

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 綜合損益及其他全面收益表

FOR THE YEAR ENDED 31 DECEMBER 2016 截至2016年12月31日止年度

			2016	2015
		Notes 附註	HK\$'000 千港元	HK\$'000 千港元
Revenue	營業額	3	6,328,714	6,653,051
Cost of sales	銷售成本		(5,553,590)	(5,845,406)
Gross profit	毛利		775,124	807,645
Other revenue	其他收入		48,338	57,492
Other gains and losses	其他收益及虧損		(48,452)	(26,496)
Distribution and selling expenses	分銷及銷售費用		(163,756)	(191,745)
Administrative expenses	行政費用		(424,275)	(469,362)
Finance costs	融資成本	4	(19,506)	(26,166)
Share of profit of an associate	應佔一間聯營公司之盈利		595	839
Profit before income tax expense	除所得稅支出前盈利		168,068	152,207
Income tax expense	所得稅支出	5	(18,076)	(24,133)
Profit for the year	是年度盈利	6	149,992	128,074
Profit for the year attributable to:	應佔是年度盈利：			
Owners of the Company	本公司擁有人		127,903	99,860
Non-controlling interests	非控股權益		22,089	28,214
			149,992	128,074

Profit for the year

是年度盈利

6

149,992

128,074

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 綜合財務狀況表

AS AT 31 DECEMBER 2016 於2016年12月31日

		At 31 December 2016	At 31 December 2015
		於2016年12月31日	於2015年12月31日
	Notes 附註	HK\$'000 千港元	HK\$'000 千港元
Non-current assets	非流動資產		
Investment properties	投資物業	67,410	74,551
Property, plant and equipment	物業、廠房及設備		

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 綜合財務狀況表

AS AT 31 DECEMBER 2016 於2016年12月31日

		At 31 December 2016 於2016年12月31日	At 31 December 2015 於2015年12月31日
		Note 附註 HK\$'000 千港元	HK\$'000 千港元
Non-current liabilities	非流動負債		
Deferred income – non-current portion	遞延收入 - 非流動部分	60,370	60,760
Bank and other borrowings – due after one year	銀行及其他借貸 - 一年後到期	179,453	159,225
Deferred tax liabilities	遞延稅項負債	6,868	6,204
		<u>246,691</u>	<u>226,189</u>
Net assets	資產淨值	<u>3,453,645</u>	<u>3,394,756</u>
Capital and reserves	資本及儲備		
Share capital	股本	865,716	865,716
Other reserves	其他儲備	2,432,336	2,364,829
Equity attributable to owners of the Company	本公司擁有人應佔權益	3,298,052	3,230,545
Non-controlling interests	非控股權益	155,593	164,211
Total equity	權益總值	<u>3,453,645</u>	<u>3,394,756</u>

NOTES 附註

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and the principal place of business of the Company are Block A, 6/F., Eastern Sea Industrial Building, 29-39 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong.

The financial information relating to the years ended 31 December 2016 and 2015 included in this final results announcement does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements of the Group for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622) and will deliver the financial statements for the year ended 31 December 2016 in due course.

The Company's independent auditor has reported on those financial statements of the Group for both years. The independent auditor's report was unqualified; did not include a reference to any matters to which the independent auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

1. 一般資料

本公司為在香港註冊成立的公眾有限公司而其股份於香港聯合交易所有限公司(「聯交所」)上市。本公司的註冊辦事處地址及主要營業地點為香港新界葵涌葵昌路29-39號東海工業大廈A座6樓。

本末期業績公告所載有有關截至2016年及2015年12月31日止年度之財務資料，並不構成本公司於該等年度之法定年度綜合財務報表，但摘錄自該等財務報表。根據香港公司條例(第622章)第436條須予披露有關該等法定財務報表之進一步資料如下：

本公司已根據香港公司條例(第622章)第662(3)條及附表6第3部規定向公司註冊處處長呈交本集團截至2015年12月31日止年度之財務報表，並將會在適當時間遞交截至2016年12月31日止年度之財務報表。

本公司獨立核數師已就本集團兩個年度之財務報表作出報告。獨立核數師報告並無保留意見；並無載有獨立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；及並無載有根據香港公司條例(第622章)第406(2)條、第407(2)或(3)條作出的陳述。

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Adoption of new/revised HKFRSs – effective on 1 January 2016

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

The adoption of these amendments has no material impact on the Group's financial statements.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 7	Disclosure Initiative ¹
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ¹
Amendment to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ²

2. 採納香港財務報告準則(「香港財務報告準則」)

(a) 採納新訂 經修訂之香港財務報告準則 - 於2016年1月1日生效

香港財務報告準則 (修訂本)	2012年至2014年週期之年度改進
香港會計準則第1號之修訂本	披露計劃
香港會計準則第16號及香港會計準則第38號之修訂本	折舊及攤銷可接受方法的澄清
香港會計準則第27號之修訂本	獨立財務報表的權益法
香港財務報告準則第11號之修訂本	收購合營業務權益的會計處理

採納該等修訂本對本集團的財務報表並無重大影響。

(b) 已頒佈但尚未生效之新訂 經修訂香港財務報告準則

下列可能與本集團財務報表有關之新訂 經修訂香港財務報告準則經已頒佈,惟尚未生效亦未經本集團提早採納。本集團目前擬於該等變動生效日期應用該等變動。

香港會計準則第7號之修訂本	披露計劃 ¹
香港會計準則第12號之修訂本	就未變現虧損確認遞延稅項資產 ¹
香港財務報告準則第2號之修訂本	以股份為基礎之付款交易的分類及計量 ²

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 9	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers ²
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15) ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
HKFRS 16	Leases ³

¹ Effective for annual periods beginning on or after 1 January 2017

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after 1 January 2019

⁴ The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

2. 採納香港財務報告準則（「香港財務報告準則」）（續）

(b) 已頒佈但尚未生效之新訂 經修訂香港財務報告準則（續）

香港財務報告準則第9號	金融工具 ²
香港財務報告準則第15號	客戶合同收入 ²
香港財務報告準則第15號之修訂本	客戶合同收入（澄清香港財務報告準則第15號） ²
香港財務報告準則第10號及香港會計準則第28號之修訂本	投資者與其聯營公司或合營公司之間的資產出售或注資 ⁴
香港財務報告準則第16號	租賃 ³

¹ 於2017年1月1日或之後開始之年度期間生效

² 於2018年1月1日或之後開始之年度期間生效

³ 於2019年1月1日或之後開始之年度期間生效

⁴ 該等修訂本原訂於2016年1月1日或之後開始之期間生效。生效日期現已延遲 刪除。繼續允許提前應用有關修訂本。

3. REVENUE AND SEGMENT INFORMATION

The Board, i.e. the chief operating decision maker, regularly reviews the operating results and financial information based on distinct geographical areas of location of customers, including Hong Kong (place of domicile of the Group), the People's Republic of China (the "PRC"), Taiwan, Korea, Sri Lanka, America, Europe and Others (i.e. representing other geographical locations mainly Bangladesh, Vietnam and Macau). All of these geographical areas are operating segments except "Others" which is an aggregation of operating segments.

The following is an analysis of the Group's revenue and profit from the production and sales of dyed fabrics, yarns and garments and results by reportable segment for the year.

