

長江製衣有限公司

YANGTZEKIANG GARMENT LIMITED

股份代號 Stock code : 294

INTERIM REPORT 中期報告

2019/20

For the Six Months Ended 30th September, 2019

截至二零一九年九月三十日止六個月

CONTENTS
目 錄

Corporate Information 公司資料	2
Consolidated Statement of Profit or Loss 綜合損益表	3
Consolidated Statement of Profit or Loss and Other Comprehensive Income 綜合損益及其他全面收益表	4
Consolidated Statement of Financial Position 綜合財務狀況表	5
Consolidated Statement of Changes in Equity 綜合權益變動表	6
Condensed Consolidated Cash Flow Statement 簡明綜合現金流量表	7
Notes to the Unaudited Interim Financial Report 未經審核中期財務報告附註	8
Interim Dividend 中期股息	35
Management Discussion and Analysis 管理層討論及分析	35
Other Information 其他資料	37

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

Chan Wing Fui, Peter, MA (Chairman)
Chan Wing Kee, GBM, GBS, OBE, JP (Managing Director)
Chan Wing To, PhD (Deputy Managing Director)
Chan Suk Man, MSc
Chan Wing Sun, Samuel
Chan Suk Ling, Shirley, BBS, JP
So Ying Woon, Alan

Independent Non-executive Director

Lin Keping
Choi Ting Ki
So Stephen Hon Cheung
Li Guangming

AUDIT COMMITTEE

So Stephen Hon Cheung (Chairman)
Lin Keping
Choi Ting Ki
Li Guangming

REMUNERATION COMMITTEE

Lin Keping (Chairman)
Chan Wing Fui, Peter
Chan Wing Kee
Choi Ting Ki
So Stephen Hon Cheung
Li Guangming

NOMINATION COMMITTEE

Choi Ting Ki (Chairman)
Chan Wing Fui, Peter
Chan Wing Kee
Lin Keping
So Stephen Hon Cheung
Li Guangming

RISK MANAGEMENT COMMITTEE

Chan Wing Fui, Peter (Chairman)
Chan Wing Kee
Chan Suk Man
So Ying Woon, Alan

PRINCIPAL BANKERS

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

SOLICITORS

Loeb & Loeb LLP

AUDITORS

KPMG
Certified Public Accountants

COMPANY SECRETARY

Hui Sau Ling, FCCA, CPA

REGISTERED OFFICE

22 Tai Yau Street
San Po Kong
Kowloon

SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712 – 1716
17th Floor, Hopewell Centre
Hong Kong

WEBSITE

www.ygm.com.hk

公司資料

董事會

執行董事
陳永奎 (主席)
陳永棋 (董事總經理)
陳永滔 (副董事總經理)
劉陳淑文
陳永榮
周陳淑玲
蘇應垣

獨立非執行董事

林克平
蔡廷基
蘇漢章
李光明

審核委員會

蘇漢章 (主席)
林克平
蔡廷基
李光明

薪酬委員會

林克平 (主席)
陳永奎
陳永棋
蔡廷基
蘇漢章
李光明

提名委員會

蔡廷基 (主席)
陳永奎
陳永棋
林克平
蘇漢章
李光明

風險管理委員會

陳永奎 (主席)
陳永棋
劉陳淑文
蘇應垣

主要往來銀行

香港上海匯豐銀行有限公司
中國銀行(香港)有限公司

律師

Loeb & Loeb LLP

核數師

畢馬威會計師事務所
執業會計師

公司秘書

許秀玲

註冊辦事處

九龍
新蒲崗
大有街二十二號

股份登記及過戶處

香港中央證券登記有限公司
香港
合和中心十七樓
1712-1716室

公司網址

www.ygm.com.hk

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2019 – unaudited
(Expressed in Hong Kong dollars)

綜合損益表

截至二零一九年九月三十日止六個月 – 未經審核
(以港元計)

		Six months ended 30 September 截至九月三十日止六個月	
		2019 二零一九年	2018 二零一八年 (Note) (附註)
		\$'000 千元	\$'000 千元
	Note 附註		
Revenue	收入	290,966	317,796
Cost of sales	銷售成本	(245,393)	(260,104)
Gross profit	毛利	45,573	57,692
Other income	其他收益	6,664	1,674
Selling and distribution expenses	銷售及分銷費用	(23,360)	(26,538)
Administrative expenses	行政費用	(30,011)	(30,432)
Other operating expenses	其他經營費用	(7,944)	(7,432)
Loss from operations	經營虧損	(9,078)	(5,036)
Finance costs	融資成本	(2,054)	(1,674)
Share of (losses)/profits of joint ventures	應佔合營企業(虧損)/溢利	(3,991)	7,452
Gain on deregistration of a subsidiary	註銷一附屬公司收益	1,078	-
Net valuation losses on investment properties	投資物業估值虧損淨額	(4,155)	-
(Loss)/profit before taxation	除稅前(虧損)/溢利	(18,200)	742
Income tax	所得稅	(648)	(1,719)
Loss for the period	本期間虧損	(18,848)	(977)
Attributable to:	應撥歸於:		
Equity shareholders of the Company	本公司股權持有人	(18,896)	1,270
Non-controlling interests	非控股股東權益	48	(2,247)
Loss for the period	本期間虧損	(18,848)	(977)
(Loss)/earnings per share	每股(虧損)/盈利		
Basic and diluted	基本及攤薄	(\$0.09)	\$0.01

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

附註：本集團已於二零一九年四月一日採納經修訂追溯法首次採用香港財務報告準則第16號。按照有關方法，比較資料不予重列。參閱附註2。

Details of dividends payable to equity shareholders of the Company attributable to the period are set out in note 13(a). The notes on pages 8 to 34 form part of this interim financial report.

應付本公司股權持有人本期間股息的詳情載於附註13(a)。第8頁至34頁的附註屬本中期財務報告之一部份。

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2019 – unaudited
(Expressed in Hong Kong dollars)

綜合損益及其他全面收益表

截至二零一九年九月三十日止六個月 – 未經審核
(以港元計)

		Six months ended 30 September 截至九月三十日止六個月	
		2019 二零一九年	2018 二零一八年 (Note) (附註)
		\$'000 千元	\$'000 千元
	Note 附註		
Loss for the period	本期間虧損	(18,848)	(977)
Other comprehensive income for the period (after tax and reclassification adjustments)	本期間其他全面收益 (扣除稅項及分類調整後)		
<i>Items that will not be reclassified subsequently to profit or loss:</i>	<i>將不會被重新分類至損益的項目：</i>		
Equity investments at FVOCI: net movement in the investment revaluation reserve (non-recycling)	透過其他全面收益按公平價值入賬的證券投資：投資重估儲備變動淨額 (不可轉回)	(774)	–
<i>Items that are or may be reclassified subsequently to profit or loss:</i>	<i>重新分類／將來可能重新分類至損益的項目：</i>		
Exchange differences on translation of: – financial statements of subsidiaries outside Hong Kong – share of joint ventures' net assets	匯兌差額：– 換算香港境外附屬公司財務報表 – 換算應佔合營企業資產淨值	(4,934) (32,499)	(9,211) (50,994)
Release of exchange reserve to profit or loss upon deregistration of a subsidiary	註銷一附屬公司時撥回累計匯兌儲備至損益	(1,078)	–
Cash flow hedges: net movement in the hedging reserve	現金流量對沖：對沖儲備變動淨額	–	2,356
Other comprehensive income for the period	本期間其他全面收益	(39,285)	(57,849)
Total comprehensive income for the period	本期間全面收益總額	(58,133)	(58,826)
Attributable to:	應撥歸於：		
Equity shareholders of the Company	本公司股權持有人	(58,576)	(56,546)
Non-controlling interests	非控股股東權益	443	(2,280)
Total comprehensive income for the period	本期間全面收益總額	(58,133)	(58,826)

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

附註：本集團已於二零一九年四月一日採納經修訂追溯法首次採用香港財務報告準則第16號。按照有關方法，比較資料不予重列。參閱附註2。

The notes on pages 8 to 34 form part of this interim financial report.

第8頁至34頁的附註屬本中期財務報告之一部份。

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2019 - unaudited
(Expressed in Hong Kong dollars)

綜合財務狀況表

於二零一九年九月三十日 - 未經審核
(以港元計)

			At 30 September 2019 於二零一九年 九月三十日	At 31 March 2019 於二零一九年 三月三十一日 (Note) (附註)
	Note 附註	\$'000 千元	\$'000 千元	\$'000 千元
Non-current assets				
Investment properties	9	236,634	242,239	
Other property, plant and equipment	2, 9	74,614	54,761	
Interest in leasehold land held for own use under operating leases		1,189	1,292	
		312,437	298,292	
Intangible assets		2,938	2,985	
Interests in joint ventures		509,664	546,154	
Other financial assets		19,221	20,011	
		844,260	867,442	
Current assets				
Inventories		83,023	69,177	
Trade and other receivables	10	111,853	98,375	
Current tax recoverable		472	347	
Cash at bank and in hand	11	286,161	323,769	
		481,509	491,668	
Current liabilities				
Trade and other payables	12	114,952	84,690	
Contract liabilities		4,714	4,952	
Lease liabilities	2(d)	4,520	-	
Current tax payable		13,284	14,709	
		137,470	104,351	
Net current assets		344,039	387,317	
Total assets less current liabilities		1,188,299	1,254,759	
Non-current liabilities				
Provision for long service payments		23,190	23,498	
Lease liabilities	2(d)	16,131	-	
Deferred tax liabilities		16,784	16,516	
		56,105	40,014	
NET ASSETS		1,132,194	1,214,745	
CAPITAL AND RESERVES				
Share capital		208,418	208,418	
Reserves		924,842	1,008,228	
Total equity attributable to equity shareholders of the Company		1,133,260	1,216,646	
Non-controlling interests		(1,066)	(1,901)	
TOTAL EQUITY		1,132,194	1,214,745	

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

附註：本集團已於二零一九年四月一日採納經修訂追溯法首次採用香港財務報告準則第16號。按照有關方法，比較資料不予重列。參閱附註2。

The notes on pages 8 to 34 form part of this interim financial report.

