之變動情況。

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10,519,000港元(2011年：3,395,000港元)。

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

For the twelve months ended 31 August 2012
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19. DISPOSAL OF SUBSIDIARIES

During the current interim period, the Group deregistered its wholly owned subsidiaries, Beijing Megawood Fashion Limited (“Beijing Megawood”), Megawood Fashion Group Limited and its wholly owned subsidiary, Megawood International Limited (collectively referred to as “Megawood Fashion Group”), P.T. Higon International (“P.T. Higon”) and Winner Win Limited. In addition, the Group sold its 100% equity interests in New Achieve Investments Limited and its wholly owned subsidiaries, namely Able Jubilee Limited and Jiangyin Jintian Machinery Limited (collectively referred to as “New Achieve Group”) to an independent third party, at an aggregate consideration of RMB90,000,000 (equivalent to HK\$109,756,000).

Beijing Megawood, Megawood Fashion Group and Winner Win Limited were inactive before their deregistration. P.T. Higon was previously engaged in trading of garment products while New Achieve Group was engaged in manufacturing of machineries.

During the twelve months ended 31 August 2011, the Group deregistered its 80% owned subsidiary, Fountain Set Textiles (B.C.) Limited, and sold its entire 100% interests in wholly owned subsidiaries, namely Futian Properties Limited, Futian Development Limited, Intracord Company Limited and 韶關市滙業紡織有限公司 to certain independent third parties at an aggregate consideration of HK\$46,600,000.

19. 出售附屬公司

於本中期期間，本集團取消註冊其全資附屬公司北京市萬家林服裝有限公司（「北京市萬家林」）、萬家林服裝集團有限公司及其全資附屬公司、萬匯國際有限公司（統稱「萬家林服裝集團」）、P.T. Higon International（「P.T. Higon」）及慶利發展有限公司。此外，本集團已出售其於New Achieve Investments Limited及其全資附屬公司（聚堡有限公司及江陰金田機械有限公司）（統稱「New Achieve集團」）之全部股權予一名獨立第三方，總代價為人民幣90,000,000元（相當於109,756,000港元）。

北京市萬家林、萬家林服裝集團及慶利發展有限公司於取消註冊前並不活躍。P.T. Higon曾從事成衣貿易業務，而New Achieve集團從事製造機械業務。

於截至2011年8月31日止12個月期間，本集團取消註冊其擁有80%之附屬公司Fountain Set Textiles (B.C.) Limited，及出售其全資附屬公司福田地產有限公司、福田發展有限公司、Intracord Company Limited及韶關市滙業紡織有限公司之全部股權予多名獨立第三方，總代價為46,600,000港元。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the twelve months ended 31 August 2012
截至2012年8月31日止12個月

19. DISPOSAL OF SUBSIDIARIES (Continued)

The net assets of these deregistered or disposed subsidiaries and effects on cash flows of the Group at the respective dates of disposal were as follows:

19. 出售附屬公司(續)

該等已註銷或出售之附屬公司於各自出售日期之資產淨值及對本集團現金流量之影響載列如下：

							Twelve months ended	
		Megawood		P.T.	Winner	New	截至下列日期	
		Beijing	Fashion	Higon	Win	Achieve	止12個月	
		Megawood	Group	Higon	Limited	Group	31 August	
			萬家林			New	8月31日	
		北京市	服裝	P.T.	慶利發展	Achieve	2012	2011
		萬家林	集團	Higon	有限公司	集團	2012年	2011年
		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
Cash consideration received	已收現金代價	-	-	-	-	109,756	109,756	46,600
Analysis of assets and liabilities over which control was lost:	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	-	-	-	-	57,319	57,319	27,628
Prepaid lease payments	預付租賃款項	-	-	-	-	9,292	9,292	3,647
Bank balances and cash	銀行結餘及現金	-	-	-	-	4	4	-
Trade and other receivables	營業及其他應收款項	-	-	-	-	-	-	2,227
Trade and other payables	營業及其他應付款項	-	-	-	-	-	-	(1,948)
Net assets disposed of	已出售資產淨值	-	-	-	-	66,615	66,615	31,554
Gain(loss) on disposal of subsidiaries:	出售附屬公司之 所得收益(虧損)：							
Consideration received	已收代價	-	-	-	-	109,756	109,756	46,600
Net assets disposed of	所出售之資產淨值	-	-	-	-	(66,615)	(66,615)	(31,554)
Translation reserve released	撥回匯兌儲備	15	-	(48)	-	3	(30)	5,166
		15	-	(48)	-	43,144	43,111	20,212
Net cash inflow arising on disposal:	出售所產生之 現金流入淨額：							
Cash consideration	現金代價	-	-	-	-	109,756	109,756	46,600
Less: bank balances and cash disposed of	減：所出售之銀行 結餘及現金	-	-	-	-	(4)	(4)	-
		-	-	-	-	109,752	109,752	46,600

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註 (續)

For the twelve months ended 31 August 2012
截至2012年8月31日止12個月

20. RELATED PARTY DISCLOSURES

(a) Related party balance

		At 31 August 8月31日	
		2012	2011
		2012年	2011年
		HK\$'000	HK\$'000
		千港元	千港元
Amounts due to non-controlling shareholders	欠非控股股東款項	80,100	80,100

The amounts are unsecured, interest-free and repayable on demand.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the period/financial year is as follows:

20. 相關人士的披露

(a) 相關人士的結餘

		At 31 August 8月31日	
		2012	2011
		2012年	2011年
		HK\$'000	HK\$'000
		千港元	千港元
		80,100	80,100

有關款項並無抵押、免息及應要求時償還。

(b) 主要管理人員的補償

是期間／財政年度董事及其他主要管理人員的薪酬如下：

		Twelve months ended 截至下列日期止12個月	
		31 August 8月31日	
		2012	2011
		2012年	2011年
		HK\$'000	HK\$'000
		千港元	千港元
Short-term benefits	短期福利	27,377	28,731
Post-employment benefits	離職後福利	805	920
Equity-settled share-based payments	以權益結算以股份為基礎之付款	5,054	2,840
		<u>33,236</u>	<u>32,491</u>

