



INTERIM

REPORT

2019中期報告

DAPHNE INTERNATIONAL HOLDINGS LIMITED
達芙妮國際控股有限公司
Stock code 股票代號 : 210

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chang Chih-Kai (*Chairman & Chief Executive Officer*)

Mr. Chang Chih-Chiao

Mr. Chen Tommy Yi-Hsun

Independent Non-executive Directors

Mr. Huang Shun-Tsai

Mr. Kuo Jung-Cheng

Mr. Lee Ted Tak Tai (resigned on 30 June 2019)

AUDIT COMMITTEE

Mr. Huang Shun-Tsai

Mr. Kuo Jung-Cheng

Mr. Lee Ted Tak Tai (resigned on 30 June 2019)

NOMINATION COMMITTEE

Mr. Huang Shun-Tsai (*Chairman*)

Mr. Chang Chih-Kai

Mr. Kuo Jung-Cheng

Mr. Lee Ted Tak Tai (resigned on 30 June 2019)

REMUNERATION COMMITTEE

Mr. Kuo Jung-Cheng (*Chairman*)

Mr. Chang Chih-Kai

Mr. Huang Shun-Tsai

Mr. Lee Ted Tak Tai (resigned on 30 June 2019)

COMPANY SECRETARY

Mr. Cheung Chun Hay

AUTHORISED REPRESENTATIVES

Mr. Chang Chih-Kai

Mr. Cheung Chun Hay

CORPORATE WEBSITES

www.daphneholdings.com

www.daphne.com.cn

INVESTOR RELATIONS

ir@daphneholdings.com

公司資料

董事會

執行董事

張智凱先生 (*主席兼行政總裁*)

張智喬先生

陳怡勳先生

獨立非執行董事

黃順財先生

郭榮振先生

李德泰先生 (於二零一九年六月三十日辭任)

審核委員會

黃順財先生

郭榮振先生

李德泰先生 (於二零一九年六月三十日辭任)

提名委員會

黃順財先生 (*主席*)

張智凱先生

郭榮振先生

李德泰先生 (於二零一九年六月三十日辭任)

薪酬委員會

郭榮振先生 (*主席*)

張智凱先生

黃順財先生

李德泰先生 (於二零一九年六月三十日辭任)

公司秘書

張晉熙先生

授權代表

張智凱先生

張晉熙先生

公司網址

www.daphneholdings.com

www.daphne.com.cn

投資者關係

ir@daphneholdings.com

CORPORATE INFORMATION

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2605, 26/F
The Metropolis Tower
10 Metropolis Drive
Hung Hom
Kowloon
Telephone: (852) 2367 9021
Fax: (852) 2311 3170

OPERATIONAL HEADQUARTERS

3908 Hu Qing Ping Road
Zhao Xiang Town
Qingpu District
Shanghai, China
Telephone: (86) 21 3976 2468
Fax: (86) 21 5975 2698

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

PRINCIPAL BANKERS

Bank of Shanghai
China Construction Bank
Fubon Bank (Hong Kong)
Hang Seng Bank
MUFG Bank

公司資料

註冊辦事處

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

香港主要營業地點

九龍
紅磡
都會道10號
都會大廈
26樓2605室
電話：(852) 2367 9021
傳真：(852) 2311 3170

營運總部

中國上海
青浦區
趙巷鎮
滬青平公路3908號
電話：(86) 21 3976 2468
傳真：(86) 21 5975 2698

股份過戶登記處

卓佳秘書商務有限公司
香港
皇后大道東183號
合和中心54樓

核數師

羅兵咸永道會計師事務所
執業會計師

主要往來銀行

上海銀行
中國建設銀行
富邦銀行(香港)
恒生銀行
三菱UFJ銀行

FINANCIAL AND OPERATIONAL HIGHLIGHTS

財務及經營摘要

FINANCIAL PERFORMANCE

財務表現

		Six months ended 30 June 截至六月三十日止六個月		
		2019 二零一九年	2018 二零一八年	Change 變化
Turnover (HK\$' million)	營業額(百萬港元)	1,402.8	2,259.0	-37.9%
Gross profit (HK\$' million)	毛利(百萬港元)	651.3	1,080.2	-39.7%
Operating loss (HK\$' million)	經營虧損(百萬港元)	(373.5)	(489.7)	-23.7%
Loss attributable to shareholders (HK\$' million)	股東應佔虧損(百萬港元)	(389.9)	(492.6)	-20.9%
Basic loss per share (HK cents)	每股基本虧損(港仙)	(23.6)	(29.9)	-21.1%
Gross margin (%)	毛利率(%)	46.4	47.8	-1.4ppt百分點
Operating margin (%)	經營盈利率(%)	-26.6	-21.7	-4.9ppt百分點
Net margin (%)	淨盈利率(%)	-27.8	-21.8	-6.0ppt百分點

KEY FINANCIAL INDICATORS

主要財務指標

		Six months ended 30 June 截至六月三十日止六個月		
		2019 二零一九年	2018 二零一八年	Change 變化
Average inventory turnover (days) (Note 1)	平均存貨週轉期(日)(附註一)	195	169	+26
Average debtors turnover (days) (Note 2)	平均應收賬款週轉期(日)(附註二)	20	15	+5
Average creditors turnover (days) (Note 3)	平均應付賬款週轉期(日)(附註三)	221	113	+108
Capital expenditure (HK\$' million)	資本開支(百萬港元)	20.9	68.8	-69.6%
		At 30 June 2019 於二零一九年 六月三十日	At 31 December 2018 於二零一八年 十二月三十一日	Change 變化
Cash and bank balances (HK\$' million) (Note 4)	現金及銀行結餘(百萬港元)(附註四)	152.8	363.0	-57.9%
Bank loans (HK\$' million)	銀行貸款(百萬港元)	34.7	192.3	-81.9%
Equity attributable to shareholders (HK\$' million)	股東應佔權益(百萬港元)	1,420.4	1,779.8	-20.2%
Current ratio (times) (Note 5)	資產流動比率(倍)(附註五)	1.8	2.1	-14.3%
Net gearing ratio (%) (Note 6)	淨負債比率(%) (附註六)	Net cash 淨現金	Net cash 淨現金	N/A 不適用

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Notes:

1. The calculation of average inventory turnover (days) is based on the average of opening and closing inventory balances divided by the cost of sales and multiplied by the number of days of the relevant period.
2. The calculation of average debtors turnover (days) is based on the average of opening and closing balances of trade receivables divided by the turnover and multiplied by the number of days of the relevant period.
3. The calculation of average creditors turnover (days) is based on the average of opening and closing balances of trade payables divided by the purchases and multiplied by the number of days of the relevant period.
4. Cash and bank balances comprise cash and cash equivalents and pledged bank deposits, including those transferred to assets classified as held-for-sale.
5. The calculation of current ratio (times) is based on total current assets divided by total current liabilities as at the relevant period/year end.
6. The calculation of net gearing ratio (%) is based on net debt (being bank loans less cash and bank balances) divided by the equity attributable to shareholders as at the relevant period/year end.

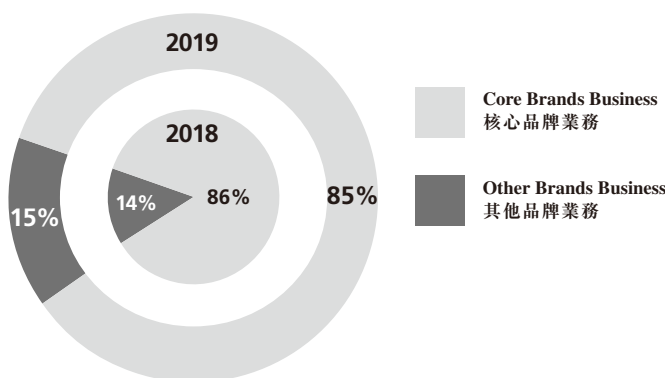
財務及經營摘要

附註：

- 一、平均存貨週轉期(日)乃按期初及期末存貨之平均結餘除以銷售成本乘以有關期間日數計算。
- 二、平均應收賬款週轉期(日)乃按期初及期末貿易應收賬款之平均結餘除以營業額乘以有關期間日數計算。
- 三、平均應付賬款週轉期(日)乃按期初及期末貿易應付賬款之平均結餘除以採購額乘以有關期間日數計算。
- 四、現金及銀行結餘包括現金及現金等價物及已抵押銀行存款(包括轉撥至分類為持作出售之資產)。
- 五、資產流動比率(倍)乃根據於有關期間／年度結束日之流動資產總額除以流動負債總額計算。
- 六、淨負債比率(%)乃根據於有關期間／年度結束日之負債淨額(即銀行貸款減現金及銀行結餘)除以股東應佔權益計算。

TURNOVER ANALYSIS

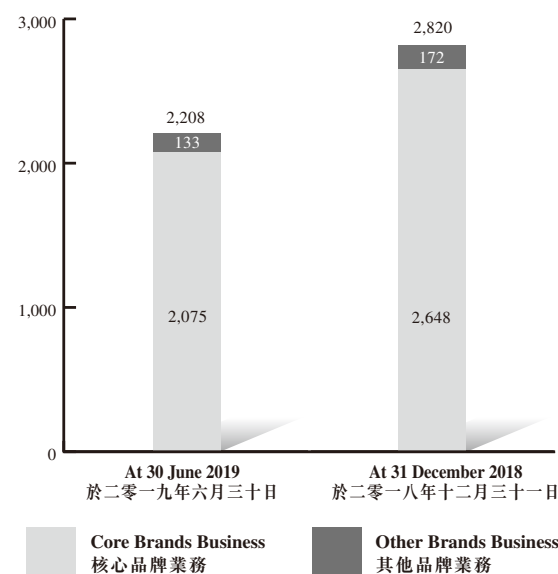
營業額分析



For the six months ended 30 June
截至六月三十日止六個月

NUMBER OF POINTS-OF-SALE

銷售點數目



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

China's gross domestic product (GDP) growth decelerated to 6.3% in the first half of 2019 compared to 6.8% in the same period last year. Total retail sales of consumer goods in China rose 6.7% in the first half of 2019, shrinking from 7.0% increase in the corresponding period of last year. These, coupled with the uncertainties brought about by the US-China trade dispute, led to a more cautious consumption sentiment.

As a result, the consumer goods sector continued to face significant challenges under the shadow of unfavorable economic environment, hindering the overall growth of the industry. Retailers' operating performance was also negatively affected by the squeezed disposable income due to increasing living costs that Chinese households are facing.

Consumption behavior has been changing faster than ever before driven by the advancement of digital technologies. More people turn to buying things on the internet where they are exposed to more diverse sources of products at the click of a button. On the other hand, athleisure that combines sports, urban and fashion has become a rapid growing trend favored by consumers, carrying a significant influence on the direction of traditional fashion retailers' product development.

The Group's Performance

For the six months ended 30 June 2019, the Group's turnover decreased by HK\$856.2 million to HK\$1,402.8 million compared with HK\$2,259.0 million for the same period last year. This was mainly attributable to a year-on-year decrease of 34.8% in the Group's number of points-of-sale ("POS") from 3,386 as at 30 June 2018 to 2,208 as at 30 June 2019 and the decrease in the same-store sales at its Core Brands Business. The Group's gross profit decreased to HK\$651.3 million (2018: HK\$1,080.2 million) as a result of decline in sales. Gross profit margin decreased to 46.4% (2018: 47.8%).

During the first half of 2019, operating loss was HK\$373.5 million compared with the operating loss of HK\$489.7 million for the same period last year. Loss attributable to shareholders was HK\$389.9 million (2018: HK\$492.6 million). Basic loss per share was 23.6 HK cents (2018: 29.9 HK cents). The Board of Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2019 (2018: Nil).

The Group continued its efforts to rationalise and adjust its store network to align with its new brand image. After a net closure of 612 POS during the period under review, the Group had a total number of 2,208 POS as at 30 June 2019 (At 31 December 2018: 2,820 POS).

管理層討論及分析

業務回顧

二零一九年上半年，中國國內生產總值(GDP)增長放緩至6.3%，而去年同期則為6.8%。二零一九年上半年，中國社會消費品零售總額增長6.7%，較去年同期7.0%的增速有所放緩。此等因素再加上中美貿易糾紛伴隨的不確定性，導致消費意慾更趨審慎。

因此，在不利經濟環境的陰霾下，消費品行業持續面臨重大挑戰，窒礙行業的整體增長。由於中國家庭的生活成本上升，導致可支配收入受壓，零售商的經營表現亦因此受到負面影響。

隨著數碼技術日新月異，消費行為的轉變較以往更快。越來越多人轉投線上購物，只需點擊鼠標即可盡覽更多樣化的產品。另一方面，結合運動、都市及時尚元素的運動休閒產品受消費者青睞，並成為快速增長趨勢，這對傳統時裝零售商的產品開發方向帶來重大影響。

集團表現

截至二零一九年六月三十日止六個月，本集團營業額減少856.2百萬港元至1,402.8百萬港元，對比去年同期為2,259.0百萬港元。這主要是由於集團銷售點按年減少34.8%（由二零一八年六月三十日之3,386個減少至二零一九年六月三十日之2,208個）及其核心品牌業務同店銷售下跌所致。由於銷售額減少，本集團毛利下降至651.3百萬港元（二零一八年：1,080.2百萬港元），而毛利率則下降至46.4%（二零一八年：47.8%）。

二零一九年上半年，經營虧損為373.5百萬港元，對比去年同期經營虧損為489.7百萬港元。股東應佔虧損為389.9百萬港元（二零一八年：492.6百萬港元）。每股基本虧損為23.6港仙（二零一八年：29.9港仙）。董事會不建議就截至二零一九年六月三十日止六個月派發中期股息（二零一八年：無）。

本集團繼續努力整合並調整其店舖網絡，以迎合其全新品牌形象。本集團於回顧期內淨關閉612個銷售點，於二零一九年六月三十日本集團擁有銷售點總數為2,208個（於二零一八年十二月三十一日：2,820個）。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Core Brands Business

The Group's Core Brands Business is the retailing business of footwear products and accessories under its own brands, "Daphne" and "Shoebox", in mainland China.

As one of the key transformation initiatives, the Group continued the adjustment of its channel mix and the rationalisation of its store network. During the period under review, the Group recorded a net closure of 573 POS (including 538 directly-managed stores and 35 franchised stores), or a decrease of 21.6% in the number of POS of Core Brands Business compared to that as at 31 December 2018.

Number of POS of Core Brands Business:

		At 30 June 2019 於二零一九年 六月三十日		At 31 December 2018 於二零一八年 十二月三十一日		Change 變化	
Directly-managed stores	直營店	1,866	90%	2,404	91%	-538	-22.4%
Franchised stores	加盟店	209	10%	244	9%	-35	-14.3%
Total	合計	2,075	100%	2,648	100%	-573	-21.6%

Number of POS of Core Brands Business by City Tier:

		At 30 June 2019 於二零一九年 六月三十日		At 31 December 2018 於二零一八年 十二月三十一日		Change 變化	
Tier 1	一線城市	194	9%	254	10%	-60	-23.6%
Tier 2	二線城市	468	23%	606	23%	-138	-22.8%
Tier 3	三線城市	480	23%	520	20%	-40	-7.7%
Tier 4-6	四至六線城市	933	45%	1,268	47%	-335	-26.4%
Total	合計	2,075	100%	2,648	100%	-573	-21.6%

Affected by the weak economic environment and intense market competition, Core Brands Business recorded a year-on-year decline of 19.6% in the same-store sales for the first half of 2019.