第8頁至34頁的附註屬本中期財務報告之一部份。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019 – unaudited
(Expressed in Hong Kong dollars)

綜合權益變動表

截至二零一九年九月三十日止六個月 – 未經審核
(以港元計)

		Share capital	Exchange reserve	Goodwill arising on consolidation	Investment revaluation reserve (recycling)	Investment revaluation reserve (non-recycling)	Land and buildings revaluation reserve	Hedging reserve	Other reserve	Retained profits	Total	Non-controlling interests	Total equity
		股本	匯兌儲備	綜合賬目所產生之商譽	重估儲備(可轉回)	重估儲備(不可轉回)	土地及樓宇重估儲備	對沖儲備	其他儲備	保留溢利	合計	非控股股東權益	權益總額
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元	千元	千元	千元	千元	千元	千元	千元
Balance at 31 March 2018	於二零一八年三月三十一日之結餘	208,418	134,434	(42,174)	(1,064)	-	31,870	(2,255)	7,236	911,263	1,247,728	1,239	1,248,967
Impact on initial application of HKFRS 9	首次應用香港財務報告準則第9號之影響	-	-	-	1,064	-	-	-	-	(1,064)	-	-	-
Adjusted balance at 1 April 2018	於二零一八年四月一日經調整結餘	208,418	134,434	(42,174)	-	-	31,870	(2,255)	7,236	910,199	1,247,728	1,239	1,248,967
Changes in equity for the six months ended 30 September 2018:	截至二零一八年九月三十日止六個月之權益變動:												
Loss for the period	本期間虧損	-	-	-	-	-	-	-	-	1,270	1,270	(2,247)	(977)
Other comprehensive income	其他全面收益	-	(60,172)	-	-	-	-	2,356	-	-	(57,816)	(33)	(57,849)
Total comprehensive income	全面收益總額	-	(60,172)	-	-	-	-	2,356	-	1,270	(56,546)	(2,280)	(58,826)
Acquisition of non-controlling interest of a subsidiary	收購一附屬公司非控股股東權益	-	-	-	-	-	-	-	-	(2,327)	(2,327)	(1,336)	(3,663)
Dividends approved in respect of the previous year	本期內批准屬於上一年度的股息	-	-	-	-	-	-	-	-	(24,810)	(24,810)	-	(24,810)
Balance at 30 September 2018 (Note)	於二零一八年九月三十日之結餘(附註)	208,418	74,262	(42,174)	-	-	31,870	101	7,236	884,332	1,164,045	(2,377)	1,161,668
Balance at 1 April 2019	於二零一九年四月一日之結餘	208,418	90,202	(42,174)	-	14,466	31,870	-	7,236	906,628	1,216,646	(1,901)	1,214,745
Changes in equity for the six months ended 30 September 2019:	截至二零一九年九月三十日止六個月之權益變動:												
Loss for the period	本期間虧損	-	-	-	-	-	-	-	-	(18,896)	(18,896)	48	(18,848)
Other comprehensive income	其他全面收益	-	(38,906)	-	-	(774)	-	-	-	-	(39,680)	395	(39,285)
Total comprehensive income	全面收益總額	-	(38,906)	-	-	(774)	-	-	-	(18,896)	(58,576)	443	(58,133)
Capital contribution from non-controlling interest	非控股股東資本投入	-	-	-	-	-	-	-	-	-	-	392	392
Dividends approved in respect of the previous year	本期內批准屬於上一年度的股息	-	-	-	-	-	-	-	-	(24,810)	(24,810)	-	(24,810)
Balance at 30 September 2019	於二零一九年九月三十日之結餘	208,418	51,296	(42,174)	-	13,692	31,870	-	7,236	862,922	1,133,260	(1,066)	1,132,194

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

附註: 本集團已於二零一九年四月一日採納經修訂追溯法首次採用香港財務報告準則第16號。按照有關方法, 比較資料不予重列。參閱附註2。

The notes on pages 8 to 34 form part of this interim financial report.

第8頁至34頁的附註屬本中期財務報告之一部份。

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2019 – unaudited
(Expressed in Hong Kong dollars)

簡明綜合現金流量表

截至二零一九年九月三十日止六個月 – 未經審核
(以港元計)

		Six months ended 30 September 截至九月三十日止六個月	
		2019 二零一九年	2018 二零一八年 (Note) (附註)
		\$'000 千元	\$'000 千元
	Note 附註		
Operating activities	經營活動		
Cash used in operations	經營業務所用現金	(31,752)	(23,960)
Tax paid	已付稅項	(1,121)	(1,126)
Net cash used in operating activities	經營活動所用的現金淨額	(32,873)	(25,086)
Investing activities	投資活動		
Payment for the purchase of other property, plant and equipment	購買其他物業、廠房及設備付款	(2,040)	(907)
Other cash flows arising from investing activities	其他投資活動的現金流量	2,400	2,494
Net cash generated from investing activities	投資活動所得的現金淨額	360	1,587
Financing activities	融資活動		
Capital element of lease rentals paid	已付租賃租金之資本部份	(1,749)	–
Interest element of lease rentals paid	已付租賃租金之利息部份	(871)	–
Dividends paid to equity shareholders of the Company	已付本公司股權持有人股息	–	(24,810)
Other cash flows arising from financing activities	其他融資活動的現金流量	(791)	(5,337)
Net cash used in financing activities	融資活動所用的現金淨額	(3,411)	(30,147)
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額	(35,924)	(53,646)
Cash and cash equivalents at the beginning of the period	於期初之現金及現金等價物	323,657	318,752
Effect of foreign exchange rate Changes	外幣兌換率變動之影響	(1,677)	(2,603)
Cash and cash equivalents at the end of the period	於期末之現金及現金等價物	286,056	262,503

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

附註：本集團已於二零一九年四月一日採納經修訂追溯法首次採用香港財務報告準則第16號。按照有關方法，比較資料不予重列。參閱附註2。

The notes on pages 8 to 34 form part of this interim financial report.

第8頁至34頁的附註屬本中期財務報告之一部份。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

1. BASIS OF PREPARATION

This interim financial report for the six months ended 30 September 2019 comprises the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in joint ventures.

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 28 November 2019.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements of the Group for the year ended 31 March 2019, except for the accounting policy changes that are expected to be reflected in the annual financial statements of the Group for the year ending 31 March 2020. Details of these changes in accounting policies are set out in note 2.

The preparation of this interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements of the Group for the year ended 31 March 2019. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial report is unaudited, but has been reviewed by the Company’s Audit Committee.

未經審核 中期財務報告附註

截至二零一九年九月三十日止六個月
(以港元計)

1. 編製基準

截至二零一九年九月三十日止六個月的中期財務報告涵蓋本公司及其附屬公司(統稱為「本集團」)及本集團於合營企業權益。

本中期財務報告根據香港聯合交易所有限公司(「聯交所」)證券上市規則中適用的披露規定編製，並符合香港會計師公會所頒佈的《香港會計準則》(「香港會計準則」)第34號「*中期財務報告*」的規定。本中期財務報告已於二零一九年十一月二十八日獲授權發佈。

除依據預期於截至二零二零年三月三十一日止年度本集團年度財務報表中反映的會計政策變動外，本中期財務報告已採納於截至二零一九年三月三十一日止年度本集團年度財務報表中所採用的相同會計政策。該等會計政策變動詳情列載於附註2。

本中期財務報告的編製符合《香港會計準則》第34號，要求管理層須就影響政策應用和呈報資產、負債、收入及支出的數額作出至目前為止的判斷、估計和假設。實際結果可能有別於估計數額。

本中期財務報告包括簡明綜合財務報表及所選取的附註解釋。該等附註包括解釋各項事件及交易對了解自截至二零一九年三月三十一日止年度本集團年度財務報表發表後本集團之財務狀況及表現之變動尤為重要。簡明綜合中期財務報表及其附註並不包括按所有香港財務報告準則(「香港財務報告準則」)的要求而編製的完整財務報表的所有資料。

本中期財務報告乃未經審核，但已由本公司之審核委員會審閱。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

1. BASIS OF PREPARATION (continued)

The financial information relating to the financial year ended 31 March 2019 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on these financial statements for the year ended 31 March 2019. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

未經審核 中期財務報告附註

截至二零一九年九月三十日止六個月
(以港元計)

1. 編製基準(續)

本中期財務報告內所載有關截至二零一九年三月三十一日止財政年度之財務資料乃為比較資料，並不構成本公司於該財政年度之法定年度綜合財務報表，但該等資料乃摘錄自該財務報表。按照公司條例(第622章)第436條，依據法定財務報表披露有關資料如下：

本公司已根據公司條例第662(3)條及附表6第3部規定向公司註冊處處長呈交截至二零一九年三月三十一日止年度之財務報表。

本公司核數師已就截至二零一九年三月三十一日止年度之該等財務報表作出報告。該核數師報告並無保留意見；並無載有核數師在不對其報告出具保留意見之情況下，以強調的方式提請使用者注意的任何事項；亦不載有根據公司條例第406(2)條、第407(2)或(3)條作出的陳述。

2. 會計政策變動

香港會計師公會已頒佈一項於本集團本會計期間首次生效之新訂香港財務報告準則，香港財務報告準則第16號，*租賃*，及若干香港財務報告準則修訂本。

除香港財務報告準則第16號，*租賃*外，概無任何發展對本集團本期間或以往期間的業績及財務狀況於本中期財務報告之編製或呈列方式有重大影響。本集團並未採用任何於本會計期間尚未生效的新準則或詮釋。

香港財務報告準則第16號，*租賃*

香港財務報告準則第16號取代香港會計準則第17號，*租賃*及相關詮釋、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*、香港(準則詮釋委員會)詮釋第15號，*經營租賃—優惠*及香港(準則詮釋委員會)詮釋第27號，*評估涉及租賃法律形式交易之內容*。其就承租人引入單一會計模式，並要求承租人就所有租賃確認使用權資產及租賃負債，惟租期為12個月或以下的租賃(「短期租賃」)及低價值資產租賃除外。對出租人的會計規定大致上與香港會計準則第17號保持不變。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

2. CHANGES IN ACCOUNTING POLICIES (continued)

HKFRS 16, Leases (continued)

The Group has initially applied HKFRS 16 as from 1 April 2019. The Group has elected to use the modified retrospective approach and there was no impact to the opening balance of equity at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) Changes in the accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalised leases are primarily in relation to properties disclosed in note 15(b).

未經審核 中期財務報告附註

截至二零一九年九月三十日止六個月
(以港元計)

2. 會計政策變動(續)

香港財務報告準則第16號，租賃(續)

本集團已自二零一九年四月一日起初始應用香港財務報告準則第16號。本集團已選用經修訂追溯法，且對於二零一九年四月一日權益期初結餘並無影響。比較資料並未重列並繼續按香港會計準則第17號呈報。

有關對過往會計政策變動的性質及影響以及過渡方法的應用之進一步詳情列載如下：

(a) 會計政策變動

(i) 租賃之新定義

租賃定義之變動主要涉及控制權之概念。香港財務報告準則第16號根據客戶是否於一段時間內控制一項已識別資產的用途而定義租賃，可按一定使用量釐定。當客戶同時有權指示使用已識別資產之用途及自有關用途獲得絕大部份經濟利益的情況下，則擁有控制權。

本集團僅將香港財務報告準則第16號租賃之新定義應用於二零一九年四月一日或之後訂立或更改之合約。本集團已就於二零一九年四月一日前訂立之合約採納過渡實際權宜方法融入先前就現有安排屬於租賃或包含租賃所作之評估。

因此，先前根據香港會計準則第17號評估為租賃之合約按香港財務報告準則第16號繼續列作租賃，而先前評估為非租賃服務安排之合約繼續列作待執行合約。

(ii) 對承租人的會計處理方法

香港財務報告準則第16號取消香港會計準則第17號先前所要求承租人將租賃分類為經營租賃或融資租賃的規定。相反，本集團須在其為承租人時將所有租賃資本化，包括先前根據香港會計準則第17號分類為經營租賃之租賃，惟短期租賃及低價值資產租賃除外。就本集團而言，該等新資本化租賃主要涉及物業(如附註15(b)所披露)。

**NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT**

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

2. CHANGES IN ACCOUNTING POLICIES (continued)

(a) Changes in the accounting policies (continued)

(ii) Lessee accounting (continued)

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**未經審核
中期財務報告附註**

截至二零一九年九月三十日止六個月
(以港元計)

2. 會計政策變動 (續)

(a) 會計政策變動 (續)

(ii) 對承租人的會計處理方法 (續)

當合約包含租賃部分及非租賃部分，本集團選擇不區分非租賃部分及將各租賃部分及任何關聯非租賃部分入賬列為所有租賃的單一租賃部分。

當本集團就低價值資產訂立租約時，本集團以逐項租賃為基準決定是否將租賃資本化。與未資本化的租賃相關的租賃付款按系統化基準於租期內確認為開支。

當租賃被資本化時，租賃負債按租期內應付租賃款項之現值初步確認，並使用租賃所隱含的利率貼現，或倘利率不可輕易釐定，則使用相關遞增借款利率貼現。於初步確認後，有關租賃負債以攤銷成本計量且利息支出使用實際利率法計算。不取決於指數或利率的可變租賃款項並未包括於租賃負債之計量中，並因此於其產生之會計期間列入損益扣除。

當租賃被資本化時，所確認使用權資產初步按成本計量，而使用權資產包括租賃負債之初始金額加於開始日期或之前作出之任何租賃付款，以及任何產生之初始直接成本。在適用的情況下，使用權資產之成本亦包括拆除及移除相關資產，或恢復相關資產或所在地之成本估算，貼現至其現值，並扣減任何已收租賃優惠。

使用權資產其後按成本減累計折舊及減值虧損列賬。

當指數或利率變動引致未來租賃付款變動，或本集團預期根據剩餘價值擔保應付款項之估計金額發生變動，或當重新評估本集團是否將合理確定行使購買、延期或終止選擇權而產生變動，則租賃負債將重新計量。當租賃負債按此方式重新計量，就使用權資產之賬面值作出相應調整，或倘使用權資產之賬面值減至零，則於損益入賬。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

2. CHANGES IN ACCOUNTING POLICIES (continued)

(a) Changes in the accounting policies (continued)

(iii) Leasehold investment property

Under HKFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and/or for capital appreciation ("leasehold investment properties"). The adoption of HKFRS 16 does not have a significant impact on the Group's financial statements as the Group previously elected to apply HKAS 40, *Investment properties*, to account for all of its leasehold properties that were held for investment purposes as at 31 March 2019. Consequentially, these leasehold investment properties continue to be carried at fair value.