BUSINESS REVIEW 業務回顧

We would like to report to shareholders the second interim results of the Group for the twelve months ended 31 August 2012. The Group's revenue was approximately HK\$6,959.6 million, a decrease of 8.4% over the same period last year. Unaudited loss attributable to owners of the Company amounted to approximately HK\$289.1 million, compared to profit attributable to owners of the Company of approximately HK\$210.9 million recorded in the same period last year. Gross profit margin for the period under review was 7.9%, a decrease of 7.4 percentage points over the same period last year. Basic loss per share was HK32.4 cents, compared to basic earnings per share HK26.6 cents for the same period last year. The Board has resolved not to pay any interim dividend for the period under review (2011: Nil).

During the period under review, the difficult economic environment in North America and Europe caused by factors including high unemployment rate and concerns over default of European debts continued, resulting in weak demand for textile products and further deterioration in the textile and apparel industry, which adversely affected the Group's selling prices and margin. As mentioned in the first interim report for the six months ended 29 February 2012, the continuous and substantial decline in the costs of cotton and cotton yarn during the last three quarters of calendar year 2011 contributed to downward pressure on market prices of knitted fabrics. Moreover, the gross profit of the Group for the first interim of financial year 2012 was adversely affected as majority of the cotton and cotton yarn inventories consumed by the Group during that period were purchased earlier when costs were higher. In addition, the unusually high price premium of cotton in the Mainland China over that of the rest of the World during the calendar year 2012 also negatively affected gross profit margin during the period under review. Nevertheless, the Board considers that the Group maintains sufficient liquidity to support its ongoing operations.

During the period under review, all conditions to completion of the Subscription Agreement, entered into by and between Chinatex Corporation ("Chinatex" 中國中紡集團公司) and the Company on 3 April 2012, had been fulfilled and completion of the share subscription took place on 6 June 2012. Chinatex is incorporated in the People's Republic of China ("PRC") under direct administration of the State-Owned Assets Supervision and the Administration Commission of the State Council (國務院國有資產監督管理委員會) and one of the 500 largest enterprises in the country. Immediately after such completion, there were 1,203,046,960 shares in issue, of which Chinatex held approximately 34% and Honorary Chairman Mr. HA Chung Fong and associates held approximately 28.56% immediately after the completion.

本集團向各股東匯報集團截至2012年8月31日止12個月之第二次中期業績。集團營業額約為6,959.6百萬港元，與去年同期相比下降了8.4%。本公司擁有人應佔未經審核虧損約為289.1百萬港元，相對去年同期本公司擁有人應佔盈利約為210.9百萬港元。回顧期內的毛利率為7.9%，與去年同期相比下降了7.4個百分點。每股基本虧損為32.4港仙，相對去年同期的每股基本盈利26.6港仙。董事會議決通過就回顧期內不予派發任何中期股息(2011：零)。

於回顧期內，由高失業率及擔憂歐洲債務持續違約等因素而引致北美及歐洲經濟環境嚴峻，導致消費者信心減弱及對紡織品成衣業需求下降，繼而影響集團此期間的銷售價格。於截至2012年2月29日止6個月之第一次中期業績報告中提及，隨著棉花及棉紗價格持續於2011年曆年度最後三季內大幅下降，導致針織布的市場價格面對下調壓力。鑒於集團於2012年第一次中期財政年度期間使用的大部份棉花和棉紗存貨乃較早前於成本偏高時購入，所以對集團截至2012年2月29日止6個月集團毛利率造成不利影響。再加上2012年曆年度期間，中國內地的棉花價格較世界其他地區的溢價不尋常地高，對回顧期內的毛利率造成負面影響。然而，董事會認為本集團維持足夠的流動性以支持其正在進行的營運。

在回顧期內，中國中紡集團公司(「中紡」)與本公司已達成於2012年4月3日雙方之間所訂立有關完成認購協議之所有條件，及股份認購事宜已於2012年6月6日圓滿完成。於中華人民共和國(「中國」)註冊成立之中紡為國務院國有資產監督管理委員會直接管理，並為全國五百強企業之一。緊隨此完成後，已發行股份為1,203,046,960股。其中，中紡持有本公司已發行股本約34%，名譽主席夏松芳先生及其家族成員緊隨股份認購事宜完成後擁有本公司已發行股本約28.56%。

BUSINESS REVIEW (Continued) 業務回顧(續)

Following changes in the Board of Directors as a result of the abovementioned investment by Chinatex, the current Board of Directors consists of:

- (1) Madam LI Lan, Chairman of the Board, Executive Director and Chairman of the Nomination Committee;
- (2) Mr. HA Chung Fong, Honorary Chairman and Executive Director;
- (3) Mr. HA Kam On, Victor, Vice-Chairman of the Board, Chief Executive Officer and Executive Director;
- (4) Dr. Gordon YEN, Executive Director and Chief Financial Officer;
- (5) Mr. GONG Zhengyi, Executive Director and Member of the Remuneration Committee;
- (6) Mr. CHEN Rong, Executive Director;
- (7) Mr. ZHANG Chong, Non-Executive Director and Member of the Audit Committee;
- (8) Mr. CHEN Minghong, Non-Executive Director;
- (9) Mr. NG Kwok Tung, Independent Non-Executive Director, Chairman of Audit Committee and Member of the Remuneration Committee;
- (10) Mr. CHOW Wing Kin, Anthony, SBS, JP, Independent Non-Executive Director, Member of the Audit Committee and the Member of the Nomination Committee; and
- (11) Mr. YANG Shibin, Independent Non-Executive Director, Chairman of the Remuneration Committee and Member of the Nomination Committee.