The year-on-year decrease in store number and a weaker same-store sales performance resulted in a year-on-year decrease of 38.4% in the Core Brands Business turnover which amounted to HK\$1,281.4 million (2018: HK\$2,080.5 million). The segment revenue from external customers accounted for approximately 85% (2018: 86%) of the Group's total revenue during the period under review.

Core Brands Business gross margin decreased slightly by 0.5 percentage points year-on-year to 42.5% (2018: 43.0%).

Although the operating loss of Core Brands Business narrowed to HK\$358.2 million (2018: HK\$481.9 million) for the first half of 2019, the Group was still adversely affected by the high fixed cost structure of retail operations and losses on the closure of non-performing stores. The operating margin further declined to -28.0% (2018: -23.2%).

核心品牌業務

本集團的核心品牌業務，指於中國大陸銷售自有品牌「達芙妮」和「鞋櫃」的鞋類產品及配件之零售業務。

作為業務轉型的重要舉措之一，本集團持續調整渠道組合並整合店舖網絡。回顧期內，本集團的核心品牌業務錄得淨關閉573個銷售點（包括538家直營店及35家加盟店），銷售點數目較二零一八年十二月三十一日減少21.6%。

核心品牌業務銷售點數目：

按城市級別的核心品牌業務銷售點數目：

受疲弱的經濟環境及激烈的市場競爭影響，二零一九年上半年，核心品牌業務同店銷售錄得按年19.6%之跌幅。

銷售點數目按年減少以及同店銷售表現轉差，導致本集團核心品牌業務營業額按年減少38.4%至1,281.4百萬港元（二零一八年：2,080.5百萬港元）。回顧期內，該分部對外客戶的收益佔本集團總營業額約85%（二零一八年：86%）。

核心品牌業務毛利率按年錄得輕微下降0.5個百分點至42.5%（二零一八年：43.0%）。

儘管二零一九年上半年的核心品牌業務經營虧損收窄至358.2百萬港元（二零一八年：481.9百萬港元），本集團於回顧期內仍持續受到來自零售營運高固定成本結構及關閉表現欠佳之店舖虧損的負面影響。經營盈利率進一步下降至-28.0%（二零一八年：-23.2%）。

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the Group opened new images stores in shopping mall channel and continued with store renovation to align with its refreshed brand image and enhance customers' shopping experience.

In the first half of 2019, the Group cooperated with a professional brand consultancy company to reposition Daphne brand, which is crucial for the Group to reach its consumers' expectations and survive in the increasingly competitive marketplace.

Responding to the booming athleisure trend, the Group launched its athleisure category with increased investment on product research and development to seize market opportunities. More athleisure products were brought to market under the Group's spring and summer collections with a focus on trendiness and comfort, which were well received by young customers.

The Group made great strides in its commitment to upgrading its supply chain management. The Group entered a strategic partnership with a supply chain solution provider to achieve a fast, flexible and flattened supply chain system. Supported by the partner's intelligent logistics and distribution system, the Group is capable to carry out quick response manufacturing with production volume to be determined according to market feedback to meet consumers' demand in a timely manner. The production lead time saw a significant improvement, albeit its limited contribution to same-store sales performance which was negatively affected by the unfavorable market environment.

Thanks to its continuous efforts in customer relationship management ("CRM"), the Group's customer membership base continued to expand through the enhanced membership privileges program to drive repeated sales and strengthen customer loyalty. The Group continued to work with a big data company to track consumer preferences and identify market opportunities.

Other Brands Business

The Group's Other Brands Business mainly consists of its e-commerce business and the operations of mid- to high-end brands (including the Group's own brands and brands under exclusive distributorships). The Other Brands Business segment accounted for approximately 15% (2018: 14%) of the Group's total revenue during the period under review.

During the period under review, the turnover of Other Brands Business decreased to HK\$209.4 million (2018: HK\$313.0 million) due to a year-on-year decrease of 37.6% in the number of its POS from 213 as at 30 June 2018 to 133 as at 30 June 2019. The gross margin of Other Brands Business decreased by 3.5 percentage points year-on-year to 52.0% (2018: 55.5%) as a result of aggressive clearance of aged products. Other Brands Business recorded an operating loss of HK\$4.2 million for the first half of 2019 (2018: HK\$5.7 million).

During the period under review, the Group's e-commerce business continued to increase its contribution to the Group's total revenue and remained profitable. In the first half of 2019, an upgraded Daphne official shopping site was launched on Wechat mini program platform, providing customers with more diversified product offerings to drive traffic and seize more business opportunities. In addition to maintaining close relationships with key online platforms, the Group also continues with its strategic partnerships with select online distributors to maintain and expand the brands' online market share.

管理層討論及分析

回顧期內，本集團於購物中心渠道開設新形象店舖，及繼續進行店舖翻新，以迎合全新的品牌形象，並提升顧客購物體驗。

二零一九年上半年，本集團與專業品牌諮詢公司合作，對達芙妮品牌進行重新定位，此舉對本集團迎合消費者期望並在競爭日益加劇的市場求存至關重要。

為應對運動休閒的蓬勃發展趨勢，本集團推出運動休閒系列產品，並增加於產品研發方面的投入，以把握市場機遇。本集團的春夏系列推出更多運動休閒產品，以時尚舒適為賣點，深受年輕顧客歡迎。

本集團致力於提升其供應鏈管理。本集團與供應鏈解決方案供應商建立戰略夥伴關係，以實現快速、靈活及扁平化的供應鏈系統。在合作夥伴的智能物流及配送系統的支持下，本集團能夠實現快速反應生產，根據市場反應而確定生產數量，從而及時滿足消費者需求。生產週期已顯著改善，但由於受到不利市場環境的負面影響，其對同店銷售表現的貢獻仍然有限。

本集團於顧客關係管理方面持續努力，憑藉增強後的會員專屬活動，其顧客會員基礎持續擴大，從而帶動重複銷售並強化顧客忠誠度。本集團繼續與大數據公司合作，追蹤消費者喜好並識別市場機遇。

其他品牌業務

本集團之其他品牌業務主要包括其電商業務及中高檔品牌業務（包括本集團的自有品牌及擁有獨家經銷權的品牌）。其他品牌業務分部於回顧期內佔本集團總營業額約15%（二零一八年：14%）。

回顧期內，由於其銷售點數目按年減少37.6%（由二零一八年六月三十日之213個減少至二零一九年六月三十日之133個），導致其他品牌業務分部營業額減少至209.4百萬港元（二零一八年：313.0百萬港元）。由於積極清理過季產品，其他品牌業務毛利率按年下降3.5百分點至52.0%（二零一八年：55.5%）。截至二零一九年上半年，其他品牌業務錄得經營虧損4.2百萬港元（二零一八年：5.7百萬港元）。

回顧期內，本集團的電商業務繼續增加其對本集團總營業額的貢獻，並保持盈利。二零一九年上半年，升級後的達芙妮官方購物網站在微信小程序上線，為顧客提供更多元化的產品組合，以提升客流量及把握更多商機。除了與關鍵線上平台維持緊密合作外，本集團亦維持與精選線上分銷商的戰略夥伴關係，以維持並擴大品牌的線上市場份額。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW

Analysis of Results by Business Segment

For the six months ended 30 June 2019, the Group recorded turnover of HK\$1,402.8 million, a decrease of 37.9% compared to that for the corresponding period last year. The business performance of individual segments for the period under review is summarised as follows:

(HK\$ million) (百萬港元)		Core Brands Business 核心品牌業務		Other Brands Business 其他品牌業務		Manufacturing Business 製造業務	
		2019 二零一九年	2018 二零一八年	2019 二零一九年	2018 二零一八年	2019 二零一九年	2018 二零一八年
Revenue from external customers	對外客戶收益	1,193.4	1,946.0	209.4	313.0	–	–
Inter-segment revenue	分部間收益	88.0	134.5	–	–	65.2	104.5
Total segment revenue	分部收益總額	1,281.4	2,080.5	209.4	313.0	65.2	104.5
Segment gross profit/(loss)	分部毛利／(虧損)	544.9	894.1	108.9	173.6	(7.5)	1.9
Segment gross margin	分部毛利率	42.5%	43.0%	52.0%	55.5%	-11.5%	1.8%
Segment operating (loss)/profit	分部經營(虧損)／盈利	(358.2)	(481.9)	(4.2)	(5.7)	(15.5)	1.8
Segment operating margin	分部經營盈利率	-28.0%	-23.2%	-2.0%	-1.8%	-23.9%	1.7%

During the first half of 2019, total revenue of the Core Brands Business decreased by 38.4% to HK\$1,281.4 million from HK\$2,080.5 million for the corresponding period in 2018. It is mainly due to the closure of stores and decline in the same-store sales. Gross margin of the Core Brands Business decreased from 43.0% in the first half of 2018 to 42.5% during the period under review as result of clearance of aged products and decrease in average selling price.

Revenue of Other Brands Business also decreased by 33.1% year-on-year to HK\$209.4 million (2018: HK\$313.0 million) for the period under review. Gross margin declined from 55.5% in the first half of 2018 to 52.0% for the first half of 2019 mainly due to the increased proportion of aged products in the product mix.

Other Income

Other income amounted to HK\$12.3 million (2018: HK\$22.2 million) during the period under review. The decrease was mainly due to the drop in bank interest income and government subsidies.

Operating Expenses

The Group's operating expenses (including other gains/losses, selling & distribution and general & administrative expenses) dropped by HK\$555.0 million or 34.9%, to HK\$1,037.1 million during the period under review from HK\$1,592.1 million for the corresponding period in 2018. The drop was generally in line with the decrease in sales and number of stores.

財務回顧

業務分部業績分析

截至二零一九年六月三十日止六個月，本集團錄得營業額為1,402.8百萬港元，較去年同期下降37.9%。各分部於回顧期內業務表現載列如下：

截至二零一九年上半年，核心品牌業務收益總額由二零一八年同期的2,080.5百萬港元減少38.4%至1,281.4百萬港元。這主要是由於關閉店舖及同店銷售下降所導致。受清理過季產品及平均銷售單價下跌的影響，回顧期內，核心品牌業務毛利率由二零一八年上半年的43.0%下降至42.5%。

回顧期內，其他品牌業務收益亦按年減少33.1%至209.4百萬港元（二零一八年：313.0百萬港元）。毛利率由二零一八年上半年的55.5%下降至二零一九年上半年的52.0%，主要由於過季產品在產品組合中佔比增加。

其他收入

回顧期內，其他收入共計12.3百萬港元（二零一八年：22.2百萬港元）。其他收入減少主要由於銀行利息收入及政府補貼下跌。

經營費用

回顧期內，本集團之經營費用（包括其他收益／虧損、銷售及分銷開支以及一般及行政開支）由二零一八年同期的1,592.1百萬港元減少555.0百萬港元或34.9%至1,037.1百萬港元。經營費用之下跌基本上與銷售及店舖數目跌幅相若。

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Loss

As a result of the above-mentioned reasons, the Group recorded an operating loss of HK\$373.5 million, narrowed by HK\$116.2 million or 23.7%, compared with the operating loss of HK\$489.7 million in the corresponding period last year. Operating margin deteriorated further to -26.6% (2018: -21.7%).

Income Tax Expense

For the period ended 30 June 2019, the Group's income tax expense was HK\$7.3 million, compared with HK\$6.2 million for the same period last year.

Loss Attributable to Shareholders

For the period ended 30 June 2019, the Group's loss attributable to shareholders decreased by HK\$102.7 million to HK\$389.9 million (2018: HK\$492.6 million). Basic loss per share was 23.6 HK cents (2018: 29.9 HK cents) during the period under review.

Inventories

As at 30 June 2019, the Group's inventories decreased by HK\$366.3 million or 36.9%, to HK\$626.0 million from HK\$992.3 million as at 31 December 2018. Average inventory turnover was 195 days (2018: 169 days) during the period under review. Included in the inventories, the balance of provision for slow-moving and obsolete items was HK\$197.5 million as at 30 June 2019 (At 31 December 2018: HK\$197.3 million).

Trade Receivables

The amount of trade receivables as at 30 June 2019 decreased by HK\$16.7 million or 10.5% to HK\$143.4 million (At 31 December 2018: HK\$160.1 million). Average debtors turnover increased by 5 days to 20 days (2018: 15 days).

Trade Payables

On the other hand, the Group's trade payables decreased by HK\$231.0 million or 43.5%, to HK\$299.6 million as at 30 June 2019 from HK\$530.6 million as at 31 December 2018. Average creditors turnover increased by 108 days, from 113 days for the same period last year to 221 days during the period under review as a result of extension of repayment terms with certain suppliers.

Liquidity and Financial Resources

The Group maintains a stable and healthy balance sheet. As at 30 June 2019, the Group had equity attributable to shareholders totalling HK\$1,420.4 million (At 31 December 2018: HK\$1,779.8 million). Cash and bank balances amounted to HK\$152.8 million (At 31 December 2018: HK\$363.0 million), which were denominated mainly in Renminbi.

管理層討論及分析

經營虧損

基於上述原因，本集團之經營虧損錄得373.5百萬港元，較去年同期收窄116.2百萬港元或23.7%，去年同期的經營虧損為489.7百萬港元。經營盈利率進一步轉差至-26.6%（二零一八年：-21.7%）。

所得稅開支

截至二零一九年六月三十日止期間，本集團之所得稅開支為7.3百萬港元，而去年同期為6.2百萬港元。

股東應佔虧損

截至二零一九年六月三十日止期間，本集團股東應佔虧損減少102.7百萬港元至389.9百萬港元（二零一八年：492.6百萬港元）。回顧期內，每股基本虧損為23.6港仙（二零一八年：29.9港仙）。

存貨

於二零一九年六月三十日，本集團存貨由二零一八年十二月三十一日的992.3百萬港元，減少366.3百萬港元或36.9%至626.0百萬港元。回顧期內，平均存貨週轉期為195日（二零一八年：169日）。於二零一九年六月三十日，包括於存貨中的滯銷及過時存貨撥備餘額為197.5百萬港元（於二零一八年十二月三十一日：197.3百萬港元）。

貿易應收賬款

於二零一九年六月三十日之貿易應收賬款減少16.7百萬港元或10.5%至143.4百萬港元（於二零一八年十二月三十一日：160.1百萬港元）。平均應收賬款週轉期增加5日至20日（二零一八年：15日）。

貿易應付賬款

另一方面，本集團之貿易應付賬款由二零一八年十二月三十一日的530.6百萬港元減少231.0百萬港元或43.5%至二零一九年六月三十日的299.6百萬港元。因此，於回顧期內，平均應付賬款週轉期則由去年同期113日，增加108日至221日，此乃由於部份供應商延長還款期限所致。

流動資金及財政資源

本集團維持穩健的財務狀況。於二零一九年六月三十日，本集團股東應佔權益共有1,420.4百萬港元（於二零一八年十二月三十一日：1,779.8百萬港元）。現金及銀行結餘為152.8百萬港元（於二零一八年十二月三十一日：363.0百萬港元），主要以人民幣為結算單位。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

As at 30 June 2019, the Group's short-term bank loan was HK\$34.7 million (At 31 December 2018: HK\$192.3 million) which was secured by certain investment properties. As such, the Group had net cash of HK\$118.1 million (At 31 December 2018: HK\$170.7 million). The bank loan outstanding was denominated in RMB and at floating interest rates. The Group did not hedge its exposure to exchange fluctuation and interest rate risk.