2016

		Hong Kong	The PRC	Taiwan	Korea	Sri Lanka	America	Europe	Others	Segment total	Eliminations	Consolidated
		香港	中國	台灣	韓國	斯里蘭卡	美洲	歐洲	其他地區	分類總值	對銷	綜合
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Revenue	營業額											
External sales	對外銷售	1,439,830	1,119,663	631,045	1,166,770	751,178	407,387	48,589	764,252	6,328,714	-	6,328,714
Inter-segment sales	分類間銷售											
(note)	(附註)	4,414,472	2,369,402	-	-	362,057	28,732	-	152,250	7,326,913	(7,326,913)	-
Total segment revenue	分類營業額總值	5,854,302	3,489,065	631,045	1,166,770	1,113,235	436,119	48,589	916,502	13,655,627	(7,326,913)	6,328,714
Results	業績											
Segment profit	分類盈利	133,033	108,964	54,950	101,603	73,728	38,005	4,248	69,442			583,973
Interest income	利息收入											4,587
Unallocated income	未分配收入											2,997
Depreciation and amortisation	折舊及攤銷											(184,524)
Other unallocated expenses	其他未分配支出											(220,054)
Finance costs	融資成本											(19,506)
Share of profit of an associate	應佔一間聯營公司之盈利											595
Profit before income tax expense	除所得稅支出前盈利											168,068

3. 營業額及分類資料

董事會(即主要營運決策者)根據客戶所在地區不同的地域位置定期審閱經營業績及財務資料,包括香港(本集團所屬地)、中華人民共和國(「中國」)、台灣、韓國、斯里蘭卡、美洲、歐洲及其他地區(即指其他地域位置,主要為孟加拉、越南及澳門)。所有該等地域位置為營運分類,而「其他地區」則為綜合之營運分類。

以下為本集團於是年度源自製造及銷售色布、紗及成衣按可申報分類劃分之營業額及盈利以及業績所作之分析。

2016年

3. REVENUE AND SEGMENT INFORMATION (Continued)

2015

		Hong Kong	The PRC	Taiwan	Korea	Sri Lanka	America	Europe	Others	Segment total	Eliminations	Consolidated
		香港	中國	台灣	韓國	斯里蘭卡	美洲	歐洲	其他地區	分類總值	對銷	綜合
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Revenue	營業額											
External sales	對外銷售	1,430,114	1,194,748	770,123	1,059,345	814,559	390,323	81,006	912,833	6,653,051	-	6,653,051
Inter-segment sales (note)	分類間銷售 (附註)	<u>4,774,710</u>	2,677,060	-	-	421,331	72,388	-	172,293	8,117,782	(8,117,782)	-

3. 營業額及分類資料 (續)

2015年

附註：分類間銷售之價格乃參照當時之市場價格而釐定。

分類盈利乃指各分類所賺取的盈利，當中並無計入中央行政成本及其他費用（包括非與生產有關之僱員福利開支、董事酬金、銀行費用等）、折舊及攤銷、利息收入、出售註銷物業、機器及設備之虧損、衍生金融工具之收益淨值、處置可供出售金融資產之收益、融資成本、應佔一間聯營公司之盈利等。此乃為資源分配及績效評估而向董事會匯報之基準。對分類資產及負債並沒有作出分析披露，因該資料沒有向董事會呈列。

3. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue from the Group's products

The following is an analysis of the Group's revenue from external customers by products:

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Production and sales of dyed fabrics and yarns	製造及銷售色布及紗	5,461,209	5,626,076
Production and sales of garments	製造及銷售成衣	867,505	1,026,975
		<u>6,328,714</u>	<u>6,653,051</u>

Geographical information

The following is an analysis of geographical location of the Group's non-current assets (*note*) at the end of the reporting period:

		At 31 December 2016 於2016年12月31日 HK\$'000 千港元	At 31 December 2015 於2015年12月31日 HK\$'000 千港元
The PRC	中國	1,470,256	1,427,220
Hong Kong	香港	39,832	42,903
America	美洲	-	87
Sri Lanka	斯里蘭卡	158,086	159,465
Others	其他地區	185	209
		<u>1,668,359</u>	<u>1,629,884</u>

Note: Non-current assets excluded deferred tax assets and investment in life insurance policies.

Information about major customers

No revenue from individual customer contributed over 10% of the total revenue of the Group for the years ended 31 December 2016 and 31 December 2015.

3. 營業額及分類資料 (續)

本集團產品之營業額

以下為按產品劃分本集團來自外部客戶營業額之分析：

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Production and sales of dyed fabrics and yarns	製造及銷售色布及紗	5,461,209	5,626,076
Production and sales of garments	製造及銷售成衣	867,505	1,026,975
		<u>6,328,714</u>	<u>6,653,051</u>

地域資料

於報告期終，本集團之非流動資產(附註)按地域位置之分析如下：

		At 31 December 2016 於2016年12月31日 HK\$'000 千港元	At 31 December 2015 於2015年12月31日 HK\$'000 千港元
The PRC	中國	1,470,256	1,427,220
Hong Kong	香港	39,832	42,903
America	美洲	-	87
Sri Lanka	斯里蘭卡	158,086	159,465
Others	其他地區	185	209
		<u>1,668,359</u>	<u>1,629,884</u>

附註： 非流動資產不包括遞延稅項資產及人壽保險保單之投資。

有關主要客戶之資料

截至2016年12月31日止年度及截至2015年12月31日止年度，來自個別客戶之營業額佔本集團營業總額均無超過10%。

4. FINANCE COSTS

4. 融資成本

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Finance costs on:	融資成本：		
Bank and other borrowings	銀行及其他借貸	<u>19,506</u>	<u>26,166</u>

5. INCOME TAX EXPENSE

5. 所得稅支出

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Current tax:	是年度稅項：		
Hong Kong	香港	2,371	4,449
The PRC	中國	15,893	20,307
Other jurisdictions	其他司法地區	<u>7,604</u>	<u>11,421</u>
		<u>25,868</u>	<u>36,177</u>
Under/(over) provision in prior years:	過往年度撥備不足 (超額撥備)：		
Hong Kong	香港	(40)	(48)
The PRC	中國	1,717	167
Other jurisdictions	其他司法地區	<u>59</u>	<u>(568)</u>
		<u>1,736</u>	<u>(449)</u>
		<u>27,604</u>	<u>35,728</u>
Deferred tax:	遞延稅項：		
Hong Kong	香港	291	2
The PRC	中國	(10,319)	(11,421)
Other jurisdictions	其他司法地區	<u>500</u>	<u>(176)</u>
		<u>(9,528)</u>	<u>(11,595)</u>
		<u>18,076</u>	<u>24,133</u>

Hong Kong Profits Tax is calculated at 16.5% (31 December 2015: 16.5%) of the estimated assessable profit for the year.

香港利得稅乃按是年度之估計應課稅盈利以 16.5% (2015年12月31日：16.5%) 之稅率計算。

5. INCOME TAX EXPENSE (Continued)

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

Pursuant to the relevant laws and regulations in Sri Lanka, the tax rate of Sri Lanka subsidiary is 12%.

