Ford Glory Group Holdings Limited
福源集團控股有限公司*

(incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)

Stock Code 股份代號：1682

Ford Glory

A True One Stop Shop

Interim Report
中期報告
2010/11

* *For identification purposes only*
僅供識別

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Choi Lin Hung *(Chairman)*
Lau Kwok Wa, Stanley
Ng Tze On

Non-Executive Directors

Chen Tien Tui
Li Ming Hung

Independent Non-Executive Directors

Lau Chi Kit
Mak Chi Yan
Wong Wai Kit, Louis
Yuen Kin Kei

COMPANY SECRETARY

Chan Shuk Fun

LEGAL ADVISERS

Chiu & Partners

AUDITORS

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
DBS Bank (Hong Kong) Limited
Bank of America, N.A.

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM 08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

19/F, Ford Glory Plaza
37-39 Wing Hong Street
Cheung Sha Wan
Kowloon
Hong Kong

COMPANY WEBSITE

www.fordglory.com.hk

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2010

	Notes	Six months ended 30 September 2010 HK$'000 (unaudited)	2009 HK$'000 (unaudited)
Revenue	4	**463,301**	433,981
Cost of sales		**(385,317)**	(361,850)
Gross profit		**77,984**	72,131
Other income		**2,012**	1,665
Other gains and losses	5	**(1,011)**	708
Selling and distribution costs		**(8,408)**	(7,715)
Administrative expenses		**(43,131)**	(43,564)
Listing expenses		**(13,096)**	–
Interest on bank borrowings wholly repayable within five years		**(1,011)**	(1,344)
Profit before tax		**13,339**	21,881
Income tax expense	6	**(5,895)**	(2,666)
Profit for the period	7	**7,444**	19,215
Other comprehensive income			
Exchange differences arising on translation to presentation currency		**–**	(172)
Total comprehensive income for the period		**7,444**	19,043
Profit for the period attributable to:			
Owners of the Company		**4,563**	15,049
Non-controlling interests		**2,881**	4,166
		7,444	19,215
Total comprehensive income attributable to:			
Owners of the Company		**4,563**	14,877
Non-controlling interests		**2,881**	4,166
		7,444	19,043
Earnings per share – basic	10	**HK1.4 cents**	HK4.7 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2010

	Notes	**30 September 2010 HK$'000 (unaudited)**	31 March 2010 HK$'000 (restated)
Non-current assets			
Property, plant and equipment	11	**103,901**	108,611
Prepaid lease payments		**3,452**	3,497
Goodwill		**5,541**	5,541
		112,894	117,649
Current assets			
Inventories		**56,050**	56,436
Trade and bills receivables	12	**109,187**	124,503
Deposits, prepayments and other receivables		**47,318**	22,633
Amounts due from related companies		**4**	27,866
Tax recoverable		**731**	–
Prepaid lease payments		**90**	90
Bank balances and cash		**107,285**	128,404
		320,665	359,932
Assets held for sale	13	**–**	28,118
		320,665	388,050
Current liabilities			
Trade payables	14	**64,418**	95,882
Accruals		**22,765**	26,815
Amounts due to related companies		**7,750**	27,960
Tax payable		**14,055**	8,537
Bank borrowings – amount due within one year	15	**67,296**	67,701
		176,284	226,895
Liabilities associated with assets held for sale	13	**–**	22,282
		176,284	249,177
Net current assets		**144,381**	138,873
Total assets less current liabilities		**257,275**	256,522

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2010

	Notes	**30 September 2010 HK$'000 (unaudited)**	31 March 2010 HK$'000 (restated)
Capital and reserves			
Share capital	16	**20**	–
Reserves		**228,020**	229,743
Equity attributable to owners of the Company		**228,040**	229,743
Non-controlling interests		**9,756**	6,875
Total equity		**237,796**	236,618
Non-current liabilities			
Bank borrowings-amount due after one year	15	**18,566**	19,185
Deferred taxation		**913**	719
		19,479	19,904
		257,275	256,522

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2010

	Attributable to owners of the Company							
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000	Foreign currency translation reserve HK$'000	Accumulated profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2009 (audited)	–	4,999	–	2,225	236,273	243,497	23,108	266,605
Profit for the period	–	–	–	–	15,049	15,049	4,166	19,215
Exchange difference arising on translation to presentation currency	–	–	–	(172)	–	(172)	–	(172)
Total comprehensive income for the period	–	–	–	(172)	15,049	14,877	4,166	19,043
Dividends paid to non-controlling interests	–	–	–	–	–	–	(637)	(637)
At 30 September 2009 (unaudited)	–	4,999	–	2,053	251,322	258,374	26,637	285,011
At 31 March 2010 (audited)	**-**	**4,999**	**(46,039)**	**2,030**	**268,753**	**229,743**	**6,875**	**236,618**
Shares issued	**20**	**-**	**-**	**-**	**-**	**20**	**-**	**20**
Profit for the period and total comprehensive income for the period	**-**	**-**	**-**	**-**	**4,563**	**4,563**	**2,881**	**7,444**
Special dividend paid	**-**	**-**	**-**	**-**	**(30,000)**	**(30,000)**	**-**	**(30,000)**
Arising upon completion of Rocwide Restructuring (Note 2)	**-**	**-**	**23,714**	**-**	**-**	**23,714**	**-**	**23,714**
At 30 September 2010 (unaudited)	**20**	**4,999**	**(22,325)**	**2,030**	**243,316**	**228,040**	**9,756**	**237,796**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2010