During the first half of 2019, the net decrease in cash and bank balances of HK\$210.2 million (2018: HK\$111.4 million) is analysed as follows:

於二零一九年六月三十日，本集團之短期銀行貸款為34.7百萬港元（於二零一八年十二月三十一日：192.3百萬港元），由部分投資物業作抵押。因此，本集團之現金淨額為118.1百萬港元（於二零一八年十二月三十一日：170.7百萬港元）。未償還之銀行貸款以人民幣為結算單位及按浮動利率計息。本集團並無對沖所面對之匯率波動及利率風險。

截至二零一九年上半年，現金及銀行結餘淨減少210.2百萬港元（二零一八年：111.4百萬港元）的分析如下：

		Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年 HK\$' million 百萬港元	2018 二零一八年 HK\$' million 百萬港元
Net cash generated from/(used in) operating activities	經營活動產生／（所用）的現金淨額	20.6	(60.3)
Capital expenditure	資本開支	(20.9)	(68.8)
Net interest (paid)/received	（已付）／已收利息淨額	(1.5)	1.6
Proceeds from disposal of a subsidiary and a financial asset	出售附屬公司和金融資產之收款	16.5	34.2
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備之收款	65.3	1.4
Principal elements of lease payments	租賃付款之本金部份	(133.9)	—
Net bank loans repaid	銀行貸款償還淨額	(158.3)	(0.9)
Effect of exchange rate changes	外匯兌換率變動之影響	2.0	(18.6)
		(210.2)	(111.4)

During the first half of 2019, the Group's interest income on bank balances and deposits was HK\$1.4 million (2018: HK\$4.2 million) while finance costs on bank loans amounted to HK\$2.9 million (2018: HK\$2.6 million).

截至二零一九年上半年，本集團銀行結餘及存款之利息收入為1.4百萬港元（二零一八年：4.2百萬港元），而銀行貸款之財務成本為2.9百萬港元（二零一八年：2.6百萬港元）。

The Group's current ratio was 1.8 times as at 30 June 2019 (At 31 December 2018: 2.1 times). As at 30 June 2019, the Group's net gearing, calculated on the basis of net debt (being bank loans less cash and bank balances) divided by equity attributable to shareholders, indicated that the Group was in a net cash (At 31 December 2018: Net cash) position.

於二零一九年六月三十日，本集團之資產流動比率為1.8倍（於二零一八年十二月三十一日：2.1倍）。於二零一九年六月三十日，本集團之淨負債比率（根據負債淨額（即銀行貸款減現金及銀行結餘）除以股東應佔權益計算）為淨現金（於二零一八年十二月三十一日：淨現金）狀況。

Management closely monitor the Group's financial performance and liquidity position. Taking into the consideration of the plans and measures to improve the liquidity position, such as extension of repayment terms with certain suppliers, disposals of certain non-core properties and other financial support from the Chairman of the Company, it believes that the Group has sufficient financial resources to meet its obligations as and when they fall due over the next twelve months.

管理層將會密切監察本集團之財務表現及流動資金情況，考慮改善流動資金狀況的計劃及措施，例如延長與部份供應商的還款期限、出售部分非核心物業，以及由本公司主席提供其他財政支持，本集團認為其持有足夠財政資源以支付未來十二個月內的到期債務。

MANAGEMENT DISCUSSION AND ANALYSIS

Foreign Exchange Risk Management

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and the Group may use forward foreign exchange contracts when major fluctuation in the relevant foreign currency is anticipated. During the six months ended 30 June 2019, the Group did not enter into any forward foreign exchange contract.

Pledge of Assets

As at 30 June 2019, the Group's pledged bank deposits amounting to HK\$3.1 million (At 31 December 2018: HK\$174.2 million) and certain investment properties with net book value of HK\$123.7 million (At 31 December 2018: HK\$121.3 million) were pledged for certain banking facilities.

Capital Expenditure

During the interim period, the Group incurred capital expenditure of HK\$20.9 million (2018: HK\$68.8 million) mainly for retail network renovation.

Contingent Liabilities

As at 30 June 2019 and 31 December 2018, the Group had no significant contingent liabilities.

Human Resources

As at 30 June 2019, the Group had a workforce of about 6,800 (At 31 December 2018: 8,700) people predominantly in mainland China, Taiwan and Hong Kong. Employee benefits expense, including directors' emoluments, retirement benefit costs and share-based payment expense, for the period under review was HK\$305.1 million (2018: HK\$420.7 million). The decrease of HK\$115.6 million or 27.5% was mainly due to the reduction in headcounts and cost control measures. The Group values its human resources and recognises the importance of retaining high calibre employees. Remuneration packages are generally structured with reference to market conditions and terms as well as individual qualifications. In addition, share options, share appreciation rights and discretionary bonuses are granted to eligible employees based on the performance of the Group and of the individual employee. The Group also provides mandatory provident fund schemes, medical insurance schemes, staff purchase discounts and training programmes for the employees.

OUTLOOK

The business environment has gone through significant changes on the backdrop of uncertainties of the global economy and slowing China's economy. Mounting US-China trade tensions and political uncertainties further dampen consumer spending. Operating environment is expected to remain challenging in the second half of the year. Despite initial improvements achieved from the Group's business transformation since 2017, the Group believes further significant adjustment of strategies is essential to Daphne's sustainable development in the long-term.

With an aim to pursue an "asset light" business model, the Group will bring about a structural change to its sales channel strategy in response to the ever-shifting operating environment. The enhanced strategy will mainly focus on the development of its e-commerce business, supplemented by the physical store's presence, to achieve an optimum retail channel portfolio.

管理層討論及分析

匯率風險管理

本集團通過定期檢討本集團的外匯風險淨額來管理其外匯風險，而本集團可在預期相關外幣出現重大波動時使用遠期外匯合約。截至二零一九年六月三十日止六個月，本集團並無訂立任何遠期外匯合約。

資產抵押

於二零一九年六月三十日，本集團就使用部分銀行融資額度而抵押之已抵押銀行存款為3.1百萬港元（二零一八年十二月三十一日：174.2百萬港元），以及賬面值為123.7百萬港元（二零一八年十二月三十一日：121.3百萬港元）之部分投資物業。

資本開支

於中期報告期間，本集團的資本開支為20.9百萬港元（二零一八年：68.8百萬港元），主要用於裝修零售網絡。

或然負債

於二零一九年六月三十日及二零一八年十二月三十一日，本集團並無任何重大或然負債。

人力資源

於二零一九年六月三十日，本集團於中國大陸、台灣及香港之僱員人數約為6,800人（於二零一八年十二月三十一日：8,700人）。回顧期內，僱員福利開支（包括董事酬金、退休福利開支及以股份為基礎之款項開支）為305.1百萬港元（二零一八年：420.7百萬港元），減少115.6百萬港元或27.5%，乃主要由於人手減少及成本控制措施所致。本集團一向重視人力資源並深明留聘優質人才的重要性，所提供之薪酬及福利乃參考市場水平及個人資歷而定。此外，本集團根據本集團及員工個人之表現向合資格員工授予購股權、股份增值權及酌情花紅。本集團亦為僱員提供強積金、醫療保障、員工購物折扣及培訓課程。

展望

受全球經濟不明朗及中國經濟放緩影響，經營環境發生重大變化。中美貿易緊張局勢升溫及政治不明朗因素進一步抑制消費者開支。預期下半年的經營環境仍將充滿挑戰。儘管本集團自二零一七年啟動業務轉型以來已取得初步進展，但本集團認為必須進一步推行大幅度的策略調整，以支持達芙妮的長期可持續發展。

為應對不斷轉變的經營環境，本集團將對其銷售渠道策略進行結構性調整，以追求「輕資產」業務模式目標。提升後的策略將以發展電商業務為主，以實體店業務為輔，從而達致最佳零售渠道組合。

MANAGEMENT DISCUSSION AND ANALYSIS

The Group will continue with the sales network optimisation with more stores to be converted into “partnership system” or “franchise system” to mitigate the business risks brought about by the high operational leverage. The Group will close underperforming stores in a more decisive manner, while allocating more resources on the healthy stores that are supportive to the Group’s long-term business strategy.

Besides, the Group will further streamline its organisational structure following the network optimisation. Stringent cost control measures will continue to be adopted across all key cost lines, mainly attributable to savings from both frontline and regional back office. The Group is committed to building a more efficient cost base to enhance its profitability.

With regards to its online channel, the Group will expedite e-commerce development to adapt to the fast-changing consumer behavior with more resources to be deployed on the e-commerce business and increase its contribution to the Group’s total revenue.

- The Group will continue with its omni-channel strategy to increase its coverage in the intensively competitive online marketplace. The Group will further strengthen its partnership with emerging social media and key online platforms including Tmall, JD.com and VIP.com, etc. to keep abreast with the fast shifting consumption behavior.
- In addition to the direct online stores, the Group will continue to form and develop strategic partnerships with selected online distributors to maintain and expand Daphne brand’s online market share.
- The Group will continue to strengthen its capabilities of product design and supply chain management to support the development of exclusive products that target young online consumers. The Group’s e-commerce operation team will continue to closely work with its product design and supply chain departments in launching more products to satisfy the specific needs of online market.

The above-mentioned initiatives to boost e-commerce business growth are in place for a wide roll-out in the second half of the year. The Group expects to see the corresponding improvements gradually take place and translate into a more sustainable business development.

Driven by consumers’ desire to balance comfort and style, the Group recognises massive opportunities in athleisure category. Continuous efforts will be made to further expand the athleisure products to cater to the increasing market demand. The Group will cooperate with external design professionals to enhance competitive edges of its traditional fashion products in order to boost sales.

The Group will continue with its efforts on brand repositioning. With the support from a professional brand consultancy company, the Group strives to position itself in a niche market and identify differential advantages. The Group will also continue with its supply chain revamp to meet the requirements of product development and sales.

The Group will continue to strengthen its relationships with customers. More upgraded membership activities and benefits will be introduced to boost customer loyalty and repeated sales. Furthermore, the Group will continue to enhance its capabilities to apply big data analytics. Through the cooperation with a big data company, the Group will be able to identify opportunities effectively on the market and launch products that can meet with enthusiastic market responses.

The Group is confident in carrying out development strategies in the right direction to achieve more favorable and sustainable future development. The management team will regularly review and evaluate the implementation of the strategies and from time to time make adjustments to adapt itself to the latest market trends.

管理層討論及分析

本集團將繼續優化銷售網絡，將更多店舖轉型為「合夥人制度」或「加盟制度」，以減輕高經營槓桿帶來的業務風險。本集團將更為果斷地關閉表現欠佳的店舖，同時將更多資源分配至表現穩健的店舖，支持本集團長期業務策略。

此外，本集團將於銷售網絡優化後進一步精簡其組織架構。本集團將就所有主要成本項目繼續推行嚴格的成本控制措施，主要涉及前線及區域後勤辦公室。本集團致力打造更具效益的成本基礎以提升其盈利能力。

就線上渠道而言，本集團將加速發展電商業務，以適應快速變化的消費者行為，並加大對電商業務的投入，增加其對本集團總營業額的貢獻。

- 本集團將繼續推行全渠道策略，以在競爭白熱化的線上市場擴大覆蓋範圍。本集團將進一步加強與新興社交媒體及主要線上平台（包括天貓、京東及唯品會等）的合作，緊貼快速變化的消費行為。
- 除線上直營店外，本集團將繼續與精選線上分銷商建立及發展戰略夥伴關係，以維持及擴大達芙妮品牌的線上市場份額。
- 本集團將繼續提升其產品設計及供應鏈管理能力，以支持開發針對年輕線上消費者的獨家產品。本集團的電商營運團隊將繼續與產品設計及供應鏈部門緊密合作，推出更多產品以滿足線上市場的特定需求。

上述促進電商業務發展的措施已於本年度下半年逐步推行。本集團預期相關改善將逐漸浮現，並轉化為更持續的業務發展。

受消費者兼顧舒適及時尚的需求所帶動，本集團察覺運動休閒類別蘊藏龐大市場機遇。本集團將繼續努力進一步擴充運動休閒產品，滿足與日俱增的市場需求。本集團將與外部專業設計師合作，提升其傳統時裝產品的競爭優勢，從而促進銷售。

本集團將繼續努力進行品牌重新定位。在專業品牌諮詢公司的協助下，本集團致力在獨特市場找到自身定位並明確其獨特優勢。本集團亦將繼續改進其供應鏈，以滿足產品開發及銷售的需求。

本集團將繼續加強與顧客的聯繫。本集團將推出更多升級後的會員活動及權益，以提升顧客忠誠度及重複銷售。此外，本集團將繼續提升大數據分析的應用能力。通過與大數據公司合作，本集團將能夠有效識別市場機會，並推出受市場熱烈追捧的產品。

本集團相信業務發展策略的執行正朝著正確的方向前進，以實現未來更有利及可持續的發展。管理團隊將定期審視及評估策略的執行情況，並不時作出調整以適應最新市場動向。

CONDENSED CONSOLIDATED INCOME STATEMENT

簡明綜合收益表

FOR THE SIX MONTHS ENDED 30 JUNE 2019

截至二零一九年六月三十日止六個月

			Unaudited 未經審核	
			Six months ended 30 June 截至六月三十日止六個月	
		Note 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Turnover	營業額	6	1,402,802	2,259,010
Cost of sales	銷售成本		(751,528)	(1,178,797)
Gross profit	毛利		651,274	1,080,213
Other income	其他收入	7	12,306	22,222
Other gains/(losses) – net	其他收益／(虧損)－淨額	8	12,421	(15,710)
Selling and distribution expenses	銷售及分銷開支		(917,636)	(1,415,308)
General and administrative expenses	一般及行政開支		(131,851)	(161,120)
Operating loss	經營虧損	9	(373,486)	(489,703)
Finance costs	財務成本	10	(13,232)	(2,572)
Share of losses of associates and joint ventures	應佔聯營公司及合營企業之虧損		(363)	(504)
Loss before income tax	除所得稅前虧損		(387,081)	(492,779)
Income tax expense	所得稅開支	11	(7,326)	(6,229)
Loss for the period	期內虧損		(394,407)	(499,008)
Attributable to:	以下各方應佔：			
Shareholders	股東		(389,866)	(492,633)
Non-controlling interests	非控制性權益		(4,541)	(6,375)
			(394,407)	(499,008)
Loss per share, basic and diluted (HK cents)	每股基本及攤薄虧損(港仙)	12	(23.6)	(29.9)

The above condensed consolidated income statement should be read in conjunction with the accompanying notes.