Since the completion of the subscription, the Group has substantially reduced its indebtedness and further strengthened its financial position. Moreover, the new Board of Directors has been working closely on the future strategic plan to leverage the extensive network and expertise of Chinatex with an aim of enhancing the Group's competitiveness for the export markets as well as the domestic market in the PRC.

隨著上述中紡之投資而引致之董事會變更，現時董事會成員包括：

- (1) 董事會主席、執行董事及提名委員會主席李蘭女士；
- (2) 名譽主席及執行董事夏松芳先生；
- (3) 董事會副主席、行政總裁及執行董事夏錦安先生；
- (4) 執行董事及首席財務官嚴震銘博士；
- (5) 執行董事及薪酬委員會之成員宮征誼先生；
- (6) 執行董事陳榕先生；
- (7) 非執行董事及審核委員會之成員張湧先生；
- (8) 非執行董事陳鳴洪先生；
- (9) 獨立非執行董事、審核委員會之主席及薪酬委員會之成員伍國棟先生；
- (10) 獨立非執行董事、審核委員會及提名委員會之成員周永健先生，銀紫荊星章，太平紳士；及
- (11) 獨立非執行董事、薪酬委員會之主席及提名委員會之成員楊世濱先生。

自認購完成後，本集團已充分地減少其債務，及已進一步增強其財務狀況。此外，新董事局在未來的戰略計劃上正密切合作，利用中紡紡織品原材料供應鏈方面擁有之廣泛網路及專長以及對中國紡織產品國內市場之知識，以提升本集團於出口市場以及中國國內市場之競爭力為目的。

BUSINESS REVIEW (Continued) 業務回顧(續)

With an aim of improving the efficiency of the Group's financial reporting operations and considering that most of the principal operating subsidiaries of the Group are incorporated in the PRC which are therefore statutorily required to have their financial year end date set at 31 December, the Group has confirmed to change, effective 10 August 2012, the Group's financial year end from 31 August to 31 December.

During the twelve months ended on 31 August 2012, Jiangyin Fuhui Textiles Limited ("Jiangyin Fuhui", a subsidiary of the Group) was accredited "Water Saving and Emission Reduction Demonstrative Project", "Water Saving Type Enterprise in Jiangsu Province", "Carbon Footprint and Water Footprint Evaluation Demonstrative Enterprise" and "China Knitting Industry Environment Optimization, Energy Saving and Emission Reduction Outstanding Enterprise". Jiangyin Fuhui and other factory subsidiaries of the Group have committed continuously on carbon intensity reduction, greenhouse gas management and best practices in energy efficiency of manufacturing process and operations.

Production and Sales of Dyed Fabrics, Sewing Threads and Yarns

For the period under review, the Group had undergone re-positioning of sales and marketing efforts and strategies to fully capture macro market opportunities. Nevertheless, the decrease in average selling price of products negatively impacted the revenue from production and sales of dyed fabrics, sewing threads and yarns of approximately HK\$6,047.0 million, resulting in a decrease of approximately 9.0% as compared with the same period last year, and accounted for 86.9% of the Group's total revenue.

Production and Sales of Garments

For the period under review, with the decrease in sales volume and lower average selling price, revenue from the production and sales of garments was approximately HK\$912.6 million, a decrease of 3.9% as compared with the same period last year, and accounted for 13.1% of the Group's total revenue.

Analysis by Customer Geographical Regions

For the period under review, the Group's major customers were located in Asia and accounted for approximately 93.5% of the Group's total revenue. The remaining 6.5% was mainly generated from sales to customers located in Europe and America.

為增強集團財務報告運作的效率及考慮到集團之主要營運附屬公司亦於中國註冊成立，而該等於中國註冊成立之公司的法定財政年度結算日均為12月31日，所以，從2012年8月10日起，集團財政年度結算日由8月31日更改為12月31日，與該等於中國註冊成立之公司的財政年度結算日一致。集團認為，更改財政年度結算日將有助於公司籌備及更新其財務報表作為編制其綜合賬目之用。

截至2012年8月31日止12個月期間，集團之附屬公司，江陰福匯紡織有限公司(以下簡稱「江陰福匯」)榮獲「節水減排示範專案」、「江蘇省節水型企業」、「碳足跡和水足跡評價示範企業」以及「中國針織行業環境優化、節能減排優秀企業」。江陰福匯及集團其他附屬廠房一直致力減少碳強度，建立溫室管理系統及遵循在製造過程及運作中的能源最佳守則。

製造及銷售色布、縫紉線及紗

在回顧期內，集團透過重新部署銷售和市場推廣之力度和策略，充分把握宏觀市場機會。但是產品平均售價下降對製造及銷售色布、縫紉線及紗之約6,047.0百萬港元的營業額造成負面影響，因此與去年同期相比下降約9.0%，佔集團營業額總值的86.9%。

製造及銷售成衣

在回顧期內，由於訂單量及平均售價下降，製造及銷售成衣的營業額約為912.6百萬港元，較去年同期下降3.9%，佔集團營業額總值的13.1%。

客戶所屬地域分析

在回顧期內，集團之主要客戶位於亞洲，佔集團營業額總值約93.5%。而餘下的6.5%則主要來自對歐洲及美洲的客戶之銷售。

OUTLOOK 展望

Although the third round of Quantitative Easing was announced by the Federal Reserve in the US in September this year, the continuing concerns over European sovereign debt are still likely to maintain pressure on liquidity in the global banking system thus increasing market cost of borrowing. Coupled with the slower-than-expected US recovery that led to conservative consumer consumption together with two consecutive years decline in the US and EU garment import, resulting in negative impact on the Group's profitability. In addition, the unusually high price premium of cotton in the Mainland China over that of the rest of the world will continue to suppress the gross margin of the Group. Nevertheless, the Board considers that the Group maintains sufficient liquidity to support its ongoing operations.