(b) Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies

Determining the lease term

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(c) Transitional impact

At the date of transition to HKFRS 16 (i.e. 1 April 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 April 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 8.4%.

未經審核 中期財務報告附註

截至二零一九年九月三十日止六個月
(以港元計)

2. 會計政策變動(續)

(a) 會計政策變動(續)

(iii) 租賃投資物業

根據香港財務報告準則第16號，本集團於持有該等物業以賺取租金收入及／或資產增值(「租賃投資物業」)時，須將所有租賃物業作為投資物業入賬。採納香港財務報告準則第16號對本集團的綜合財務報表並無重大影響，因為本集團以往已選擇應用香港會計準則第40號，*投資物業*，將所有於二零一九年三月三十一日以投資目的而持有的租賃物業入賬。因此，該等租賃投資物業繼續按公平價值列賬。

(b) 應用上述會計政策時作出之重大會計判斷及存在之估計不明朗因素之來源

釐定租賃期

誠如上述會計政策所闡述，租賃負債以租賃期內應付租賃付款的現值進行初步確認。於開始日期釐定包含本集團可行使的續租權的租賃租期時，本集團會評估行使續租權之可能性，並考慮到所有能形成經濟誘因促使本集團行使續租權之相關事實及情況(包括有利條款、已作出之租賃裝修及該相關資產對本集團經營之重要性)。倘發生重大事件或情況出現重大變動而該等事件或變動受本集團控制，則將重新評估租賃期。租賃期的任何延長或縮短均會影響於未來年度確認的租賃負債及使用權資產金額。

(c) 過渡影響

於過渡至香港財務報告準則第16號當日(即二零一九年四月一日)，本集團就先前分類為經營租賃之租賃按餘下租賃付款現值釐定餘下租期及計量租賃負債，並使用於二零一九年四月一日之相關遞增借款利率進行貼現。用於釐定剩餘租賃付款現值之加權平均遞增借款利率為8.4%。

**NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT**

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

2. CHANGES IN ACCOUNTING POLICIES (continued)

(c) Transitional impact (continued)

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

- (i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 March 2020;
- (ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and
- (iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 March 2019 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as at 31 March 2019 as disclosed in note 15(b) to the opening balance for lease liabilities recognised as at 1 April 2019:

		1 April 2019 二零一九年 四月一日 \$'000 千元
Operating lease commitments at 31 March 2019	於二零一九年三月三十一日之經營租賃承擔	2,400
Less: commitments relating to leases exempt from capitalisation:	減：獲豁免資本化的租賃相關承擔：	
– short-term leases and other leases with remaining lease term ending on or before 31 March 2020	– 剩餘租期於二零二零年三月三十一日或之前結束的短期租賃及其他租賃	(51)
– leases of low-value assets	– 低價值資產租賃	(17)
Add: lease payments for the subsequent periods where the Group considers it reasonably certain that it will not exercise the termination options	加：本集團認為合理地確定將不會行使終止選擇權的後續期間的租賃付款	25,215
		27,547
Less: total future interest expenses	減：未來利息支出總額	(5,059)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019 and total lease liabilities recognised at 1 April 2019	於二零一九年四月一日以遞增借款利率折現計算的剩餘租項支出現值及於二零一九年四月一日確認的租賃負債總額	22,488

**未經審核
中期財務報告附註**

截至二零一九年九月三十日止六個月
(以港元計)

2. 會計政策變動 (續)

(c) 過渡影響 (續)

為方便過渡至香港財務報告準則第16號，本集團於初始應用香港財務報告準則第16號當日採用下列確認豁免及實際權宜方法：

- (i) 本集團已選擇不就剩餘租期為於香港財務報告準則第16號初始應用日期起計12個月內屆滿(即租期於二零二零年三月三十一日或之前完結)之租賃確認租賃負債及使用權資產，應用香港財務報告準則第16號之規定；
- (ii) 當計量於初始應用香港財務報告準則第16號當日之租賃負債時，本集團對具有合理類同特徵之租賃組合(例如在類似經濟環境中屬類似相關資產類別且剩餘租期相若之租賃)應用單一折現率；及
- (iii) 於初始應用香港財務報告準則第16號當日計量使用權資產時，本集團依賴先前就二零一九年三月三十一日之虧損性合約撥備所作之評估作為進行減值審查之替代方法。

下表為附註15(b)所披露於二零一九年三月三十一日的經營租賃承擔與於二零一九年四月一日已確認租賃負債的期初結餘的對賬：

**NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT**

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

2. CHANGES IN ACCOUNTING POLICIES (continued)

(c) Transitional impact (continued)

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 31 March 2019.

The Group presents right-of-use assets that do not meet the definition of investment property in “other property, plant and equipment” and presents lease liabilities separately in the consolidated statement of financial position.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group’s consolidated statement of financial position:

**未經審核
中期財務報告附註**

截至二零一九年九月三十日止六個月
(以港元計)

2. 會計政策變動(續)

(c) 過渡影響(續)

以往被歸類為營業租賃的使用權資產以相等於被確認的租賃負債餘額確認，此金額按照於二零一九年三月三十一日綜合財務狀況表內確認的任何預付租賃或應計租賃支出作出調整。

本集團將不符合投資物業定義的使用權資產呈列為「其他物業、廠房及設備」，並將租賃負債分別呈列於綜合財務狀況表。

下表概述採納香港財務報告準則第16號對本集團綜合財務狀況表的影響：

		Carrying amount at 31 March 2019 於二零一九年 三月三十一日 之賬面值 \$'000 千元	Capitalisation of operating lease contracts 經營租賃 合約資本化 \$'000 千元	Carrying amount at 1 April 2019 於二零一九年 四月一日 之賬面值 \$'000 千元
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:	採納香港財務報告準則第16號對綜合財務狀況表內項目之影響：			
Other property, plant and equipment	其他物業、廠房及設備	54,761	23,657	78,418
Total non-current assets	非流動資產總額	867,442	23,657	891,099
Trade and other receivables	應收賬款及其他應收款	98,375	(1,169)	97,206
Total current assets	流動資產總額	491,668	(1,169)	490,499
Lease liabilities (current)	租賃負債(流動)	-	4,383	4,383
Total current liabilities	流動負債總額	104,351	4,383	108,734
Net current assets	流動資產淨值	387,317	(5,552)	381,765
Total assets less current liabilities	資產總額減流動負債	1,254,759	18,105	1,272,864
Lease liabilities (non-current)	租賃負債(非流動)	-	18,105	18,105
Total non-current liabilities	非流動負債總額	40,014	18,105	58,119
Net assets	資產淨值	1,214,745	-	1,214,745

**NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT**

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

2. CHANGES IN ACCOUNTING POLICIES (continued)

(c) Transitional impact (continued)

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset at the end of the reporting period and at the date of transition to HKFRS 16 is as follows:

**未經審核
中期財務報告附註**

截至二零一九年九月三十日止六個月
(以港元計)

2. 會計政策變動(續)

(c) 過渡影響(續)

下列為本集團於結算日及過渡至香港財務報告準則第16號當日按相關資產類別劃分之使用權資產之賬面淨值分析：

		At 30 September 2019 於二零一九年 九月三十日 \$'000 千元	At 1 April 2019 於二零一九年 四月一日 \$'000 千元
Included in "Other property, plant and equipment":	計入「其他物業、廠房及設備」：		
Ownership interests in leasehold land and buildings held for own use, carried at depreciated cost	按折舊成本列賬的持作自用土地及樓宇之擁有者權益	46,818	48,384
Other properties leased for own use, carried at depreciated cost	按折舊成本列賬的其他自用租賃物業	20,535	23,657
		67,353	72,041
Ownership interests in leasehold investment properties, carried at fair value	按公平價值列賬的投資物業之擁有者權益	236,634	242,239
Interest in leasehold land held for own use, carried at depreciated cost	按折舊成本列賬的持作自用租賃土地權益	1,189	1,292
		305,176	315,572

**NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT**

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

2. CHANGES IN ACCOUNTING POLICIES (continued)

(d) Lease liabilities

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period and at the date of transition to HKFRS 16 are as follows:

		At 30 September 2019 於二零一九年九月三十日		At 1 April 2019 於二零一九年四月一日	
		Present value of the minimum lease payment 最低租賃 付款的現值 \$'000 千元	Total minimum lease payment 最低租賃 付款總額 \$'000 千元	Present value of the minimum lease payment 最低租賃 付款的現值 \$'000 千元	Total minimum lease payment 最低租賃 付款總額 \$'000 千元
Within 1 year	一年內	4,520	5,962	4,383	6,050
After 1 year but within 2 years	一年後但兩內	3,946	5,071	4,086	5,382
After 2 year but within 5 years	兩年後但五內	10,653	12,158	12,283	14,269
After 5 years	五年後	1,532	1,548	1,736	1,846
		16,131	18,777	18,105	21,497
		20,651	24,739	22,488	27,547
Less: total future interest expenses	減：未來利息支出總額		(4,088)		(5,059)
Present value of lease liabilities	租賃負債現值		20,651		22,488

(e) Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 April 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. There is no material impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the period.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement.

**未經審核
中期財務報告附註**

截至二零一九年九月三十日止六個月
(以港元計)

2. 會計政策變動(續)

(d) 租賃負債

於報告期末及過渡至香港財務報告準則第16號當日，本集團租賃負債的剩餘合約期限狀況如下：

(e) 對本集團財務業績、分部業績及現金流量的影響

在二零一九年四月一日初始確認使用權資產及租賃負債後，本集團(作為承租人)須確認租賃負債的未償還餘額中產生的利息支出以及使用權資產的折舊，而非過往以直線基準確認租期內經營租賃產生的租賃支出的政策。與本期間一直應用香港會計準則第17號的結果相比，並無對本集團綜合損益表內的經營匯報溢利產生重大影響。

在現金流量報表中，本集團(作為承租人)須將資本化租賃下的已付金分為資本部份及利息部份。該等部份會分類為融資現金流出(類似於先前香港會計準則第17號項下租賃分類為融資租賃的情況)，而非經營現金流出(猶如香港會計準則第17號項下經營租賃的情況)。雖然現金流量總額不受影響，但採納香港財務報告準則第16號導致該等現金流量於現金流量表的呈列發生變化。

**NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT**

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

3. REVENUE

The principal activities of the Group are the manufacture and sale of garments and textiles, provision of processing services and rental of properties.