上述簡明綜合損益表應與附註一併閱讀。

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

簡明綜合全面收益表

FOR THE SIX MONTHS ENDED 30 JUNE 2019

截至二零一九年六月三十日止六個月

		Unaudited 未經審核	
		Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Loss for the period	期內虧損	(394,407)	(499,008)
Other comprehensive (loss)/income	其他全面(虧損)/收益		
<i>Item that may be reclassified subsequently to profit or loss:</i>	<i>可於其後重新分類至損益之項目：</i>		
Currency translation differences of a foreign subsidiary	外國附屬公司之匯兌差額	(125)	(156)
<i>Items that will not be reclassified subsequently to profit or loss:</i>	<i>不可於其後重新分類至損益之項目：</i>		
Currency translation differences	匯兌差額	31,746	(16,696)
Change in fair value of an equity investment at fair value through other comprehensive income	按公平價值計入其他全面收益之權益投資之公平價值變動	–	(70)
Total comprehensive loss for the period	期內全面虧損總額	(362,786)	(515,930)
Attributable to:	以下各方應佔：		
Shareholders	股東	(359,483)	(510,248)
Non-controlling interests	非控制性權益	(3,303)	(5,682)
		(362,786)	(515,930)

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

上述簡明綜合全面收益表應與附註一併閱讀。

CONDENSED CONSOLIDATED BALANCE SHEET

簡明綜合資產負債表

AS AT 30 JUNE 2019

於二零一九年六月三十日

			Unaudited 未經審核 30 June 2019 二零一九年 六月三十日 HK\$'000 千港元	Audited 經審核 31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元
	Note 附註			
Non-current assets		非流動資產		
Land use rights		土地使用權	–	39,803
Property, plant and equipment	14	物業、廠房及設備	347,837	463,650
Investment properties	15	投資物業	196,554	173,092
Right-of-use assets		使用權資產	451,072	–
Interests in associates		於聯營公司之權益	1,581	1,868
Interests in joint ventures		於合營企業之權益	1,736	1,949
Long-term rental deposits and prepayments		長期租金按金及預付款項	33,163	59,597
Deferred income tax assets		遞延所得稅項資產	45,952	47,705
			1,077,895	787,664
Current assets		流動資產		
Inventories		存貨	625,999	992,314
Trade receivables	16	貿易應收賬款	143,352	160,100
Other receivables, deposits and prepayments	17	其他應收賬款、按金及預付款項	344,888	526,163
Pledged bank deposits		已抵押銀行存款	3,123	174,248
Cash and cash equivalents		現金及現金等價物	149,639	186,521
			1,267,001	2,039,346
Assets classified as held-for-sale	18	分類為持作出售之資產	137,847	142,360
			1,404,848	2,181,706
Current liabilities		流動負債		
Trade payables	19	貿易應付賬款	299,567	530,629
Other payables and accrued charges		其他應付賬款及應計費用	233,297	312,859
Lease liabilities		租賃負債	218,758	–
Contract liabilities		合約負債	7,423	9,717
Income tax payable		應付所得稅	4,867	7,558
Bank loans		銀行貸款	34,725	192,309
			798,637	1,053,072
Liabilities directly associated with assets classified as held-for-sale	18	與分類為持作出售之資產直接相關的負債	4,132	992
			802,769	1,054,064
Net current assets		流動資產淨值	602,079	1,127,642
Total assets less current liabilities		總資產減流動負債	1,679,974	1,915,306

CONDENSED CONSOLIDATED BALANCE SHEET

簡明綜合資產負債表

AS AT 30 JUNE 2019

於二零一九年六月三十日

		Note 附註	Unaudited 未經審核 30 June 2019 二零一九年 六月三十日 HK\$'000 千港元	Audited 經審核 31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元
Equity attributable to shareholders	股東應佔權益			
Share capital	股本	20	164,914	164,914
Reserves	儲備	21	1,255,494	1,614,911
			1,420,408	1,779,825
Non-controlling interests	非控制性權益		128,328	131,631
Total equity	總權益		1,548,736	1,911,456
Non-current liabilities	非流動負債			
Lease liabilities	租賃負債		128,321	–
Deferred income tax liabilities	遞延所得稅項負債		2,917	3,850
			131,238	3,850
Total equity and non-current liabilities	總權益及非流動負債		1,679,974	1,915,306

Approved by the Board of Directors on 27 August 2019.

已獲董事會於二零一九年八月二十七日批准。

CHANG CHIH-KAI

張智凱

Director

董事

CHANG CHIH-CHIAO

張智喬

Director

董事

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

以上的簡明綜合資產負債表應與相關附註一併閱讀。

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2019

簡明綜合權益變動表

截至二零一九年六月三十日止六個月

		Unaudited 未經審核			
		Attributable to shareholders 股東應佔		Non- controlling interests 非控制性權益	Total 總計
		Share capital 股本 HK\$'000 千港元	Reserves 儲備 HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1 January 2019	於二零一九年一月一日	164,914	1,614,911	131,631	1,911,456
Loss for the period	期內虧損	–	(389,866)	(4,541)	(394,407)
Currency translation differences	匯兌差額	–	30,383	1,238	31,621
Total comprehensive loss	全面虧損總額	–	(359,483)	(3,303)	(362,786)
Share option scheme: Value of grantee services	購股權計劃： 承授人服務價值	–	66	–	66
Total transactions with shareholders	與股東交易總額	–	66	–	66
At 30 June 2019	於二零一九年六月三十日	164,914	1,255,494	128,328	1,548,736
At 1 January 2018	於二零一八年一月一日	164,914	2,709,993	160,754	3,035,661
Loss for the period	期內虧損	–	(492,633)	(6,375)	(499,008)
Change in fair value of an equity investment at fair value through other comprehensive income	按公平價值計入其他全面 收益之股權投資之 公平價值變動	–	(70)	–	(70)
Currency translation differences	匯兌差額	–	(17,545)	693	(16,852)
Total comprehensive loss	全面虧損總額	–	(510,248)	(5,682)	(515,930)
Share option scheme: Value of grantee services	購股權計劃： 承授人服務價值	–	890	–	890
Total transactions with shareholders	與股東交易總額	–	890	–	890
At 30 June 2018	於二零一八年六月三十日	164,914	2,200,635	155,072	2,520,621

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

以上的簡明綜合權益變動表應與相關附註一併閱讀。

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

簡明綜合現金流量表

FOR THE SIX MONTHS ENDED 30 JUNE 2019

截至二零一九年六月三十日止六個月

		Unaudited 未經審核	
		Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Operating activities	經營活動		
Cash generated from/(used in) operations	營運產生／(所用)之現金	28,010	(60,253)
Income tax paid	已付所得稅	(7,398)	—
Net cash generated from/(used in) operating activities	經營活動產生／(所用)之現金淨額	20,612	(60,253)
Investing activities	投資活動		
Acquisition of property, plant and equipment	購置物業、廠房及設備	(20,932)	(68,778)
Proceeds from disposal of a subsidiary	出售附屬公司收款	16,545	30,575
Proceeds from disposal of an available-for-sale financial asset	出售可出售金融資產收款	—	3,638
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備之收款	65,276	1,401
Interest received	已收利息	1,403	4,164
Decrease in bank deposit with maturity over three months	存款期超過三個月之銀行存款減少	—	4,832
Decrease in pledged bank deposits	已抵押銀行存款減少	174,033	22,084
Net cash generated from/(used in) investing activities	投資活動產生／(所用)之現金淨額	236,325	(2,084)
Financing activities	融資活動		
Interest paid	已付利息	(2,866)	(2,572)
Proceeds from bank loans	銀行貸款之收款	27,964	156,882
Repayment of bank loans	償還銀行貸款	(186,239)	(157,829)
Principal elements of lease payments	租賃付款額本金部分	(133,955)	—
Net cash used in financing activities	融資活動所用之現金淨額	(295,096)	(3,519)
Decrease in cash and cash equivalents	現金及現金等價物減少	(38,159)	(65,856)
Cash and cash equivalents as at 1 January	於一月一日之現金及現金等價物	188,748	300,114
Effect of foreign exchange rate changes	外匯兌換率變動之影響	(950)	(20,522)
Cash and cash equivalents as at 30 June	於六月三十日之現金及現金等價物	149,639	213,736

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

以上的簡明綜合現金流量表應與相關附註一併閱讀。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Daphne International Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in the manufacturing, distribution and retailing of footwear and accessories in mainland China.

The Company was incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

These condensed consolidated interim financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise stated.

These condensed consolidated interim financial statements for the six months ended 30 June 2019 are unaudited and have been reviewed by the Audit Committee of the Company and approved for issue by the Board of Directors on 27 August 2019.

2 BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six months ended 30 June 2019 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and it should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

Going concern basis

The Group reported a loss for the period ended 30 June 2019 of HK\$394,407,000 (2018: HK\$499,008,000) and a net cash inflow from operations of HK\$20,612,000 (2018: net cash outflow from operations of HK\$60,253,000). The Group also recorded a cash outflow in relation to lease payments of HK\$133,955,000 during the period ended 30 June 2019, which was classified as financing activities as a result of the adoption of HKFRS 16 “Leases”. As at 30 June 2019, the Group had net cash of HK\$118,037,000 (At 31 December 2018: HK\$168,460,000), being cash and bank balances of HK\$152,762,000 (At 31 December 2018: HK\$360,769,000) less bank loans of HK\$34,725,000 (At 31 December 2018: HK\$192,309,000).

In view of the above, management of the Company have given careful consideration of the future liquidity requirements and operating performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The management have taken into account the following plans and measures in preparing the cash flow projections to ensure the Group will have sufficient working capital in the foreseeable future:

- (i) The Group agreed in writing with certain major suppliers to extend the repayment period on certain purchases of merchandises in March 2019. As at 30 June 2019, the relevant trade payables amounted to HK\$154,176,000. Based on the agreements with the suppliers, the relevant amount of trade payables will be due for repayment in April 2020; and these balances are unsecured and interest free. The Group intends to repay the relevant trade payables in full by the maturity date of the agreement.
- (ii) The Group intended to dispose certain of its non-core properties with a carrying value of approximately HK\$137,798,000 within the twelve months from 30 June 2019 in an effort to enhance its liquidity position.
- (iii) The Group continued its efforts to implement measures to improve operating results and strengthen its working capital position by rationalising the size of its retail network, streamlining of its operations and organisation structure, continuing with its efforts in realising aged inventory and implementing measures to further control capital and operating expenditures.
- (iv) The Chairman of the Company has confirmed his intention to arrange a loan facility to the Group amounting to approximately HK\$80,000,000 on or before 31 August 2020 as and when needed.

簡明綜合中期財務報表附註

1 一般資料

達芙妮國際控股有限公司（「本公司」）及其附屬公司（統稱「本集團」）主要於中國大陸從事製造、分銷及零售鞋類產品及配件業務。

本公司為於開曼群島註冊成立之有限公司，其股份於香港聯合交易所有限公司上市。本公司之註冊辦事處位於Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands。

除另有訂明外，本簡明綜合中期財務報表以港元（「港元」）列值。

此截至二零一九年六月三十日止六個月之簡明綜合中期財務報表為未經審核，惟已由本公司審核委員會審閱，並已於二零一九年八月二十七日經董事會批准發佈。

2 編製基準

此截至二零一九年六月三十日止六個月之簡明綜合中期財務報表乃遵照香港會計師公會頒佈之香港會計準則第34號「中期財務報告」之規定編製，並應與截至二零一八年十二月三十一日止年度之年度財務報表一併閱讀，而該年度財務報表乃根據香港財務報告準則（「香港財務報告準則」）編製。

持續經營的基準

本集團於二零一九年六月三十日止期間錄得虧損394,407,000港元（二零一八年：499,008,000港元）及經營現金流入淨額20,612,000港元（二零一八年：經營業務現金流出淨額60,253,000港元）。截至二零一九年六月三十日止期間，本集團亦錄得有關租賃付款133,955,000港元的現金流出，由於採納香港財務報告準則第16號「租賃」而被列為融資活動。於二零一九年六月三十日，本集團的現金淨額為118,037,000港元（於二零一八年十二月三十一日：168,460,000港元），即現金及銀行結餘152,762,000港元（於二零一八年十二月三十一日：360,769,000港元）減去銀行貸款34,725,000港元（於二零一八年十二月三十一日：192,309,000港元）。

鑑於上述情況，本公司管理層已仔細考慮本集團的未來流動資金需求及經營表現及其可用資金來源，以評估本集團是否有足夠財務資源持續經營。管理層在編制現金流量預測時已考慮以下計劃及措施，以確保本集團於可見將來擁有足夠營運資金：

- (i) 於二零一九年三月，本集團與若干主要供應商訂立書面協議，延長某些商品購買的還款期。於二零一九年六月三十日，相關貿易應付款為154,176,000港元。根據與供應商的協議，相關的貿易應付款將於二零二零年四月到期償還；這些餘額是無擔保和免息的。本集團擬於協議到期日前全數償還相關貿易應付賬款。
- (ii) 本集團亦擬於二零一九年六月三十日起計十二個月內，出售若干非核心物業，其賬面值約為137,798,000港元，以提升本集團流動資金狀況。
- (iii) 本集團繼續努力實施措施，通過合理化零售網絡規模，精簡業務和組織結構，繼續努力兌現過期存貨和實施措施進一步控制資本和運營支出，以改善經營業績並加強營運資金狀況。
- (iv) 本公司主席已確認其有意於二零二零年八月三十一日或之前，在有需要時為本集團安排或提供貸款融資，金額約為80,000,000港元。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

2 BASIS OF PREPARATION (CONTINUED)

Going concern basis (Continued)

As a result, management are confident that the Group will have sufficient working capital to fund its operations, financing and capital expenditure requirements and remain as a going concern at least for the next twelve months from 30 June 2019.

Notwithstanding the above, whether management are able to achieve its plans and measures as described above, which incorporate assumptions about future events and conditions, are subject to inherent uncertainties. In particular, whether the Group will be able to continue as a going concern would depend upon (i) continuous availability of the extended credit and support from the suppliers, (ii) successful disposal of non-core properties and collection of sales proceeds in the expected timeframe, (iii) successful implementation of the above-mentioned measures on improvement of operating results and cash flows of the Group including but not limited to store and inventory rationalisation; and restructuring of operation and organisation; and (iv) draw down of financial support from the Chairman as mentioned above, as and when necessary.

The directors, after due consideration of the basis of management's plans and measures as well as the reasonable possible downside changes to the cash flow assumptions, are confident that the Group will have sufficient working capital to meet its financial obligations as and when they fall due at least in the next twelve months from 30 June 2019. Accordingly, the directors considered it is appropriate to prepare the condensed consolidated interim financial statements of the Group on a going concern basis.

3 PRINCIPAL ACCOUNTING POLICIES

The accounting policies applied in the condensed consolidated interim financial statements for the six months ended 30 June 2019 are consistent with those adopted in the consolidated financial statements for the year ended 31 December 2018, except for the adoption of new and amended standards as set out below.

(i) New and amended standards and interpretations adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments, if applicable, as a result of adopting the following standards:

Amendments to Annual Improvements Project	Annual improvements 2015-2017 cycle
Amendments to HKFRS 9 HKFRS 16	Prepayment features with negative compensation Leases
Amendments to HKAS 19	Plan amendment, curtailment or settlement
Amendments to HKAS 28	Long-term interests in associates or joint ventures
HK(IFRIC)-Int 23	Uncertainty over income tax treatments

Except for the impact of adoption of HKFRS16 set out in Note 3(ii) below, the adoption of other applicable new and amended standards and interpretations did not have any material impact on the Group's accounting policies.