The prices of cotton and cotton yarn have stabilized since the end of 2011. However, the price premium of cotton in the Mainland China is currently abnormally higher than the price of cotton of the rest of the world due to import quotas restrictions. At the same time, the Chinese economy remains relatively slower than last year although a slight growth is still expected, thus, the Group believes the business environment of the textile industry could remain challenging in the near future.

For the Group's fabric business, the problem about the cotton yarn inventories that were previously purchased at relatively higher prices, which was stated in the first interim report for the six months ended 29 February 2012 has been solved, resulting in more certainty for the management of the Group's product costs. With the anticipation of further consolidation of fabric supply chain by many brands and retailers, the Group is implementing more aggressive sales strategies and cost control measures to enhance its competitiveness. Further streamlining of production and operation processes are actively implemented to increase overall efficiency of the Group.

The Group will monitor closely the market conditions and the upcoming sourcing plan of our customers before investing in any additional fabric production capacity. Meanwhile, the Group's plant in Jiangyin, Jiangsu Province remains the largest fabric production site within the Group and is expected to represent about half of the Group's total capacity. The plan of balancing the distribution of capacity between the Pearl River Delta and the Yangtze River Delta of the PRC will enable the Group to strategically diversify our geographical risk and be better positioned to efficiently service the PRC market while maintaining competitiveness for the export market in the long term.

儘管美國在今年9月份宣佈了第三輪量化寬鬆政策，但對於歐盟主權債務的持續憂慮，很有可能仍令全球金融市場之流動性持續受壓，從而提高市場借貸成本。加上比預期緩慢的美國經濟復蘇促使消費者謹慎消費，以致美國及歐盟服裝進口過去兩年連續下降，對集團的盈利能力持續構成負面打擊。此外，中國大陸的棉花價格較世界其他地區不尋常地高於溢價，將持續惡化並抑壓集團的毛利率。然而，董事會認為本集團將維持充足的現金流以支援其持續經營。

從2011年年底開始，棉花及棉紗的價格已趨穩定。但是，由於進口配額的限制，目前中國內地的棉花價格較世界其他地區不尋常地高。同時，中國經濟雖然預期依然會略有增長但仍然較去年放緩。因此，集團相信在不久之未來紡織行業的經營環境將仍然具挑戰性。

有關集團的布料業務，在截至2012年2月29日止6個月的第一次中期業績報告提及有關先前在相對較高價格時購買之棉紗庫存問題已解決，令集團對產品成本管理更有把握。隨著預期許多品牌和零售商對布料供應鏈將進一步整合，集團現已推行更進取之銷售策略和成本控制措施來增強競爭力。集團亦已積極推行進一步精簡生產和營運流程之措施以提高集團整體效率。

集團在投資於任何額外的布料生產能力之前，將會繼續密切監察市場狀況和客戶未來的採購安排。同時，集團位於江蘇省江陰市的廠房仍然是集團內最大的布料生產廠房，預計其產能約佔集團總產能的一半。這在中國珠江三角洲及長江三角洲逐步平衡產能分佈的計劃，將有助集團策略性地分散地域風險，並有更好的定位去有效地服務中國市場，同時保持出口市場的長遠競爭力。

OUTLOOK (Continued) 展望 (續)

Under the leadership of the new Board of Directors, the management of the Group is actively re-positioning strategic direction and implementing specific improvement measures to cope with the market challenges. The management has formed a broad consensus in response to the key improvement opportunities in existing business operations, that is: to solidify the Group's path for sustainable growth and be determined to implement stringent cost-control measures in order to further enhance the Group's overall competitiveness; to adjust and upgrade production capacities and capabilities of our fabric mills in accordance with current market conditions; optimize business processes and improve the overall operating efficiency and control.

The minimum wages in the PRC is likely to continue increasing, resulting in ongoing pressure on the cost of labor and other labor intensive services together with the possible appreciation of Renminbi which will create potential risks for the industry. The Group seeks to continue improving its operating efficiency and cost structure mainly through three approaches: (1) to streamline, improve and upgrade its production facilities, technologies and production processes which will improve its cycle time, reduce consumption in electricity, water and raw material, and lower repair and maintenance expenses; (2) to increase the utilization rate of its production facilities which in turn will allow the Group to its return on investment and (3) to continue to control production, selling and other costs both as an amount and as a percentage of the Group's revenue, and to optimize the upstream and downstream supply chain efficiency by leveraging the substantial scale of the Group's integrated operations and the improvement of inventory and procurement management.

Looking forward to the rest of the Group's financial year of 2012, the Group will continue to strengthen the existing business, emphasize development of customer relations, actively develop high value-added products and markets as well as to direct efforts in increasing sales in the PRC market and other emerging markets such as Russia. With the increasing number of foreign apparel brands entering the PRC market, the Group believes it is well positioned to service these additional demands for high quality textile products by leveraging its established relationships with these brands in their international markets and its proven track record of innovation, reliability and quality control.

在新組成的董事會的帶領下，集團管理層正積極投入，重新制定戰略方向和推行具體改善措施，以應對現時市場環境所帶來的挑戰。管理層對現有業務中的關鍵改進機遇上達成了廣泛的共識：為了進一步增強集團的整體競爭能力，必須鞏固集團未來持續發展的路向及決心實施嚴格的控制成本措、按照當前市場情況調整和提升旗下布料廠房之產能、優化業務流程及改善整體營運效率和控制。

中國政府將有可能繼續上調最低工資，為勞工成本以及其他勞工密集之服務帶來持續壓力。加上人民幣可能升值，將對行業構成潛在風險。本集團主要通過三種方式致力繼續改善其營運效率及成本結構：(1)精簡、改善和提升其生產設施，技術和生產過程以縮短週期時間，並達到節省電力、水和原材料消耗，以及減低維修和保養費用。(2)提高生產設施使用率，使集團取得投資回報。(3)繼續控制生產、銷售及其他成本以及該等成本所佔集團總收入的百份比，同時利用集團綜合性業務的龐大規模，並改善存貨和採購管理，從而優化上下游供應鏈的效益。

展望集團2012年剩餘之財政年度，集團將繼續加強現有業務，強調重點發展與客戶的關係，積極開發高附加值產品和市場，以及集中增強中國市場以及一些如俄國等新興市場的銷售。隨著越來越多外國服裝品牌進軍中國市場，集團認為可以充分利用與該等品牌在國際市場上已建立之合作關係及集團在創新性、可靠性及品質控制上良好的往績等優勢，以吸納這些額外的高品質紡織品需求。

OUTLOOK (Continued) 展望(續)

Further to the decrease in import of garments by US and EU during the period under review, the market for garment export from China remains volatile and highly competitive. Under such market conditions, the Group expects continuing challenges for the garment business in the rest of this financial year.