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

6. PROFIT FOR THE YEAR

5. 所得稅支出(續)

根據中國企業所得稅法(「企業所得稅法」)及企業所得稅法實施條例,中國附屬公司之稅率為25%。

根據斯里蘭卡有關之法律及法規,斯里蘭卡附屬公司之稅率為12%。

其他司法地區之稅項是以有關各自司法地區當時之稅率計算。

6. 是年度盈利

2016	2015
<i>HK\$'000</i> 千港元	<i>HK\$'000</i> 千港元

- 1 包括在其他收入內
- 2 包括在其他收益及虧損內
- 3 包括在行政費用內

6. PROFIT FOR THE YEAR (Continued)

Notes:

- (i) Cost of inventories sold includes HK\$1,598,598,000 (2015: HK\$1,684,468,000) of staff costs, depreciation, subcontracting fee, provision/(reversal) of write-down of inventories and other manufacturing overheads, which are also included in the respective total amounts disclosed above for each of these types of expenses.
- (ii) Government grants mainly represent grants of HK\$3,092,000 (2015: HK\$2,743,000) received from the PRC local government authority as subsidies to the Group for (a) acquiring certain property, plant and equipment for energy saving scheme and environmental protection scheme implemented by the PRC local government; (b) incentive of foreign trade; and (c) incentive of steady growth of business.

There were no restrictions with the use of such government grants.

7. DIVIDENDS

Dividend recognised as distribution during the year:	是年度已確認為分派之股息：
2015 final dividend of HK4.0 cents	2015年末期股息每股4.0港仙
(2014 final dividend of HK4.0 cents) per share	(2014年末期股息4.0港仙)

No interim dividend was paid or proposed for both years.

The final dividend of HK5.3 cents in respect of the year ended 31 December 2016 (2015: HK4.0 cents) per share, amounting to approximately HK\$63,866,000 (2015: HK\$48,201,000) in total, has been recommended by the Board and is subject to the approval of the shareholders at the forthcoming annual general meeting ("AGM").

6. 是年度盈利 (續)

附註：

- (i) 存貨銷售成本包括1,598,598,000港元(2015年：1,684,468,000港元)員工成本、折舊、加工費用、註銷存貨之撥備(撥回)及其他製造費用，此等項目亦已包括在上文所披露各類開支之相關總額內。
- (ii) 政府補貼主要指收取來自中國當地政府機構授出的3,092,000港元(2015年：2,743,000港元)作為本集團(a)為中國當地政府實施之節能計劃及環保計劃而購置若干物業、機器及設備；(b)鼓勵外貿；及(c)激勵業務穩定增長之補貼。

該等政府補貼並無使用限制。

7. 股息

	2016	2015
	HK\$'000 千港元	HK\$'000 千港元

	48,201	48,201
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於兩個年度並無已付或擬派中期股息。

董事會建議派付截至2016年12月31日止年度之末期股息每股5.3港仙(2015年：4.0港仙)，合共約63,866,000港元(2015年：48,201,000港元)，並須待股東於應屆股東週年大會(「股東週年大會」)上批准。

8. EARNINGS PER SHARE

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

		2016	2015
		HK\$'000 千港元	HK\$'000 千港元
Earnings	盈利		
Profit for the year attributable to owners of the Company for the purposes of basic earnings and diluted earnings per share	就計算每股基本盈利及攤薄盈利所用之本公司擁有人應佔是年度盈利	127,903	99,860

		2016	2015
Number of shares	股份數目		
Weighted average number of ordinary shares for the purposes of basic earnings and diluted earnings per share	就計算每股基本盈利及攤薄盈利所用之普通股加權平均數目	1,205,026,960	1,204,050,522

The computation of diluted earnings per share for the years ended 31 December 2016 and 31 December 2015 does not assume the exercise of the Company's outstanding share options because the adjusted exercise prices of those options calculated in accordance with HKAS 33 "Earnings Per Share" are higher than the average market price of the shares for both years.

9. INVESTMENT IN LIFE INSURANCE POLICIES

In prior period, the Group entered into two contracts with two insurance companies, which contain seven life insurance policies to insure against the death of seven key members of management of the Group, with an aggregate insured sum of approximately US\$18.8 million (equivalent to approximately HK\$145.8 million). Under these contracts, the beneficiary and policy holder is the Company. The Company has made upfront payments of HK\$36,178,000 in prior period. The monthly insurance costs and administrative charges determined by the insurance companies will be deducted from the account value. The insurers will declare interest (including the guaranteed interest) to the Company on a monthly basis, based on the amount of account value, at a rate to be determined at their own discretion.

8. 每股盈利

本公司擁有人應佔每股基本盈利及攤薄盈利乃根據下列數據計算：

		2016	2015
		HK\$'000 千港元	HK\$'000 千港元
Earnings	盈利		
Profit for the year attributable to owners of the Company for the purposes of basic earnings and diluted earnings per share	就計算每股基本盈利及攤薄盈利所用之本公司擁有人應佔是年度盈利	127,903	99,860

		2016	2015
Number of shares	股份數目		
Weighted average number of ordinary shares for the purposes of basic earnings and diluted earnings per share	就計算每股基本盈利及攤薄盈利所用之普通股加權平均數目	1,205,026,960	1,204,050,522

由於根據香港會計準則第33號「每股盈利」計算之本公司尚未行使購股權之經調整行使價高於股份於兩個年度之平均市價，因此計算截至2016年12月31日及2015年12月31日止年度之每股攤薄盈利時並無假設該等購股權已獲行使。

9. 人壽保險保單之投資

於過往期間，本集團與兩間保險公司訂立兩張合約，當中包含七份人壽保險保單，為本集團七名主要管理層成員之身故事宜投保，投保金額合共約為18,800,000美元（相等於約145,800,000港元）。根據該等合約，受益人及保單持有人為本公司。本公司於過往期間已支付預付款項36,178,000港元。每月支付的保費及保險公司釐定的行政費用將從賬戶價值中扣除。保險公司每月可根據賬戶價值按其酌情決定之利率向本公司宣派利息（包括保證利息）。

9. INVESTMENT IN LIFE INSURANCE POLICIES (Continued)

During the year, the Group terminated a contract which contained five life insurance policies. A gain on disposal amounting to HK\$751,000, which included a reclassification from other comprehensive income of HK\$3,012,000, has been recognised in the consolidated statement of profit or loss for the year.

As at 31 December 2015, certain life insurance policies were secured for bank loans of HK\$11,830,000. As at 31 December 2016, no life insurance policies were secured for bank loans.