(ii) HKFRS 16 "Leases" – Impact of adoption

The Group has adopted HKFRS 16 from its mandatory adoption date of 1 January 2019. The Group has applied the simplified transition approach and has not restated comparative amounts for the 2018 reporting period. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

2 編製基準(續) 持續經營的基準(續)

因此，管理層有信心本集團將有足夠的營運資金為其營運、融資及資本開支需求提供資金，並在二零一九年六月三十日起計至少十二個月內仍然是持續經營。

儘管如此，管理層是否能夠實現上述計劃和措施，其中包含有關未來事件和條件的假設，受到固有的不確定性的影響。特別是，本集團是否能夠持續經營將取決於(i)持續取得供應商延長信貸及支持，(ii)在預計時間表內成功處置非核心物業及收取銷售所得款項；(iii)成功實施上述改善本集團經營業績及現金流量的措施，包括但不限於店舖及存貨合理化及經營和組織的重組；(iv)在有需要時提取上述由主席所提供的財政支持。

在充分考慮管理層的計劃和措施基礎以及現金流量假設的合理可能下行變動後，董事有信心本集團將有足夠的營運資金以應付由二零一九年六月三十日起計至少十二個月內到期的財務責任。因此，董事認為按持續經營基準編制本集團簡明綜合中期財務報表乃屬適當。

3 主要會計政策

除採納以下所述之新準則及準則之修訂外，編製此截至二零一九年六月三十日止六個月之簡明綜合中期財務報表所用之會計政策與截至二零一八年十二月三十一日止年度之年度財務報表所採納是一致的。

(i) 本集團已採納新準則及準則之修訂及詮釋

若干新準則或準則之修訂於本報告期間已適用，由於採納以下準則本集團須改變其會計政策並進行追溯調整（如適用）：

年度改進項目之修訂	二零一五年至二零一七年週期之年度改進
香港財務報告準則第9號之修訂	具有負補償之預付款特性
香港財務報告準則第16號	租賃
香港會計準則第19號之修訂	計劃修正、縮減或清償
香港會計準則第28號之修訂	於聯營公司及合營企業的長期權益
香港(國際財務報告詮釋委員會)－詮釋第23號	所得稅處理之不確定性

除下文附註3(ii)所載採納香港財務報告準則第16號的影響外，採納其他適用的新準則及準則之修訂及詮釋概無對本集團的會計政策造成任何重大影響。

(ii) 香港財務報告準則第16號「租賃」－採納的影響

本集團已自二零一九年一月一日之強制採納日期起採納香港財務報告準則第16號。本集團已應用簡化過渡方法且並未重列二零一八年報告期間的比較數字。因此，因新租賃規則所產生之重新分類及調整於二零一九年一月一日的期初資產負債表中確認。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(ii) HKFRS 16 “Leases” – Impact of adoption (Continued)

(a) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 “Leases”. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.3%.

		HK\$’000 千港元
Operating lease commitments disclosed as at 31 December 2018	於二零一八年十二月三十一日所披露的經營租賃承擔	716,747
Discounted using the lessee’s incremental borrowing rate of the date of initial application	採用承租人於首次應用日期的新增借款利率貼現	(25,240)
Less: short-term leases and low-value leases recognised on a straight-line basis as expense	減：按直線法確認為開支的短期租賃及低價值租賃	(234,238)
Lease liabilities recognised as at 1 January 2019	於二零一九年一月一日確認的租賃負債	457,269
Of which are:	其中為：	
Current lease liabilities	流動租賃負債	312,899
Non-current lease liabilities	非流動租賃負債	144,370
		457,269

Under the simplified transition approach, the associated right-of-use assets were measured at the amount equal to the lease liabilities on adoption, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

Land use rights previously presented as a separate item on the balance sheet are grouped as part of right-of-use assets with effect from 1 January 2019.

The recognised right-of-use assets relate to the following types of assets:

於採納香港財務報告準則第16號後，本集團為之前根據香港會計準則第17號「租賃」的原則歸入「經營租賃」的租賃確認了租賃負債。該等負債乃按餘下租賃付款的現值計量，並採用承租人截至二零一九年一月一日的新增借款利率貼現。於二零一九年一月一日，承租人應用於租賃負債的增量借款加權平均利率為5.3%。

根據簡化過渡方法，於採納時相關使用權資產按與租賃負債相等的金額計量，並根據二零一八年十二月三十一日的資產負債表中確認的與該租賃相關的任何預付或應計租賃付款進行調整。

以前作為資產負債表上單獨項目列報的土地使用權被歸類為使用權資產的一部分，自二零一九年一月一日起生效。

已確認的使用權資產主要與以下類型的資產有關：

		At 30 June 2019 於二零一九年 六月三十日 HK\$’000 千港元	At 1 January 2019 於二零一九年 一月一日 HK\$’000 千港元
Land use rights	土地使用權	27,925	39,803
Right-of-use assets	使用權資產	423,147	543,544
		451,072	583,347

簡明綜合中期財務報表附註

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(ii) HKFRS 16 “Leases” – Impact of adoption (Continued)

- (a) Adjustments recognised on adoption of HKFRS 16
-
- (Continued)

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

		At 31 December 2018 as originally presented 二零一八年 十二月三十一日 按原來呈列 HK\$'000 千港元	Effect of the adoption of HKFRS 16 採納香港 財務報告準則 第16號的影響 HK\$'000 千港元	At 1 January 2019 restated 二零一九年 一月一日 經重述 HK\$'000 千港元
Condensed consolidated balance sheet (extract)	簡明綜合資產負債表 (摘錄)			
Non-current assets	非流動資產			
Land use rights	土地使用權	39,803	(39,803)	–
Long-term rental deposits and prepayments	長期租金按金及預付 款項	59,597	(7,059)	52,538
Right-of-use assets	使用權資產	–	583,347	583,347
Current assets	流動資產			
Other receivables, deposits and prepayments	其他應收賬款、按金及 預付款項	526,163	(90,853)	435,310
Current liabilities	流動負債			
Other payables and accruals	其他應付賬款及應計費用	312,859	(13,864)	298,995
Lease liabilities	租賃負債	–	312,899	312,899
Non-current liabilities	非流動負債			
Lease liabilities	租賃負債	–	144,370	144,370

The impact on the Group's net profit after tax for the six months ended 30 June 2019 as a result of adoption of HKFRS 16 is not significant.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC)-Int 4 “Determining Whether an Arrangement Contains a Lease”.

3 主要會計政策(續)

(ii) 香港財務報告準則第16號「租賃」- 採納的影響 (續)

- (a) 因採納香港財務報告準則第16號所確認的調整(續)

會計政策變更影響了二零一九年一月一日資產負債表中的下列項目：

截至二零一九年六月三十日止六個月，由於採納香港財務報告準則第16號，對本集團稅後淨利潤的影響並不重大。

於首次應用香港財務報告準則第16號時，本集團已採用下列該準則所允許的實務簡易處理方法：

- 依賴先前就租賃是否屬虧損性之評估；
- 將於二零一九年一月一日餘下租期少於十二個月的經營租賃作為短期租賃的會計處理；
- 於首次應用日期排除初始直接成本以計量使用權資產；及
- 倘合約包含延長或終止租賃的選擇權，則於事後釐定租期。

本集團亦已選擇不重新評估合約在首次應用日期是否租賃或是否包含租賃。相反，對於在過渡日期之前訂立的合約，本集團依據其應用香港會計準則第17號及香港（國際財務報告詮釋委員會）詮釋第4號「釐定安排是否包括租賃」作出的評估。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(ii) HKFRS 16 “Leases” – Impact of adoption (Continued)

- (b) The Group’s leasing activities and how these are accounted for

The Group leases various retail spaces and premises, warehouses and offices. Rental contracts are typically made for fixed periods of 1 month to 5 years but may contain extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The Group also leases certain land use rights in China Mainland. These land use rights are leased for a period of between 10 to 50 years on which plants and buildings of the Group are situated on.

Until the 2018 financial year, leases of properties were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee’s incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

簡明綜合中期財務報表附註

3 主要會計政策(續)

(ii) 香港財務報告準則第16號「租賃」– 採納的影響(續)

- (b) 本集團的租賃活動及其入賬方式

本集團租賃各種零售空間及物業、倉庫及辦公室。租賃合同的固定期限一般為一個月至五年，當中可能包含延長合約的選項。租賃條款按個別基準協商且包含多種不同條款及條件。租賃協議並無施加任何財務契約條款，惟租賃資產不可用作借款的抵押品。

本集團亦在中國內地租賃若干土地使用權。本集團的廠房和樓宇所在地的土地使用權租賃期為10至50年。

直至二零一八年財政年度止，物業租賃乃分類為經營租賃。根據經營租賃作出之付款(扣除自出租人收取的任何獎勵)以直線法於租期內自損益扣除。

自二零一九年一月一日起，租賃確認為使用權資產，並在租賃資產可供本集團使用之日確認相應負債。每筆租賃付款乃分配至負債及融資成本。融資成本於租期內自損益扣除，以計算出各期間負債餘下結餘的固定週期利率。使用權資產乃按資產可使用年期及租期(以較短者為準)以直線法折舊。

租賃產生的資產及負債初步按現值基準計量。租賃負債包括以下租賃付款的淨現值：

- 固定付款(包括實質固定付款)減任何應收租賃獎勵；
- 基於指數或利率的可變租賃付款；
- 剩餘價值擔保下的承租人預期應付款項；
- 購買權的行使價格(倘承租人合理地確定行使該權利)；及
- 支付終止租賃的罰款(倘租賃條款反映承租人行使權利終止租約)。

租賃付款採用租賃所隱含的利率予以貼現。倘無法釐定該利率，則使用承租人的新增借款利率，即承租人在類似條款及條件的類似經濟環境中借入獲得類似價值資產所需資金所必須支付的利率。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(ii) HKFRS 16 “Leases” – Impact of adoption (Continued)

- (b) The Group’s leasing activities and how these are accounted for (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(i) Variable lease payments

Some property leases contain variable payment terms that are linked to sales generated from a store. For individual stores, up to 100 percent of lease payments are on the basis of variable payment terms and there is a wide range of sales percentages applied. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

(ii) Termination options

Termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of termination options held are exercisable only by the Group and not by the respective lessor.

簡明綜合中期財務報表附註

3 主要會計政策(續)

(ii) 香港財務報告準則第16號「租賃」– 採納的影響(續)

- (b) 本集團的租賃活動及其入賬方式(續)

使用權資產按成本計量，包括以下各項：

- 租賃負債的初始計量金額；
- 於開始日期或之前所作的任何租賃付款，減去所得的任何租賃獎勵；
- 任何初始直接成本；及
- 修復成本。

與短期租賃相關的付款及低價值資產的租賃以直線法於損益中確認為開支。短期租賃指租期為十二個月或以下的租賃。

(i) 可變租賃付款

某些物業租賃包含可變付款條款，這些條款與商店生成的銷售相關聯。對於個體商店，高達100%的租賃付款是基於可變付款條款，並且應用的銷售百分比範圍很廣。可變付款條款的使用有多種原因，包括最小化新建商店的固定成本基礎。依賴於銷售的可變租賃付款在觸發這些付款的條件發生的期間在損益中確認。

(ii) 終止選擇權

終止選擇權包含在整個集團的許多物業和設備租賃中。這些條款用於在管理合同方面最大限度地提高操作靈活性。所持有的大部分終止選擇權僅可由本集團而非各自的出租人行使。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign exchange risk, cash flow and fair value interest rate risk, credit risk and liquidity risk. These condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2018.

There has been no material change in the Group's risk management and policies since 31 December 2018.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018.

6 SEGMENT INFORMATION

The Group is principally engaged in the manufacturing, distribution and retailing of footwear and accessories.

The chief operating decision-maker ("CODM") has been identified as the executive directors. The CODM assesses the performance of the business from a business unit perspective, i.e. core brands business, other brands business and manufacturing business and allocate resources accordingly.

The CODM assesses the performance of the operating segments based on a measure of segment results before finance costs, amortisation and impairment of intangible assets and unallocated corporate income and expenses. Certain corporate overhead expenses, including management fee, rental and utilities were reallocated among individual segments based on estimated consumption.

Revenue from external customers is arrived at after elimination of inter-segment revenue. Inter-segment revenue is charged in accordance with terms determined and agreed mutually by relevant parties. Revenue from external customers of core brands business and other brands business is mainly derived from mainland China and Taiwan. None of the customers accounted for 10% or more of the total turnover of the Group during both six months ended 30 June 2019 and 2018.

The Group's non-current assets, excluding deferred income tax assets, are mainly located in mainland China.

簡明綜合中期財務報表附註

4 財務風險管理

本集團業務面對多項財務風險：外匯風險、現金流量及公平價值利率風險、信貸風險及流動資金風險。此簡明綜合中期財務報表並未包括年度財務報表所需之所有財務風險管理資料及披露，並應與本集團於二零一八年十二月三十一日之綜合財務報表一併閱讀。

自二零一八年十二月三十一日以來，本集團之風險管理及政策並無重大變動。

5 重要會計估計及判斷

編製簡明綜合中期財務報表要求管理層對影響會計政策的應用和所報告資產和負債以及收支的數額作出判斷、估計和假設。實際結果或會與此等估計有所不同。

於編製此簡明綜合中期財務報表時，管理層於應用本集團會計政策時作出之重大判斷以及估計不確定因素之主要來源，與截至二零一八年十二月三十一日止年度綜合財務報表所應用者相同。

6 分部資料

本集團主要從事製造、分銷及零售鞋類產品及配件業務。

已認定執行董事為主要經營決策者（「主要經營決策者」）。主要經營決策者按業務分部評核業務表現，即核心品牌業務、其他品牌業務及製造業務，並將資源作相應分配。

主要經營決策者根據分部業績（未計入財務成本、無形資產攤銷和減值，以及未分配企業收入及開支）之計量，評核經營分部之業務表現。若干企業經常開支（包括管理費、租金及水電開支）乃根據估計使用量於各分部間重新分配。

對外客戶收益乃於抵銷分部間收益後達成。分部間之收益乃按經雙方釐定及同意之條款支取。核心品牌業務及其他品牌業務之對外客戶收益主要來自中國大陸和台灣。截至二零一九年及二零一八年六月三十日止六個月期間，概無客戶佔本集團總營業額10%或以上。

本集團之非流動資產（遞延所得稅項資產除外）主要位於中國大陸。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

6 SEGMENT INFORMATION (CONTINUED)

The following is an analysis of the Group's revenue and results by reportable segments as reviewed by the CODM:

6 分部資料 (續)

以下為由主要經營決策者審閱之本集團按可申報分部之收益及業績分析：

		Core brands business 核心品牌業務 HK\$'000 千港元	Other brands business 其他品牌業務 HK\$'000 千港元	Manu- facturing business 製造業務 HK\$'000 千港元	Inter-segment elimination 分部間對銷 HK\$'000 千港元	Group 本集團 HK\$'000 千港元
Six months ended 30 June 2019 (Unaudited)	二零一九年六月三十日止六個月 (未經審核)					
Revenue from external customers	對外客戶收益	1,193,382	209,420	-	-	1,402,802
Inter-segment revenue	分部間收益	87,972	-	65,176	(153,148)	-
Total segment revenue	總分部收益	1,281,354	209,420	65,176	(153,148)	1,402,802
Segment results	分部業績	(358,152)	(4,211)	(15,549)	4,978	(372,934)
Corporate income	企業收入					2,247
Corporate expenses	企業開支					(2,799)
Operating loss	經營虧損					(373,486)
Finance costs	財務成本					(13,232)
Share of losses of associates and joint ventures	應佔聯營公司及合營企業之虧損					(363)
Loss before income tax	除所得稅前虧損					(387,081)
Other information for disclosure:	其他披露資料：					
Depreciation of investment properties	投資物業折舊	3,082	-	630	-	3,712
Depreciation of property, plant and equipment	物業、廠房及設備折舊	40,492	5,005	7,180	-	52,677
Depreciation of right-of-use assets	使用權資產折舊	129,773	10,374	449	-	140,596
Capital expenditure	資本開支	20,649	221	62	-	20,932
Six months ended 30 June 2018 (Unaudited)	二零一八年六月三十日止六個月 (未經審核)					
Revenue from external customers	對外客戶收益	1,945,965	313,045	-	-	2,259,010
Inter-segment revenue	分部間收益	134,503	-	104,473	(238,976)	-
Total segment revenue	總分部收益	2,080,468	313,045	104,473	(238,976)	2,259,010
Segment results	分部業績	(481,878)	(5,720)	1,811	10,571	(475,216)
Amortisation of intangible assets	無形資產攤銷					(157)
Corporate income	企業收入					2,260
Corporate expenses	企業開支					(16,590)
Operating loss	經營虧損					(489,703)
Finance costs	財務成本					(2,572)
Share of losses of associates and joint ventures	應佔聯營公司及合營企業之虧損					(504)
Loss before income tax	除所得稅前虧損					(492,779)
Other information for disclosure:	其他披露資料：					
Amortisation of intangible assets	無形資產攤銷	-	157	-	-	157
Amortisation of land use rights	土地使用權攤銷	503	-	353	-	856
Depreciation of investment properties	投資物業折舊	1,317	-	1,046	-	2,363
Depreciation of property, plant and equipment	物業、廠房及設備折舊	64,069	3,738	6,342	-	74,149
Capital expenditure	資本開支	59,057	763	8,958	-	68,778