The Group maintains a policy to implement stringent cost control and efficiency improvement measures to reduce our overall operating costs. The number of employees of the Group is approximately 13,200 as of 31 August 2012, a deduction of about 900 when compared with 31 August 2011 and a significant reduction of over 2,300 when compared with the number of employees of the Group as of 28 February 2011.

回顧期內美國和歐盟之成衣進口均錄得下降，中國成衣出口市場的需求依舊波動，且競爭異常激烈。在此市場情形下，集團預料剩餘之本財政年度的成衣業務依然充滿挑戰。

集團已持續實行嚴謹的成本控制及效率優化措施，以減少集團的整體營運成本。集團截至2012年8月31日之僱員人數約為13,200，與2011年8月31日相比減少了約900人，及與2011年2月28日相比減少了超過2,300人。

FINANCIAL REVIEW 財務回顧

Liquidity and Financial Information

At 31 August 2012, the total amount of short-term bank deposits, bank balances and cash of the Group was approximately HK\$1,004.4 million, a decrease of approximately HK\$120.1 million compared with 31 August 2011. At 31 August 2012, the financial ratios of the Group were as follows:

Gearing ratio	資本負債比率	0.94	1.24
Bank borrowings ratio	銀行借貸比率	0.50	0.78
Net bank borrowings ratio	銀行借貸淨值比率	0.16	0.38

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

Capital Expenditure

During the period under review, the Group invested approximately HK\$78.0 million in property, plant and equipment, represented a reduction of about 29.3% from capital expenditure of the same period in last year.

流動資金及財務資料

於2012年8月31日，集團之短期銀行存款，銀行結存及現金總值約為1,004,400,000港元，相對於2011年8月31日減少約120,100,000港元。於2012年8月31日，集團之財務比率如下：

31 August 2012 2012年8月31日	31 August 2011 2011年8月31日
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本集團之銷售及原材料採購以港元、美元及人民幣為主。銀行借貸亦以港元、美元及人民幣為單位，利息主要以浮動利率計算。另外，本集團主要於中國經營業務，故涉及人民幣所產生之外匯風險。本集團一直關注美元及人民幣匯率之波動。為降低外匯及利率風險，本集團會依據風險管理政策作出合適的對沖安排。

資本開支

在回顧期內，本集團已投資約78,000,000港元用於物業，機器及設備，與去年同期資本開支金額相比下降了29.3%。

EMPLOYEES AND EMOLUMENT POLICIES 僱員及酬金政策

At 31 August 2012, the Group had approximately 13,200 full time employees. There is no significant change in the Group's emolument policies.

於2012年8月31日，集團全職僱員人數約為13,200人，而集團薪酬政策並無重大改變。

DIRECTORS' INTERESTS IN SECURITIES 董事之證券權益

At 31 August 2012, the interests of the directors of the Company and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules (the "Model Code"), were as follows:

於2012年8月31日，根據本公司按證券及期貨條例（「證券及期貨條例」）第352條設置之名冊所記錄或按上市規則內上市發行人董事進行證券交易之標準守則（「標準守則」）須通知本公司及香港聯合交易所有限公司（「聯交所」）之資料，本公司各董事及其聯繫人於本公司及其聯營公司所擁有之股份及相關股份權益如下：

Long positions in shares of the Company:

於本公司股份的好倉情況：

Name of director 董事名稱	Number of shares held as 持有股份數目		Total 總數	Approximate % of the issued share capital 約佔已發行 股本比率
	Beneficial owner 實益擁有人	Other interests 其他權益		
Mr. HA Chung Fong 夏松芳先生	34,490,000	212,108,948 (Note) (附註)	246,598,948	20.50
Mr. HA Kam On, Victor 夏錦安先生	90,841,096	-	90,841,096	7.55
Dr. YEN Gordon 嚴震銘博士	6,400,000	-	6,400,000	0.53

Note:

附註：

Mr. HA Chung Fong was deemed to be interested in 212,108,948 shares in the Company in virtue of the set up of a discretionary trust, the HA Trust, for the benefit of his family. Onwide (H.K.) Limited ("Onwide") became the trustee of the HA Trust with effect from 13 August 2012, in which Mr. WONG Tak Leung, Charles holds 100% equity interest in the issued share capital of Onwide, and therefore Mr. WONG was deemed to have an interest in the shares in which Onwide was interested. Trustcorp Limited ("Trustcorp") ceased to be the trustee of the HA Trust on the same date.