10. INVENTORIES

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

9. 人壽保險保單之投資(續)

於年內,本集團終止一份合約當中包含五份人壽保險保單,處置收益為751,000港元(包括從其他全面收益調撥3,012,000港元)已於是年度綜合損益表內確認。

於2015年12月31日,若干人壽保險保單乃作為銀行貸款11,830,000港元的抵押。於2016年12月31日,概無人壽保險保單用於銀行貸款的抵押。

10. 存貨

	At 31 December 2016 於2016年12月31日 HK\$'000 千港元	At 31 December 2015 於2015年12月31日 HK\$'000 千港元
Spare parts	44,992	44,370
Raw materials	646,164	603,230
Work-in-progress	397,563	417,943
Finished goods	313,192	344,787
	<u>1,401,911</u>	<u>1,410,330</u>

11. TRADE AND BILLS RECEIVABLES

Trade receivables	營業應收款項
Bills receivables	票據應收款項
Less: allowance for doubtful debts	減:呆賬撥備

11. 營業及票據應收款項

	At 31 December 2016 於2016年12月31日 HK\$'000 千港元	At 31 December 2015 於2015年12月31日 HK\$'000 千港元
Trade receivables	941,500	1,061,359
Bills receivables	316,860	295,506
Less: allowance for doubtful debts	(49,030)	(43,332)
	<u>1,209,330</u>	<u>1,313,533</u>

11. TRADE AND BILLS RECEIVABLES (Continued)

The Group allows a credit period ranging from 30 days to 60 days to its trade customers. The following is an ageing analysis of trade and bills receivables based on the payment due dates net of allowance for doubtful debts:

11. 營業及票據應收款項(續)

本集團提供介乎30天至60天信貸期予其營業客戶。營業及票據應收款項根據付款到期日(經扣除呆賬撥備)的賬齡分析如下:

		At 31 December 2016 於2016年12月31日 HK\$'000 千港元	At 31 December 2015 於2015年12月31日 HK\$'000 千港元
Not yet due	未到期	743,201	834,044
Overdue 1-30 days	逾期1-30天	228,570	285,435
Overdue 31-60 days	逾期31-60天	114,875	86,352
Overdue >60 days	逾期超過60天	<u>122,684</u>	107,702

12. 營業及票據應付款項

12. TRADE AND BILLS PAYABLES (Continued)

The following is an ageing analysis of trade payables based on the payment due dates:

		At 31 December 2016 於2016年12月31日 HK\$'000 千港元	At 31 December 2015 於2015年12月31日 HK\$'000 千港元
Not yet due	未到期	431,767	490,001
Overdue 1-30 days	逾期1-30天	57,492	48,131
Overdue 31-60 days	逾期31-60天	10,661	8,473
Overdue >60 days	逾期超過60天	16,941	14,629
		<u>516,861</u>	<u>561,234</u>

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

As at 31 December 2016, bills payables of HK\$18,920,000 (31 December 2015: HK\$22,682,000) were secured by the Group's restricted bank deposits of HK\$5,676,000 (31 December 2015: HK\$7,043,000).

The average credit period on purchase of goods ranges from 30 days to 120 days. The Group has financial risk management policies in place to ensure that payables are within the credit time frame.

13. SHARE CAPITAL

12. 營業及票據應付款項(續)

營業應付款項按付款到期日的賬齡分析如下:

於報告期終,本集團之所有票據應付款項均未到期。

於2016年12月31日,票據應付款項18,920,000港元(2015年12月31日:22,682,000港元)乃由本集團為數5,676,000港元(2015年12月31日:7,043,000港元)之受限制銀行存款作為抵押。

購貨的平均信貸期為30天至120天。本集團已設有財務風險管理政策,以確保應付款項均處於信貸期限內。

13. 股本

At 31 December 2016 於2016年12月31日		At 31 December 2015 於2015年12月31日	
No. of shares 股份數目	HK\$'000 千港元	No. of shares 股份數目	HK\$'000 千港元

14. EVENTS AFTER THE REPORTING DATE

The Company published an announcement on 26 January 2017 in relation to the exceeding of the annual cap for the sale of fabrics, yarns, fibers and garment parts by members of the Group to members of the companies which a director and substantial shareholder of a non-wholly-owned subsidiary of the Company and his associates control, under a master sales agreement dated 18 November 2015 and entered into between the Company and that individual (the "2016 AH Annual Cap") and the revision of annual caps for continuing connected transactions. A circular containing, amongst other matters, (i) a letter from the Board; (ii) a letter from the independent Board committee containing its recommendations to the independent Shareholders; (iii) a letter from the independent financial adviser containing its advice to the independent Board committee and the independent Shareholders; and (iv) a notice of the extraordinary general meeting ("EGM") was dispatched to the Shareholders on 8 March 2017. An EGM was held on 23 March 2017 to resolve the matters concerning the exceeding of the 2016 AH Annual Cap and the revision of annual caps for continuing connected transactions. Details of the exceeding of the 2016 AH Annual Cap and the revision of annual caps for continuing connected transactions are set out in annual report note 41(c) "Connected party transactions" of the consolidated financial statements and in the Company's announcement dated 26 January 2017 and circular dated 8 March 2017.

14. 報告日後事項

本公司於2017年1月26日刊發之公告，內容有關超出本公司與個人於2015年11月18日訂立的總銷售協議(有關本集團成員公司向本公司非全資附屬公司董事兼主要股東及其聯繫人所控制成員組成的公司銷售布料、棉紗、纖維及成衣部件)項下的年度上限(「2016年AH年度上限」)及修訂持續關連交易的年度上限。一份載有(其中包括)(i)董事會函件；(ii)獨立董事委員會函件，其中載有其向獨立股東提呈之建議；(iii)獨立財務顧問函件，其中載有其向獨立董事委員會及獨立股東提呈之意見；及(iv)股東特別大會(「股東特別大會」)通告之通函已於2017年3月8日寄發予股東。本公司已於2017年3月23日舉行股東特別大會，以表決關於超出2016年AH年度上限及修訂持續關連交易的年度上限之事宜。有關超出2016年AH年度上限及修訂持續關連交易的年度上限之詳情載於年報內綜合財務報表附註41(c)「關連人士交易」及於本公司日期為2017年1月26日之公告及日期為2017年3月8日之通函。

BUSINESS REVIEW

Overview

During the year under review, the Euro zone's recovery was moderate while developing economies, including the People's Republic of China (the "PRC") or ("China"), have recorded slower growth. Nevertheless, the global economy, particularly in the second half year, continued to be volatile and unstable. The recovery of the United State (the "U.S."), being the largest end-market of our business, gradually became recognized and provided some positive sentiments to the global economy. The operating environment of the textile and garment industry in China remained unimproved; especially we experienced weak domestic and overseas market demand. The further slow down of Mainland China's macroeconomic growth intensified competition. In addition, further depreciation on Renminbi currency led to downward declines in the domestic demand and economy.

Since the U.S. has withdrawn participation in the Trans-Pacific Partnership ("TPP") in December 2016 upon the change of Presidency, several TPP signatories, including Malaysia and Vietnam, have been signaling that the agreement is essentially dead without the U.S. Although the Group was frequently asked to invest or co-invest in one of the TPP countries by our customers and peers in previous years, our fabric dyeing production capacity has still remained in China due to several reasons, including the major one being the instability of the TPP. The loss of expected export tariff benefit from TPP countries to the U.S. as the withdrawal of the U.S. will diminish the original drive of setting up production sites in those TPP countries.

Despite the uncertain global economy, overall difficult retail market and decline in fabric demand, Fountain Set (Holdings) Limited continued to uphold its prudent and pragmatic approach to deal with the ever-changing market conditions and prepare for the challenges. The Group successfully achieved a significant growth in net profit despite the reduction of sales by 4.9% during the year under review, mainly attributable to its focus on lean management, technology automation, machinery upgrade, cost reduction and control initiatives to boost overall operating profitability.