Revenue represents the invoiced value of goods supplied to customers, processing service income and rental income. Disaggregation of revenue by category is analysed as follows:

		Six months ended 30 September 截至九月三十日止六個月	
		2019 二零一九年 \$'000 千元	2018 二零一八年 \$'000 千元
Under the scope of HKFRS 15, Revenue from contracts with customers:		根據香港財務報告準則第15號， 來自客戶合約之收入的範圍內：	
- Manufacture and sale of garments	- 製造及銷售成衣	270,509	296,108
- Manufacture and sale of textiles	- 製造及銷售紡織品	397	2,643
- Processing service income	- 加工服務收益	17,008	15,993
		287,914	314,744
Under the scope of HKAS 17, Leases:		根據香港會計準則第17號， 租賃的範圍內：	
- Gross rentals from investments properties	- 投資物業租金總額	3,052	3,052
		290,966	317,796

Disaggregation of revenue from contracts with customers by geographic markets is disclosed in note 4(c).

4. SEGMENT REPORTING

The Group manages its business by divisions. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments:

- Manufacture and sale of garments and textiles: this segment covers the manufacture and sale of garment and textile products, and provision of garment processing services.
- Interests in joint ventures: the Group's joint ventures engage in the manufacture and sale of textile yarn products.
- Property leasing: this segment leases commercial and industrial premises to generate rental income.

**未經審核
中期財務報告附註**

截至二零一九年九月三十日止六個月
(以港元計)

3. 收入

本集團之主要業務是製造及銷售成衣及紡織品、提供加工服務和物業租賃。

收入為供應給客戶貨品的銷售價值、加工服務收益及租金收益。按類別劃分之收入分析如下：

		Six months ended 30 September 截至九月三十日止六個月	
		2019 二零一九年 \$'000 千元	2018 二零一八年 \$'000 千元
Under the scope of HKFRS 15, Revenue from contracts with customers:		根據香港財務報告準則第15號， 來自客戶合約之收入的範圍內：	
- Manufacture and sale of garments	- 製造及銷售成衣	270,509	296,108
- Manufacture and sale of textiles	- 製造及銷售紡織品	397	2,643
- Processing service income	- 加工服務收益	17,008	15,993
		287,914	314,744
Under the scope of HKAS 17, Leases:		根據香港會計準則第17號， 租賃的範圍內：	
- Gross rentals from investments properties	- 投資物業租金總額	3,052	3,052
		290,966	317,796

按地區市場劃分之客戶合約收入分析披露於附註4(c)。

4. 分部報告

本集團以分部來管理其業務。本集團以向本集團最高行政管理人員內部呈報資料(為分配資源及評估表現)一致的方式呈列以下三個須予呈報分部。本集團並無將任何經營分部合計以形成下列須予呈報分部：

- 製造及銷售成衣及紡織品：此分部包括製造及銷售成衣及紡織產品，及提供成衣加工服務。
- 合營企業權益：本集團合營企業從事生產及銷售紡織紗線產品。
- 物業租賃：此分部出租商業及工業樓宇以收取租金收益。

NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

4. SEGMENT REPORTING (continued)

(a) Information about profit or loss, assets and liabilities

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below:

		Manufacture and sale of garments and textiles 製造及銷售成衣及紡織品		Interests in joint ventures 合營企業權益		Property leasing 物業租賃		Total 合計	
		2019 二零一九年	2018 二零一八年 (Note) (附註)	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 (Note) (附註)
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
For the six months ended 30 September	截至九月三十日止六個月								
Revenue from external customers	來自外界客戶的收入	287,914	314,744	-	-	3,052	3,052	290,966	317,796
Inter-segment revenue	分部業務間收入	-	-	-	-	544	658	544	658
Reportable segment revenue	須予呈報的分部收入	287,914	314,744	-	-	3,596	3,710	291,510	318,454
Reportable segment profit/ (loss) (adjusted EBITDA)	須予呈報的分部溢利/(虧損) (調整扣除利息、稅項、 折舊及攤銷前的盈利)	(7,499)	(5,743)	(3,991)	7,452	3,310	3,470	(8,180)	5,179
		30 September 2019 二零一九年 九月三十日	31 March 2019 二零一九年 三月三十一日	30 September 2019 二零一九年 九月三十日	31 March 2019 二零一九年 三月三十一日	30 September 2019 二零一九年 九月三十日	31 March 2019 二零一九年 三月三十一日	30 September 2019 二零一九年 九月三十日	31 March 2019 二零一九年 三月三十一日
Reportable segment assets	須予呈報的分部資產	556,088	546,456	509,664	546,154	291,356	306,867	1,357,108	1,399,477
Additions to non-current segment assets during the period	期內增置非流動分部資產	2,040	7,098	-	-	-	-	2,040	7,098
Reportable segment liabilities	須予呈報的分部負債	159,336	108,908	-	-	-	-	159,336	108,908

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

The measure used for reporting segment profit/loss is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and finance cost and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as net valuation gains on investment properties, auditors' remuneration and other head office or corporate administration costs.

未經審核
中期財務報告附註

截至二零一九年九月三十日止六個月
(以港元計)

4. 分部報告(續)

(a) 有關損益、資產及負債的資料

本期間，本集團提供予本集團最高行政管理人員用作資源分配和分部表現評估的須予呈報分部資料如下：

附註：本集團已於二零一九年四月一日採納經修訂追溯法首次採用香港財務報告準則第16號。按照有關方法，比較資料不予重列。參閱附註2。

用於呈報分部溢利/虧損之計算方法為「調整扣除利息、稅項、折舊及攤銷前的盈利」，「利息」視為包括投資收益及融資成本，而「折舊及攤銷」視為包括非流動資產的減值虧損。在計算「調整扣除利息、稅項、折舊及攤銷前的盈利」時，本集團會就並無明確歸於個別分部之項目（例如投資物業估值收益淨額、核數師酬金及其他總辦事處或企業行政成本）進一步調整盈利。

**NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT**

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

4. SEGMENT REPORTING (continued)

(b) Reconciliations of reportable segment profit or loss

**未經審核
中期財務報告附註**

截至二零一九年九月三十日止六個月
(以港元計)

4. 分部報告(續)

(b) 須予呈報的分部溢利或虧損之對賬

		Six months ended 30 September 截至九月三十日止六個月	
		2019 二零一九年	2018 二零一八年 (Note) (附註)
		\$'000 千元	\$'000 千元
Reportable segment profit derived from Group's external customers (adjusted EBITDA)	來自集團外界客戶的須予呈報的分部溢利(調整扣除利息、稅項、折舊及攤銷前的盈利)	(8,180)	5,179
Finance costs	融資成本	(2,054)	(1,674)
Interest income	利息收益	1,866	1,293
Depreciation and amortisation	折舊及攤銷	(4,385)	(2,401)
Gain on deregistration of a subsidiary	註銷一附屬公司收益	1,078	-
Net valuation losses on investment properties	投資物業估值虧損淨額	(4,155)	-
Unallocated head office and corporate expenses	未分類總部及企業費用	(2,370)	(1,655)
Consolidated profit before taxation	綜合除稅前溢利	(18,200)	742

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

附註：本集團已於二零一九年四月一日採納經修訂追溯法首次採用香港財務報告準則第16號。按照有關方法，比較資料不予重列。參閱附註2。

NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

4. SEGMENT REPORTING (continued)

(c) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment properties, other property, plant and equipment and interest in leasehold land held for own use under operating leases, intangible assets, interests in joint ventures ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of investment properties, other property, plant and equipment and interest in leasehold land held for own use under operating leases, the location of the operation to which they are allocated, in the case of intangible assets, and the location of operations, in the case of interests in joint ventures.

未經審核
中期財務報告附註

截至二零一九年九月三十日止六個月
(以港元計)

4. 分部報告(續)

(c) 地區分部資料

下表載列有關(i)本集團來自外界客戶的收入；及(ii)本集團投資物業、其他物業、廠房及設備及持作經營租賃之自用租賃土地的權益、無形資產及合營企業權益(「特定非流動資產」)的地區分部資料。客戶所在地按提供服務及送貨地點而定。特定非流動資產中的投資物業、其他物業、廠房及設備及持作經營租賃之自用租賃土地的權益所在地是根據資產的實際位置而定；無形資產按所獲分配的營運地點而定；而合營企業權益所在地則按其營運地點而定。

		Revenue from external customers 來自外界客戶的收入 Six months ended		Specified non-current assets 特定非流動資產	
		30 September 截至九月三十日止六個月		30 September 2019 二零一九年 九月三十日	31 March 2019 二零一九年 三月三十一日
		2019 二零一九年 \$'000 千元	2018 二零一八年 \$'000 千元	\$'000 千元	\$'000 千元
Hong Kong (place of domicile)	香港 (本集團所在地)	19,474	16,426	252,390	257,593
Europe	歐洲				
- United Kingdom	- 英國	35,967	45,286	-	-
- Italy	- 意大利	51,520	60,716	-	-
- Spain	- 西班牙	22,305	29,376	-	-
- Germany	- 德國	49,398	53,172	-	-
- Other European countries	- 其他歐洲國家	5,775	8,852	-	-
Mainland China	中國大陸	20,740	19,246	556,113	584,898
North America	北美洲				
- United States	- 美國	53,500	55,277	-	-
- Canada	- 加拿大	4,237	2,409	-	-
Others	其他	28,050	27,036	16,538	4,940
		271,492	301,370	572,651	589,838
		290,966	317,796	825,041	847,431

**NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT**

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

5. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging/(crediting):

**未經審核
中期財務報告附註**

截至二零一九年九月三十日止六個月
(以港元計)

5. 除稅前(虧損)/溢利

除稅前(虧損)/溢利已扣除/(計入):

		Six months ended 30 September 截至九月三十日止六個月	
		2019 二零一九年	2018 二零一八年 (Note) (附註)
		\$'000 千元	\$'000 千元
(a) Finance costs	(a) 融資成本		
Interest on bank advances (including bank charges)	銀行墊款利息 (包括銀行費用)	1,183	1,674
Interest on lease liabilities	租賃負債利息	871	-
		2,054	1,674
(b) Other items	(b) 其他項目		
Amortisation of pre-paid interests in leasehold land	預付租賃土地款項的攤銷	27	28
Amortisation of intangible assets	無形資產攤銷	47	47
Depreciation	折舊		
- owned property, plant and equipment	- 自用物業、廠房及設備	1,996	2,326
- right-of use assets	- 使用權資產	2,316	-
Total minimum lease payments for Leases previously classified as operating leases under HKAS 17	香港會計準則第17號就租賃 先前分類為經營租賃的 最低租賃款項總額	-	2,977
Total minimum lease payments for short-term leases/low-value assets	就短期/低價值資產租賃之 最低租賃付款總額	314	-
Gain on disposal of other property, plant and equipment	出售其他物業、廠房及設備收益	(24)	(125)
Rentals receivable from investment properties less direct outgoings of \$658,000 (2018: \$611,000)	投資物業應收租金 減直接支出658,000元 (二零一八年: 611,000元)	(2,393)	(2,441)
Dividends income and interest income	股息收益及利息收益	(2,367)	(2,069)

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

附註: 本集團已於二零一九年四月一日採納經修訂追溯法首次採用香港財務報告準則第16號。按照有關方法, 比較資料不予重列。參閱附註2。

**NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT**

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

6. GAIN ON DEREGISTRATION OF A SUBSIDIARY

On 24 June 2019, Whampoa Garment Manufacturing (Guangxi) Co., Ltd., a wholly owned subsidiary of the Group, was deregistered and a one-off non-cash gain of \$1,078,000 arising from the release of exchange reserve upon deregistration was recognised in profit or loss for the six months ended 30 September 2019.

