



Development of a
Better Future

Interim Report 2011/12
中期報告

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

* For identification purposes only 僅供識別



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Choi Lin Hung (*chairman and chief executive officer*)
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

AUDIT COMMITTEE

Yuen Kin Kei (*chairman*)
Lau Chi Kit
Mak Chi Yan
Wong Wai Kit, Louis

REMUNERATION COMMITTEE

Mak Chi Yan (*chairman*)
Lau Chi Kit
Wong Wai Kit, Louis
Yuen Kin Kei
Choi Lin Hung

LEGAL ADVISER AS TO HONG KONG LAW

Chiu & Partners

AUDITOR

Deloitte Touche Tohmatsu

COMPLIANCE ADVISER

CIMB Securities (HK) Limited

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
DBS Bank (Hong Kong) Limited
CITIC Bank International Limited
Mizuho Corporate Bank, Ltd.
Wing Hang Bank, Limited

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
Wanchai
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


STOCK CODE

1682

COMPANY WEBSITE

www.fordglory.com.hk

MANAGEMENT DISCUSSION AND ANALYSIS



Our strategically-located worldwide production bases in the PRC, Indonesia, Cambodia and Jordan would further enhance our competitive advantages and flexibility to meet the different requirements in terms of lead-time, product complication and pricing issues of different customers in various countries.

The board (the “Board”) of directors (the “Directors”) of Ford Glory Group Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group” or “Ford Glory”) for the six months ended 30 September 2011 (the “Period”).

BUSINESS REVIEW

Ford Glory is a one-stop garment manufacturing and sourcing management supplier to both global and domestic customers, providing value-added services ranging from in-house production, sourcing, outsourcing, product design, product development, sampling, and logistics to delivery. The Group is also a retailer in the People’s Republic of China (the “PRC”), operating our own brands “Monstons” and “teelocker”.

The garment industry was confronted with challenges during the Period due to the unexpected fluctuation of raw material prices, on-going inflation of labour and utility costs, rapid appreciation of the Renminbi (“RMB”) and the poor consumer confidence level resulted from the weak United States of America (“USA” or “US”) and European economies. Under these tremendous pressures, the Group strived to deliver relatively stable results maintaining a reasonably steady revenue.

and European economies. Under these tremendous pressures, the Group strived to deliver relatively stable results maintaining a reasonably steady revenue.

For the Period under review, the Group’s revenue was approximately HK\$481.8 million, representing a slight growth of 4.0% in comparison to the same period last year (2010: HK\$463.3 million). The gross profit for the Period was approximately HK\$75.4 million representing 15.7% of turnover (2010: 16.8%). Profit attributable to owners of the Company was approximately HK\$10.2 million, representing an increase of 124.0% as compared with same period last year (2010: HK\$4.6 million). The profit for the Period included share-based payment of approximately HK\$5.1 million, whereas the profit for last year same period included listing expenses of approximately HK\$13.1 million. If the share-based payment and the listing expenses were excluded in respective periods, the normal operating profit attributable to owners of the Company for the Period would be approximately HK\$15.3 million, representing a drop of 13.1% as compared with same period last year (2010: HK\$17.7 million).

MANAGEMENT DISCUSSION AND ANALYSIS



Manufacturing business

During the Period, the Group adopted a prudent yet decisive approach to cope with the unfavourable factors impacting the global garment and apparel market. Retailers and wholesalers worldwide were cautiously maintaining their stocks at a relatively low level due to the widely anticipation of global recession; however, thanks to our strong and trusty relationships with internationally well-known retailers, the Group sustained stable order levels and achieved a reasonable revenue growth. In order to stay competitive in the market, the Group took a step forward to contain the rising labour cost in the PRC by launching new production facilities in Cambodia and re-opening the facilities in Jordan. The facilities in Cambodia has already commenced its production. Since customers from the US enjoy import duty free for garments from Jordan while customers from Canada and Europe enjoy import duty free for garments exported from Cambodia, this strategic move subsequently strengthens our competitive edge in securing orders from the US, Canada and European countries.

Retail business

The Group successfully diversified its business footprint to the PRC's blooming retail market by launching two of our own brands – "Monstons" and "teelocker" in 2010. Both brands attracted promising awareness in the domestic market.