	Six months ended 30 September	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Net cash (used in) from operating activities	**(19,038)**	36,010
Net cash from investing activities:		
Repayment from related companies-non-trade	**27,866**	47,688
Proceeds from disposal of property, plant and equipment and leasehold land	**25,696**	–
Purchase of property, plant and equipment	**(3,050)**	(658)
Deposit paid for acquisition of additional interest in a subsidiary	**–**	(19,000)
Deposit paid for acquisition of property, plant and equipment	**–**	(293)
Other investing cash flows	**15**	588
	50,527	28,325
Net cash used in financing activities:		
Dividend paid	**(30,000)**	(637)
Mortgage loan repaid	**(19,993)**	(1,164)
Net trust receipt loans repaid	**(413)**	(59,646)
Other financing cash flows	**(2,202)**	(35,100)
	(52,608)	(96,547)
Net decrease in cash and cash equivalents	**(21,119)**	(32,212)
Cash and cash equivalents at beginning of the period	**128,404**	161,230
Effect of foreign exchange rate changes	**–**	(255)
Cash and cash equivalents at end of the period, represented by bank balances and cash	**107,285**	128,763

1. GENERAL

Ford Glory Group Holdings Limited (the "Company") is an exempted company with limited liability incorporated in Bermuda. The Company's registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its place of business is located at 19/F., Ford Glory Plaza, 37-39 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the "Group" or "Ford Glory") are principally engaged in the trading and manufacturing of garment products and provision of quality inspection services.

The Company's ultimate holding company is Victory City International Holdings Limited ("VC"), a company incorporated in Bermuda as an exempted company with limited liability under The Companies Act 1981 of Bermuda (as amended) and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's immediate holding company is Sure Strategy Limited, a company incorporated in the British Virgin Islands as an exempted company with limited liability. For the purpose of this report, VC, together with its subsidiaries other than entities comprising the Group, are collectively referred to as the "VC Group".

The functional currency of the Company is United States dollars ("US$"). The condensed consolidated financial statements are presented in Hong Kong dollars ("HK$") because the Company's shares are listed on the Stock Exchange and most of its potential investors are located in Hong Kong.

2. BASIS OF PREPARATION AND PRESENTATION OF INTERIM FINANCIAL INFORMATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Pursuant to the group reorganisation (the "Reorganisation") as explained in the section headed "Reorganisation" in the prospectus dated 17 September 2010 issued by the Company in connection with the global offering of its shares on the Main Board of the Stock Exchange (the "Prospectus"), which was completed on 8 September 2010 by principally interspersing the Company between Ford Glory Holdings Limited ("FG Holdings") and its shareholders, the Company became the holding company of the Group.

The Group was controlled by VC before and after the Reorganisation. Accordingly, the interim financial information has been prepared as if the Company had always been the holding company of the Group. The condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group for the period ended 30 September 2009 have been prepared as if the current group structure had been in existence throughout the six months period ended 30 September 2009 or since the respective dates of incorporation/establishment of the relevant entities now comprising the Group where this is a shorter period. The condensed consolidated statements of financial position of the Group as at 31 March 2010 and 30 September 2010 have been prepared to present the assets and liabilities of the entities now comprising the Group which were in existence at those dates.

2. BASIS OF PREPARATION AND PRESENTATION OF INTERIM FINANCIAL INFORMATION (Continued)

Since 2006, VC owned 60% interest in Jiangmen V-Apparel Manufacturing Ltd. ("Jiangmen Factory") through its wholly owned subsidiary, Rocwide Limited ("Rocwide"). On 19 November 2009, the Group acquired the 40% interest in Jiangmen Factory not already controlled by VC from independent third parties. On 7 April 2010, the Group obtained ownership of the entire equity interest in Rocwide from VC ("Rocwide Restructuring"). At the same time, the Group has adopted the principle of merger accounting for business combination involving entities under common control. Accordingly, Jiangmen Factory has been accounted for as a 60% subsidiary since 2006 until 18 November 2009 and as a wholly-owned subsidiary thereafter.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of combined financial information of the Group for the three years ended 31 March 2010 included in the Prospectus, except for the accounting policies described below.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Right Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners

Except as described below, the application of the other new and revised HKFRSs has had no effect on the condensed consolidated financial statements of the Group for the current and prior accounting periods.

HKFRS 3 (Revised) Business Combination

The Group has applied HKFRS 3 (Revised) "Business Combinations" prospectively to business combinations for which the acquisition date is on or after 1 April 2010.

As there was no transaction during the current interim period which HKFRS 3 (Revised) is applicable, the application of HKFRS 3 (Revised) and the consequential amendments to other HKFRSs has had no effect on the condensed consolidated financial statements of the Group for the current accounting period.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised) and the consequential amendments to the other HKFRSs are applicable.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Amendment to HKAS 17 Leases

As part of "Improvements to HKFRSs" issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the condensed consolidated statement of financial position. The amendment to HKAS 17 has removed such a requirement. The amendment requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendment to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 April 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payments to property, plant and equipment measured using the cost model. No profit or loss items are affected as a result of the reclassification.

Summary of the effect of the above change in accounting policies:

The effect of the changes in accounting policies described above on the financial position of the Group as at 31 March 2010 is as follows:

	As at 31 March 2010 (Originally stated) HK$'000	**Adjustments HK$'000**	**As at 31 March 2010 (Restated) HK$'000**
Property, plant and equipment	**94,688**	**13,923**	**108,611**
Prepaid lease payments	**17,510**	**(13,923)**	**3,587**
	112,198	**–**	**112,198**

The effect of the changes in accounting policies described above on the financial position of the Group as at 1 April 2009 is as follows:

	As at 1 April 2009 (Originally stated) HK$'000	Adjustments HK$'000	As at 1 April 2009 (Restated) HK$'000
Property, plant and equipment	80,841	28,622	109,463
Prepaid lease payments	28,622	(28,622)	–
	109,463	–	109,463

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[2]
HKFRS 7 (Amendment)	Disclosure – Transfer of Financial Assets[3]
HKFRS 9	Financial Instruments[5]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
2 Effective for annual periods beginning on or after 1 July 2010
3 Effective for annual periods beginning on or after 1 July 2011
4 Effective for annual periods beginning on or after 1 January 2011
5 Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the most significant change relates to the presentation of changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

The directors of the Company anticipate that the application of HKFRS 9 and the other new and revised HKFRSs will have no material impact on the condensed consolidated financial statements of the Group for the current and prior accounting periods.

4. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision makers (i.e. executive directors of the Company) for the purpose of resource allocation and performance assessment, are as follows:

Segment A- this segment includes certain subsidiaries of the Group which trade garment products to the USA, Canada, Hong Kong and other locations except the People's Republic of China (the "PRC") and provide quality inspection services

Segment B- this segment includes the remaining subsidiaries of the Group which manufacture garment products and trade garment products in the PRC

The following is an analysis of the Group's revenue and results by operating segments for the periods under review:

Six months ended 30 September 2010

	Segment A HK$'000	Segment B HK$'000	Segment Total HK$'000	Eliminations HK$'000	Consolidated Total HK$'000
SEGMENT REVENUE					
External sales	419,188	44,113	463,301	–	463,301
Inter-segment sales	733	107,862	108,595	(108,595)	–
Total	419,921	151,975	571,896	(108,595)	463,301
SEGMENT RESULTS	28,075	619	28,694		28,694
Unallocated income					1,468
Unallocated expenses					(15,812)
Interest expenses					(1,011)
Profit before tax					13,339

4. SEGMENT INFORMATION (Continued)

Six months ended 30 September 2009

	Segment A HK$'000	Segment B HK$'000	Segment Total HK$'000	Eliminations HK$'000	Consolidated Total HK$'000
SEGMENT REVENUE					
External sales	396,048	37,933	433,981	–	433,981
Inter-segment sales	–	106,212	106,212	(106,212)	–
Total	396,048	144,145	540,193	(106,212)	433,981
SEGMENT RESULTS	21,771	693	22,464		22,464
Unallocated income					761
Interest expenses					(1,344)
Profit before tax					21,881

Segment profit represents the profit earned by each segment without allocation of net gain on disposal of property, plant and equipment and prepaid lease payments, gain on fair value changes of derivative financial instruments, investment income, listing expenses and finance cost. This is the measure reported to the executive directors of the Company for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

5. OTHER GAINS AND LOSSES

	Six months ended 30 September 2010 HK$'000	2009 HK$'000
Gain on fair value changes of derivative financial instruments	–	183
Net gain on disposal of property, plant and equipment	498	37
Net foreign exchange (losses) gains	(1,509)	463
Reversal of bad debt provision	–	25
	(1,011)	708

6. INCOME TAX EXPENSE

	Six months ended 30 September 2010 HK$'000	2009 HK$'000
Current tax:		
Hong Kong Profits Tax	**4,272**	2,294
Enterprise income tax in the PRC attributable to subsidiaries	**1,410**	197
Overseas income tax	**19**	149
	5,701	2,640
Deferred tax:		
Current period	**194**	26
	5,895	2,666

Hong Kong Profit Tax is calculated at 16.5% for both periods under review.

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

According to the Enterprise Income Tax Law of the PRC, withholding income tax is imposed on dividends declared in respect of profit carried by PRC subsidiaries from 1 January 2008 onwards. As at 31 March 2010 and 30 September 2010, deferred taxation has been provided in full in respect of the undistributed profits from these PRC subsidiaries in the condensed consolidated financial statements.

7. PROFIT FOR THE PERIOD

	Six months ended 30 September 2010 HK$'000	2009 HK$'000
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**7,684**	6,408
Release of prepaid lease payment	**45**	–
Interest income	**(15)**	(25)

8. SHARE-BASED PAYMENT

On 2 June 2010, the Company conditionally adopted a share option scheme (the “Share Option Scheme”). Upon listing of the Company’s shares on 5 October 2010, the Share Option Scheme became effective. Further details of the Share Option Scheme are set out in the Prospectus.

9. DIVIDEND

The Company did not declare nor pay any dividend during both interim periods. However, with a resolution in writing by the shareholders of FG Holdings passed on 6 September 2010, FG Holdings declared and paid a special dividend of HK$30,000,000 (six months ended 30 September 2009: nil) to its then existing shareholders.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company for the periods under review are based on the following data:

	Six months ended 30 September	
	2010	2009
	HK$’000	HK$’000
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	**4,563**	15,049
Number of ordinary shares for the purpose of basic earnings per share	**320,000,000**	320,000,000

The number of shares for calculating basic earnings per share for each of the periods ended 30 September 2010 and 30 September 2009 has been retrospectively adjusted for the issuance of 318,000,000 shares as capitalisation issue as set out in the section headed “Share Capital” in the Prospectus.

No diluted earnings per share are presented as there were no potential ordinary shares in issue for the six months ended 30 September 2010 and 30 September 2009.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred approximately HK$3,153,000 (six months ended 30 September 2009: approximately HK$1,678,000) on additions to property, plant and equipment.

12. TRADE AND BILLS RECEIVABLES

The Group allows its trade customers a credit period of 30 to 120 days. Aged analysis of the Group's trade and bills receivables presented based on the invoice date at the end of each reporting period are as follows:

	30 September 2010 HK$'000	31 March 2010 HK$'000
Trade receivables:		
0-30 days	**74,164**	68,390
31-60 days	**24,681**	40,009
61-90 days	**6,097**	8,584
91-120 days	**73**	851
Over 120 days	**950**	649
	105,965	118,483
Bills receivables:		
0-30 days	**2,791**	3,617
31-60 days	**431**	1,795
61-90 days	**–**	608
	3,222	6,020
	109,187	124,503

13. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

On 28 January 2010, the Group entered into a sales agreement with an independent third party to dispose of a self-used building.