7. INCOME TAX

Income tax in the consolidated statement of profit or loss represents:

**未經審核
中期財務報告附註**

截至二零一九年九月三十日止六個月
(以港元計)

6. 註銷一附屬公司收益

於二零一九年六月二十四日，本集團一全資擁有附屬公司黃浦江製衣(廣西)有限公司之營業執照已被註銷；註銷後於截至二零一九年九月三十日止六個月損益內，確認因撥回匯兌儲備所產生之一次性非現金收益1,078,000元。

7. 所得稅

綜合損益表所示的所得稅為：

		Six months ended 30 September 截至九月三十日止六個月	
		2019 二零一九年 \$'000 千元	2018 二零一八年 \$'000 千元
Current tax – Hong Kong Profits Tax	本期稅項－香港利得稅	119	1,512
Current tax – Overseas	本期稅項－境外	165	184
Deferred tax relating to the origination and reversal of temporary differences	有關遞延稅項暫時差異的產生及撥回	364	23
		648	1,719

The provision for Hong Kong Profits Tax for 2019 is calculated at 16.5% (2018: 16.5%) of the estimated assessable profits for the period.

Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant countries.

8. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of \$18,896,000 (2018: profit of \$1,270,000) and the weighted average number of 206,748,000 (2018: 206,748,000) ordinary shares in issue during the period.

(b) Diluted (loss)/earnings per share

The diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share as there were no dilutive potential ordinary shares in existence during the periods ended 30 September 2019 and 2018.

二零一九年度香港利得稅撥備是按本期間之估計應評稅溢利以16.5% (二零一八年：16.5%) 的稅率計算。

香港境外附屬公司之稅項則以相關國家適用之現行稅率計算。

8. 每股(虧損)/盈利

(a) 每股基本(虧損)/盈利

每股基本(虧損)/盈利乃根據應撥歸於本公司普通股股權持有人應佔虧損18,896,000元(二零一八年：盈利1,270,000元)及期內已發行普通股之加權平均數206,748,000股(二零一八年：206,748,000股)計算。

(b) 每股攤薄(虧損)/盈利

截至二零一九年及二零一八年九月三十日止期間，本公司並無具有潛在攤薄能力之普通股；故此每股基本(虧損)/盈利與每股攤薄(虧損)/盈利相同。

**NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT**

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

**9. INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT
AND EQUIPMENT**

(a) Right-of-use assets

As discussed in note 2, the Group has initially applied HKFRS 16 using the modified retrospective method and adjusted the opening balances at 1 April 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. Further details on the net book value of the Group's right-of-use assets by class of underlying asset are set out in note 2.

During the six months ended 30 September 2019, the Group entered into a number of lease agreements and therefore recognised the additions to right-of-use assets of \$4,168,000.

(b) Acquisitions and disposal of owned assets

During the six months ended 30 September 2019, the Group acquired items of other property, plant and equipment with a cost of \$2,040,000 (six months ended 30 September 2018: \$907,000). Items of other property, plant and equipment with a net book value of \$2,000 were disposed of during the six months ended 30 September 2019 (six months ended 30 September 2018: \$28,000), resulting in a net gain on disposal of \$24,000 (six months ended 30 September 2018: net gain on disposal of \$125,000).

(c) Valuation

The valuations of investment properties carried at fair value were updated at 30 September 2019 by the Group's independent valuer using the same valuation techniques as were used by this valuer when carrying out the March 2019 valuations.

As a result of the update, a net loss of \$4,155,000 (2018: Nil) has been recognised in profit or loss for the period in respect of investment properties.

**未經審核
中期財務報告附註**

截至二零一九年九月三十日止六個月
(以港元計)

9. 投資物業及其他物業、廠房及設備

(a) 使用權資產

誠如附註2所討論，本集團於二零一九年四月一日使用經修訂追溯法初始採用香港財務報告準則第16號及經調整期初結餘以確認有關香港會計準則第17號項下先前分類為經營租賃的租賃為使用權資產。有關本集團按相關資產類別的使用權資產的賬面淨值的進一步詳情載於附註2。

截至二零一九年九月三十日止六個月，本集團訂立多份租賃協議並因此確認新增使用權資產為4,168,000元。

(b) 購入及出售自有資產

截至二零一九年九月三十日止六個月，本集團以成本2,040,000元購入其他物業、廠房及設備項目(截至二零一八年九月三十日止六個月：907,000元)。於截至二零一九年九月三十日止六個月內，本集團出售賬面淨值為2,000元之其他物業、廠房及設備項目(截至二零一八年九月三十日止六個月：28,000元)，產生出售收益淨額24,000元(截至二零一八年九月三十日止六個月：出售收益淨額125,000元)。

(c) 估值

本集團的獨立測量師於二零一九年九月三十日使用了與二零一九年三月同樣的估值技術更新了以公平價值計量的投資物業的估值。

根據結果，本期錄得與投資物業有關的淨虧損為4,155,000元(二零一八年：無)。

NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

10. TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

		30 September 2019 二零一九年 九月三十日 \$'000 千元	31 March 2019 二零一九年 三月三十一日 \$'000 千元
Within 1 month	一個月以內	35,454	38,472
Over 1 month but within 2 months	一個月以上但兩個月以內	35,273	18,669
Over 2 months but within 3 months	兩個月以上但三個月以內	10,304	7,142
Over 3 months but within 4 months	三個月以上但四個月以內	8,476	8,801
Over 4 months	四個月以上	3,723	7,960
Trade debtors and bills receivable, net of loss allowance	應收賬款及應收票據 (已扣除虧損撥備)	93,230	81,044
Deposits, prepayments and other debtors (note)	訂金、預付款及其他 應收款(附註)	17,437	15,284
Amounts due from related companies	應收關連公司款項	168	1,991
Derivative financial instruments	衍生金融工具	1,018	56
		111,853	98,375

Note: On the date of transition to HKFRS 16, prepaid lease payments of \$1,169,000 previously included in "Deposits, prepayments and other debtors" were adjusted to right-of-use assets recognised at 1 April 2019. See note 2.

Substantially all of the Group's trade and other receivables are expected to be recovered or recognised as an expense within one year.

Trade debtors and bills receivable are due between 0 to 120 days from the date of billing.

The amounts due from related companies are unsecured, interest-free and recoverable on demand except for those trade related items under normal trade terms.

未經審核
中期財務報告附註

截至二零一九年九月三十日止六個月
(以港元計)

10. 應收賬款及其他應收款

於結算日，根據發票日期及扣除虧損撥備後的應收賬款及應收票據(已計入應收賬款及其他應收款)的賬齡分析如下：

	30 September 2019 二零一九年 九月三十日 \$'000 千元	31 March 2019 二零一九年 三月三十一日 \$'000 千元
Within 1 month	35,454	38,472
Over 1 month but within 2 months	35,273	18,669
Over 2 months but within 3 months	10,304	7,142
Over 3 months but within 4 months	8,476	8,801
Over 4 months	3,723	7,960
Trade debtors and bills receivable, net of loss allowance	93,230	81,044
Deposits, prepayments and other debtors (note)	17,437	15,284
Amounts due from related companies	168	1,991
Derivative financial instruments	1,018	56
	111,853	98,375

附註：於過渡至香港財務報告準則第16號當日，先前計入「訂金、預付款及其他應收款」之預付租賃款項1,169,000元已於二零一九年四月一日調整至使用權資產。參閱附註2。

本集團之絕大部份應收賬款及其他應收款均預期於一年內收回或確認為支出。

應收賬款及應收票據在發單日期後0至120日內到期。

除了正常貿易條款下所進行之交易，應收關連公司款項是沒有抵押、不帶利息，並可按通知即時收回。

**NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT**

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

11. CASH AND CASH EQUIVALENTS

		30 September 2019 二零一九年 九月三十日 \$'000 千元	31 March 2019 二零一九年 三月三十一日 \$'000 千元
Cash at bank and in hand	銀行活期存款及現金	286,161	323,769
Less: Restricted bank deposits	減：受限制銀行存款	(105)	(112)
Cash and cash equivalents in the condensed consolidated cash flow statement	於簡明綜合現金流量表的 現金及現金等價物	286,056	323,657

Restricted bank deposits represent guarantee deposit placed at bank for importing raw materials into Mainland China for custom purpose.

**未經審核
中期財務報告附註**

截至二零一九年九月三十日止六個月
(以港元計)

11. 現金及現金等價物

	30 September 2019 二零一九年 九月三十日 \$'000 千元	31 March 2019 二零一九年 三月三十一日 \$'000 千元
Cash at bank and in hand	286,161	323,769
Less: Restricted bank deposits	(105)	(112)
Cash and cash equivalents in the condensed consolidated cash flow statement	286,056	323,657

受限制銀行存款指存於銀行作進口原材料到中國大陸的海關保證金。

12. TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

		30 September 2019 二零一九年 九月三十日 \$'000 千元	31 March 2019 二零一九年 三月三十一日 \$'000 千元
Within 1 month	一個月以內	30,392	21,396
Over 1 month but within 2 months	一個月以上但兩個月以內	12,651	10,268
Over 2 months but within 3 months	兩個月以上但三個月以內	1,801	9,491
Over 3 months	三個月以上	4,075	3,748
Trade creditors and bills payable	應付賬款及應付票據	48,919	44,903
Accrued charges and other creditors	應計費用及其他應付款	40,775	38,941
Amounts due to related companies	應付關連公司款項	435	198
Amounts due to joint ventures	應付合營企業款項	13	648
Dividend payable	應付股息	24,810	-
		114,952	84,690

12. 應付賬款及其他應付款

於結算日，根據發票日期的應付賬款及應付票據（已計入應付賬款及其他應付款）的賬齡分析如下：

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

13. CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the interim period:

No interim dividend declared and paid after the interim period end (2018: nil).

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period:

Final dividend of \$0.12 per ordinary share in respect of the year ended 31 March 2019 amounted to \$24,810,000 was approved in the Company's Annual General Meeting on 18 September 2019. The dividends were paid on 4 October 2019.

Final dividend of \$0.12 per ordinary share in respect of the year ended 31 March 2018 amounted to \$24,810,000 was approved during the period ended 30 September 2018 and paid on 21 September 2018.

(b) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a net debt-to-capital ratio. For this purpose, the Group defines net debt as total debt (which includes lease liabilities, trade and other payables, contract liabilities and provision for long service payments) plus unaccrued proposed dividends, less cash at bank and in hand.

The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group recognizes right-of-use assets and corresponding lease liabilities for almost all leases previously accounted for as operating leases as from 1 April 2019. This caused an increase in the Group's total debt and hence the Group's adjusted net debt-to-capital ratio rose from -15.6% to -13.7% on 1 April 2019 when compared to its position as at 31 March 2019.