"teelocker" has achieved significant brand image enhancement in the Period with a series of carefully tailored marketing campaigns. The Group took a cost-effective approach to promote the brand via internet marketing, online shop, celebrity events and strategic collaboration. The "teelocker" website, acting as an interactive platform, has successfully attracted talented designers and unbounded creativities around the world. Apart from the "teelocker" website, the Group seized the PRC's burgeoning online shopping trend by opening an online flagship shop at "taobao.com", the largest and the most popular online shopping destination in the PRC. Such distribution channel allows the brand to reach the maximum number of shoppers with the lowest capital investment. In addition, the Group is proactively seeking opportunities of forming collaborations with well-established retail chains with extensive distribution networks to elevate the "teelocker" brand exposure nationally.

PROSPECTS

The Group expects the business environment in the second half of the fiscal year to remain difficult and challenging as the consumer sentiment has been adversely affected by the instability of the US economy and the on-going sovereign debt crisis of the Eurozone.

MANAGEMENT DISCUSSION AND ANALYSIS



In response to these challenges in the garment export business, the Group will maintain our prudent yet positive approach towards business operation with a series of cost and expenses control measures. The in-house production base in Jordan will commence operation by the second half of this fiscal year and is expected to further enhance our competitive advantage derived from the duty-free privilege of garment exports from Jordan to the US. In sum, our strategically-located worldwide production bases in the PRC, Indonesia, Cambodia and Jordan would further enhance our competitive advantages and flexibility to meet the different requirements in terms of lead-time, product complication and pricing issues of different customers in various countries.

The Group has already paved the path to capture the flourishing online retail market in the PRC. According to the "China Online Shopping Research Report 2010-2011" issued by iResearch Inc., an organisation focusing on in-depth research in China's internet industry, the PRC's online shopping transaction value of the "Business to Customer" segment will reach RMB138.9 billion by the end of 2011 and is estimated to reach RMB671.1 billion in 2014, representing a 380% growth in just three years. With the enormous opportunities ahead, the Group will continue to build the brand "teelocker" with an unconventional approach and extensive marketing resources in the online retail market. We believe that "teelocker" will soon become a growth driver for the Group in the near future.

FINANCIAL REVIEW

Liquidity and financial resources

The Group continued to maintain a relatively strong financial position for the Period with cash and cash equivalents amounted to approximately HK\$125.0 million as at 30 September 2011. Total bank borrowings of the Group as at 30 September 2011 was approximately HK\$152.3 million included a mortgage loan of approximately HK\$18.6 million of which approximately HK\$17.3 million is repayable after one year, all the remaining bank borrowings of approximately HK\$135.0 million are repayable within one year.

As at 30 September 2011, the Group's gearing ratio, being defined as net debt (represented by bank borrowings net of cash and cash equivalents) divided by shareholders' equity, was 8.0% (31 March 2011: no gearing). The Group's current ratio was approximately 1.9 (31 March 2011: 1.9).

For the Period and as at 30 September 2011, the Group's bank borrowings were in Hong Kong dollars ("HK\$") and US dollars ("US\$"). The majority of interest-bearing bank borrowings of the Group were on HIBOR and LIBOR basis.

MANAGEMENT DISCUSSION AND ANALYSIS

Foreign exchange risk management

Most of the Group's cash balances were deposits in US\$, HK\$ and RMB with major global financial institutions and most of the Group's monetary assets, revenues, monetary liabilities and payments were held in US\$, HK\$ and RMB. RMB is expected to continue the trend of appreciation and the Group has entered into forward contracts to hedge some of the risks. And considering the Group's monetary assets in RMB is more than its monetary liabilities in RMB, we consider that the risk exposure in RMB is manageable.

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 contracts 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 and commitments

During the Period, the Group invested approximately HK\$19.6 million (six months ended 30 September 2010: HK\$3.2 million) on additions to property, plant and equipment.

As at 30 September 2011, the Group had commitment of approximately HK\$4.3 million in respect of capital injection to a wholly-owned subsidiary in the PRC.

Charges on assets

As at 30 September 2011, certain properties of the Group with net book value of approximately HK\$28.2 million (31 March 2011: HK\$28.7 million) were pledged to a bank to secure a banking facility.