業務回顧

概述

於回顧年內，歐元區經濟溫和復甦，而中華人民共和國（「中國」）等發展中經濟體則錄得增長放緩。然而，全球經濟持續動盪不穩，下半年表現尤甚。美國作為本公司業務規模最大的終端市場，其市場逐漸復甦及對全球經濟帶來若干正面影響。紡織及成衣行業於中國的營運環境仍未得到改善，尤其是我們的國內及海外市場需求表現疲弱。中國內地宏觀經濟增長進一步放緩加劇競爭。此外，人民幣進一步貶值導致國內需求及經濟呈下行趨勢。

繼總統換任後，美國於2016年12月宣佈退出跨太平洋夥伴關係（「跨太平洋夥伴關係」），包括馬來西亞及越南在內的多個跨太平洋夥伴關係簽署國釋放出信號，表示若無美國，該協議實質上已形同虛設。儘管於過去數年，我們的客戶及同行曾多次要求投資或共同投資於其中一個跨太平洋夥伴關係國家，但因多個原因，我們的印染產能仍維持在中國不變，其中一個主要原因正正是在於跨太平洋夥伴關係的不穩定性。美國退出後，自跨太平洋夥伴關係國家出口至美國將沒有預期的出口關稅優惠，從而削弱於在跨太平洋夥伴關係國家設立生產基地的原始動力。

儘管全球經濟不明朗，零售市場整體艱難，以及面料需求下降，福田實業（集團）有限公司繼續秉承審慎務實原則，為應對瞬息萬變的市場環境及挑戰作好準備。儘管集團於回顧年內的銷售減少4.9%，但純利仍錄得大幅增長，此乃主要由於集團注重精益管理、技術自動化、機械升級、成本削減及控制舉措，藉以提升整體經營效益。

The Group's revenue decreased by 4.9% to HK\$6,328.7 million for the year ended 31 December 2016 (2015: HK\$6,653.1 million) due to the change of product mix and the fact that the Group was unable to pass on all the increased costs to customers owing to fierce competition and the average selling price of the fabric reduced.

Thanks to the tight management on the raw material procurement and better control in the production costs, gross profit margin, however, slightly increased to 12.2% (12.1% in 2015) despite the decrease in revenue. As our revenue was slightly lower than that of previous year, the Group's gross profit for the year ended 31 December 2016 also slightly decreased correspondingly by 4.0% to HK\$775.1 million (2015: HK\$807.6 million).

During the year under review, most of the production cost of fabric increased dramatically. Cotton price and yarn price showed an upward trend over 2016. According to the National Cotton Council of America, the cost of cotton has indeed increased by 15.6% during 2016. The price of cotton was at the lowest in March 2016 and at the highest in July 2016. During this period, cotton prices rose by about 23.8%. According to the 2016 China Cotton Index annual report published by the China Cotton Association, the price of yarns was at the lowest in April 2016 and at the highest in July 2016. During this period, yarn prices rose by about 21.1%. In addition, coal price in China increased by about 60% year-on-year, coupled with the ever-increasing trend of labour cost in China. In normal situation, the gross profit margin would have deteriorated. Nevertheless, the Group was in turn able to successfully control the gross profit margin flat when compared to that of last year.

Some of the adverse factors for the Group's operating environment will continue, including the increase in cotton price, rise of labour cost in China and the significant increase in price of coal. In order to secure the sustainable development of the Group, our core competitiveness in terms of advanced production technology, and our innovative capability of doing business are the key.

集團於截至2016年12月31日止年度的營業額減少4.9%至6,328,700,000港元(2015年: 6,653,100,000港元),此乃由於產品組合改變及集團因競爭激烈無法將全部新增成本轉嫁予客戶,致使面料的平均售價有所下降。

由於收緊對原料採購的管理及更好地控制生產成本,即使營業額有所減少,毛利率仍輕微增至12.2%(2015年:12.1%)。由於營業額略低於上一年度,集團於截至2016年12月31日止年度的毛利亦相應略減少4.0%至775,100,000港元(2015年: 807,600,000港元)。

於回顧年內,大部分面料的生產成本顯著增加。棉花價格及棉紗價格於2016年呈上行趨勢。據美國國家棉業總會表示,於2016年期間棉花成本實際上升15.6%。棉花價格於2016年3月及2016年7月分別處於最低位及最高位。於該期間內,棉花價格上升約23.8%。根據中國棉花協會發佈的2016年中國棉花價格指數年報,棉紗價格於2016年4月及2016年7月分別處於最低位及最高位。於該期間內,棉紗價格上升約21.1%。此外,中國煤炭價格同比增加約60%,加上中國勞動力成本的不斷上升趨勢,正常情況,毛利率應會變差,但是,集團反而能成功地控制毛利率與去年持平。

本集團經營環境的一些不利因素將繼續存在,包括棉花價格的上升,中國勞動力成本的上漲以及煤炭價格的大幅上揚。為了確保集團的可持續發展,我們在先進生產技術方面的核心競爭力,以及我們創新的經營能力是關鍵。

With the help of its continuous adoption of advanced technology and proactive cost-saving efforts, the Group managed to offset some rising pressure of operation costs. During the year under review, distribution and selling expenses decreased to HK\$163.8 million (2015: HK\$191.7 million). Administrative expenses decreased to HK\$424.3 million (2015: HK\$469.4 million). The Group increased net profit margin for the year attributable to owners of the Company to 2.0%, higher than that of 1.5% in previous year. Profit attributable to the owners of the Company increased to HK\$127.9 million (2015: HK\$99.9 million). As a result, basic earnings per share was HK10.6 cents, up from HK8.3 cents in 2015.

During the year under review, the Group further improved the production efficiency through continuously reinforcing its lean production management and applying automated equipment, thereby promoting sustained business growth of the Group. In addition, the Group has also begun the construction of its special fabric production project. In order to cope with the pressure of rising labour costs, the Group also strived to improve its employees' production efficiency by standardizing equipment, workflow and operation, which laid a good foundation to better improve the level of production automation in the future. During the year under review, the Group further reduced orders from some of its small and medium-sized customers, and its sales grew in a more balanced manner as evidenced by the fact that the sales of each of its core customers, major products and main markets delivered a growth.

Total Production Management

Since its launch in 2015, Total Production Management (TPM) operated smoothly in all our fabric production facilities with an aim to enhance production efficiency. By reducing operational costs through an increase in the maintenance awareness on the production equipment among all production staff and the encouragement to the staff to initiate operational improvement, staff morale and positive momentums have been advocated in all production facilities and meaningful cost-saving efforts were seen during the year under review. At the same time, the Group has continued to provide a series of production training to all production staff in the fabric mills, to refresh and reinforce staff with updated knowledge on production operation, technical craftsmanship as well as management skills. Enormous positive feedbacks have been received from the staff.