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

6 SEGMENT INFORMATION (CONTINUED)

The following is an analysis of the Group's assets and liabilities by reportable segments as reviewed by the CODM:

6 分部資料 (續)

以下為由主要經營決策者審閱之本集團按可申報分部之資產及負債分析：

		Core brands business 核心品牌業務 HK\$'000 千港元	Other brands business 其他品牌業務 HK\$'000 千港元	Manufacturing business 製造業務 HK\$'000 千港元	Group 本集團 HK\$'000 千港元
As at 30 June 2019 (Unaudited)	於二零一九年六月三十日 (未經審核)				
Segment assets	分部資產	1,784,232	195,254	85,742	2,065,228
Investment properties	投資物業				196,554
Interests in associates	於聯營公司之權益				1,581
Interests in joint ventures	於合營企業之權益				1,736
Deferred income tax assets	遞延所得稅項資產				45,952
Assets classified as held-for-sale	分類為持作出售之資產				137,847
Corporate assets	企業資產				33,845
Total assets	總資產				2,482,743
Segment liabilities	分部負債	748,704	148,047	20,093	916,844
Deferred income tax liabilities	遞延所得稅項負債				2,917
Liabilities directly associated with assets classified as held-for-sale	與分類為持作出售之資產直接 相關的負債				4,132
Corporate liabilities	企業負債				10,114
Total liabilities	總負債				934,007
As at 31 December 2018 (Audited)	於二零一八年十二月三十一日 (經審核)				
Segment assets	分部資產	2,306,533	159,133	118,085	2,583,751
Investment properties	投資物業				173,092
Interests in associates	於聯營公司之權益				1,868
Interests in joint ventures	於合營企業之權益				1,949
Deferred income tax assets	遞延所得稅項資產				47,705
Assets classified as held-for-sale	分類為持作出售之資產				142,360
Corporate assets	企業資產				18,645
Total assets	總資產				2,969,370
Segment liabilities	分部負債	718,223	117,392	45,771	881,386
Deferred income tax liabilities	遞延所得稅項負債				3,850
Liabilities directly associated with assets classified as held-for-sale	與分類為持作出售之資產直接 相關的負債				992
Corporate liabilities	企業負債				171,686
Total liabilities	總負債				1,057,914

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

7 OTHER INCOME

7 其他收入

		Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Franchise and royalty income	特許權及專營權收入	–	252
Government subsidies	政府補貼	704	5,962
Gross rental income	租金收入總額	6,141	6,396
Interest income	利息收入	1,403	4,164
Others	其他	4,058	5,448
		12,306	22,222

8 OTHER GAINS/(LOSSES) – NET

8 其他收益／(虧損)－淨額

		Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Gain/(loss) on disposal of a subsidiary	出售附屬公司收益／(虧損)	7,836	(1,334)
Gain/(loss) on disposal of property, plant and equipment	出售物業、廠房及設備之 收益／(虧損)	8,359	(12,612)
Net exchange loss	匯兌虧損淨額	(3,774)	(2,084)
Others	其他	–	320
		12,421	(15,710)

9 OPERATING LOSS

Operating loss is stated after charging the following:

9 經營虧損

經營虧損已扣除下列各項：

		Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Amortisation of land use rights	土地使用權攤銷	–	856
Amortisation of license rights	特許使用權攤銷	–	157
Auditors' remuneration	核數師酬金	2,591	2,431
Cost of inventories sold, including write-back of provision for slow-moving inventories of HK\$3,086,000 (2018: provision of HK\$2,422,000)	售出存貨成本(包括滯銷存貨 撥備撥回3,086,000港元 (二零一八年：撥備2,422,000港元))	723,901	1,136,906
Depreciation of investment properties	投資物業折舊	3,712	2,363
Depreciation of property, plant and equipment	物業、廠房及設備折舊	52,677	74,149
Depreciation of right-of-use assets	使用權資產折舊	140,596	–
Employee benefits expense	僱員福利開支	305,108	420,655
Net impairment loss on financial assets	金融資產減值虧損淨額	4,208	–
Expenses relating to short-term leases and variable lease payments	短期租賃及可變租賃 付款開支	299,204	–
Operating lease rentals (including concessionaire fees) in respect of land and buildings	土地及樓宇之經營租賃租金 (包括商場特許銷售費)	–	693,513

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

10 FINANCE COSTS

10 財務成本

Six months ended 30 June
截至六月三十日止六個月

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Interest on bank loans	銀行貸款利息	2,866	2,572
Interest on lease liabilities	租賃負債利息	10,366	–
		13,232	2,572

11 INCOME TAX EXPENSE

11 所得稅開支

Six months ended 30 June
截至六月三十日止六個月

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Current income tax	即期所得稅稅項	4,701	3,444
Deferred income tax	遞延所得稅稅項	2,625	2,785
		7,326	6,229

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated weighted average tax rate used for the six months ended 30 June 2019 is 25.2% (2018: 24.6%).

所得稅開支根據管理層對整個財務年度預期之加權平均年度所得稅稅率之估計確認。截至二零一九年六月三十日止六個月之估計加權平均稅率為25.2% (二零一八年：24.6%)。

12 LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to shareholders of HK\$389,866,000 (2018: HK\$492,633,000) by the weighted average number of 1,649,142,384 (2018: 1,649,142,384) shares in issue during the six months ended 30 June 2019.

12 每股虧損

每股基本虧損乃根據截至二零一九年六月三十日止六個月之股東應佔虧損389,866,000 港元 (二零一八年：492,633,000港元) 除以已發行股份之加權平均數1,649,142,384 (二零一八年：1,649,142,384) 股計算。

For the six months ended 30 June 2019 and 2018, basic and diluted loss per share are the same since there was no dilutive potential share.

截至二零一九年及二零一八年六月三十日止六個月，因無潛在攤薄作用之股份，每股基本及攤薄虧損相同。

13 DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (2018: Nil).

13 股息

董事會不建議就截至二零一九年六月三十日止六個月派發中期股息 (二零一八年：無)。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

14 PROPERTY, PLANT AND EQUIPMENT

14 物業、廠房及設備

		Buildings	Leasehold Improvements	Construction- in-progress	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Total
		樓宇 HK\$'000 千港元	租賃物業裝修 HK\$'000 千港元	在建工程 HK\$'000 千港元	廠房及機器 HK\$'000 千港元	傢俱、固定 裝置及設備 HK\$'000 千港元	汽車 HK\$'000 千港元	總計 HK\$'000 千港元
Net book value at 1 January 2019	於二零一九年一月一日之賬面淨值	328,390	79,923	-	5,169	48,994	1,174	463,650
Exchange adjustment	匯兌調整	5,569	1,338	-	70	690	39	7,706
Additions	添置	-	7,056	-	62	7,474	160	14,752
Depreciation	折舊	(4,976)	(30,498)	-	(1,424)	(15,429)	(350)	(52,677)
Transfer to investment properties	轉移至投資物業	(24,350)	-	-	-	-	-	(24,350)
Transfer to assets classified as held-for-sale	轉移至分類為持作出售之資產	(38,227)	-	-	-	(6)	(44)	(38,277)
Disposals	出售	-	(21,171)	-	-	(1,275)	(521)	(22,967)
Net book value at 30 June 2019	於二零一九年六月三十日之賬面淨值	266,406	36,648	-	3,877	40,448	458	347,837
Net book value at 1 January 2018	於二零一八年一月一日之賬面淨值	621,366	149,212	120	9,620	76,262	2,710	859,290
Exchange adjustment	匯兌調整	(1,462)	(556)	3	(6)	(266)	(12)	(2,299)
Additions	添置	8,904	26,121	-	30	4,638	4	39,697
Depreciation	折舊	(8,910)	(46,409)	-	(2,227)	(15,896)	(707)	(74,149)
Transfer to investment properties	轉移至投資物業	(134,116)	-	(123)	-	-	-	(134,239)
Disposals	出售	(3)	(11,378)	-	-	(2,583)	(49)	(14,013)
Net book value at 30 June 2018	於二零一八年六月三十日之賬面淨值	485,779	116,990	-	7,417	62,155	1,946	674,287

15 INVESTMENT PROPERTIES

15 投資物業

		HK\$'000 千港元
Net book value at 1 January 2019	於二零一九年一月一日之賬面淨值	173,092
Exchange adjustment	匯兌調整	2,824
Depreciation	折舊	(3,712)
Transfer from property, plant and equipment	從物業、廠房及設備轉移	24,350
Net book value at 30 June 2019	於二零一九年六月三十日之賬面淨值	196,554
Net book value at 1 January 2018	於二零一八年一月一日之賬面淨值	67,481
Exchange adjustment	匯兌調整	(5,313)
Depreciation	折舊	(2,363)
Transfer from property, plant and equipment	從物業、廠房及設備轉移	134,239
Net book value at 30 June 2018	於二零一八年六月三十日之賬面淨值	194,044

The carrying amount of investment properties pledged as security for a bank loan was HK\$123,723,000 (31 December 2018: HK\$121,264,000).

作為一項銀行貸款抵押品的投資物業賬面值為123,723,000港元(於二零一八年十二月三十一日: 121,264,000港元)。

16 TRADE RECEIVABLES

The ageing analysis of trade receivables based on invoice date is as follows:

16 貿易應收賬款

按發票日期計算之貿易應收賬款賬齡分析如下:

		30 June 2019 二零一九年 六月三十日 HK\$'000 千港元	31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元
0 – 30 days	0至30日	78,772	92,858
31 – 60 days	31至60日	37,018	39,538
61 – 90 days	61至90日	12,251	10,933
91 – 180 days	91至180日	9,072	11,128
181 – 360 days	181至360日	6,239	5,643
		143,352	160,100

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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17 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

As at 30 June 2019 and 31 December 2018, included in other receivables, deposits and prepayments are mainly value-added tax recoverables, short-term lease prepayments, rental and utility deposits and prepayments to suppliers.

18 ASSETS CLASSIFIED AS HELD-FOR-SALE

(a) The following non-current assets were reclassified as held-for-sale as at 30 June 2019:

17 其他應收賬款、按金及預付款項

於二零一九年六月三十日及二零一八年十二月三十一日，其他應收賬款、按金及預付款項主要包括可收回增值稅金、短期租賃預付款、租金及水電按金及預付供應商款項。

18 分類為持作出售之資產

(a) 於二零一九年六月三十日，以下分類為待出售之非流動資產：

		30 June 2019 二零一九年 六月三十日 HK\$'000 千港元	31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元
Assets classified as held-for-sale:	分類為持作出售之資產：		
Property, plant and equipment	物業、廠房及設備	100,409	111,840
Investment properties	投資物業	10,527	10,589
Right-of-use assets	使用權資產	5,095	–
		116,031	122,429

(b) The following assets and liabilities of disposal group are classified as held-for-sale as at 30 June 2019:

(b) 於二零一九年六月三十日，以下分類為持作出售之出售組別之資產及負債：

		30 June 2019 二零一九年 六月三十日 HK\$'000 千港元	31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元
Assets classified as held-for-sale:	分類為持作出售之資產：		
Land use rights	土地使用權	–	1,989
Property, plant and equipment	物業、廠房及設備	14,950	15,706
Right-of-use assets	使用權資產	6,817	–
Other receivables, deposits and prepayments	其他應收賬款、按金及預付款項	49	9
Cash and cash equivalents	現金及現金等價物	–	2,227
Total assets of disposal group classified as held-for-sale	分類為持作出售之出售組別之資產合計	21,816	19,931
Liabilities directly associated with assets classified as held-for-sale:	與分類為持作出售之資產直接相關之負債：		
Other payables and accrued charges	其他應付賬款及應計費用	2,967	186
Deferred income tax liabilities	遞延所得稅項負債	1,165	806
Total liabilities of disposal group classified as held-for-sale	分類為持作出售之出售組別之負債合計	4,132	992

Cumulative loss recognised in other comprehensive income relating to disposal group classified as held-for-sale is as follows:

與分類為持作出售之出售組別有關，並於其他全面收益確認的累計虧損如下：

		Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Currency translation differences	匯兌差額	453	200

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

19 TRADE PAYABLES

The ageing analysis of trade payables based on invoice date is as follows:

19 貿易應付賬款

按發票日期計算之貿易應付賬款，賬齡分析如下：

		30 June 2019 二零一九年 六月三十日 HK\$'000 千港元	31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元
0 – 30 days	0至30日	25,161	171,866
31 – 60 days	31至60日	35,944	106,575
61 – 90 days	61至90日	81,423	161,221
91 – 180 days	91至180日	119,727	86,121
181 – 360 days	181至360日	31,890	118
Over 360 days	360日以上	5,422	4,728
		299,567	530,629

20 SHARE CAPITAL

20 股本

		2019 二零一九年 Number of ordinary shares of HK\$0.10 each 每股面值 0.10港元 之普通股數目	HK\$'000 千港元	2018 二零一八年 Number of ordinary shares of HK\$0.10 each 每股面值 0.10港元 之普通股數目	HK\$'000 千港元
Authorised: At 1 January and 30 June	法定： 於一月一日及六月三十日	10,000,000,000	1,000,000	10,000,000,000	1,000,000
Issued and fully paid: At 1 January and 30 June	已發行及繳足： 於一月一日及六月三十日	1,649,142,384	164,914	1,649,142,384	164,914

During the six months ended 30 June 2019 and 2018, there were no movements in the share capital of the Company.