Employee information

As at 30 September 2011, the Group had a total workforce of 3,192 of whom 1,410 were based in the PRC, 1,102 were in Indonesia, 593 were in Cambodia and 87 were located in Hong Kong and 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's and the Group's performance.

The Company maintains a share option scheme (the "Share Option Scheme"), pursuant to which share options are granted to selected eligible participants including employees of the Group, with a view to providing those eligible participants with appropriate incentives to contribute to the success of the Group.

Use of proceeds from listing

The Company was successfully listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 5 October 2010. The net proceeds from the Company's global offering (the "Global Offering") were approximately HK\$50.9 million after deducting related listing expenses. The following table sets forth the use of net proceeds as at 30 September 2011.

	Net proceeds from the Global Offering <i>HK\$ million</i>	Utilised as of 30 September 2011 <i>HK\$ million</i>	Unutilised as of 30 September 2011 <i>HK\$ million</i>
Use of net proceeds from the Global Offering			
Expansion and improvement of production facilities	25.5	12.4	13.1
Expansion of sample design and development capabilities	7.6	4.8	2.8
Promotional and marketing efforts	2.5	1.5	1.0
"Monstons" brand development in the PRC market	10.2	9.8	0.4
Working capital purpose	5.1	5.1	-
Total	50.9	33.6	17.3

OTHER DISCLOSURES

DIVIDEND

To return value to the shareholders of the Company (the "Shareholders"), the Board has declared the payment of an interim dividend of HK1.0 cent per ordinary share of the Company for the six months ended 30 September 2011 (for the six months ended 30 September 2010: Nil) to Shareholders whose names appear on the register of members of the Company on 6 January 2012. It is expected that the interim dividend will be paid on or about 18 January 2012.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to the interim dividend for the period ended 30 September 2011, the register of members of the Company will be closed from 4 January 2012 to 6 January 2012 both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend for the period ended 30 September 2011, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 3 January 2012.

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

As at 30 September 2011, the interests and short positions of the Directors or chief executives of the Company in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")) which had been notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Name of Director	Name of Group member/ associated corporation	Capacity/nature of interests	Number and class of securities (Note 1)	Interests 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)	-	72.50%
	Victory City International Holdings Limited ("VC")	Beneficial owner	7,980,000 ordinary shares of HK\$0.01 each of VC ("VC Shares") (L)	-	0.54%
		Beneficial owner	-	9,598,419 VC Shares (L) (Note 3)	0.65%
	Victory City Overseas Limited	Beneficial owner	700 redeemable non-voting preference shares of US\$1.00 each (L)	-	21.21%
	Sure Strategy Limited	Interest of controlled corporation	49 ordinary shares of US\$1.00 each (L) (Note 4)	-	49.00%

OTHER DISCLOSURES

Name of Director	Name of Group member/ associated corporation	Capacity/nature of interests	Number and class of securities (Note 1)	Interests in underlying shares of share options (Note 1)	Approximate percentage of shareholding
Mr. Ng Tze On	The Company	Beneficial owner	–	5,350,000 Shares (L) (Note 5)	1.22%
Mr. Lau Kwok Wa, Stanley	The Company	Beneficial owner	–	5,350,000 Shares (L) (Note 5)	1.22%
	Mayer Apparel Limited	Beneficial owner	49 ordinary shares of HK\$1.00 each (L)	–	49.00%
Mr. Li Ming Hung	The Company	Beneficial owner	277,360 Shares (L)	–	0.06%
	The Company	Founder of a trust	3,512,080 Shares (L) (Note 6)	–	0.80%
	VC	Founder of a trust	325,178,215 VC Shares (L) (Note 6)	–	21.97%
		Beneficial owner	–	1,599,737 VC Shares (L) (Note 7)	0.11%
	Victory City Company Limited	Beneficial owner	4,000,000 non-voting deferred shares of HK\$1.00 each (L)	–	50.00%
	Victory City Overseas Limited	Beneficial owner	1,300 redeemable non-voting preference shares of US\$1.00 each (L)	–	39.39%
Mr. Chen Tien Tui	The Company	Beneficial owner	309,000 Shares (L)	–	0.07%
	The Company	Founder of a trust	3,512,080 Shares (L) (Note 8)	–	0.80%
	VC	Founder of a trust	325,178,215 VC Shares (L) (Note 8)	–	21.97%
		Beneficial owner	1,715,000 VC Shares (L) (Note 8)	–	0.12%
		Beneficial owner	–	1,599,737 VC Shares (L) (Note 7)	0.11%
	Victory City Company Limited	Beneficial owner	4,000,000 non-voting deferred shares of HK\$1.00 each (L)	–	50.00%
	Victory City Overseas Limited	Beneficial owner	1,300 redeemable non-voting preference shares of US\$1.00 each (L)	–	39.39%