藉助持續採用先進技術及積極的節約成本措施，集團盡力抵銷部分不斷上升的經營成本壓力。於回顧年內，分銷及銷售費用減少至163,800,000港元(2015年：191,700,000港元)。行政費用減少至424,300,000港元(2015年：469,400,000港元)，集團的本公司擁有人本年度應佔純利率較去年1.5%略高，增加至2.0%。本公司擁有人應佔盈利增加至127,900,000港元(2015年：99,900,000港元)。因此，每股基本盈利為10.6港仙，較2015年8.3港仙上升。

於回顧年內，本集團不斷加強精益生產管理，應用自動化設備，進一步提高生產效率，促進集團業務持續增長。此外，集團亦著手建設其特別的面料生產項目。為應對不斷上漲的勞動力成本壓力，集團亦透過規範設備、工作流程及操作，提升其僱員的生產效率，從而為日後更好地提升生產自動化水平奠定良好的基礎。於回顧年內，集團進一步減少其部分中小型客戶的訂單，且其銷售錄得更均衡的增長，此由其各核心客戶、主要產品及主要市場銷量均錄得增長便可可見一斑。

全員生產保全活動

自2015年推出以來，全員生產保全活動(「生產保全活動」)在所有面料生產設施內運作流暢，旨在提高生產效率。透過增強所有生產員工對生產設備的保養意識，及鼓勵員工參與營運改進而降低營運成本，在所有生產設施均已倡導提振員工士氣及活力，並於回顧年內推行富有意義的節省成本措施。同時，集團已持續向面料廠房的全體生產員工提供一系列生產培訓，從而增強及充實員工的生產營運、技術工藝及管理技能方面的最新知識發展，獲得了員工的大量高度評價。

生產設施升級

Capital Investment

The Group is committed to continuous investment in infrastructure, machinery and information systems according to the operation needs and future development plan. With nine mills and factories within the Group, regular infrastructure maintenance and machinery upgrade are necessary to ensure continuous improvement in operations. The Group plans to continue fine-tuning the enterprise resource planning system SAP during 2017. It is expected that the overall operational efficiency and productivity will be improved as a result of the full implementation of new system.

Dividend

In view of the financial results and cash flow situation of the Group, the Board has recommended to pay a final dividend of HK5.3 cents per share for the year ended 31 December 2016 (2015: HK4.0 cents). The total dividend for the year ended 31 December 2016 would be HK5.3 cents per share (payout ratio: 50.0%) as compared with HK4.0 cents per share (payout ratio: 48.2%) for the year ended 31 December 2015. Subject to the approval of the shareholders of the Company (the "Shareholders") at the forthcoming annual general meeting (the "AGM") to be held on 22 June 2017 (Thursday), it is expected that the payment of final dividend will be made on or before 21 July 2017 (Friday).

Event after the Reporting Date

Save as disclosed in note 14 above, the Group did not have any significant events since the end of the reporting date (i.e. 31 December 2016) end up to the date of this announcement.

資本投資

集團根據經營需要及未來發展計劃致力於持續投資於基礎設施、機械和資訊系統。集團擁有9家廠房，為確保能持續改進營運，定期維護基礎設施和機械升級是非常有必要的。集團計劃於2017年內繼續優化企業資源的規劃系統SAP，預期整體營運效率和生產力會因全面實施新系統而有所提高。

股息

鑒於集團之財務業績及現金流情況，董事會建議就截至2016年12月31日止年度派發每股5.3港仙末期股息(2015年：4.0港仙)。截至2016年12月31日止年度總股息為每股5.3港仙(派息比率：50.0%)，相對截至2015年12月31日止年度總股息為每股4.0港仙(派息比率：48.2%)。待即將於2017年6月22日(星期四)舉行的股東週年大會(「股東週年大會」)上獲本公司股東(「股東」)批准後，末期股息預期於2017年7月21日(星期五)或之前派付。

報告日後事項

除上述附註14所披露外，本集團自報告日(即2016年12月31日)後至本公告日期止，並沒有任何重大事項發生。

FINANCIAL REVIEW

The key operating and financial indicators of the Group for the year ended 31 December 2016 are set out below:

財務回顧

本集團截至2016年12月31日止年度之主要經營及財務指標呈列如下：

		2016	2015
Statement of Profit or Loss Items	損益表項目		
(All amounts in HK\$ thousands unless otherwise stated)	(除特別註明外所有金額均以千港元列示)		
Revenue	營業額	6,328,714	6,653,051
Gross profit	毛利	775,124	807,645
EBITDA	息稅折舊及攤銷前利潤	350,009	350,192
Profit for the year	是年度盈利	149,992	128,074
Profit attributable to owners of the Company	本公司擁有人應佔盈利	127,903	99,860
Basic earnings per share (HK cents)	每股基本盈利(港仙)	10.6	8.3
Key Financial Ratios	主要財務比率		
<i>Profitability ratios</i>	<i>盈利能力比率</i>		
Gross profit margin (%)	毛利率(%)	12.2%	12.1%
EBITDA margin (%)	息稅折舊及攤銷前利潤率(%)	5.5%	5.3%
<i>Expenses as a % of revenue</i>	<i>開支佔營業額比率</i>		
Distribution and selling expenses	分銷及銷售費用	2.6%	2.9%
Administrative expenses	行政費用	6.7%	7.1%
Finance costs	融資成本	0.3%	0.4%
<i>Asset efficiency</i>	<i>資產效率</i>		
Inventory turnover period (days)	存貨周轉期(日)	92	88
Trade and bills receivables turnover period (days)	營業及票據應收款項周轉期(日)	70	72
Trade and bills payables turnover period (days)	營業及票據應付款項周轉期(日)	50	53

At
31 December 2016 At
31 December 2015
於2016年12月31日 於2015年12月31日

Asset ratios	資產比率		
Current ratio	流動比率	2.2	2.1
Net debt/EBITDA ratio	淨債務 息稅折舊及攤銷前 利潤率	(0.6)	(0.6)

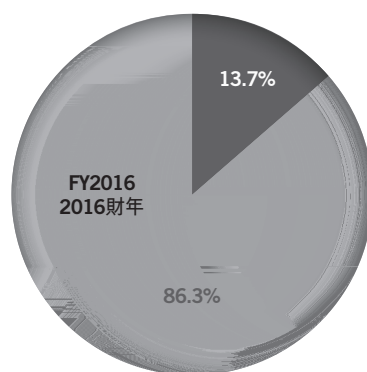
Revenue

The Group's revenue for the year ended 31 December 2016 amounted to approximately HK\$6,328,714,000 (2015: HK\$6,653,051,000).

營業額

集團截至2016年12月31日止年度的營業額約為6,328,714,000港元(2015年:6,653,051,000港元)。

Revenue by business segments



營業額按業務分類

- Production and Sales of Dyed Fabrics and Yarns
製造及銷售色布及紗
- Production and Sales of Garments
製造及銷售成衣

In current year, the Group's core business, production and sales of dyed fabrics and yarns, generated revenue of approximately HK\$5,461,209,000 (2015: HK\$5,626,076,000), accounted for 86.3% (2015: 84.6%) of the Group's total revenue. Revenue from production and sales of garments was approximately HK\$867,505,000 (2015: HK\$1,026,975,000), accounted for 13.7% (2015: 15.4%) of the Group's total revenue.

於本年度,集團核心業務-製造及銷售色布及紗的營業額約為5,461,209,000港元(2015年:5,626,076,000港元),佔集團營業額總值的86.3%(2015年:84.6%)。製造及銷售成衣的營業額約為867,505,000港元(2015年:1,026,975,000港元),佔集團營業額總值的13.7%(2015年:15.4%)。

Cost of Sales and Gross Profit

For the year ended 31 December 2016, overall cost of sales of the Group amounted to approximately HK\$5,553,590,000 (2015: HK\$5,845,406,000) and overall gross profit margin was 12.2% (2015: 12.1%).

銷售成本及毛利

集團截至2016年12月31日止年度之整體銷售成本約為5,553,590,000港元(2015年:5,845,406,000港元),整體毛利率為12.2%(2015年:12.1%)。

During the year under review, the Group's revenue decreased by 4.9%, was mainly caused by the change of product mix and the decline in average selling price of fabric.