截至二零一九年及二零一八年六月三十日止六個月，本公司之股本並無變動。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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21 RESERVES

21 儲備

		Share premium	Capital redemption reserve	Capital reserve	Merger reserve	Revaluation reserve	Share-based payment reserve	Currency translation reserve	Statutory reserves	Retained earnings	Total
		股份溢價 HK\$'000 千港元	資本 贖回儲備 HK\$'000 千港元	資本儲備 HK\$'000 千港元	合併儲備 HK\$'000 千港元	重估儲備 HK\$'000 千港元	以股份為基礎 之付款儲備 HK\$'000 千港元	匯兌儲備 HK\$'000 千港元	法定儲備 HK\$'000 千港元	保留盈利 HK\$'000 千港元	總計 HK\$'000 千港元
At 1 January 2019	於二零一九年一月一日	120,281	2,882	(197)	322	-	34,273	86,163	173,007	1,198,180	1,614,911
Loss for the period	期內虧損	-	-	-	-	-	-	-	-	(389,866)	(389,866)
Currency translation differences	匯兌差額	-	-	-	-	-	-	30,383	-	-	30,383
Disposal of a subsidiary	出售附屬公司	-	-	-	-	-	-	204	-	(204)	-
Total comprehensive loss	全面虧損總額	-	-	-	-	-	-	30,587	-	(390,070)	(359,483)
Share option scheme: Value of grantee services	購股權計劃： 承授人服務價值	-	-	-	-	-	66	-	-	-	66
Total transactions with shareholders	與股東交易 總額	-	-	-	-	-	66	-	-	-	66
At 30 June 2019	於二零一九年六月三十日	120,281	2,882	(197)	322	-	34,339	116,750	173,007	808,110	1,255,494
At 1 January 2018	於二零一八年一月一日	120,281	2,882	(197)	322	3,375	84,328	191,502	185,974	2,121,526	2,709,993
Loss for the period	期內虧損	-	-	-	-	-	-	-	-	(492,633)	(492,633)
Disposal of an equity investment at FVOCI	按公平價值計入其他全面 收益之股權投資之出售	-	-	-	-	(3,305)	-	-	-	3,305	-
Change in fair value of an equity investment at FVOCI	按公平價值計入其他全面 收益之股權投資之公平 價值變動	-	-	-	-	(70)	-	-	-	-	(70)
Currency translation differences	匯兌差額	-	-	-	-	-	-	(17,545)	-	-	(17,545)
Disposal of a subsidiary	出售附屬公司	-	-	-	-	-	-	150	-	(150)	-
Total comprehensive loss	全面虧損總額	-	-	-	-	(3,375)	-	(17,395)	-	(489,478)	(510,248)
Share option scheme: Value of grantee services	購股權計劃： 承授人服務價值	-	-	-	-	-	890	-	-	-	890
Transfer upon lapse of share options	於購股權失效時 轉撥	-	-	-	-	-	(16,373)	-	-	16,373	-
Total transactions with shareholders	與股東交易 總額	-	-	-	-	-	(15,483)	-	-	16,373	890
At 30 June 2018	於二零一八年六月三十日	120,281	2,882	(197)	322	-	68,845	174,107	185,974	1,648,421	2,200,635

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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22 SHARE-BASED PAYMENT TRANSACTIONS

(a) Equity settled share-based payment transactions

Movements in number of share options outstanding and their weighted average exercise prices are as follows:

		Six months ended 30 June 截至六月三十日止六個月			
		2019 二零一九年		2018 二零一八年	
		Weighted average exercise price 加權平均 行使價 HK\$ 港元	Number of share options 購股權數目	Weighted average exercise price 加權平均 行使價 HK\$ 港元	Number of share options 購股權數目
At 1 January	於一月一日	2.84	34,390,000	3.74	62,205,000
Lapsed	已失效	—	—	4.07	(10,935,000)
At 30 June	於六月三十日	2.84	34,390,000	3.67	51,270,000

There were no share options exercised during the period (2018: Nil). The total expense recognised for the options granted was HK\$66,000 (2018: HK\$890,000) for the period ended 30 June 2019.

期內，概無購股權獲行使（二零一八年：無）。截至二零一九年六月三十日止期間，就已授出購股權而確認的費用為66,000港元（二零一八年：890,000港元）。

(b) Cash settled share-based payment transactions

Movements in the number of share appreciation rights ("SARs") outstanding during the six months ended 30 June 2019 are as follows:

(b) 以現金結算以股份為基礎之付款交易

截至二零一九年六月三十日止六個月，尚未行使股份增值權（「股份增值權」）之數目變動如下：

		Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年	2018 二零一八年
At 1 January	於一月一日	18,060,000	18,190,000
Lapsed	已失效	(180,000)	(130,000)
As 30 June	於六月三十日	17,880,000	18,060,000

There were no material expenses or liabilities in relation to the SARs.

並無與股份增值權有關的重大費用或負債。

23 CAPITAL COMMITMENTS FOR PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

23 購買物業、廠房及設備之資本承擔

		30 June 2019 二零一九年 六月三十日 HK\$'000 千港元	31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元
Contracted but not provided for	已訂約但未撥備	357	634

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

簡明綜合中期財務報表附註

24 RELATED PARTY TRANSACTIONS AND BALANCES

During the six months ended 30 June 2019, the Group entered into the following related party transactions:

(a) Transactions with related companies

		Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Sales of goods to a joint venture	向合營企業銷售貨品	2,625	4,106

Sales of goods to a joint venture were conducted in the normal course of the Group's business. The terms of transactions are determined and agreed between the Group and the counter parties.

向合營企業銷售貨品乃於本集團日常業務過程中進行。交易條款乃經本集團與交易方協定及同意後釐定。

(b) Balances with related companies

		30 June 2019 二零一九年 六月三十日 HK\$'000 千港元	31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元
Trade receivable from a joint venture	應收合營企業款項	7,017	6,158

Trade receivable from a joint venture arise mainly from the sales of goods. The balance is unsecured, interest-free and repayable according to the trade terms.

應收合營企業款項主要由銷售貨品產生。餘額為無抵押、免息，並按貿易條款償還。

(c) Key management personnel compensation

Remuneration for key management personnel of the Group, including amounts paid/payable to the directors of the Company is as follow:

(c) 主要管理人員之薪酬

本集團主要管理人員之薪酬(包括已付／應付本公司董事之款項)如下：

		Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Salaries, allowances and bonuses	薪金、津貼及花紅	5,875	7,139
Share-based payment expense	以股份為基礎之付款開支	49	171
		5,924	7,310

(d) During the six months ended 30 June 2019, the Group drew down a bank loan amounting to HK\$27,824,000, which was secured by collaterals provided by the Chairman of the Company. The bank loan was repaid in full during the period.

(d) 截至二零一九年六月三十日止六個月，本集團提取銀行貸款27,824,000港元，並以本公司主席提供的抵押品作抵押。在此期間，銀行貸款已全額償還。

SUPPLEMENTARY INFORMATION

INTERESTS OF DIRECTORS' AND CHIEF EXECUTIVE

As at 30 June 2019, the interests and short positions of each director and chief executive of the Company in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the 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 (the "Model Code") as set out in Appendix 10 to the Listing Rules were as follows:

Long positions in shares and underlying shares of the Company:

Name of directors	Capacity	Number of shares held	Number of underlying shares	Total interests	Approximate % of total issued shares
董事名稱	身份	所持股份數目	相關股份數目	總權益	約佔已發行股份總額百分比
Mr. Chang Chih-Kai 張智凱先生	Personal interest 個人權益	–	6,000,000 (Note 1) (附註一)	6,000,000	0.36
Mr. Chang Chih-Chiao 張智喬先生	Personal interest 個人權益	–	3,000,000 (Note 1) (附註一)	3,000,000	0.18
Mr. Chen Tommy Yi-Hsun 陳怡勳先生	Interest of controlled corporation and personal interest 受控公司之權益及個人權益	176,508,895 (Note 2) (附註二)	3,000,000 (Note 1) (附註一)	179,508,895	10.88

Notes:

- These interests represented the interests in underlying shares of the Company in respect of share options granted to the directors.
- Mr. Chen Tommy Yi-Hsun has beneficial interest in 174,908,895 shares in the Company through Top Glory Assets Limited, a company incorporated in the British Virgin Islands, in which Mr. Chen Tommy Yi-Hsun holds one-half of the equity interest. He also has personal interest in 1,600,000 shares of the Company.

Save as disclosed above and the "Share option scheme" section, as at 30 June 2019, none of the directors or chief executive of the Company, nor any of their associates (including their spouses and children under 18 years of age), had any interests in, or had been granted, or exercised, any rights to subscribe for the shares of the Company, its specified undertakings and its other associated corporations required to be disclosed pursuant to the SFO.

At no time during the period was the Company, any of its subsidiaries or its other associated corporations a party to any arrangement to enable the directors and chief executive of the Company (including their spouses and children under 18 years of age) to hold any interest or short position in shares or underlying shares in, or debentures of, the Company or its specified undertakings or other associated corporations.

補充資料

董事及主要行政人員之權益

於二零一九年六月三十日，按本公司根據證券及期貨條例（「證券及期貨條例」）第352條之規定存置之登記冊所記錄，本公司各董事及主要行政人員於本公司及其相聯法團（定義見證券及期貨條例第XV部）之股份及相關股份中之權益及淡倉，或根據上市規則附錄十所載的上市發行人董事進行證券交易之標準守則（「標準守則」）已知會本公司及香港聯合交易所有限公司（「聯交所」）之權益及淡倉如下：

於本公司股份及相關股份之好倉：

Name of directors	Capacity	Number of shares held	Number of underlying shares	Total interests	Approximate % of total issued shares
董事名稱	身份	所持股份數目	相關股份數目	總權益	約佔已發行股份總額百分比
Mr. Chang Chih-Kai 張智凱先生	Personal interest 個人權益	–	6,000,000 (Note 1) (附註一)	6,000,000	0.36
Mr. Chang Chih-Chiao 張智喬先生	Personal interest 個人權益	–	3,000,000 (Note 1) (附註一)	3,000,000	0.18
Mr. Chen Tommy Yi-Hsun 陳怡勳先生	Interest of controlled corporation and personal interest 受控公司之權益及個人權益	176,508,895 (Note 2) (附註二)	3,000,000 (Note 1) (附註一)	179,508,895	10.88

附註：

- 該等權益指授予董事之購股權所涉及之本公司相關股份之權益。
- 陳怡勳先生透過Top Glory Assets Limited擁有本公司174,908,895股股份之實益權益。Top Glory Assets Limited乃於英屬處女群島註冊成立之公司，由陳怡勳先生持有一半股權。彼亦擁有1,600,000股本公司股份之個人權益。

除上文及「購股權計劃」一節所披露者外，於二零一九年六月三十日，各董事或主要行政人員或彼等之任何聯繫人士（包括彼等之配偶及18歲以下之子女）概無擁有或獲授或行使可認購本公司、其指明企業及其他相聯法團之股份之任何權利而須根據證券及期貨條例作出披露。

於期內任何時間，本公司、其任何附屬公司或其他相聯法團概無訂立任何安排，致使本公司董事及主要行政人員（包括彼等之配偶及18歲以下之子女）持有本公司或其指明企業或其他相聯法團之股份、相關股份或債券之權益或淡倉。

SUPPLEMENTARY INFORMATION

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders required to be kept under Section 336 of Part XV of the SFO shows that as at 30 June 2019, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors and chief executive.

Long positions in shares and underling shares of the Company:

補充資料

主要股東之權益

根據證券及期貨條例第XV部第336條之規定而須存置之主要股東登記冊所示，於二零一九年六月三十日，本公司已獲知會下列主要股東權益及淡倉（即佔本公司已發行股本5%或以上）。此等權益並不包括以上所披露有關董事及主要行政人員之權益。

於本公司股份及相關股份之好倉：

Name of shareholders	Capacity	Number of shares	Approximate % of total issued shares
股東名稱	身份	股份數目	約佔已發行股份總額百分比
Lucky Earn International Limited	Beneficial interests 實益權益	400,719,995 (Note 1) (附註一)	24.30
Top Glory Assets Limited	Beneficial interests 實益權益	174,908,895 (Note 2) (附註二)	10.61
Ms. Chen Jennifer Yi-Chen 陳怡臻女士	Interests of controlled corporation 受控公司之權益	174,908,895 (Note 2) (附註二)	10.61
Mr. Chen Tommy Yi-Hsun 陳怡勳先生	Interests of controlled corporation and personal interest 受控公司之權益及個人權益	179,508,895 (Note 2) (附註二)	10.88
Pushkin Holding Limited	Beneficial interests 實益權益	147,740,920 (Note 3) (附註三)	8.96
Mr. Chen Ying-Che 陳英哲先生	Interests of controlled corporation 受控公司之權益	147,740,920 (Note 3) (附註三)	8.96
Mr. Chen Ying-Tien 陳英典先生	Interests of controlled corporation 受控公司之權益	147,740,920 (Note 3) (附註三)	8.96
Mr. Chen Ying-Chieh 陳英杰先生	Interests of controlled corporation 受控公司之權益	147,740,920 (Note 3) (附註三)	8.96
Wellington Management Group LLP	Investment manager 投資經理	103,565,083	6.28

SUPPLEMENTARY INFORMATION

Notes:

1. Mr. Chang Chih-Kai, the Chairman of the Board of Directors, Chief Executive Officer and the executive director of the Company and Mr. Chang Chih-Chiao, an executive director of the Company, and their two sisters have beneficial interests of 26%, 26% and 24% each, respectively, in Lucky Earn International Limited, a company incorporated in the British Virgin Islands.
2. Mr. Chen Tommy Yi-Hsun, an executive director of the Company, and Ms. Chen Jennifer Yi-Chen have beneficial interests of 50% each in Top Glory Assets Limited, a company incorporated in the British Virgin Islands. By virtue of the SFO, they are deemed to be interested in 174,908,895 shares of the Company held by Top Glory Assets Limited.
3. Mr. Chen Ying-Chieh, an ex-director of the Company, and his two brothers, Mr. Chen Ying-Che and Mr. Chen Ying-Tien, each has one-third of the beneficial interests in Pushkin Holding Limited. By virtue of the SFO, they are deemed to be interested in 147,740,920 shares of the Company held by Pushkin Holding Limited.

Save as disclosed above, as at 30 June 2019, the Company had not been notified by any person (other than directors and chief executives of the Company) of any interest and short position in the shares and underlying shares which were required to be recorded in the register kept under Section 336 of the SFO.

SHARE OPTION SCHEME

On 29 May 2003, the Company adopted a share option scheme (the “Old Scheme”), which expired on 28 May 2013. Upon expiry of the Old Scheme, no further share options could be granted under the Old Scheme but, in all other respects, the provisions of the Old Scheme shall remain in force to the extent necessary to give effect to the exercise of any share option granted prior to the expiry of the Old Scheme.

On 27 August 2013, a new share option scheme (the “New Scheme”) was approved by shareholders of the Company and adopted by the Company. Unless otherwise cancelled or amended, the New Scheme will remain in force for 10 years from the date of adoption.

The purpose of the New Scheme is to enable the Company to grant options to eligible participants, including any full-time or part-time employees, executives, officers, executive or non-executive directors of the Group and any advisers, consultants, agents, suppliers, customers, distributors and such other persons at the discretion of the Board of Directors, as incentives or rewards for their contribution or potential contribution to the Group.

The maximum number of shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option schemes of the Company must not exceed 10% of the shares of the Company in issue on 27 August 2013, the date of approval and adoption of the New Scheme unless shareholders’ approval has been obtained. The shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company at any time shall not, in aggregate, exceed 30% of the shares of the Company in issue from time to time.

補充資料

附註：

- 一、本公司之董事會主席、行政總裁及執行董事張智凱先生及執行董事張智喬先生，與彼等兩名姊妹分別擁有在英屬處女群島註冊成立之Lucky Earn International Limited 26%、26%及各24%之實益權益。
- 二、陳怡勳先生，本公司之執行董事，及陳怡臻女士各自擁有在英屬處女群島註冊成立之Top Glory Assets Limited 50%的實益權益。根據證券及期貨條例，彼等被視為在Top Glory Assets Limited所持有之174,908,895股本公司股份中擁有權益。
- 三、公司前董事陳英杰先生及彼之兩名兄弟陳英哲先生及陳英典先生各自擁有Pushkin Holding Limited三分之一的實益權益。根據證券及期貨條例，彼等被視為在Pushkin Holding Limited所持有之147,740,920股本公司股份中擁有權益。

除上文所披露者外，於二零一九年六月三十日，本公司並不知悉有任何人士（本公司董事及主要行政人員除外）於股份及相關股份中擁有任何須記錄於根據證券及期貨條例第336條存置之登記冊內之權益及淡倉。

購股權計劃

於二零零三年五月二十九日，本公司採納購股權計劃（「舊計劃」），該計劃於二零一三年五月二十八日屆滿。於舊計劃屆滿後，舊計劃下不可進一步授出購股權，惟在所有其他方面，舊計劃的條文仍然具有所須的效力使舊計劃屆滿前已經授出的任何購股權仍能有效行使。

於二零一三年八月二十七日，本公司股東批准一項新的購股權計劃（「新計劃」）並被本公司採納。除被註銷或修改外，新計劃將自採納日期起維持十年內有效。

新計劃之宗旨為讓本公司向合資格參與者（包括本集團任何全職或兼職僱員、高級行政人員、高級人員、執行或非執行董事及任何諮詢人、顧問、代理、供應商、客戶、分銷商及董事會酌情釐定之其他人士）授出購股權，作為彼等對本集團作出之貢獻或潛在貢獻之獎勵或回報。

根據新計劃及本公司任何其他購股權計劃所授出之全部購股權獲行使而可能發行之最高股份數目，不得超過於批准及採納新計劃日期二零一三年八月二十七日本公司已發行股份之10%，除非已取得股東批准。根據新計劃及本公司任何其他購股權計劃已授出惟未行使的所有未行使購股權獲行使後可能發行的股份數目合計，不得超過本公司不時之已發行股份之30%。

SUPPLEMENTARY INFORMATION

The total number of shares available for issue under the New Scheme is 152,354,238 which is approximately 9.24% of the issued share capital of the Company as the date of this interim report.