OTHER DISCLOSURES

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. As a result of rights issue of VC completed on 16 January 2009, the number of VC share options and exercise price per VC Share were adjusted.

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. As a result of rights issue of VC completed on 16 January 2009, the number of VC share options and exercise price per VC Share were adjusted.

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. As a result of rights issue of VC completed on 16 January 2009, the number of VC share options and exercise price per VC Share were adjusted.
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 and his family members.
7. On 9 October 2003, Mr. Li Ming Hung and Mr. Chen Tien Tui were granted options under the share option scheme of VC to subscribe for 500,000 VC Shares and 500,000 VC Shares respectively, exercisable at a price of HK\$3.04 per VC Share during a period from 9 October 2004 to 29 November 2011. As a result of rights issue of VC completed on 16 January 2009, the number of VC share options and exercise price per VC Share were adjusted.

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. As a result of rights issue of VC completed on 16 January 2009, the number of VC share options and exercise price per VC Share were adjusted.
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 and his family members.

Save as disclosed above in this report, as at 30 September 2011, none of the Directors or the chief executives of the Company had any interest or short position in the 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 in 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.

OTHER DISCLOSURES

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

As at 30 September 2011, according to the register kept by the Company pursuant to Section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following persons (other than Directors and chief executives of the Company) had an interest or short position in the Shares and/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:

Name of Shareholder	Capacity/nature of interests	Number and class of securities (Note 1)	Approximate percentage of shareholding
Sure Strategy Limited	Beneficial owner	315,200,000 Shares (L)	71.96%
Victory City Investments Limited	Beneficial owner	2,448,000 Shares (L)	0.56%
	Interest of controlled corporation	315,200,000 Shares (L) (Note 2)	71.96%
VC (Note 3)	Interest of controlled corporation	317,648,000 Shares (L)	72.52%
Merlotte Enterprise Limited	Beneficial owner	2,352,000 Shares (L)	0.54%
	Interest of controlled corporation	315,200,000 Shares (L) (Note 2)	71.96%
Ms. Chan Lai Fan (Note 4)	Interest of spouse	317,552,000 Shares (L)	72.50%
Mr. Ng Tsze Lun	Beneficial owner	58,832,360 Shares (L)	13.43%
	Interest of spouse	116,000 Shares (L)	0.03%
Ms. Yau Yuk Chun Carole (Note 5)	Beneficial owner	116,000 Shares (L)	0.03%
	Interest of spouse	58,832,360 Shares (L)	13.43%

Notes:

- The letter "L" denotes the person's or corporation's long position in the Shares of the Company.
- 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.
- Victory City Investments Limited was wholly-owned by VC.
- Ms. Chan Lai Fan is the wife of Mr. Choi Lin Hung.
- Ms. Yau Yuk Chun Carole is the wife of Mr. Ng Tsze Lun.

Save as disclosed above, as at 30 September 2011, 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.

OTHER DISCLOSURES

SHARE OPTION SCHEME

The Company conditionally adopted the Share Option Scheme on 2 June 2010 which became effective upon the Company's shares were listed on the Stock Exchange on 5 October 2010. 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 Share Option Scheme are set out in Note 8 to the condensed consolidated financial statements.

PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2011.

CODE ON CORPORATE GOVERNANCE PRACTICES

Save as the deviation discussed below, the Company had complied with all the code provisions (the "Code Provisions") of the Code on Corporate Governance Practices, as set out in Appendix 14 to the Listing Rules for the six months ended 30 September 2011.