由於夏松芳先生為其家族利益成立一項酌情信託the HA Trust，因此被當作擁有212,108,948股本公司股份權益。安和(香港)有限公司(「安和」)於2012年8月13日起成為the HA Trust之信託人，當中王德良先生持有安和之已發行股本之全部股份權益，故王先生被視作擁有安和所持有股份的權益。於同日Trustcorp Limited(「Trustcorp」)不再為the HA Trust之信託人。

DIRECTORS' INTERESTS IN SECURITIES (Continued)

董事之證券權益(續)

Long positions in underlying shares of the Company – Share Options:

於本公司相關股份的好倉情況 – 購股權：

Name of director 董事姓名	Date of grant 授出日期	Exercise period 行使期	Number of share options 購股權數目
Mr. HA Kam On, Victor 夏錦安先生	17.09.2010	17.03.2014 – 17.03.2017 (Note 1) (附註1)	4,600,000
	18.08.2011	19.08.2012 – 18.08.2017 (Note 2) (附註2)	3,300,000
Dr. YEN Gordon 嚴震銘博士	17.09.2010	17.03.2014 – 17.03.2017 (Notes 1, 3) (附註1,3)	6,600,000
	18.08.2011	19.08.2012 – 18.08.2017 (Notes 2, 4) (附註2,4)	6,300,000

Notes:

附註：

- 30% of the share options are exercisable from 17 March 2014 to 17 March 2017, up to 60% of the share options are exercisable from 17 March 2015 to 17 March 2017 and all share options are exercisable from 17 March 2016 to 17 March 2017.
- 20% of the share options are exercisable from 19 August 2012 to 18 August 2017, up to 40% of the share options are exercisable from 19 August 2013 to 18 August 2017, up to 60% of the share options are exercisable from 19 August 2014 to 18 August 2017, up to 80% of the share options are exercisable from 19 August 2015 to 18 August 2017 and all share options are exercisable from 19 August 2016 to 18 August 2017.
- Dr. YEN Gordon, being the spouse of Ms. HA Kam Yee, was also deemed to be interested in 2,000,000 share options granted to Ms. HA Kam Yee by the Company on 17 September 2010.
- Dr. YEN Gordon, being the spouse of Ms. HA Kam Yee, was also deemed to be interested in 3,000,000 share options granted to Ms. HA Kam Yee by the Company on 18 August 2011.

- 由2014年3月17日起至2017年3月17日，可行使30%購股權；由2015年3月17日起至2017年3月17日，最多可行使60%購股權；及由2016年3月17日起至2017年3月17日，可行使所有購股權。
- 由2012年8月19日起至2017年8月18日，可行使20%購股權；由2013年8月19日起至2017年8月18日，最多可行使40%購股權；由2014年8月19日起至2017年8月18日，最多可行使60%購股權；由2015年8月19日起至2017年8月18日，最多可行使80%購股權；及由2016年8月19日起至2017年8月18日，可行使所有購股權。
- 嚴震銘博士(作為夏錦兒小姐之配偶)亦被視為在本公司於2010年9月17日授予夏錦兒小姐之2,000,000購股權中擁有權益。
- 嚴震銘博士(作為夏錦兒小姐之配偶)亦被視為在本公司於2011年8月18日授予夏錦兒小姐之3,000,000購股權中擁有權益。

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

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

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

主要股東及其他股東權益

At 31 August 2012, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain directors, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

於2012年8月31日，根據本公司按證券及期貨條例第336條所設置的主要股東名冊顯示，除上述部份董事已披露之權益外，以下股東已通知本公司其擁有本公司已發行股本的有關權益。

Long positions in shares and underlying shares of the Company:

於本公司股份及相關股份的好倉情況：

Name of substantial shareholder 主要股東名稱	Number of shares 股份數目	Capacity 身份	Approximate % of the issued share capital 約佔已發行 股本比率
Chinatex Yieldfull Investment Co., Ltd. ("Chinatex Yieldfull")	409,036,000 (Note 3) (附註3)	Beneficial owner 實益擁有人	34.00
Chinatex Jinhui Investment Management Co., Ltd. ("Chinatex Jinhui")	409,036,000 (Notes 1 and 3) (附註1及3)	Interest of controlled corporation 控制法團的權益	34.00
Chinatex Corporation 中國中紡集團公司	409,036,000 (Notes 2 and 3) (附註2及3)	Interest of controlled corporation 控制法團的權益	34.00
Ms. TANG Kuen Mui 鄧娟妹女士	246,598,948 (Notes 4, 7 and 8) (附註4,7及8)	Spouse 配偶權益	20.50
Super Brilliance Company Limited ("Super Brilliance")	212,108,948 (Note 7) (附註7)	Beneficial owner 實益擁有人	17.63
Island Treasure Investments Limited ("Island Treasure")	212,108,948 (Note 5 and 7) (附註5及7)	Interest of controlled corporation 控制法團的權益	17.63
Onwide (H.K.) Limited 安和(香港)有限公司	212,108,948 (Notes 6 and 7) (附註6及7)	Trustee 信託人	17.63
Mr. WONG Tak Leung, Charles 王德良先生	212,108,948 (Notes 6 and 7) (附註6及7)	Interest of controlled corporation 控制法團的權益	17.63

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS (Continued)

主要股東及其他股東權益 (續)

Notes:

1. Chinatex Yieldfull is a wholly-owned subsidiary of Chinatex Jinhui. Chinatex Jinhui was therefore deemed to have an interest in the shares in which Chinatex Yieldfull was interested.
2. Chinatex Jinhui is a wholly-owned subsidiary of Chinatex Corporation. Chinatex Corporation was therefore deemed to have an interest in the shares in which Chinatex Yieldfull was interested.
3. The interests of Chinatex Yieldfull, Chinatex Jinhui and Chinatex Corporation were duplicated.
4. Ms. TANG Kuen Mui, spouse of Mr. HA Chung Fong, was deemed to be interested in the shares.
5. Super Brilliance is a wholly-owned subsidiary of Island Treasure. Island Treasure was therefore deemed to have an interest in the shares in which Super Brilliance was interested.
6. Island Treasure is a wholly-owned subsidiary of Onwide. Onwide became the trustee of the HA Trust, a discretionary trust set up by Mr. HA Chung Fong for the benefit of his family with effect from 13 August 2012, in which Mr. WONG Tak Leung, Charles holds 100% equity interest in the issued share capital of Onwide, and therefore Mr. WONG was deemed to have an interest in the shares in which Onwide was interested. Trustcorp ceased to be the trustee of the HA Trust on the same date.
7. The interests 212,108,948 of Mr. HA Chung Fong, Ms. TANG Kuen Mui, Super Brilliance, Island Treasure, Onwide and Mr. WONG Tak Leung, Charles were duplicated.
8. The interests 34,490,000 of Mr. HA Chung Fong and Ms. TANG Kuen Mui were duplicated.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short position in the issued share capital of the Company as at 31 August 2012.