回顧年內,本集團的營業額下降4.9%,主要是由於產品組合改變及面料平均售價下跌所致。

The Group adopted a series of measures to improve the operation efficiency and to reduce production costs. In addition, the depreciation of Renminbi ("RMB") during the year under review also led to result in a decrease in production cost, since most of the production plants of the Group are located in the PRC. Therefore, the effect of the change of product mix and the decrease in the selling prices of certain fabric was offset thus the gross profit margin percentage remained the same as last year.

Distribution and Selling Expenses

For the year ended 31 December 2016, the Group's overall distribution and selling expenses amounted to approximately HK\$163,756,000 (2015: HK\$191,745,000), accounted for 2.6% (2015: 2.9%) of the Group's total revenue.

Administrative Expenses

For the year ended 31 December 2016, the Group's overall administrative expenses amounted to approximately HK\$424,275,000 (2015: HK\$469,362,000), accounted for 6.7% (2015: 7.1%) of the Group's total revenue.

The percentage of the distribution and selling expenses and the administrative expenses to the Group's total revenue slightly decreased

本集團採取一系列措施提高運營效率，降低生產成本。此外，由於本集團的大部分生產工廠位於中國，回顧年內人民幣（「人民幣」）貶值也導致生產成本下降。因此，產品組合的改變及部分面料售價下降的影響被抵銷，以致毛利率與去年持平。

分銷及銷售費用

集團截至2016年12月31日止年度之整體分銷及銷售費用約為163,756,000港元(2015年: 191,745,000港元)，佔集團營業額總值的2.6%(2015年: 2.9%)。

行政費用

集團截至2016年12月31日止年度之整體行政費用約為424,275,000港元(2015年: 469,362,000港元)，佔集團營業額總值的6.7%(2015年: 7.1%)。

與去年相比，分銷及銷售費用和行政費用佔集團營業額總值之百分比有輕微下降，主要是由於有效控制內部成本和外匯影響所致。

息稅折舊及攤銷前利潤(EBITDA)

集團截至2016年12月31日止年度之息稅折舊及攤銷前利潤約為350,009,000港元(2015年: 350,192,000港元)，息稅折舊及攤銷前利潤率為5.5%(2015年: 5.3%)。

融資成本

集團截至2016年12月31日止年度之融資成本約為19,506,000港元(2015年: 26,166,000港元)，佔集團營業額總值的0.3%(2015年: 0.4%)。

Capital Expenditure

During the year under review, the Group invested approximately HK\$256,485,000 (2015: HK\$118,322,000) in additions of property, plant and equipment, other intangible assets and prepaid lease payments. The Group expects the capital expenditure for the next financial year will be approximately HK\$200,000,000.

Income Tax Expense

For the year ended 31 December 2016, income tax expense of the Group amounted to approximately HK\$18,076,000 (2015: HK\$24,133,000).

Profit for the year

For the year ended 31 December 2016, profit attributable to owners of the Company was approximately HK\$127,903,000 (2015: HK\$99,860,000) and corresponding profit margin was 2.0% (2015: 1.5%).

Inventory

The Group's inventory amounted to approximately HK\$1,401,911,000 (2015: HK\$1,410,330,000) as at 31 December 2016. The inventory turnover period was 92 days, an increase of 4 days compared with 88 days in 2015.

Trade and Bills Receivables

At 31 December 2016, the Group's trade and bills receivables amounted to approximately HK\$1,209,330,000 (2015: HK\$1,313,533,000). Trade and bills receivables turnover period was 70 days, a decrease of 2 days compared with 72 days in 2015.

Trade and Bills Payables

At 31 December 2016, the Group's trade and bills payables amounted to approximately HK\$752,140,000 (2015: HK\$851,477,000). Trade and bills payables turnover period was 50 days, a decrease of 3 days compared with 53 days in 2015.

資本開支

於回顧年內，集團已投資約256,485,000港元(2015年：118,322,000港元)以增加物業、機器及設備、其他無形資產和預付租賃款項。集團預期下一財政年度的資本開支將約為200,000,000港元。

所得稅支出

集團截至2016年12月31日止年度之所得稅支出約為18,076,000港元(2015年：24,133,000港元)。

是年度盈利

集團截至2016年12月31日止年度之本公司擁有人應佔盈利約為127,903,000港元(2015年：99,860,000港元)，其相關盈利率為2.0%(2015年：1.5%)。

存貨

集團於2016年12月31日之存貨約為1,401,911,000港元(2015年：1,410,330,000港元)。存貨周轉期為92天，與2015年88天相比增加4天。

營業及票據應收款項

集團於2016年12月31日之營業及票據應收款項約為1,209,330,000港元(2015年：1,313,533,000港元)。營業及票據應收款項周轉期為70天，與2015年72天相比減少2天。

營業及票據應付款項

集團於2016年12月31日之營業及票據應付款項約為752,140,000港元(2015年：851,477,000港元)。營業及票據應付款項周轉期為50天，與2015年53天相比減少3天。

Liquidity and Financial Resources

At 31 December 2016, the Group's net assets amounted to approximately HK\$3,453,645,000 (2015: HK\$3,394,756,000). The key figures of financial position were as follows:

資金流動性及財政資源

於2016年12月31日，集團資產淨值約為3,453,645,000港元(2015年：3,394,756,000港元)。財務狀況的主要資料如下：

		A	At
		31 December 2016	31 December 2015
		於2016年12月31日	於2015年12月31日
		HK\$'000 千港元	HK\$'000 千港元
Non-current assets	非流動資產	1,707,950	1,707,950
Current assets	流動資產	3,722,604	3,722,604
Total assets	資產總值	5,430,554	5,430,554
Current liabilities	流動負債	1,809,609	1,809,609
Non-current liabilities	非流動負債	226,189	226,189
Total liabilities	負債總值	2,035,798	2,035,798
Net assets	資產淨值	3,394,756	3,394,756

The Group met its funding requirements in its usual course of operation by cash flows from operations, as well as long-term and short-term bank borrowings. Capital expenditure was mainly financed by long-term bank borrowings.

集團以營運所得現金流量及銀行的長短期貸款應付日常資金需要，而資本開支則主要由長期銀行貸款撥付。

At 31 December 2016, the principal financial covenant figures/ratios (according to the banks' definitions) were as follows:

於2016年12月31日,主要的財務契約數據 比率 (根據銀行的定義)如下:

	A	At
31 December 2016		31 December 2015
於2016年12月31日		於2015年12月31日

於2016年12月31日,本集團年度資本開支超出對一間銀行的一般承諾限額。本集團已從有關銀行獲得豁免書免除即時償還銀行貸款要求。

於截至2015年12月31日止年度內,本集團已遵守所有契約比率及承諾。

風險管理

集團會依據嚴格及審慎的風險管理政策應對外匯及利率風險。

The sales and the purchase of raw materials of the Group were mainly denominated in Hong Kong dollars ("HKD"), U.S. dollars ("USD") and RMB. Since the Group mainly carries out production in China, we are exposed to foreign exchange risk arising from RMB exposure. As a result of persistent fluctuations in the RMB exchange rate, the Group has been closely monitoring the exchange rate fluctuation for USD and RMB and will continue to review the foreign currency hedging strategy as appropriate in order to mitigate the foreign currency risk in a cautious manner.