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 Directors meet regularly to consider major matters affecting the operations of the Company, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Company and believe that this structure will enable the Company to make and implement decisions promptly and efficiently.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") currently comprises four independent non-executive Directors namely Mr. Yuen Kin Kei (chairman), Mr. Lau Chi Kit, Mr. Mak Chi Yan and Mr. Wong Wai Kit, Louis. It was established by the Board on 8 September 2010 and its duties are clearly defined in its written terms of reference which have been prepared and adopted according to the Code Provisions.

The Audit Committee has reviewed the unaudited interim financial statements of the Group for the six months ended 30 September 2011.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted a code of conduct (the "Code of Conduct") regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standard set out in the Code of Conduct during the six months ended 30 September 2011.

OTHER DISCLOSURES

APPRECIATION

On behalf of the Board, I would like to express our thanks to our Shareholders, business partners, customers and suppliers for their continuous support to the Group. And I would also like to extend our gratitude and appreciation to our management and staff for their dedication and contribution to the Group.

On behalf of the Board

Ford Glory Group Holdings Limited

Choi Lin Hung

Chairman

Hong Kong

29 November 2011

REPORT ON REVIEW OF INTERIM FINANCIAL REPORT

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 Report set out on pages 14 to 30, 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 2011 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 Report 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 Report in accordance with HKAS 34. Our responsibility is to express a conclusion on this Interim Financial Report 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 Report Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

29 November 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2011

		Six months ended 30 September	
		2011	2010
Notes		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	4	481,800	463,301
Cost of sales		(406,392)	(385,317)
Gross profit		75,408	77,984
Other income		3,744	2,012
Other gains and losses	5	2,584	(1,011)
Selling and distribution costs		(12,779)	(8,408)
Administrative expenses		(49,584)	(43,131)
Listing expenses		–	(13,096)
Share-based payment	8	(5,118)	–
Interest on bank borrowings wholly repayable within five years		(1,156)	(1,011)
Profit before tax		13,099	13,339
Income tax expense	6	(3,131)	(5,895)
Profit for the period	7	9,968	7,444
Other comprehensive income			
Exchange differences arising on translation to presentation currency		1,332	–
Total comprehensive income for the period		11,300	7,444
Profit for the period attributable to:			
Owners of the Company		10,221	4,563
Non-controlling interests		(253)	2,881
		9,968	7,444
Total comprehensive income attributable to:			
Owners of the Company		11,549	4,563
Non-controlling interests		(249)	2,881
		11,300	7,444
Earnings per share			
Basic	10	HK2.3 cents	HK1.4 cents
Diluted	10	HK2.2 cents	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2011

	Notes	30 September 2011 HK\$'000 (unaudited)	31 March 2011 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	11	119,285	105,313
Prepaid lease payments		3,649	3,609
Goodwill		5,541	5,541
Intangible asset		1,000	1,000
Deferred tax assets		1,278	1,518
		130,753	116,981
Current assets			
Inventories		107,729	107,505
Trade and bills receivables	12	123,123	111,908
Deposits, prepayments and other receivables		90,180	84,103
Prepaid lease payments		97	95
Derivative financial instruments	13	739	856
Bank balances and cash		125,012	136,089
		446,880	440,556
Current liabilities			
Trade payables	14	43,244	62,823
Other payables and accruals		20,781	26,081
Amounts due to related companies	18	3,477	1,282
Derivative financial instruments	13	179	–
Bank borrowings	15	152,338	127,364
Tax payable		13,254	12,149
		233,273	229,699
Net current assets		213,607	210,857
Total assets less current liabilities		344,360	327,838
Capital and reserves			
Share capital	16	4,380	4,380
Reserves		327,551	310,884
Equity attributable to owners of the Company		331,931	315,264
Non-controlling interests		11,091	11,340
Total equity		343,022	326,604
Non-current liability			
Deferred tax liability		1,338	1,234
		344,360	327,838