附註：

1. Chinatex Yieldfull為Chinatex Jinhui之全資附屬公司，因此，Chinatex Jinhui被視作擁有Chinatex Yieldfull所持股份之權益。
2. Chinatex Jinhui為中國中紡集團公司之全資附屬公司，因此，中國中紡集團公司被視作擁有Chinatex Jinhui所持股份之權益。
3. Chinatex Yieldfull、Chinatex Jinhui及中國中紡集團公司之權益是重複的。
4. 鄧娟妹女士為夏松芳先生之配偶，因而被當作擁有該等股份權益。
5. Super Brilliance為Island Treasure之全資附屬公司，因此，Island Treasure被視作擁有Super Brilliance所持股份之權益。
6. Island Treasure為安和之非全資附屬公司。安和於2012年8月13日起成為the HA Trust之信託人，the HA Trust為夏松芳先生為其家族利益而成立的一項酌情信託，當中王德良先生持有安和之已發行股本之全部股份權益，故王先生被視作擁有安和所持有股份的權益。於同日Trustcorp不再為the HA Trust之信託人。
7. 夏松芳先生、鄧娟妹女士、Super Brilliance、Island Treasure、安和及王德良先生所持有的212,108,948之權益是重複的。
8. 夏松芳先生及鄧娟妹女士所持有的34,490,000之權益是重複的。

除上述披露外，於2012年8月31日，本公司並無收到任何其他擁有本公司已發行股本的有關權益或淡倉通知。

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

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

於回顧期內本公司及其任何附屬公司並無購回、出售或贖回本公司之任何上市證券。

CORPORATE GOVERNANCE CODE 企業管治守則

During the twelve months ended 31 August 2012, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") (previously known as Code on Corporate Governance Practices (the "Former CG Code")) as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, except for the deviation on Code Provision A.6.7 of the CG Code.

於截至2012年8月31日止12個月內，除了於企業管治守則之守則條文A.6.7有所偏離外，本公司已應用及一直遵守聯交所證券上市規則(「上市規則」)附錄14所載之企業管治守則及企業管治報告(「企業管治守則」)(前稱企業管治常規守則(「前企業管治守則」))之原則及適用之守則條文。

According to the Code Provision A.6.7 of the CG Code which came to effect on 1 April 2012, independent non-executive directors and other non-executive directors should attend general meetings in order to develop a balanced understanding of the views of shareholders.

根據於2012年4月1日起生效之企業管治守則之守則條文A.6.7，規定獨立非執行董事及其他非執行董事應出席股東大會，以均衡了解股東意見。

Due to other business engagements, an independent non-executive director of the Company (resigned on 6 June 2012) could not attend the extraordinary general meeting of the Company held on 10 May 2012 ("EGM"). However, except the above independent non-executive director, all the other directors of the Company were present the EGM to enable the Board to develop a balanced understanding of the views of the shareholders of the Company.

本公司之其中1位獨立非執行董事(已於2012年6月6日辭任)由於另有其他公務，因此未能出席本公司於2012年5月10日舉行之股東特別大會(「股東特別大會」)。然而，除上述獨立非執行董事外，本公司所有其他董事均有出席股東特別大會，董事會從而得以均衡了解本公司股東意見。

Save for the above deviation, none of the directors of the Company is aware of any information which would reasonably indicate that the Company is not, or, was not during the twelve months ended 31 August 2012 in compliance with the code provisions of the CG Code and the Former CG Code as set out in Appendix 14 of the Listing Rules on the Stock Exchange.

除以上偏離外，本公司董事概不知悉任何資料，足以合理地顯示本公司於截至2012年8月31日止12個月期間未有或未曾遵守聯交所上市規則附錄14所載之企業管治守則及前企業管治守則之守則條文。

With respect to the recent changes to the Listing Rules on corporate governance, the Board has updated or established various policies and procedures and the committees have updated their terms of reference in compliance with the new applicable code provisions of the CG Code. The Company has also made enhancement in the following major areas which is in line with applicable code provisions of the CG Code: the Board shall perform the corporate governance duties for the Group; a Nomination Committee was set up with a majority of its members being independent non-executive directors; and a shareholders' communication policy was adopted by which the shareholders of the Company can communicate with the Company and the Board.

關於最近有關上市規則於企業管治方面的更改，董事會已更新或制訂多項政策和程序，及委員會已更新其職權範圍，以遵守企業管治守則的新適用守則條文。本公司更提升以下主要範疇以符合企業管治守則之適用守則條文：董事會將履行本集團之企業管治職責；已成立提名委員會，其大部分成員為獨立非執行董事；及已採納股東傳訊政策，以便股東與本公司及董事會進行溝通。

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors of the Company, the Company considers that all directors of the Company have complied with the required standard set out in the Model Code for the period under review.

本公司已採納上市規則附錄10所載上市發行人董事進行證券交易的標準守則(「標準守則」)為其有關董事進行證券交易之守則。經向本公司所有董事作出查詢後，本公司認為本公司所有董事於回顧期內均已遵守標準守則所要求的標準。

AUDIT COMMITTEE 審核委員會

The Company has established an Audit Committee for the purposes of reviewing and providing supervision over the Company's financial reporting process and internal controls. The Audit Committee presently comprises one non-executive director and two independent non-executive directors of the Company, and one of the independent non-executive directors acts as the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited second interim results of the Company for the twelve months ended 31 August 2012.