Accordingly, the relevant property interests were reclassified from property, plant and equipment and prepaid lease payments with the carrying amount of approximately HK$14,166,000 and HK$13,952,000 respectively, to assets classified as held for sale in the consolidated statement of financial position as at 31 March 2010.

The Group received a sale deposit of HK$2,900,000 in respect of the above disposal which together with bank borrowings of approximately HK$19,382,000 were classified as liabilities associated with assets classified as held for sale in the consolidated statement of financial position as at 31 March 2010.

The above disposal was completed in June 2010. Gain on disposal of approximately HK$508,000 was recognised in profit or loss.

14. TRADE PAYABLES

Aged analysis of the Group's trade payables presented based on the invoice date at the end of each reporting period are as follows:

	30 September 2010 HK$'000	31 March 2010 HK$'000
0-60 days	**58,875**	85,914
61-90 days	**3,826**	7,630
Over 90 days	**1,717**	2,338
	64,418	95,882

15. BANK BORROWINGS

	30 September 2010 HK$'000	31 March 2010 HK$'000
Bills discounted with recourse and debts factored with recourse	**431**	2,142
Import loans, export loans and trust receipts loans	**65,613**	64,314
Mortgage loans	**19,818**	39,812
	85,862	106,268
Less: Amount included in liabilities associated with assets held for sale	**–**	(19,382)
Amount due within one year included in current liabilities	**(67,296)**	(67,701)
Amount due after one year	**18,566**	19,185

All the Group's bank borrowings carry interest rates which fall within the range of Hong Kong Interbank Offered Rate ("HIBOR") or London Interbank Offered Rate ("LIBOR") plus 0.85% to HIBOR plus 2.5% per annum (six months ended 30 September 2009: HIBOR plus 0.75% to LIBOR plus 2.5% per annum). The range of effective interest rates of the Group's bank borrowings are 1.04% to 2.69% per annum (six months ended 30 September 2009: 1.75% to 3.50% per annum).

16. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 3 March 2010 (date of incorporation) and 31 March 2010	1,000,000	10
Increase in authorised share capital	899,000,000	8,990
At 30 September 2010	**900,000,000**	**9,000**
Issued and fully paid:		
Issued of shares on 3 March 2010 (date of incorporation) and at 31 March 2010	3	–
Issued of shares	1,999,997	20
At 30 September 2010	**2,000,000**	**20**

17. CAPITAL AND OTHER COMMITMENTS

	30 September 2010 HK$'000	31 March 2010 HK$'000
Capital expenditure in respect of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	**3,067**	–
Capital expenditure in respect of the acquisition of assets contracted for but not provided in the condensed consolidated financial statements (note)	**1,200**	–

Note: Subsidiaries of the Group entered into a memorandum of understanding and a business transfer agreement with independent third parties on 29 July 2010 and 8 September 2010, respectively, in relation to the acquisition of an effective 70% interests in certain of Yoko Sun Limited's assets for a total consideration of HK$1,200,000. It is intended that upon completion of the acquisition, the assets will be operated by one of the subsidiaries of the Group in which the Group will have a 70% effective interest whilst the remaining 30% interests will be held by the independent third parties. Details are set out in the accountants' report of the Prospectus.

18. RELATED PARTY DISCLOSURES

(I) Transactions

During the periods under review, the Group had the following transactions with related parties:

	Six months ended 30 September	
	2010	2009
	HK$'000	HK$'000
VC Group		
Purchase of fabrics	**11,597**	28,010
Purchase of yarn	**1,080**	535
Rent paid	**–**	775
Utility expenses paid	**1,890**	2,070
Management fee expenses paid	**400**	480
Dividend paid	**15,300**	–
Rental income received	**222**	–
Other related party		
Purchase of apparel products (note)	**37,573**	38,095

note: On 1 April 2007, the Group entered into a master sale and purchase agreement ("Kimberley-Mayer Master Agreement") with 加美(清遠)製衣有限公司 Kimberley (Qing Yuan) Garment Limited ("Kimberley"). Kimberley is owned by a director of the Company. Pursuant to the Kimberley-Mayer Master Agreement, Kimberley agreed to supply apparel products to the Group. The Group placed deposits with Kimberley in the amount of approximately HK$8,891,000 (as at 31 March 2010: approximately HK$5,518,000) (included in deposits, prepayments and other receivables), and purchased apparel products from Kimberley in the amounts as stated above for the respective period then ended.

In addition, since 19 November 2009, the VC Group has provided waste water treatment services to the Group at no cost, as set out in the section headed "Exempted continuing connected transactions" in the Prospectus.

On 25 February 2010, FG Holdings and V-Apparel International Limited, a wholly-owned subsidiary of VC, entered into a sale and purchase agreement (the "Rocwide Agreement") pursuant to which FG Holdings acquired the entire issued share capital of Rocwide. Following completion of the Rocwide Agreement on 7 April 2010, Jiangmen Factory became the wholly-owned subsidiary of the Company.

The transaction contemplated by the Rocwide Agreement constitutes connected transactions for the Company under Chapter 14A of the Listing Rules.

18. RELATED PARTY DISCLOSURES (Continued)

(II) Balances

Amounts due from (to) related parties are balances with the VC Group which are set out at condensed consolidated statement of financial position on page 4. As at 30 September 2010, other than included in the amounts due from related companies of approximately HK$4,000 (as at 31 March 2010: nil) and amounts due to related companies of approximately HK$7,750,000 (as at 31 March 2010: approximately HK$2,044,000) are in trade nature, the remaining balances are unsecured, interest-free and repayable on demand.

(III) Guarantees

All the Group's bank borrowings are guaranteed by the VC Group throughout the interim periods. The guarantees provided by the VC Group are in the process of release at the date of this report.