In addition, bank borrowings of the Group were denominated in HKD and USD, interests were mainly charged on a floating rate basis. Since the market expected that the interest rates in the U.S. might rise in the coming year, the Group will continue to monitor the interest rates fluctuation in the market and will arrange appropriate financial instruments to minimise the interest rate risk.

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As at 31 December 2016, the Group had approximately 9,900 (2015: 12,100) full time employees. The Group will continue to implement streamlined production so as to further minimize our labour cost. The Group's emolument policies are formulated on the performance of individual employee and the salary trends in various regions, which are reviewed regularly. Subject to the Group's profitability, the Group may also distribute a discretionary bonus to its employees as an incentive for their contribution to the Group.

The Group has established a share option scheme for its employees, and also provides regular training courses and subsidies for continuing education so as to improve the skills of its employees with respect to production, selling and management.

集團之銷售和原料採購以港元、美元及人民幣為主。而主要的生產基地位於中國，故涉及人民幣所產生之外匯風險。由於人民幣匯率持續波動，集團一直密切監察美元及人民幣匯率的變動，會採取謹慎的方法，適時審視外匯對沖政策以減低其風險。

此外，集團的銀行借貸以港元和美元為單位，利息主要以浮動利率計算。由於市場預期美國於來年仍有加息的可能，本集團將繼續留意市場的利率波動，並安排合適的金融工具以減低利率上升的風險。

僱員及酬金政策

集團於2016年12月31日之全職僱員人數約為9,900人(2015年:12,100人)。本集團將繼續實施精簡生產，以盡量減少勞動力成本。集團的僱員酬金政策是根據個別僱員的工作表現及各地區薪酬趨勢而制定並定期作出檢討。集團亦會因應集團之盈利情況，酌情發放花紅予僱員以鼓勵他們對集團之貢獻。

集團為僱員設有一項購股權計劃，亦會提供定期培訓課程及資助進修計劃，以提高僱員之生產、銷售及管理技能。

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The Group is strongly committed to increasing sales with existing quality customers as well as growing new customers. On the other hand, the Group is also dedicated in significantly reducing the overall costs to maintain its competitiveness in the already challenging market. A series of operational equipment upgrades in all our fabric mills will continue to contribute greatly to the benefits of the Group in the long run. Despite the uncertainties ahead, the Group will maintain a prudent and pragmatic approach. The Board and the management believe that the Group's marketing and sales strategy and the above operational measures can play a positive role in the long-term business development and continuous efficiency improvement, so that the Group can enjoy higher profitability, a stable financial position and a solid foundation for better performance.

A A D

Throughout the year from 1 January 2016 to 31 December 2016 (the "Year"), the Company has consistently adopted and complied with all the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), except for the deviations disclosed below, as guidelines to reinforce our corporate governance principles.

With effect from 23 January 2015, Mr. ZHAO Yao, the Chairman and an Executive Director, has taken up the position of the chief executive officer of the Company, details of which were set out in the Company's announcement dated 23 January 2015. This deviates from Code Provision A.2.1 of the CG Code which stipulates that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. However, having considered the current status of the Group, vesting the roles of both chairman and chief executive officer in the same person enables the Group to more efficiently plan its overall strategy and achieve the budgeted target. The Board believes that the balance of power and authority under this arrangement is adequately ensured by the Board which comprises experienced, professional and high caliber individuals with sufficient number thereof being independent non-executive Directors.

前景

集團積極致力於藉助優質客戶以及不斷增長的新客戶增加銷量。另一方面，集團亦矢志大幅削減整體成本以於挑戰重重的市場保持競爭力。面料廠房正進行一系列的營運設備升級，將有助集團之長遠利益。儘管前景不明朗，集團將保持務實審慎的態度。董事會及管理層認為集團的營銷及銷售策略和上述各種營運措施均能為長期業務發展帶來正面作用，繼續著力提升效益，致使集團能提高盈利能力，確保財務穩健，為創出更佳的業績打好基礎。

企業管治守則

由2016年1月1日起至2016年12月31日止年度（「本年度」），本公司一貫地採納及遵守聯交所證券上市規則（「上市規則」）附錄14所載之企業管治守則（「企管守則」）之全部適用守則條文，惟下文所披露的偏離情況除外，作為強化本公司企業管治原則之方針。

自2015年1月23日起，主席及執行董事趙耀先生開始兼任本公司行政總裁職務，詳情已載於本公司日期為2015年1月23日之公司公告。此會偏離企管守則條文A.2.1的規定，主席與行政總裁的角色應有區分，不應由一人同時兼任，但考慮到本集團現時的情況，由同一名人士同時擔任主席及行政總裁兩個職務可以讓本集團更有效率地計劃整體策略及完成預算目標。由於董事會由經驗豐富人士及專業人士組成（包括充足的獨立非執行董事人數），相信會有足夠能力確保職能及權力在此安排下得到平衡。

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The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries by the Company of all Directors, the Directors have confirmed that all Directors had complied with the required standards set out in the Model Code throughout the Year or within the period they served as Director (as the case might be).

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It is proposed that the AGM will be held on 22 June 2017 (Thursday). The notice of the AGM will be dispatched to the Shareholders and available on the respective websites of the Company and the Stock Exchange in due course.

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In relation to the AGM

The register of members of the Company will be closed from 19 June 2017 (Monday) to 22 June 2017 (Thursday) inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration, not later than 4:30 p.m. on 16 June 2017 (Friday).

In relation to the proposed final dividend

Conditional on the passing of the resolution approving the declaration of a final dividend by the Shareholders at the AGM, the register of members of the Company will be closed from 5 July 2017 (Wednesday) to 7 July 2017 (Friday) inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration, not later than 4:30 p.m. on 4 July 2017 (Tuesday).

董事進行證券交易的標準守則

本公司已採納上市規則附錄10所載上市公司董事進行證券交易的標準守則(「標準守則」)為其有關董事進行證券交易之守則。經本公司向所有董事作出具體查詢後,董事確認所有董事於本年度內或於彼等擔任董事期間內(視乎情況而定)均已遵守標準守則所要求的標準。

股東週年大會

本公司之股東週年大會(「股東週年大會」)擬於2017年6月22日(星期四)舉行。股東週年大會之通告將於適當時候寄發予本公司股東,並且分別刊載於本公司及聯交所網站。

暫停辦理股份過戶登記

就股東週年大會而言

本公司於2017年6月19日(星期一)至2017年6月22日(星期四)(首尾兩天包括在內),暫停辦理股份過戶登記手續。股東如欲出席股東週年大會並於會上投票,須於2017年6月16日(星期五)下午4時30分前,將所有過戶文件連同相關股票,一併送交本公司的股份過戶登記處卓佳秘書商務有限公司,地址為香港皇后大道東183號合和中心22樓,辦妥過戶登記手續。

就擬派末期股息而言

待股東於股東週年大會上通過批准宣派末期股息之決議案後,本公司將於2017年7月5日(星期三)至2017年7月7日(星期五)(首尾兩天包括在內),暫停辦理股份過戶登記手續。股東如欲收取建議派發之末期股息,須於2017年7月4日(星期二)下午4時30分前,將所有過戶文件連同相關股票,一併送交本公司的股份過戶登記處卓佳秘書商務有限公司,地址為香港皇后大道東183號合和中心22樓,辦妥過戶登記手續。