本公司已成立審核委員會，藉以檢討及監察本公司之財務申報程序及內部監控制度。審核委員會現由本公司1名非執行董事及2名獨立非執行董事組成，並由其中1名獨立非執行董事擔任審核委員會主席。審核委員會已審閱本公司截至2012年8月31日止12個月之未經審核第二次中期業績。

REMUNERATION COMMITTEE 薪酬委員會

The Company has established a Remuneration Committee for the purposes of making recommendations to the Board on the Company's remuneration policy and structure for directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remunerations. The Remuneration Committee presently comprises one executive director and two independent non-executive directors of the Company, and one of the independent non-executive directors acts as the chairman of the Remuneration Committee.

本公司已成立薪酬委員會，藉以向董事會就董事及高級管理人員的薪酬政策及架構，以及就設立正規而具透明度的程序制訂此等薪酬政策提供建議。薪酬委員會現由本公司1名執行董事及2名獨立非執行董事組成，並由其中1名獨立非執行董事擔任薪酬委員會主席。

On behalf of the Board

LI Lan

Chairman

Hong Kong

26 October 2012

代表董事會

主席

李蘭

香港

2012年10月26日

CORPORATE INFORMATION 公司資料

Directors

Executive directors

Madam LI Lan (Chairman) (Appointed on 6 June 2012)
Mr. HA Chung Fong (Honorary Chairman)
Mr. HA Kam On, Victor (Vice-Chairman and Chief Executive Officer)
Dr. YEN Gordon (Chief Financial Officer)
Mr. GONG Zhengyi (Appointed on 6 June 2012)
Mr. CHEN Rong (Appointed on 6 June 2012)
Mr. HA Hon Kuen (Resigned on 6 June 2012)

Non-executive directors

Mr. ZHANG Chong (Appointed on 6 June 2012)
Mr. CHEN Minghong (Appointed on 6 June 2012)

Independent non-executive directors

Mr. NG Kwok Tung
Mr. CHOW Wing Kin, Anthony, SBS, JP
Mr. YANG Shibin (Appointed on 6 June 2012)
Mr. WONG Kwong Chi (Resigned on 6 June 2012)
Mrs. FUNG Yeh Yi Hao, Yvette (Resigned on 6 June 2012)

Registered Office

Block A, 6/F., Eastern Sea Industrial Building
29-39 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong

Website

www.fshl.com

Principal Bankers

Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited

Solicitor

Vivien Chan & Co.

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants

Share Registrar

Tricor Secretaries Limited
26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong

董事

執行董事

李蘭女士(主席)(於2012年6月6日委任)
夏松芳先生(名譽主席)
夏錦安先生(副主席兼行政總裁)
嚴震銘博士(首席財務官)
宮征誼先生(於2012年6月6日委任)
陳榕先生(於2012年6月6日委任)
夏漢權先生(於2012年6月6日辭任)

非執行董事

張湧先生(於2012年6月6日委任)
陳鳴洪先生(於2012年6月6日委任)

獨立非執行董事

伍國棟先生
周永健先生, 銀紫荊星章, 太平紳士
楊世濱先生(於2012年6月6日委任)
王幹芝先生(於2012年6月6日辭任)
馮葉儀皓女士(於2012年6月6日辭任)

註冊辦事處

香港新界葵涌葵昌路29-39號
東海工業大廈A座6字樓

網址

www.fshl.com

主要往來銀行

渣打銀行(香港)有限公司
香港上海滙豐銀行有限公司
中國銀行(香港)有限公司

律師

陳韻雲律師行

核數師

德勤·關黃陳方會計師行
執業會計師

股份登記處

卓佳秘書商務有限公司
香港灣仔皇后大道東28號金鐘匯中心26樓

SHAREHOLDER INFORMATION 股東資料

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

Stock Code : 420

Board Lot : 2,000

Par Value : HK\$0.20

Shares Issued : 1,203,046,960

上市 : 自1988年4月20日起
於香港聯合交易所有限公司
主板上市

股份代號 : 420

買賣單位 : 2,000

面值 : 0.20港元

已發行股份 : 1,203,046,960

Financial Calendar 2012

Financial year ended	31 December 2012
1st Interim results announced	13 April 2012
2nd Interim results announced	26 October 2012
Register of members closed	N/A
Distribution of dividend	N/A
2012 full year results to be announced	End of March 2013

2012年財務日誌

財政年度結算	2012年12月31日
第一次中期業績公佈	2012年4月13日
第二次中期業績公佈	2012年10月26日
股份暫停登記	不適用
股息派發	不適用
2012年全年業績公佈	2013年3月下旬

Shareholder Services

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

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

股東服務

任何有關股份過戶及登記的查詢，請聯絡本公司股份過戶登記處：

卓佳秘書商務有限公司
香港灣仔皇后大道東28號
金鐘匯中心26樓
電話 +852 2980 1766
傳真 +852 2861 1465

Investor Relations

Ms Charmaine CHENG
Assitant General Manager – Corporate Affairs
Block A, 6/F., Eastern Sea Industrial Building
29-39 Kwai Cheong Road, Kwai Chung
New Territories, Hong Kong
Tel +852 3478 7017
Email pr@fshl.com

投資者關係

鄭惠嫻小姐
助理總經理－企業事務
香港新界葵涌葵昌路29-39號
東海工業大廈A座6字樓
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FOUNTAIN SET (HOLDINGS) LIMITED
福田實業 (集團) 有限公司

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New Territories, Hong Kong

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東海工業大廈A座6字樓

Tel 電話 +852 2485 1881



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

福田實業於下列地區設有海外市場推廣辦事處/代表處，地址、電話號碼及傳真號碼均列明在www.fshl.com內

Toronto • Ho Chi Minh City • Seoul • Shanghai • Shenzhen • Singapore
多倫多 • 胡志明市 • 首爾 • 上海 • 深圳 • 新加坡

Production facilities are set up in the following countries:
於下列國家設有生產設施:

China • Indonesia • Sri Lanka
中國 • 印尼 • 斯里蘭卡