The total number of shares issuable under the New Scheme and any other share option schemes of the Company to each eligible participant within any 12-month period shall not exceed 1% of the shares of the Company in issue as at the date of grant unless shareholders' approval has been obtained. Share options granted to a director, chief executive or substantial shareholder of the Company or any of their associates shall be subject to prior approval by the independent non-executive directors. Share options granted to a substantial shareholder or an independent non-executive director of the Company or any of their associates, in excess of 0.1% of the shares of the Company in issue or with an aggregate value in excess of HK\$5 million, within any 12-month period, shall be subject to prior approval by shareholders of the Company.

The period within which the shares must be taken up under an option shall be determined by the Board of Directors and specified in the letter to the grantee, which may be varied by the Board of Directors in accordance with the terms of the New Scheme, provided that it shall not under any circumstances exceed 10 years from the date of grant of the relevant option. The Board of Directors may, in its discretion, determine the time or period when the right to exercise the relevant option will vest.

The exercise price of the share options is determinable by the Board of Directors and must not be less than the highest of:

- (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant;
- (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and
- (c) the nominal value of the shares.

The offer of a grant of share options may be accepted within 30 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

During the six months ended 30 June 2019, no share options were granted, exercised, lapsed or cancelled under the share option scheme.

補充資料

新計劃下可供發行之股份總數量為152,354,238股，佔本公司於本中期報告日期已發行股本約9.24%。

根據新計劃及本公司任何其他購股權計劃，於任何12個月期間可向每名合資格參與者發行之股份總數不得超過本公司於授出日期已發行股份之1%，除非已取得股東批准。向本公司董事、主要行政人員或主要股東或彼等任何聯繫人士授出之購股權，須事先獲得獨立非執行董事批准。向本公司主要股東或獨立非執行董事或彼等任何聯繫人士授出超過本公司於任何12個月期間已發行股份之0.1%或總價值超過5百萬港元之購股權，須事先獲本公司股東批准。

期權下之股份必須由董事會釐定並在給予承授人信件中指明之期間內接受，有關期間或會因董事會根據新計劃之條款而更改，在任何情況下不得超過授出日期起計十年。董事會可酌情決定相關期權之行使權利歸屬的時間或期間。

購股權之行使價由董事會釐定及不得低於下列最高者：

- (a) 股份於授出日期在聯交所每日報價表所示之收市價；
- (b) 股份在緊接授出日期前五個營業日在聯交所每日報價表所示之平均收市價；及
- (c) 股份面值。

購股權要約可由承授人於要約日期起計30日內經支付合共1港元之象徵性代價後接納。

購股權並不賦予其持有人收取股息或於股東大會上投票之權利。

截至二零一九年六月三十日止六個月，根據購股權計劃並無授出，行使，失效或註銷購股權。

SUPPLEMENTARY INFORMATION

補充資料

Details of movements of share options granted under the share option scheme for the six months ended 30 June 2019 are as follows:

於截至二零一九年六月三十日止六個月，根據購股權計劃授出之購股權之變動詳情如下：

Grantees	Date of grant	Exercise price per share	Outstanding at 1 January 2019	Granted/ Exercised/ Lapsed/ Cancelled during the period	Outstanding at 30 June 2019	Exercisable period
承授人	授出日期 (yyyy/mm/dd) (年/月/日)	每股行使價 HK\$ 港元	於二零一九年 一月一日 尚未行使	授出/行使/ 失效/註銷 期內	於二零一九年 六月三十日 尚未行使	行使期間 (yyyy/mm/dd) (年/月/日)
(i) Executive directors 執行董事						
Mr. Chang Chih-Kai 張智凱先生	2017/01/25	0.70	6,000,000	–	6,000,000	2017/01/25 – 2027/01/24 (Note 1) (附註一)
Mr. Chang Chih-Chiao 張智喬先生	2017/01/25	0.70	3,000,000	–	3,000,000	2017/01/25 – 2027/01/24 (Note 1) (附註一)
Mr. Chen Tommy Yi-Hsun 陳怡勳先生	2017/01/25	0.70	3,000,000	–	3,000,000	2017/01/25 – 2027/01/24 (Note 1) (附註一)
(ii) Consultants 顧問						
In aggregate 合計	2010/01/27	6.19	8,400,000	–	8,400,000	2011/01/27 – 2020/01/26 (Note 2) (附註二)
(iii) Employees 僱員						
In aggregate 合計	2010/01/27	6.19	3,780,000	–	3,780,000	2011/01/27 – 2020/01/26 (Note 3) (附註三)
In aggregate 合計	2010/07/22	7.61	300,000	–	300,000	2011/04/01 – 2020/07/21 (Note 4) (附註四)
In aggregate 合計	2014/01/21	4.50	1,000,000	–	1,000,000	2016/01/21 – 2024/01/20 (Note 5) (附註五)
In aggregate 合計	2014/01/21	4.50	260,000	–	260,000	2017/01/21 – 2024/01/20 (Note 6) (附註六)
In aggregate 合計	2017/01/25	0.70	8,250,000	–	8,250,000	2017/01/25 – 2027/01/24 (Note 1) (附註一)
In aggregate 合計	2017/01/25	0.70	400,000	–	400,000	2017/01/25 – 2027/01/24 (Note 7) (附註七)
			34,390,000	–	34,390,000	

Notes:

附註：

- The share options shall vest one-third each year from the date of grant. 一、購股權由授出日期起計每年歸屬三分之一。
- 15% of the total of 12,000,000 share options shall vest on each of the four anniversary dates of the date of grant and 40% of the share options shall vest on the fifth anniversary date of the date of grant. 二、總計12,000,000份的購股權由授出日期起計四個週年日每年歸屬15%，其餘40%於授出日期起計第五個週年日歸屬。
- 20% of the share options shall vest on each of the five anniversary dates of the date of grant. 三、購股權由授出日期起計五個週年日每年歸屬20%。
- One-third of the share options shall vest on each anniversary with the first tranche starting on 1 April 2011. 四、購股權由二零一一年四月一日起計每個週年日每年歸屬三分之一。
- 100% of the share options shall vest after two years from the date of grant. 五、購股權由授出日期起計兩年後歸屬100%。
- 100% of the share options shall vest after three years from the date of grant. 六、購股權由授出日期起計三年後歸屬100%。
- 100% of the share options shall vest on the date of grant. 七、購股權於授出日歸屬100%。

SUPPLEMENTARY INFORMATION

SHARE APPRECIATION RIGHTS PLAN

The Group implemented a share appreciation rights plan (the “SAR Plan”) to motivate and award the directors, employees, advisers, consultants, agents, suppliers, customers, distributors and such other persons of the Company and the Group at the discretion of the Board of Directors for their contribution or potential contribution to the Group.

Under the SAR Plan, share appreciation rights (“SARs”) are granted in units with each unit representing one ordinary share of the Company. No share will be issued under the SAR Plan. The eligible recipients who are granted with such incentive do not actually hold the shares, and do not have any rights as the shareholders such as voting rights or rights to dividends. Therefore, this does not affect the total number of the shares of the Company outstanding and will not result in any dilution effect on the shares of the Company.

Upon exercise of the SARs, the eligible recipients will receive, subject to any applicable tax, a cash payment amount equal to the product of the number of SARs exercised and the difference between the exercise price and market price of the Company’s shares at the date of exercise. The Company recognises compensation expense of the SARs over the applicable vesting period.

Under the SAR Plan, the exercise price of the SAR shall be determined by the Board of Directors and must not be less than the highest of:

- (a) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant;
- (b) the average closing price of the shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of grant; and
- (c) the nominal value of the shares.

The SARs granted pursuant to the SAR Plan is valid for 10 years from the date of grant and upon the expiry of which all unexercised SARs shall automatically lapse.

Under the terms of the grant, the outstanding SARs are subject to a vesting period of one to three years from the date of grant. The exercise price is from HK\$4.50 to HK\$6.19 per unit.

During the six months ended 30 June 2019, 180,000 (2018: 130,000) SARs were lapsed and no SARs (2018: Nil) were granted, cancelled or exercised under the SAR Plan.

補充資料

股份增值權計劃

本集團實施股份增值權計劃（「股份增值權計劃」），由董事會酌情決定按本公司及本集團之董事、僱員、諮詢人、顧問、代理、供應商、客戶、分銷商及有關其他人士對本集團之貢獻或潛在貢獻，鼓勵及獎勵該等人士。

根據股份增值權計劃，股份增值權（「股份增值權」）乃多份授出，而每份代表本公司一股普通股股份。概無股份將根據股份增值權計劃發行。合資格人士在授予此獎勵時並無實質持有股份，及不能擁有跟股東相同之權益，如投票權或收取股息之權利。因此，這對本公司現時股份總數並無影響及對本公司股份沒有攤薄作用。

於行使股份增值權後，合資格收款人將收到相等於所行使股份增值權數目乘以行使價與本公司股份於行使當日之市價之差額之現金款項（須繳納任何適用稅項）。本公司於適用歸屬期間確認股份增值權之補償開支。

股份增值權計劃下，股份增值權之行使價由董事會釐定及不得低於下列最高者：

- (a) 股份於授出日期在聯交所每日報價表所示之收市價；
- (b) 股份在緊接授出日期前五個營業日在聯交所每日報價表所示之平均收市價；及
- (c) 股份面值。

根據股份增值權計劃，授予之股份增值權由授出日期起計，有效期為十年，並於有效期屆滿後所有尚未行使之股份增值權將自動失效。

根據授出條款，尚未行使之股份增值權須符合由授出日期起計一至三年之歸屬期，其行使價為每份4.50港元至6.19港元。

於截至二零一九年六月三十日止六個月內，180,000（二零一八年：130,000）份購股權已失效，概無（二零一八年：無）股份增值權根據股份增值權計劃授出、註銷或行使。

SUPPLEMENTARY INFORMATION

The Board of Directors is of the opinion that vesting the roles of both Chairman and CEO in Mr. Chang Chih-Kai has the benefit of ensuring consistent leadership within the Group thus enabling more effective and efficient strategic planning for the Group. The Board of Directors also believes that the balance of power and authority will not be compromised and is adequately ensured by the existing Board of Directors which comprises experienced and competent individuals with more than one-third of the Board of Directors being independent non-executive directors.

During the period under review, the Company held an annual general meeting (the “AGM”) on 23 May 2019. Due to unavoidable business engagements, Mr. Huang Shun-Tsai, the independent non-executive director of the Company, was unable to attend the AGM. This was in deviations from code provision A.6.7.

NON-COMPLIANCE WITH REQUIREMENTS UNDER THE LISTING RULES

According to Rule 3.10(1) of the Listing Rules, the Company is required to have at least three independent non-executive directors. According to Rule 3.10(2) of the Listing Rules, at least one of the independent non-executive directors of the Company must have appropriate professional qualifications or accounting or related financial management expertise (the “Qualification”). According to Rule 3.21 of the Listing Rules, the Audit Committee of the Company must comprise a minimum of three members, and at least one of whom is an independent non-executive director who has the Qualification.

As disclosed in the announcement of the Company dated 1 July 2019, following the resignation of Mr. Lee as an independent non-executive director of the Company on 30 June 2019:

- (1) the Company only has two independent non-executive directors, thus the number of independent non-executive directors falls below the minimum number required under Rule 3.10(1) of the Listing Rules;
- (2) there is no independent non-executive director of the Company who has the Qualification as required under Rule 3.10(2) of the Listing Rules;
- (3) the Audit Committee comprises no independent non-executive director with the Qualification as required under Rule 3.21 of the Listing Rules; and
- (4) the Audit Committee only has two members, thus the number of members falls below the minimum number required under Rule 3.21 of the Listing Rules.

The Company is endeavoring to identify a suitable candidate to fill up the vacancy of independent non-executive director with appropriate Qualification to meet the requirements set out in Rules 3.10 and 3.21 of the Listing Rules as soon as practicable.

REVIEW BY THE AUDIT COMMITTEE

The Audit Committee, comprises two independent non-executive directors of the Company as at the date of this interim report, namely, Mr. Huang Shun-Tsai and Mr. Kuo Jung-Cheng, has reviewed with management the Group’s unaudited condensed consolidated interim financial statements and the interim results announcement, and confirmed that these comply with the applicable accounting standards and the Listing Rules.

補充資料

董事會認為，授予張智凱先生主席及行政總裁職務有利於確保本集團領導的一致性，從而為本集團帶來更有效及高效率的策略規劃。董事會亦相信，權力制衡並不會受到影響，而現時之董事會由經驗豐富和能幹的人士組成，當中超過三分之一為獨立非執行董事，以確保有足夠的權力制衡。

回顧期內，本公司於二零一九年五月二十三日召開股東週年大會（「股東週年大會」）。因業務纏身，本公司獨立非執行董事黃順財先生，無法出席股東週年大會，此乃偏離企業管治守則第A.6.7條規定。

未能符合上市規則之規定

根據上市規則第3.10(1)條之規定，本公司必須至少設置三名獨立非執行董事。根據上市規則第3.10(2)條之規定，本公司必須至少設置一名具備適當的專業資格或會計或相關財務管理專長（「資格」）的獨立非執行董事。根據上市規則第3.21條之規定，本公司審核委員會必須由至少三名成員組成及其中一名獨立非執行董事須具備該資格。

根據本公司於二零一九年七月一日之公告所披露，李先生於二零一九年六月三十日辭任本公司之獨立非執行董事後：

- (1) 本公司只有兩名獨立非執行董事，因此獨立非執行董事人數低於上市規則第3.10(1)條規定的最低人數；
- (2) 無獨立非執行董事具備根據上市規則第3.10(2)條規定的資格；
- (3) 審核委員會的組成不包括根據上市規則第3.21條規定的具備該資格的獨立非執行董事；及
- (4) 審核委員會只有兩名成員，因此成員人數低於上市規則第3.21條規定的最低人數。

本公司正努力尋找適當人選，以盡快填補具備適當資格的獨立非執行董事職位的空缺，以務求符合上市規則第3.10及3.21條之規定。

審計委員會審閱

於本中期報告日期，審核委員會由兩名獨立非執行董事組成，分別為黃順財先生及郭榮振先生，已與管理層審閱本集團未經審核簡明綜合中期財務報表及中期業績公告，以及認為有關財務報表已遵從適用之會計準則及上市規則。

DAPHNE INTERNATIONAL HOLDINGS LIMITED

達芙妮國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)