未經審核 中期財務報告附註

截至二零一九年九月三十日止六個月
(以港元計)

13. 股本、儲備及股息

(a) 股息

(i) 應付本公司股權持有人中期股息：

於本六個月期間後不宣派及支付中期股息
(二零一八年：無)。

(ii) 應付本公司股權持有人屬於上一財政年度，並於中期報告期間核准的股息：

截至二零一九年三月三十一日止年度之末期股息為每股普通股0.12元，合共24,810,000元，有關建議已於本公司在二零一九年九月十八日召開的股東週年大會中核准。該股息已於二零一九年十月四日支付。

截至二零一八年三月三十一日止年度之末期股息為每股普通股0.12元，合共24,810,000元，已於截至二零一八年九月三十日止期間核准及於二零一八年九月二十一日支付。

(b) 資本管理

本集團管理其資本的主要目標為保障本集團持續營運的能力，以使其能繼續向股東提供回報及向其他持份者提供利益，方法為就其產品的風險程度定下適合的價格，以及以合理成本獲得融資。

本集團積極地定期評審及管理其資本結構，以在提高股東回報(或須提高借貸水平)與在穩健的資本狀況下之優勢及安全性之間維持平衡，此外亦會就經濟狀況改變而調整其資本結構。

本集團根據負債淨額對資本比率監察其資本結構。就此目的，本集團把負債淨額定義為負債總額(包括租賃負債、應付賬款及其他應付款、合約負債以及長期服務金撥備)加未計擬派股息，減銀行存款及現金。

本集團使用經修訂追溯法初始採用香港財務報告準則第16號。根據該方法，自二零一九年四月一日起，本集團就先前入賬列作經營租賃中確認幾乎所有租賃的使用權資產及相應租賃負債。此舉導致本集團的總債務增加，因此本集團於二零一九年四月一日的經調整負債淨額對資本比率較其於二零一九年三月三十一日的狀況由-15.6%增至-13.7%。

NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

13. CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Capital management (continued)

Considering the impact of the application of HKFRS 16, during 2019, the Group reassessed the range at which it maintains its net debt-to-capital ratio. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The Group's net debt-to-capital ratio at the end of the current and previous reporting periods and at the date of transition to HKFRS 16 was as follows:

		30 September 2019 二零一九年 九月三十日	1 April 2019 二零一九年 四月一日	31 March 2019 二零一九年 三月三十一日
	Note 附註	\$'000 千元	\$'000 千元	\$'000 千元
Current liabilities:	流動負債：			
Trade and other payables	應付賬款及其他應付款	114,952	84,690	84,690
Contract liabilities	合約負債	4,714	4,952	4,952
Lease liabilities	租賃負債	4,520	4,383	-
Non-current liabilities:	非流動負債：			
Provision for long service payments	長期服務金撥備	23,190	23,498	23,498
Lease liabilities	租賃負債	16,131	18,105	-
Total debt	負債總額	163,507	135,628	113,140
Add: Proposed dividends	加：擬派股息	-	24,810	24,810
Less: Cash at bank and in hand	減：銀行存款及現金	(286,161)	(323,769)	(323,769)
Adjusted net debt	經調整負債淨額	(122,654)	(163,331)	(185,819)
Total equity	權益總額	1,132,194	1,214,745	1,214,745
Less: Proposed dividends	減：擬派股息	-	(24,810)	(24,810)
Adjusted capital	經調整資本	1,132,194	1,189,935	1,189,935
Net debt to equity ratio	債務淨額對權益比率	(10.8%)	(13.7%)	(15.6%)

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. Under this approach, comparative information is not restated. See note 2.

未經審核
中期財務報告附註

截至二零一九年九月三十日止六個月
(以港元計)

13. 股本、儲備及股息(續)

(b) 資本管理(續)

經考慮應用香港財務報告準則第16號的影響，於二零一九年，本集團重新評估維持其負債淨額對資本比率的範圍。為保持或調整該比率，本集團可調整向股東支付的股息金額、發行新股、向股東發還資本、籌措新債務融資或出售資產以減少債務。

於現有及過往報告期末及於過渡至香港財務報告準則第16號當日的本集團負債淨額對資本比率如下：

附註：本集團已於二零一九年四月一日採納經修訂追溯法首次採用香港財務報告準則第16號及經調整期初結餘以確認先前根據香港會計準則第17號項下分類為經營租賃之租賃為租賃負債。按照有關方法，比較資料不予重列。參閱附註2。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

14. FAIR VALUE MEASUREMENT

(a) Financial instruments measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

未經審核 中期財務報告附註

截至二零一九年九月三十日止六個月
(以港元計)

14. 公平價值計量

(a) 按公平價值計量的金融工具

(i) 公平價值層級

下表列載本集團經常性地於結算日按公平價值計量的金融工具，並根據《香港財務報告準則》第13號「公平價值計量」所界定的公平價值層級分類為三個級別。公平價值計量級別之分類乃按估值方法中所用數據之可觀察性及重要性所釐定：

- 第一級別估值：僅採用第一級別數據，即相同資產或負債於計量日於活躍市場上的報價（不作調整）來計算公平價值
- 第二級別估值：採用第二級別數據，即未能符合第一級別的可觀察數據，且不採用重大不可觀察數據來計算公平價值。不可觀察數據為無法獲得市場資料的數據
- 第三級別估值：採用重大不可觀察數據來計量公平價值

NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT

未經審核
中期財務報告附註

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

截至二零一九年九月三十日止六個月
(以港元計)

14. FAIR VALUE MEASUREMENT (continued)

14. 公平價值計量(續)

(a) Financial instruments measured at fair value (continued)

(a) 按公平價值計量的金融工具(續)

(i) Fair value hierarchy (continued)

(i) 公平價值層級(續)

		Fair value at 30 September 2019 於二零一九年 九月三十日 之公平價值	Fair value measurements as at 30 September 2019 categorised into 於二零一九年 九月三十日 公平價值計量分類為以下級別		
			Level 1 第一級別	Level 2 第二級別	Level 3 第三級別
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Recurring fair value measurements	經常性公平價值 計量				
Assets:	資產:				
- Non-trading listed equity securities	- 非交易上市 股權證券	2,315	2,315	-	-
- Unlisted equity securities	- 非上市股權證券	16,906	-	-	16,906
- Derivative financial instruments	- 衍生金融工具	1,018	-	1,018	-

		Fair value at 31 March 2019 於二零一九年 三月三十一日 之公平價值	Fair value measurements as at 31 March 2019 categorised into 於二零一九年 三月三十一日 公平價值計量分類為以下級別		
			Level 1 第一級別	Level 2 第二級別	Level 3 第三級別
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Recurring fair value measurements	經常性公平價值 計量				
Assets:	資產:				
- Non-trading listed equity securities	- 非交易上市 股權證券	3,105	3,105	-	-
- Unlisted equity securities	- 非上市股權證券	16,906	-	-	16,906
- Derivative financial instruments	- 衍生金融工具	56	-	56	-

**NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT**

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

14. FAIR VALUE MEASUREMENT (continued)

(a) Financial instruments measured at fair value (continued)

(i) Fair value hierarchy (continued)

During the six months ended 30 September 2019 and 2018, there were no transfers between Level 1 and Level 2 or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of forward foreign exchange contracts in Level 2 is marked to market by discounting the contractual forward price and deducting the forward rate at the end of the reporting period. The discount rate used is derived from the prevailing market interest rate at the end of the reporting period.

(iii) Information about Level 3 fair value measurements

**未經審核
中期財務報告附註**

截至二零一九年九月三十日止六個月
(以港元計)

14. 公平價值計量(續)

(a) 按公平價值計量的金融工具(續)

(i) 公平價值層級(續)

截至二零一九年及二零一八年九月三十日止六個月內，並沒有金融工具在第一級別與第二級別之間作轉移、或於第三級別轉入或轉出。按本集團之政策，當公平價值級別發生轉撥時於結算日予以確認。

(ii) 採用於第二級別公平價值計量的估值方法及所用數據

遠期外匯合約公平價值(第二級別)乃貼現合約遠期價格，並於結算日扣除現行的遠期匯率。貼現率乃參照於結算日現行市場利率而釐定。

(iii) 有關第三級別公平價值計量之資料

		Valuation techniques	Significant unobservable inputs 重大不可觀察數據	Range
		估值方式		範圍
Unlisted equity securities	非上市股權證券	Adjusted net asset value 經調整資產淨值	Discount for lack of marketability 缺乏市場流通性折扣率	30% (31 March 2019: 30%)
			Minority discount 少數權益折扣率	30% (31 March 2019: 30%)
			Market-comparable approach 市場比較法	Discount for lack of marketability 缺乏市場流通性折扣率

The fair value of unlisted equity investments is determined using:
(i) the net assets value adjusted for lack of marketability discount and minority discount; (ii) the price/earnings and enterprise value/EBITDA ratios of comparable listed companies adjusted for lack of marketability discount. The fair value is negatively correlated to the discount for lack of marketability and minority discount.

非上市股權證券的公平價值是以(i)經缺乏市場折扣率及少數權益折扣率調整資產淨值；(ii)以可比較上市公司的價格／收益和企業價值／EBITDA比率並調整缺乏市場流通性折扣率計算。公平價值對缺乏市場流通性折扣率和少數權益折扣率成逆向相互關聯。

**NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT**

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

14. FAIR VALUE MEASUREMENT (continued)

(a) Financial instruments measured at fair value (continued)

(iii) Information about Level 3 fair value measurements (continued)

As at 30 September 2019, it is estimated that an increase/decrease of 5% in each of the unobservable inputs, with all other variables held constant, would have increased/decreased the Group's other comprehensive income as follows:

		Increase/ (decrease) in unobservable inputs 不可觀察數據 增加/(減少) %	Effect on other comprehensive income 其他全面 收益影響 \$'000 千元
		百分比	千元
Discount for lack of marketability	缺乏市場流通性折扣率	5	(1,208)
		(5)	1,208
Minority discount	少數權益折扣率	5	(465)
		(5)	465

The movement during the period in the balance of Level 3 fair value measurements is as follows:

		30 September 2019 二零一九年 九月三十日 \$'000 千元	31 March 2019 二零一九年 三月三十一日 \$'000 千元
Unlisted equity securities:	非上市股權證券：		
At beginning of the period/year	於期/年初	16,906	15,348
Net unrealised gains recognised in other comprehensive income during the period	期內未變現收益淨額於 其他全面收益中確認	-	1,558
At end of the period/year	於期/年末	16,906	16,906

Any gains or losses arising from the remeasurement of the Group's unlisted equity security held for strategic purpose is recognised in the investment revaluation reserve (non-recycling) in other comprehensive income. Upon disposal of the equity security, the amount accumulated in other comprehensive income is transferred directly to retained profits.

(b) Fair value of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 September 2019 and 31 March 2019.

**未經審核
中期財務報告附註**

截至二零一九年九月三十日止六個月
(以港元計)

14. 公平價值計量(續)

(a) 按公平價值計量的金融工具(續)

(iii) 有關第三級別公平價值計量之資料(續)

於二零一九年九月三十日，預計以下各項不可觀察數據增加/減少5%，其他變數保持不變，將對本集團其他全面收益增加/減少如下：

		Increase/ (decrease) in unobservable inputs 不可觀察數據 增加/(減少) %	Effect on other comprehensive income 其他全面 收益影響 \$'000 千元
		百分比	千元
Discount for lack of marketability	缺乏市場流通性折扣率	5	(1,208)
		(5)	1,208
Minority discount	少數權益折扣率	5	(465)
		(5)	465

本期第三級別公平價值計量結餘之變動如下：

		30 September 2019 二零一九年 九月三十日 \$'000 千元	31 March 2019 二零一九年 三月三十一日 \$'000 千元
Unlisted equity securities:	非上市股權證券：		
At beginning of the period/year	於期/年初	16,906	15,348
Net unrealised gains recognised in other comprehensive income during the period	期內未變現收益淨額於 其他全面收益中確認	-	1,558
At end of the period/year	於期/年末	16,906	16,906

本集團持作策略用途的非上市股本證券之重新計量產生之任何收益或虧損於其他全面收益投資重估儲備(不可轉回)中確認。待出售股本證券後，於其他全面收益之累計金額直接轉讓至保留溢利。

(b) 以非公平價值列賬之金融工具之公平價值

本集團於二零一九年九月三十日及二零一九年三月三十一日以成本或經攤銷成本列賬的金融工具之賬面值與其公平價值並無重大差異。

**NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT**

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

15. COMMITMENTS

(a) Capital commitments outstanding at 30 September 2019 not provided for in the consolidated financial statements are as follows:

		30 September 2019 二零一九年 九月三十日 \$'000 千元	31 March 2019 二零一九年 三月三十一日 \$'000 千元
<i>The Group's capital commitment:</i>			
Contracted for	本集團的資本承擔： 已訂約	263	562
Authorised but not contracted for	已授權但未訂約	94,092	77,323
		94,355	77,885
<i>The Group's share of the capital commitments of joint ventures:</i>			
Contracted for	本集團應佔合營企業的 資本承擔： 已訂約	101,841	188,052

(b) At 31 March 2019, the total future minimum lease payments in respect of properties under non-cancellable operating leases were payable as follows:

		31 March 2019 二零一九年 三月三十一日 \$'000 千元
Within 1 year	一年以內	2,344
After 1 year but within 2 years	一年後但兩年以內	56
After 2 years but within 5 years	兩年後但五年以內	-
		2,400

The Group is the lessee in respect of a number of properties held under leases which were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to these leases (see note 2). From 1 April 2019 onwards, future lease payments are recognised as lease liabilities in the statement of financial position in accordance with the policies set out in note 2.