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2011

	Attributable to owners of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Share option 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 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
At 1 April 2011 (audited)	4,380	64,626	(22,325)	8,052	4,426	256,105	315,264	11,340	326,604
Profit for the period	-	-	-	-	-	10,221	10,221	(253)	9,968
Exchange differences arising on translation to presentation currency	-	-	-	-	1,328	-	1,328	4	1,332
Total comprehensive income for the period	-	-	-	-	1,328	10,221	11,549	(249)	11,300
Recognition of equity-settled share based payments	-	-	-	5,118	-	-	5,118	-	5,118
Release of equity-settled share based payments upon cancellation of options	-	-	-	(39)	-	39	-	-	-
At 30 September 2011 (unaudited)	4,380	64,626	(22,325)	13,131	5,754	266,365	331,931	11,091	343,022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2011

	Six months ended 30 September	
	2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)
Net cash used in operating activities	(17,642)	(19,038)
Net cash (used in) from investing activities:		
Repayment from related companies – non-trade	–	27,866
Proceeds from disposal of property, plant and equipment and leasehold land	261	25,696
Purchase of property, plant and equipment	(19,556)	(3,050)
Other investing cash flows	799	15
	(18,496)	50,527
Net cash from (used in) financing activities:		
Dividend paid	–	(30,000)
Repayment of mortgage loans	(628)	(19,993)
Net trust receipt loans raised (repaid)	25,602	(413)
Other financing cash flows	–	(2,202)
	24,974	(52,608)
Net decrease in cash and cash equivalents	(11,164)	(21,119)
Cash and cash equivalents at beginning of the period	136,089	128,404
Effect of foreign exchange rate changes	87	–
Cash and cash equivalents at end of the period, represented by bank balances and cash	125,012	107,285

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

1. GENERAL

Ford Glory Group Holdings Limited 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 are principally engaged in the trading and manufacturing of garment products and provision of quality inspection services.

The Company's ultimate holding company is 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. 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. The condensed consolidated financial statements are presented in Hong Kong dollars 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 Listing Rules and with Hong Kong Accounting Standard 34 ("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 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 for the period ended 30 September 2010 has been prepared as if the Company had always been the holding company of the Group.

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. At the same time, the Group 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

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 and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2011.

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

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

HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets ⁴
HKFRS 9	Financial Instruments ¹
HKFRS 10	Consolidated Financial Statements ¹
HKFRS 11	Joint Arrangements ¹
HKFRS 12	Disclosure of Interests in Other Entities ¹
HKFRS 13	Fair Value Measurement ¹
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ²
HKAS 12 (Amendments)	Deferred tax: Recovery of Underlying Assets ³
HKAS 19 (Revised in 2011)	Employee Benefits ¹
HKAS 27 (Revised in 2011)	Separate Financial Statements ¹
HKAS 28 (Revised in 2011)	Investments in Associates and Joint Ventures ¹
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ¹

¹ Effective for annual periods beginning on or after 1 January 2013

² Effective for annual periods beginning on or after 1 July 2012

³ Effective for annual periods beginning on or after 1 January 2012

⁴ Effective for annual periods beginning on or after 1 July 2011

The above new or revised standards on consolidation, joint arrangements and disclosures were issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these new or revised standards are applied at the same time. The Directors anticipate that these new or revised standards will be applied in the Group's consolidated financial statements for financial year ending 31 March 2014.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios including cases where an investor may control an investee with less than majority of the voting rights. The Directors are still assessing the financial effect of the application of HKFRS 10 on the Group.

Other than disclosed above, the Directors anticipate that the application of these new or revised HKFRSs will have no material impact on the results and the financial position of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

4. SEGMENT INFORMATION

At the end of the reporting period, the Group's operating segments based on information reported to the chief operating decision maker (i.e. the executive Directors) 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 PRC and provide quality inspection services.