(IV) Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30 September	
	2010	2009
	HK$'000	HK$'000
Directors' fee	**406**	–
Basic salaries and allowances	**304**	223
Retirement benefit scheme contributions	**7**	6
	717	229

19. EVENT AFTER THE END OF THE INTERIM PERIOD

On 5 October 2010, the Company completed capitalisation issue of 318,000,000 new ordinary shares. On the same day, the Company completed the global offering of its shares on the Stock Exchange, pursuant to which a total of 118,000,000 new ordinary shares were issued at a price of HK$0.6 per share, raising total proceeds, before expenses, of HK$70.8 million.

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF FORD GLORY GROUP HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 3 to 20, which comprises the condensed consolidated statement of financial position of Ford Glory Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 September 2010 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the comparative condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period ended 30 September 2009 and the relevant explanatory notes disclosed in the interim financial information have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 29 November 2010

MANAGEMENT DISCUSSION AND ANALYSIS

While the Group expects to maintain sustained growth on our garment manufacturing and sourcing business, the Group is also determined to develop our brands "teelocker" and "夢仕臣" (Monstons) in the coming years.

BUSINESS REVIEW

We are pleased to present the interim results of the Group for the six months ended 30 September 2010 ("1H11", same period last year: "1H10").

Ford Glory is a one-stop garment manufacturing and sourcing management group that is currently expanding from managing every comprehensive step in the garment supply chain to tapping the PRC's booming apparel retail market. With a view to having a separate platform for the long term development of the garment business, Ford Glory was successfully spun off from VC (stock code: 539), and was listed on the Stock Exchange on 5 October 2010.

We were excited to see our global offering receiving prominent support from investors, the 125 times over-subscription in the initial public offering, coupled with the 1.08 times surge of first day share price demonstrated the strong market support to our one-stop shop business model as well as our vision to develop a promising retail sales business. With the net fund raised from the global offering of approximately HK$52.1 million, we are ready to sow our seeds in the apparel retail market of the PRC and are confident to see the fruitful returns coming ahead.

During the period under review, our sales from garment manufacturing and sourcing business grew steadily in line with the pace of the global economic recovery. Revenue for 1H11 increased by approximately 7% to approximately HK$463 million compared with 1H10, while gross profit also increased by approximately 8% to approximately HK$78 million. Profit attributable to owners of the Company was approximately HK$18 million excluding the one-off listing expenses of approximately HK$13 million charged to the period, representing an increase of approximately 17% compared with 1H10.

In 1H11, Ford Glory adopted a prudent approach on its garment manufacturing and sourcing business. The worldwide garment market was resuming its stable growth that gave the industry a positive sign to boost production. Nevertheless, by taking into account the fluctuating raw material price that would affect our profitability, the Group, instead of focusing on volume growth, made effort on exploring high margin customers. We are glad to see the new measures are on the right track so as to achieve our goal in maintaining the profit margin.

Persisted in our mission to penetrate the PRC's apparel retail market, the Group, during the period, has taken two steps forwards to the goal. Apart from our "夢仕臣" (Monstons) brand underwear and homewear products that had just commenced its retail sales in August 2010 at about 200 sales points in large supermarket chains in the PRC, the Group, in September 2010 signed a business transfer agreement to acquire 70% interests of a branded T-shirt retail business – "teelocker". The Group has blueprinted the retail roadmap for "teelocker" and is going to utilise the internet platform to capture the fast growing on-line sales market in the PRC and worldwide.

In 1H11, the Group maintained at an approximately 3:7 ratio on in-house production to outsourcing manufacturing. The strategy not only allows us to minimise our labour and capital commitment in order to capture higher return, but also supports us with diversified production capacities in different countries and flexibility to secure orders in different sizes and varieties. With our intention to secure "quality" and "margin" instead of "quantity" and "sales", the Group focused on expanding sales with customers of quality brand owners during 1H11.

PROSPECTS

In order to provide more efficient and timely services to our customers thereby further enhancing our competitiveness and profitability, we target to further enhance our own manufacturing capabilities. We may also acquire existing garment factories or enter into joint ventures or other forms of cooperation with

other business partners if suitable targets could be identified.

We plan to enhance business with our existing customers and explore more potential customers in the PRC and overseas.

We currently intend to engage additional staff for our design and development team, expand our sample workshop so that more sample garment products could be developed by us for our customers to meet their requirements and better services and products can be offered to our existing customers and attract more potential customers.

With the PRC's economic growth, the country's apparel retail market is fast expanding. We target to diversify our business model by entering into the retail market in the PRC. We aim to sell our "夢仕臣" (Monstons) brand underwear and homewear products in large supermarket chains in the PRC, targeting at the mass market. We supply our "夢仕臣" (Monstons) brand products to these large supermarket chains on a consignment basis, as they offer us a low-risk and effective means of launching our products with only minimal capital injection.

With the rising per capita income and the increasing popularity of internet sales, on-line sales in the PRC is growing at a rapid rate. The Group is going to develop its apparel retail arm, "teelocker", via on-line sales platforms. Groundwork is getting to be done in a few months, including the revamp of teelocker's website so as to enhance the brand image as well as to attract worldwide designers to submit their creative ideas. Apart from the on-line channels, we are also considering to open flagship outlets in major cities in the PRC to meet the needs of all types of customers.

To expedite our pace in building up the brand, the Group intends to leverage on celebrity effect. We have signed contracts with some artistes to launch cross-over T-shirts and will carry out marketing campaigns in the PRC and Hong Kong. Together with the expansion of the "夢仕臣" (Monstons) brand underwear and homewear retail business, which we plan to add up to 300 sales points in 2011 at supermarket chains and department stores to tap the fragmented but huge underwear market in the PRC, we believe that the new retail business arms have great potential for further development and growth.

We believe our well-developed upstream garment business would be the footstone for our future downstream expansion. We will continue to strengthen the core and solid upstream arm to bring synergy to the downstream retail business.