**未經審核
中期財務報告附註**

截至二零一九年九月三十日止六個月
(以港元計)

15. 承擔

(a) 於二零一九年九月三十日，仍未在綜合財務報表作出撥備之資本承擔如下：

		30 September 2019 二零一九年 九月三十日 \$'000 千元	31 March 2019 二零一九年 三月三十一日 \$'000 千元
<i>The Group's capital commitment:</i>			
Contracted for	本集團的資本承擔： 已訂約	263	562
Authorised but not contracted for	已授權但未訂約	94,092	77,323
		94,355	77,885
<i>The Group's share of the capital commitments of joint ventures:</i>			
Contracted for	本集團應佔合營企業的 資本承擔： 已訂約	101,841	188,052

(b) 於二零一九年三月三十一日，根據不可解除的經營租賃合約在日後應付的最低物業租賃付款總額如下：

		31 March 2019 二零一九年 三月三十一日 \$'000 千元
Within 1 year	一年以內	2,344
After 1 year but within 2 years	一年後但兩年以內	56
After 2 years but within 5 years	兩年後但五年以內	-
		2,400

本集團為先前根據香港會計準則第17號分類為經營租賃之租賃項下而持有之若干物業之承租人。本集團使用經修訂追溯法初始採用香港財務報告準則第16號。根據該方法，本集團調整二零一九年四月一日的期初結餘以確認有關該等租賃之租賃負債（參閱附註2）。自二零一九年四月一日起，根據附註2載列之政策，未來租賃付款於財務狀況表確認為租賃負債。

**NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT**

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

16. MATERIAL RELATED PARTY TRANSACTIONS

The following material transactions with related parties were, in the opinion of the directors, carried out in the ordinary course of business and on normal commercial terms:

(a) Transactions with YGM Trading Limited and its subsidiaries (“YGMT Group”)

Sales of garment products	銷售成衣產品	5,247	8,145
Rental income received and receivable	已收及應收物業租金收益	3,000	3,000
Management fee received and receivable	已收及應收管理費	372	372
Building management fee received and receivable	已收及應收樓宇管理費	90	90

Note:

As certain directors and their associates are collectively the controlling shareholders (as defined in the Listing Rules) of YGMT Group and the Group, the related party transactions in respect of sales of garment products to YGMT Group and rental income received and receivable from YGMT Group above constitute the connected transactions as defined in Chapter 14A of the Listing Rules. Other transactions with YGMT Group are exempt from the disclosure requirements in Chapter 14A of the Listing Rules.

(b) Transactions with other related parties

Wuxi YGM Textile Co., Ltd.	無錫長江精密紡織有限公司		
Purchases of raw materials	購買原材料	1,321	4,505

Note:

Wuxi YGM Textile Co., Ltd. is a wholly owned subsidiary of Wuxi No. 1 Cotton Investment Co., Ltd., a joint venture of the Group. The purchases of raw materials from a joint venture are not connected transactions under Chapter 14A of the Listing Rules.

**未經審核
中期財務報告附註**

截至二零一九年九月三十日止六個月
(以港元計)

16. 與關連人士之重大交易

各董事認為與下列關連人士進行之重大交易乃在日常業務過程中按正常商業條款進行：

(a) 與YGM貿易有限公司及其附屬公司(「YGMT集團」)之交易

Six months ended
30 September
截至九月三十日止六個月

2019 二零一九年 \$'000 千元	2018 二零一八年 \$'000 千元
-------------------------------	-------------------------------

Sales of garment products	銷售成衣產品	5,247	8,145
Rental income received and receivable	已收及應收物業租金收益	3,000	3,000
Management fee received and receivable	已收及應收管理費	372	372
Building management fee received and receivable	已收及應收樓宇管理費	90	90

附註：

若干董事及彼等之聯繫人士同時為YGMT集團及本集團之控股股東(定義見上市規則)，根據上市規則第14A章，以上向YGMT集團銷售成衣產品、已收及應收自YGMT集團租金收益之聯繫人士交易構成關連交易。與YGMT集團之其他交易為獲豁免不須遵照上市規則第14A章之規定予以披露。

(b) 其他關連人士之交易

Six months ended
30 September
截至九月三十日止六個月

2019 二零一九年 \$'000 千元	2018 二零一八年 \$'000 千元
-------------------------------	-------------------------------

Wuxi YGM Textile Co., Ltd.	無錫長江精密紡織有限公司		
Purchases of raw materials	購買原材料	1,321	4,505

附註：

無錫長江精密紡織有限公司為本集團之合營企業無錫一棉投資有限公司之全資擁有附屬公司。從一合營企業購買原材料並不屬於上市規則第14A章所列之關連交易。

**NOTES TO THE UNAUDITED
INTERIM FINANCIAL REPORT**

For the six months ended 30 September 2019
(Expressed in Hong Kong dollars)

16. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(c) Balances due from/(to) related companies and joint ventures:

		30 September 2019 二零一九年 九月三十日 \$'000 千元	31 March 2019 二零一九年 三月三十一日 \$'000 千元
	Note 附註		
Amount due from YGMT Group	應收YGMT集團款項	76	1,991
Amount due to WTC07 Holdings Pte Ltd.	應付WTC07 Holdings Pte Ltd. 款項	(343)	(198)
Amount due to Allied Textiles Co., Ltd.	應付新聯興紡織有限公司款項	(13)	(13)
Amount due to Wuxi YGM Textile Co., Ltd.	應付無錫長江精密紡織有限公司款項	-	(635)

Notes:

- (i) WTC07 Holdings Pte Ltd. is related to the Group as it is held by a director of the Group.
- (ii) Allied Textiles Co., Ltd. and Wuxi YGM Textiles Co., Ltd. are wholly owned subsidiaries of Wuxi No.1 Cotton Investment Co., Ltd., a joint venture of the Group.

17. COMPARATIVE FIGURES

The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective method. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 2.

**未經審核
中期財務報告附註**

截至二零一九年九月三十日止六個月
(以港元計)

16. 與關連人士之重大交易(續)

(c) 應收／(應付)關連公司及合營企業款項：

	30 September 2019 二零一九年 九月三十日 \$'000 千元	31 March 2019 二零一九年 三月三十一日 \$'000 千元
	附註	
Amount due from YGMT Group		1,991
Amount due to WTC07 Holdings Pte Ltd.	(i)	(198)
Amount due to Allied Textiles Co., Ltd.	(ii)	(13)
Amount due to Wuxi YGM Textile Co., Ltd.	(ii)	(635)

附註：

- (i) WTC07 Holdings Pte Ltd.由本集團一位董事擁有。因此，WTC07 Holdings Pte Ltd.為本集團之關連人士。
- (ii) 新聯興紡織有限公司及無錫長江精密紡織有限公司為本集團之合營企業無錫一棉投資有限公司之全資擁有附屬公司。

17. 比較數字

本集團於二零一九年四月一日使用經修訂追溯法初始採用香港財務報告準則第16號。根據該方法，比較資料不予重列。有關會計政策變動之更多詳情乃披露於附註2。

INTERIM DIVIDEND

The Board has resolved not to declare the payment of interim dividend for the six months ended 30 September 2019 (2018: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Key Performance Indicators

Revenue	收入	290,966	317,796	-8%
Gross profit	毛利	45,573	57,692	-21%
Gross profit margin	毛利率	16%	18%	-2pp
Loss from operations	經營虧損	(9,078)	(5,036)	+80%
Operating margin	經營溢利率	-3%	-2%	-1pp
(Loss)/profit attributable to equity shareholders of the Company	本公司股權持有人應佔 (虧損)/溢利	(18,896)	1,270	-1,588%
Net profit margin	純利率	-6.5%	0.4%	-7pp
Earnings before interest income, finance costs, income tax, depreciation and amortisation (EBITDA)	扣除利息收益、融資成本、所得稅、折舊及攤銷前的盈利「EBITDA」	(13,626)	3,524	-487%
EBITDA margin	EBITDA率	-5%	1%	-6pp
(Loss)/earnings per share – basic	每股 (虧損)/盈利 – 基本	(\$0.09)	\$0.01	-1,000%

Business Review and Prospects

During the six months under review, our company recorded an overall loss of HK\$18,848,000 as compared with a loss of HK\$977,000 for the same period last year. Our core garment business and most of our garment factories as well as our Wuxi investment had experienced worse results than last year.

There was a loss in our Bangladesh factory in the first half of the year under review due to shortage of orders and the low efficiency of our sewers caused by products transformation. The second half of the year being our factory's high season has sufficient orders and with improvements of our production technology, we are hopeful that some profits can be generated to offset the loss incurred earlier of the year.

The woven section of our Myanmar operation for the first half of the year recorded positive results. However, the knitted section being a newly setup division and because of shortage of skillful workers, the productivity was low and a loss was reported for the period under review.

中期股息

董事會決議不派截至二零一九年九月三十日止六個月之中期股息 (二零一八年：無)。

管理層討論及分析

主要表現指標

Six months ended
30 September
截至九月三十日止六個月

	2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元	+/- Change 變動
Revenue	290,966	317,796	-8%
Gross profit	45,573	57,692	-21%
Gross profit margin	16%	18%	-2pp
Loss from operations	(9,078)	(5,036)	+80%
Operating margin	-3%	-2%	-1pp
(Loss)/profit attributable to equity shareholders of the Company	(18,896)	1,270	-1,588%
Net profit margin	-6.5%	0.4%	-7pp
Earnings before interest income, finance costs, income tax, depreciation and amortisation (EBITDA)	(13,626)	3,524	-487%
EBITDA margin	-5%	1%	-6pp
(Loss)/earnings per share – basic	(\$0.09)	\$0.01	-1,000%

業務回顧及前景

於回顧之六個月內，本集團錄得整體虧損 18,848,000 港元，去年同期則錄得虧損 977,000 港元。本集團之核心成衣業務及大部分工廠以及無錫投資的業績都遜於去年。

由於訂單不足以及產品轉型導致我們的製衣工人生產效率下降，我們孟加拉的工廠於回顧期內上半年出現虧損。下半年是我們工廠的旺季，訂單充足，隨著生產技術的改進，我們期望可以產生一些利潤以彌補今年初的虧損。

上半年緬甸工廠之梭織部門錄得正面業績。然而，針織部門是一個新成立的部門，由於缺乏熟練工人，生產效率低，於回顧期內出現虧損。

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects (continued)

The U.S-China trade war and the slow down of the domestic China market affected our China operation and a loss was recorded for the interim period. We expect more U.S. customers will shift their business to other countries because of the trade war uncertainties. Negative result is expected to prevail into the second half of the financial year under review.

Same adverse factors that affected our China operation also affected our joint venture operation in Wuxi, China and a loss was recorded in the first half of 2019/20. The construction of the Ethiopia factory has resulted in set-up expenditure and an increase of interest costs. The operating environment for the second half of the current financial year will remain uncertain.

The continuous U.S.-China trade war, the uncertain U.K.'s Brexit as well as the escalating manufacturing costs have caused great instability to our core garment business. The remaining year as well as the coming year will be difficult and challenging.

Liquidity and Financial Position

During the period under review, the Group's operations continued to be mainly financed by the internal resources.

As at 30 September 2019, the cash and bank balances of the Group were approximately HK\$286,161,000 (as at 31 March 2019: HK\$323,769,000). As at 30 September 2019 and 31 March 2019, the Group did not have any short term and long term borrowings.