Segment B – This segment includes the other 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 2011

	Segment A	Segment B	Segment Total	Eliminations	Consolidated Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE					
External sales	447,358	34,442	481,800	-	481,800
Inter-segment sales	-	169,453	169,453	(169,453)	-
Total	447,358	203,895	651,253	(169,453)	481,800
RESULTS					
Segment results	15,032	3,117	18,149		18,149
Unallocated income					3,689
Unallocated expenses					(7,583)
Interest expenses					(1,156)
Profit before tax					13,099

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

4. SEGMENT INFORMATION (continued)

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
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
RESULTS					
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

Segment profit represents the profit earned by each segment without allocation of gain (loss) on disposal of property, plant and equipment, share-based payments, listing expenses, rental income, interest income, gain on fair value changes of derivative financial instruments, central administration costs and finance costs. This is the measure reported to the executive Directors 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	
	2011 HK\$'000	2010 HK\$'000
Net gain on fair value changes of derivative financial instruments	125	–
Net gain on disposal of property, plant and equipment	154	498
Net foreign exchange gains (losses)	2,305	(1,509)
	2,584	(1,011)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2011 HK\$'000	2010 HK\$'000
Current tax:		
Hong Kong Profits Tax	1,853	4,272
Enterprise income tax in the PRC attributable to subsidiaries	936	1,410
Overseas income tax	5	19
	2,794	5,701
Deferred tax:		
Current period	337	194
	3,131	5,895

Hong Kong

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

PRC

The Group's PRC subsidiaries are subject to PRC Enterprise Income Tax at a statutory tax rate of 25%.

Macau

As stated in the Decree Law No. 58/99/M, Chapter 2, Article 12, dated 18 October 1999, the Macau subsidiary is exempted from Macao Complementary Tax.

Other jurisdictions

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

7. PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2011 HK\$'000	2010 HK\$'000
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	6,978	7,684
Release of prepaid lease payment	48	45
Interest income	(378)	(15)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

8. SHARE-BASED PAYMENT TRANSACTIONS

Pursuant to a written resolution passed on 2 June 2010, the Company adopted the Share Option Scheme. The purpose of the Share Option Scheme is to provide incentives to eligible participants including eligible employees. The Share Option Scheme will remain in force for a period of ten years from the date of its adoption.

Share Option Scheme of the Company

The following table discloses movements in the Company's share options during the Period:

Category	Date of grant	Vesting period	Exercise price HK\$	Exercisable period	Number of share options					Outstanding at 30.9.2011
					Outstanding at 1.4.2011	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	
Directors										
Mr. Lau Kwok Wa, Stanley	2.6.2010	5.10.2010-4.10.2012	0.6	5.10.2012-31.5.2020	5,350,000	-	-	-	-	5,350,000
Mr. Ng Tze On	2.6.2010	5.10.2010-4.10.2012	0.6	5.10.2012-31.5.2020	5,350,000	-	-	-	-	5,350,000
Employees										
Mr. Ng Tsze Lun (note i)	2.6.2010	5.10.2010-4.10.2012	0.6	5.10.2012-31.5.2020	21,000,000	-	-	-	-	21,000,000
	27.4.2011	27.4.2011- 26.4.2013	0.844	27.4.2013-26.4.2016	-	37,000,000	-	-	-	37,000,000
Other employees (note ii)	2.6.2010	5.10.2010-4.10.2012	0.6	5.10.2012-31.5.2020	9,550,000	-	-	-	(200,000)	9,350,000
	27.4.2011	27.4.2011- 26.4.2013	0.844	27.4.2013-26.4.2016	-	5,920,000	-	-	(65,000)	5,855,000
					41,250,000	42,920,000	-	-	(265,000)	83,905,000

notes:

- (i) 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 and 37,000,000 options which exceeded the individual limit as set out in note to Rule 17.03(4) of the Listing Rules.
- (ii) 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).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

8. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Share Option Scheme of the Company (continued)

On 27 April 2011, the Company granted 42,920,000 new share options to the Group's employees at an exercise price of HK\$0.844 per share. The closing price of the Company's shares immediately before the date of grant was HK\$1.10. These options have a vesting period of 2 years and are exercisable for the period up to the 5th anniversary of the date of grant. The fair value of these options was determined to be HK\$0.5732 per option, arrived at using the Binomial Model with the following variables and assumptions:

Grant date share price	HK\$1.13
Exercise price	HK\$0.844
Option life	5 years
Expected volatility	64%
Dividend yield	2%
Risk-free interest rate	1.74%

Expected volatility was determined based on historical volatility of the share prices of the Company.

The variables and assumptions used above were based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

During the Period, the Group recognised total expense of approximately HK\$5,118,000 (2010: Nil) in relation to the share options granted by the Company.