While the Group expects to maintain sustained growth on our garment manufacturing and sourcing business, the Group is also determined to develop our brands "teelocker" and "夢仕臣" (Monstons) in the coming years. Our mission to focus on "quality" and "margin" would be the key drivers for our core business, coupled with capturing possible joint venture opportunities arising from the industry, we are confident to keep the business generating encouraging income to boost our new growth.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group continued to maintain a strong financial position for the period under review with cash and cash equivalents amounting to approximately HK$107,285,000 as of the end of September 2010. The total bank borrowings of the Group as at 30 September 2010 was approximately HK$85,862,000, with approximately HK$67,296,000 repayable within one year, approximately HK$18,566,000 repayable after one year.

Gearing ratio is defined as net debt (represented by bank borrowings net of cash and cash equivalents) divided by shareholders' equity. As at 30 September 2010, the Group's cash and cash equivalents of approximately HK$107,285,000 exceeded its total bank borrowings of approximately HK$85,862,000 and resulted in no gearing. The Group's current ratio was approximately 1.8 (31 March 2010: approximately 1.6).

The capital structure of the Group consists of net debt, which includes bank borrowings, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital and various reserves.

For the period under review and as at 30 September 2010, the Group's bank borrowings were in Hong Kong dollars and US dollars, the majority of interest-bearing bank borrowings of the Group were on HIBOR and LIBOR basis.

Foreign Exchange Risk Management

Most of the Group's cash balances were deposits in Hong Kong dollars and US dollars with major global financial institutions, and most of the Group's assets, liabilities, revenues and payments were held in either Hong Kong dollars or US dollars. Therefore, we consider that the risk exposure to foreign exchange rate fluctuations is minimal.

Foreign exchange risks arising from sales and purchases transacted in different currencies are normally managed by the Group through the use of foreign exchange forward contracts. Pursuant to the Group's policy in place, foreign exchange forward or any other financial derivatives contracts are entered into by the Group for hedging purposes. The Group has not entered into any financial derivatives contracts for speculation.

Capital Expenditure

As at 30 September 2010, the Group had committed to acquire new machineries of approximately HK$3 million, which are to be financed by the net proceeds from the global offering.

As at 30 September 2010, the Group had capital commitment of approximately HK$1.2 million in respect of the business assets acquisition of the T-shirt brand "teelocker". The acquisition is expected to be completed in December 2010.

Charges on Assets

As at 30 September 2010, certain properties of the Group with carrying value of approximately HK$29,239,000 were pledged to a bank to secure banking facilities granted (31 March 2010: approximately HK$57,865,000).

Employee Information

As at 30 September 2010, the Group had a total workforce of 2,802 of whom 1,578 were based in the PRC, 1,135 were in Indonesia, 72 were located in Hong Kong and 17 were in other places. The Group offers its employees competitive remuneration schemes which are generally structured by reference to market terms and individual qualifications. Salaries and wages are normally reviewed annually based on performance appraisals and other relevant factors. In addition, bonuses are normally paid to those eligible based on individual and Group performance.

The Company maintains the Share Option Scheme, pursuant to which share options are granted to selected eligible, with a view to providing our employees with appropriate incentive to contribute to the success of the Group.

Use of proceeds from listing

The shares of the Company were listed on the Main Board of the Stock Exchange on 5 October 2010. As at 30 September 2010, the Company had not accomplished the listing. The Company currently does not have any intention to change its plan for the use of proceeds as stated in the Prospectus.

OTHER DISCLOSURES

INTERIM DIVIDEND

The board of directors (the "Board") did not declare for the payment of any interim dividend to shareholders of the Company for the six months ended 30 September 2010.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The Shares (as defined below) of the Company were listed on the Stock Exchange on 5 October 2010. No disclosure of interests or short position of the directors and chief executives in any shares or underlying shares of the Company were made to the Company under the provisions of Division 2 and 3 of Part XV of the Securities and Future Ordinance ("SFO") as of 30 September 2010.

As extracted from the Prospectus, immediately following completion of the Global Offering (as defined in the Prospectus) and the Capitalisation Issue (as defined in the Prospectus) and taking no account of any Shares which may be allotted and issued pursuant to the Share Option Scheme (the "Relevant Date"), the interests or short positions of the directors or chief executives of the Company in the shares and underlying shares of the Company and the associated corporations (within the meaning of Part XV of the SFO) which will have 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) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Appendix 10 of the Listing Rules (the "Model Code"), were as follows:-

Name of Director	Name of Group member/ associated corporation	Capacity/ nature of interest	Number and class of securities *(Note 1)*	Interest in underlying shares of share options *(Note 1)*	Approximate percentage of shareholding
Mr. Choi Lin Hung	The Company	Interest of controlled corporation	317,552,000 ordinary shares of HK$0.01 each of the Company ("Shares") (L) *(Note 2)*	–	72.5%
	VC	Beneficial owner	7,980,000 ordinary shares of HK$0.01 each of VC ("VC Shares") (L)	–	0.7%
		Beneficial owner	–	9,598,419 VC Shares (L) *(Note 3)*	0.9%