The Group adopts a prudent policy to hedge the fluctuation of foreign exchange rates. As most of the Group's sales, purchases, cash and bank balances are denominated in Hong Kong dollars, United States dollars, Euros, Pounds Sterling or Renminbi, the Group may enter into forward foreign exchange contracts to hedge its committed future sales denominated in the above foreign currencies against the exchange rate fluctuation when the exposure is significant. As at 30 September 2019, the Group has forward foreign exchange contracts hedging forecast transactions with net fair value of HK\$1,018,000 (assets) (as at 31 March 2019: HK\$56,000 (assets)), recognised as derivative financial instruments.

The share capital of the Company remained unchanged during the period under review.

Pledge of Assets

As at 30 September 2019, none of the assets of the Group was pledged.

管理層討論及分析

業務回顧及前景(續)

中美貿易戰和中國國內市場的放緩影響了我們的中國業務，並在此回顧期內錄得虧損。由於貿易戰的不確定因素，我們預期將有更多美國客戶將業務轉移至其他國家。預期負面影響將持續到回顧財政年度的下半年。

影響我們中國業務的相同不利因素同時也影響了我們中國無錫的合營企業之業務，2019/20上半年錄得虧損。埃塞俄比亞建設廠房導致設置費用及利息費用增加，本財政年度下半年的經營環境持續不明朗。

持續的中美貿易戰、英國脫歐的不明朗，以及製造成本不斷上升，均對我們核心成衣業務造成極大的不穩定。餘下的一年以及來年將是艱難及具挑戰性。

流動資金及財務狀況

於回顧期間內，本集團仍主要以其內部資源作為營運資金。

於二零一九年九月三十日，本集團之現金及銀行結餘約為286,161,000港元（於二零一九年三月三十一日：323,769,000港元）。於二零一九年九月三十日及二零一九年三月三十一日，本集團並沒有任何短期及長期借貸。

本集團採用審慎政策以對沖匯率波動。由於本集團大部份銷售、採購、現金及銀行結餘均主要以港元、美元、歐羅、英鎊或人民幣結算，當風險重大時，本集團或會就以上外幣結算之承諾未來銷售訂立遠期合約，以對沖外匯波動。於二零一九年九月三十日，本集團用以對沖預期交易之遠期外匯合約之公平價值淨額為1,018,000港元（資產）（於二零一九年三月三十一日：56,000港元（資產）），並已確認為衍生金融工具。

本公司之股本於回顧期間內並無任何變動。

資產抵押

於二零一九年九月三十日，本集團並無以任何資產作抵押。

MANAGEMENT DISCUSSION AND ANALYSIS

Employment and Remuneration Policies

As at 30 September 2019, the Group, including its subsidiaries but excluding joint ventures, employed approximately of 4,300 employees. Remuneration packages are determined by reference to employees' performance and the prevailing salary levels in the market. In addition, the Group provides year end double pay, provident fund scheme, medical insurance and training to staff.

OTHER INFORMATION

Directors' Interests in Shares

(a) As at 30 September 2019, the interests and short positions of the directors and their associates in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") and which were required to be entered in the register kept by the Company under section 352 of the SFO were as follows:

Name of director	董事姓名	Number of ordinary shares 普通股股份數目			
		Personal interests 個人權益	Family interests 家族權益	Corporate interests 公司權益	Other interests 其他權益
Chan Wing Fui, Peter	陳永奎	486,102	9,153,465	—	(i) & (ii)
Chan Wing Kee	陳永棋	8,589,624	319,691	—	(i) & (iii)
Chan Wing To	陳永滔	10,073,389	—	—	(i) & (iii)
Chan Wing Sun, Samuel	陳永燦	6,089,244	250,000	3,604,415	(i)
Chan Suk Ling, Shirley	周陳淑玲	4,535,816	524,000	—	(i)
Chan Suk Man	劉陳淑文	3,438,466	—	—	(i) & (iii)
So Ying Woon, Alan	蘇應垣	12,000	—	—	—
Lin Keping	林克平	—	—	—	—
Choi Ting Ki	蔡廷基	—	—	—	—
So Stephen Hon Cheung	蘇漢章	—	—	—	—
Li Guangming	李光明	—	—	—	—

Notes:

- (i) 48,032,240 shares of the Company were held by Chan Family Investment Corporation Ltd. (which is owned by Messrs Chan Wing Kee, Chan Wing To, Chan Wing Sun, Samuel, Madam Chan Suk Ling, Shirley and Madam Chan Suk Man and other members of the Chan Family) and its subsidiaries.
- (ii) 13,965,280 shares of the Company were held by Mr. Chan Wing Fui, Peter, the executor of the estate of the late Dr. Chan Sui Kau.
- (iii) 2,383,500 shares of the Company were held by Super Team International Limited which is indirectly owned by Messrs Chan Wing Kee, Chan Wing To, Madam Chan Suk Man and other members of the Chan Family.

管理層討論及分析

僱員及薪酬政策

於二零一九年九月三十日，除合營企業外，本集團（包括其附屬公司）聘用約4,300名僱員。薪酬組合乃參照員工之表現及市場當時之薪金水平而釐定。此外，本集團為僱員提供年終雙薪、公積金計劃、醫療保險及培訓。

其他資料

董事之股份權益

(a) 於二零一九年九月三十日，本公司各董事及彼等之聯繫人士於本公司或任何聯營公司（按證券及期貨條例（「證券條例」）第XV部之涵義）之股份、相關股份及債券中擁有根據證券條例第XV部第7及8分部、上市公司董事進行證券交易標準守則（「標準守則」）之規定須知會本公司及聯交所之權益及淡倉（包括彼等根據該等證券條例規定被視作或當作擁有之權益及淡倉），並須登記於根據證券條例第352條存置之登記冊之權益及淡倉如下：

附註：

- (i) 合共48,032,240股本公司股份乃由Chan Family Investment Corporation Ltd.（由陳永棋先生、陳永滔先生、陳永燦先生、周陳淑玲女士及劉陳淑文女士及其他陳氏家族成員擁有）及其附屬公司所持有。
- (ii) 合共13,965,280股本公司股份乃由已故陳瑞球博士之遺產遺囑執行人陳永奎先生所持有。
- (iii) 合共2,383,500股本公司股份乃由Super Team International Limited持有。該公司由陳永棋先生、陳永滔先生、劉陳淑文女士及其他陳氏家族成員間接擁有。

OTHER INFORMATION

Directors' Interests in Shares (continued)

(b) Save as disclosed above, as at 30 September 2019, none of the directors or their associates, had, under Divisions 7 and 8 of Part XV of the SFO, nor were they taken to or deemed to have under such provisions of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) or any interests which are required to be entered into the register kept by the Company pursuant to section 352 of the SFO or any interests which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders

Other than the interests disclosed in the section "Directors' Interests In Shares" in respect of the directors, the Company has been notified of the following interests in the Company's issued shares as at 30 September 2019 amounting to 5% or more of the ordinary shares in issue.

Name of shareholder	股東名稱	Capacity 權益性質	Number of ordinary shares held 持有普通股 股份數目	Percentage of ordinary shares in issue 佔已發行普通股 股份百分比
Guangzhou Textiles Industry & Trade Holdings Ltd.	廣州紡織工貿企業集團有限公司	Beneficial owner 實益擁有人	17,806,000 (note) (附註)	8.61%

Note: The shares were directly held by Yue Xiu Textiles Co., Ltd., a 100% owned subsidiary of Guangzhou Textiles Industry & Trade Holdings Ltd.

Save as disclosed above, no other interests required to be recorded in the register kept under section 336 of the SFO have been notified to the Company.

其他資料

董事之股份權益(續)

(b) 除上文所披露外，於二零一九年九月三十日，各董事或彼等之聯繫人士概無於本公司或任何聯營公司（按證券條例第XV部之涵義）之股份、相關股份或債券中擁有或被視作擁有根據證券條例第XV部第7及8分部之任何權益或淡倉而須登記於本公司根據證券條例第352條存置之登記冊之任何權益，或根據標準守則之規定須知會本公司及聯交所之任何權益。

主要股東

於二零一九年九月三十日，除在上述「董事之股份權益」所披露之權益外，本公司已獲知會下列佔已發行普通股之5%或以上之本公司已發行股份權益。

附註：股份由廣州紡織工貿企業集團有限公司之全資擁有附屬公司越秀紡織品有限公司直接持有。

除上文所披露外，本公司並無獲知會任何其他須記錄在根據證券條例第336條規定存置之登記冊的權益。

OTHER INFORMATION

Connected Transactions and Directors' Interests in Transactions, Arrangements or Contracts

Details of connected transactions under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") are set out in Note 16 to the interim financial report. In the opinion of the independent non-executive directors, these connected transactions were entered into by the Group:

- (i) in the ordinary and usual course of its business;
- (ii) conducted either on normal commercial terms (which expression will be applied by reference to transactions of a similar nature and to be made by similar entities) or where there is no available comparison, on terms that are fair and reasonable so far as the independent shareholders of the Company are concerned;
- (iii) in accordance with the terms of the agreements governing the transactions; and
- (iv) in accordance with the pricing policies of the Group, where applicable.

Apart from the foregoing, no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, subsisted at the end of the period or at any time during the period.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the period ended 30 September 2019.

Audit Committee

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises four independent non-executive directors of the Company.

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and the unaudited interim financial statements of the Group for the period ended 30 September 2019.

其他資料

關連交易及董事之交易、安排或合約權益

根據香港聯合交易所有限公司證券上市規則（「上市規則」）第14A章所列的關連交易詳情載於本中期財務報告附註16內。獨立非執行董事認為，本集團所進行之關連交易均：

- (i) 於一般及日常業務過程中進行；
- (ii) 按正常商業條款（所指之「正常商業條款」將參考與類似機構進行性質相若之交易時所依據之條款）或倘並無可供比較之條款，則按對本公司之獨立股東而言屬公平合理之條款進行；
- (iii) 符合規管該等交易之協議條款；及
- (iv) 根據集團之定價政策（如有）進行。

除以上所述者外，本公司各董事概無於本公司或其任何附屬公司所訂立，而於期末或期內任何時間仍屬有效之交易、安排或重大合約中佔有重大權益。

購買、出售或贖回股份

截至二零一九年九月三十日止期間內，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

審核委員會

本公司依照上市規則第3.21條成立審核委員會，旨在審閱及監察本集團之財務申報程序及內部控制。該審核委員會由本公司四位獨立非執行董事組成。

本公司之審核委員會已與管理層審閱本集團所採納的會計原則及慣例，以及本集團截至二零一九年九月三十日止期間之未經審核財務報表。

OTHER INFORMATION

Corporate Governance Practices

In the opinion of the Board, the Company has complied throughout the period ended 30 September 2019 with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, except that the non-executive directors were not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the Company's articles of association.

Directors' Securities Transactions

The Company has adopted a Securities Dealing Code regarding directors' securities transactions on terms no less exacting than required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules. All directors have confirmed, upon specific enquiry by the Company, that they have complied with the required standard set out in the Model Code and the Securities Dealing Code throughout the period under review.

By Order of the Board
Chan Wing Fui, Peter
Chairman

Hong Kong, 28 November 2019

其他資料

企業管治常規

董事會認為，除非執行董事並無指定明確任期而須根據本公司組織章程於本公司股東週年大會輪值告退及重選外，本公司於截至二零一九年九月三十日止期間內一直遵守上市規則附錄14所載之企業管治常規守則。

董事之證券交易

本公司已採納有關董事證券交易的證券買賣守則，其條款不遜於上市規則附錄10所載上市公司董事進行證券交易標準守則（「標準守則」）載列的規定準則。經過本公司向所有董事作出具體查詢後，本公司董事已確認彼等於回顧期間內一直遵守標準守則載列的規定準則及其有關董事證券交易的證券買賣守則。

承董事會命
主席
陳永奎

香港，二零一九年十一月二十八日



長江製衣有限公司
YANGTZEKIANG GARMENT LIMITED