Name of Director	Name of Group member/ associated corporation	Capacity/ nature of interest	Number and class of securities *(Note 1)*	Interest in underlying shares of share options *(Note 1)*	Approximate percentage of shareholding
	Victory City Overseas Limited	Beneficial owner	700 redeemable non-voting preference shares of US$1.00 each (L)	–	21.2%
	Sure Strategy Limited	Interest of controlled corporation	49 ordinary shares of US$1.00 each (L) *(Note 4)*	–	49.0%
Mr. Ng Tze On	The Company	Beneficial owner	–	5,350,000 Shares (L) *(Note 5)*	1.2%
Mr. Lau Kwok Wa, Stanley	Mayer Apparel Limited	Beneficial owner	49 shares of HK$1.00 each (L)	–	49.0%
	The Company	Beneficial owner	–	5,350,000 Shares (L) *(Note 5)*	1.2%
Mr. Li Ming Hung	The Company	Beneficial owner	277,360 Shares (L)	–	0.1%
	The Company	Founder of a trust	3,512,080 Shares (L) *(Note 6)*	–	0.8%
	VC	Founder of a trust	175,788,682 VC Shares (L) *(Note 6)*	–	16.5%
		Beneficial owner	13,868,000 VC Shares (L)	–	1.3%
		Beneficial owner	–	1,599,737 VC Shares (L) *(Note 7)*	0.2%
	Victory City Company Limited	Beneficial owner	4,000,000 non-voting deferred shares of HK$1.00 each (L)	–	50.0%
	Victory City Overseas Limited	Beneficial owner	1,300 redeemable non-voting preference shares of US$1.00 each (L)	–	39.4%
Mr. Chen Tien Tui	The Company	Beneficial owner	309,000 Shares (L)	–	0.1%
	The Company	Founder of a trust	3,512,080 Shares (L) *(Note 8)*	–	0.8%

Name of Director	Name of Group member/ associated corporation	Capacity/ nature of interest	Number and class of securities *(Note 1)*	Interest in underlying shares of share options *(Note 1)*	Approximate percentage of shareholding
	VC	Founder of a trust	175,788,682 VC Shares (L) *(Note 8)*	–	16.5%
		Beneficial owner	15,555,000 VC Shares (L)	–	1.5%
		Beneficial owner	–	1,599,737 VC Shares (L) *(Note 7)*	0.2%
	Victory City Company Limited	Beneficial owner	4,000,000 non-voting deferred shares of HK$1.00 each (L)	–	50.0%
	Victory City Overseas Limited	Beneficial owner	1,300 redeemable non-voting preference shares of US$1.00 each (L)	–	39.4%

Notes:

1. The letter "L" denotes the directors' long position in the shares of the Company or the relevant associated corporation.

2. These Shares consist of 315,200,000 Shares held by Sure Strategy Limited and 2,352,000 Shares held by Merlotte Enterprise Limited. Sure Strategy Limited was owned as to 51% by Victory City Investments Limited and 49% by Merlotte Enterprise Limited. Merlotte Enterprise Limited was wholly-owned by Mr. Choi Lin Hung.

3. On 23 May 2003, Mr. Choi Lin Hung was granted 1,500,000 options under the share option scheme of VC to subscribe for 1,500,000 VC Shares, exercisable at a price of HK$2.35 per VC Share during a period from 27 May 2003 to 29 November 2011. The exercise price per VC Share and the number of VC Shares issuable upon exercise in full of these options were adjusted to HK$2.20 and 1,599,736 respectively upon the rights issue of VC becoming unconditional on 13 January 2009.

   On 9 October 2003, Mr. Choi Lin Hung was granted options under the share option scheme of VC to subscribe for 3,500,000 VC Shares, exercisable at a price of HK$3.04 per VC Share during a period from 9 October 2004 to 29 November 2011. The exercise price per VC Share and the number of VC Shares issuable upon exercise in full of these options were adjusted to HK$2.85 and 3,732,719 respectively upon the rights issue of VC becoming unconditional on 13 January 2009.

   On 7 June 2004, Mr. Choi Lin Hung was granted options under the share option scheme of VC to subscribe for 4,000,000 VC Shares, exercisable at a price of HK$3.15 per VC Share during a period from 7 June 2004 to 29 November 2011. The exercise price per VC Share and the number of VC Shares issuable upon exercise in full of these options were adjusted to HK$2.95 and 4,265,964 respectively upon the rights issue of VC becoming unconditional on 13 January 2009.

4. These shares were held by Merlotte Enterprise Limited, which is wholly-owned by Mr. Choi Lin Hung.

5. On 2 June 2010, each of Mr. Ng Tze On and Mr. Lau Kwok Wa, Stanley was granted 5,350,000 options under the Share Option Scheme to subscribe for 5,350,000 Shares. Such options are exercisable at HK$0.60 during a period from 5 October 2012 to 31 May 2020.

6. These Shares and VC Shares as the case may be were held by Pearl Garden Pacific Limited. Pearl Garden Pacific Limited is wholly owned by Cornice Worldwide Limited, the entire issued share capital of which is held by Trustcorp Limited as discretionary trustee for Mr. Li Ming Hung's family.

7. On 9 October 2003, each of Mr. Li Ming Hung and Mr. Chen Tien Tui were granted 500,000 options under the option scheme of VC to subscribe for 500,000 VC Shares, exercisable at a price of HK$3.04 per VC Share during a period from 9 October 2004 to 29 November 2011. The exercise price per VC Share and the number of VC Shares issuable upon exercise in full of these options were adjusted to HK$2.85 and 533,246 respectively upon the rights issue of VC becoming unconditional on 13 January 2009 for each of Mr. Li Ming Hung and Mr. Chen Tien Tui.

   On 7 June 2004, Mr. Li Ming Hung and Mr. Chen Tien Tui were granted options under the share option scheme of VC to subscribe for 1,000,000 VC Shares and 1,000,000 VC Shares respectively, exercisable at a price of HK$3.15 per VC Share during a period from 7 June 2004 to 29 November 2011. The exercise price per VC Share and the number of VC Shares issuable upon exercise in full of these options were adjusted to HK$2.95 and 1,066,491 respectively upon the rights issue of VC becoming unconditional on 13 January 2009 for each of Mr. Li Ming Hung and Mr. Chen Tien Tui.

8. These Shares and VC Shares as the case may be were held by Madian Star Limited. Madian Star Limited is wholly-owned by Yonice Limited, the entire issued capital of which is held by Trustcorp Limited as discretionary trustee for Mr. Chen Tien Tui's family.

Save for disclosed above, as at the Relevant Date, none of the directors or the chief executives of the Company had any interest or short position in shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as is known to the directors of the Company and save for disclosed in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares" above, as at the Relevant Date, the interests and short positions of persons in the shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all the circumstances at general meetings of members of the Group other than the Company, or which were required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein were as follows:

Name of Shareholder	Name of Group member/associated corporation	Capacity/nature of interest	Number and class of securities *(Note 1)*	Approximate percentage of shareholding
Sure Strategy Limited	The Company	Beneficial owner	315,200,000 Shares (L)	72.0%
Victory City Investments Limited	The Company	Beneficial owner	2,448,000 Shares (L)	0.6%
	The Company	Interest of controlled corporation	315,200,000 Shares (L) *(Note 2)*	72.0%
VC (Note 3)	The Company	Interest of controlled corporation	317,648,000 Shares (L)	72.5%

Name of Shareholder	Name of Group member/associated corporation	Capacity/nature of interest	Number and class of securities *(Note 1)*	Approximate percentage of shareholding
Merlotte Enterprise Limited	The Company	Beneficial owner	2,352,000 Shares (L)	0.5%
	The Company	Interest of controlled corporation	315,200,000 Shares (L) *(Note 2)*	72.0%
Ms. Chan Lai Fan *(Note 4)*	The Company	Interest of spouse	317,552,000 Shares (L)	72.5%
Doncan Limited	Glory Time Limited	Beneficial owner	30 shares of HK$1.00 each (L)	30.0%
4352785 Canada Inc.	Gojifashion Inc.	Beneficial owner	100 class "A" common shares with no nominal or par value	50.0%

Notes:

1. The letter "L" denotes the corporation's long position in the Shares.

2. These Shares were held by Sure Strategy Limited, which was owned as to 51% by Victory City Investments Limited and 49% by Merlotte Enterprise Limited.

3. Victory City Investments Limited was wholly-owned by VC.

4. Ms. Chan Lai Fan is the wife of Mr. Choi Lin Hung.

Save for disclosed above, as at the Relevant Date, there was no other person who was recorded in the register of the Company as having interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all the circumstances at general meetings of members of the Group other than the Company, or which were required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein.

SHARE OPTION SCHEME

The Company conditionally adopted the Share Option Scheme on 2 June, 2010 which became effective upon the Company's share were listed on 5 October 2010. Under the Share Option Scheme, the directors of the Company are authorized, at their absolute discretion, to invite any employees, directors and other selected participants of the Group (the "Eligible Participants"), to take up options to subscribe for shares of the Company. The purpose of this Share Option Scheme is to provide incentives and rewards to the Eligible Participants for their contributions to the Group.

Details of the options to subscribe for shares of the Company under the Share Option Scheme for the period under review are as follows:-

Class of grantee	Date of grant	Number of underlying shares in the Company: Granted	Exercised	Cancelled	Lapsed	Outstanding as at 1 April 2010	Outstanding as at 30 September 2010	Exercise price per share (HK$)	Exercise period *(Note 4)*
Directors *(Note 1)*	02/06/2010	10,700,000	–	–	–	–	10,700,000	0.60	05/10/2012 to 31/05/2020
Mr. Ng Tsze Lun *(Note 2)*	02/06/2010	21,000,000	–	–	–	–	21,000,000	0.60	05/10/2012 to 31/05/2020
Other employees *(Note 3)*	02/06/2010	10,200,000	–	–	–	–	10,200,000	0.60	05/10/2012 to 31/05/2020

Notes:

1. Details of the options granted to the directors are set out in the paragraph headed "Directors' and Chief Executives' Interest and Short Positions in Shares and Underlying Shares" in this report above.

2. Mr. Ng Tsze Lun is the marketing director of Ford Glory International Limited, a wholly-owned subsidiary of the Company, who was granted 21,000,000 options which exceeded the individual limit as set out in note to Rule 17.03(4) of the Listing Rules.

3. Other employees include employees of the Group (other than the directors) working under employment contracts with the Group which are regarded as "continuous contracts" for the purpose of the Employment Ordinance (Cap.57 of the Laws of Hong Kong).

4. As disclosed in the Prospectus, share options granted under the Share Option Scheme were exercisable from 5 October 2010 to 31 May 2020; 1 March 2012 to 31 May 2020; or 5 January 2011 to 31 May 2020. Subsequently, the Company and all the grantees had agreed to change the exercise period from 5 October 2012 to 31 May 2020.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2010, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

Save for the deviation discussed below, the Company had complied with all the code provisions of the Code on Corporate Governance Practices, as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2010.

Under the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The roles of the chairman and the chief executive officer of the Company are not separate and both are performed by Mr. Choi Lin Hung. Since the Board meets regularly to consider major matters affecting the operations of the Company, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company and believes that this structure will enable the Company to make and implement decisions promptly and efficiently.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls.

The audit committee of the Company comprises four independent non-executive directors in compliance with the Listing Rules.

The audit committee has reviewed the unaudited interim financial statements of the Group for the six months ended 30 September 2010 and is of the opinion that such financial statements comply with the applicable accounting standards, the Listing Rules and the requirements of applicable laws, codes and regulations and that adequate disclosure pursuant thereto have been made.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions as set out in the Model Code. Based on specific enquiries to the Company's directors, all directors have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2010.

APPRECIATION

The Board would like to take this opportunity to express our thanks to our shareholders, business partners, customers and suppliers for their continuous support to the Group and its business. The Board would also like to extend our sincere gratitude and appreciation to our management and staff for their dedication and contribution to the Group.

By Order of the Board
Ford Glory Group Holdings Limited

Choi Lin Hung
Chairman

Hong Kong, 29 November 2010

www.fordglory.com.hk

www.fordglory.com.hk

19/F, Ford Glory Plaza, 37-39 Wing Hong Street,
Cheung Sha Wan, Kowloon, Hong Kong
香港九龍長沙灣永康街37-39號福源廣場19樓