At the end of each reporting date, the Group revises its estimates of the number of options that are expected to vest ultimately. The impact of the revision of the estimates, if any, is recognised in profit and loss, with a corresponding adjustment to the share option reserve.

9. DIVIDEND

Subsequent to the end of the interim period, the Directors have determined that an interim dividend of HK1.0 cent per ordinary share (2010: Nil) will be paid to Shareholders whose names appear in the register of members of the Company on 6 January 2012.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

10. EARNINGS PER SHARE

The calculation of the basic and diluted 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	
	2011 HK\$'000	2010 HK\$'000
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	10,221	4,563
Number of ordinary shares for the purpose of basic earnings per share	438,000,000	320,000,000
Number of ordinary shares taking into account of share options for the purpose of diluted earnings per share	460,732,000	N/A

The number of shares for calculating basic and diluted earnings per share for the period ended 30 September 2010 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 for the six months ended 30 September 2010 as there were no potential ordinary shares in issue during that period.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group incurred approximately HK\$19,556,000 (six months ended 30 September 2010: approximately HK\$3,153,000) on additions to property, plant and equipment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

12. TRADE AND BILLS RECEIVABLES

The Group allows its trade customers a credit period ranging between 30 to 120 days. The following is an aged analysis of the Group's trade and bills receivables presented on the invoice date at the end of each reporting period:

	30 September 2011 HK\$'000	31 March 2011 HK\$'000
Trade receivables:		
0 – 30 days	67,123	56,869
31 – 60 days	34,064	34,742
61 – 90 days	11,508	16,555
91 – 120 days	3,546	1,081
Over 120 days	6,545	1,872
	122,786	111,119
Bills receivables:		
0 – 30 days	177	392
31 – 60 days	160	397
	337	789
	123,123	111,908

13. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives settled net (not under hedge accounting):

	notes	30 September 2011		31 March 2011	
		Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
Structured currency forward contracts	i	626	(136)	856	–
Foreign currency swap contracts	ii	113	–	–	–
Foreign currency forward contract	iii	–	(43)	–	–
		739	(179)	856	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

13. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

notes:

- (i) The Group entered into two US\$/RMB structured currency forward contracts on 14 March 2011 and 14 June 2011 which require the Group to sell US\$ and to buy RMB monthly at exchange rates specified in the contracts ranging from 6.50 to 6.63. These contracts contain knock-out features that will automatically terminate the contracts in certain scenarios. As at 30 September 2011, the aggregate notional amount of the outstanding structured currency forward contracts is US\$94,000,000. The maturity dates of these contracts range from 13 October 2011 to 13 December 2013.
- (ii) The Group entered into two US\$/RMB foreign currency swap contracts on 2 June 2011 which require the Group to sell RMB and to buy US\$ and to sell US\$ and to buy RMB at exchange rates specified in the contracts ranging from 6.37 to 6.44. As at 30 September 2011, the aggregate notional amounts of the outstanding foreign currency swap contracts is US\$16,000,000. The maturity dates of these contracts range from 5 March 2012 to 5 June 2012.
- (iii) The Group entered into a HK\$/RMB foreign currency forward contract on 31 May 2011 which requires the Group to sell RMB and to buy HK\$ at an exchange rate of 1.21: 1. As at 30 September 2011, the notional amount of the outstanding foreign currency forward contract is HK\$17,708,421. The maturity date of the contract is 31 May 2012.

The fair values of the structured currency forward contracts are determined by using the Monte Carlos Simulation Model and the fair values of the foreign currency swap contracts and foreign currency forward contract are determined by using the Covered Interest Rate Parity Model.

The fair values of the foreign currency swap contracts and the foreign currency forward contract are measured using quoted forward exchange rates matching maturities of the contracts at the end of each reporting period.

14. TRADE PAYABLES

The following is an aged analysis of the Group's trade payables presented based on the invoice date at the end of each reporting period:

	30 September 2011 HK\$'000	31 March 2011 HK\$'000
0 – 60 days	35,807	57,625
61 – 90 days	2,739	4,101
Over 90 days	4,698	1,097
	43,244	62,823

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

15. BANK BORROWINGS

	30 September 2011 HK\$'000	31 March 2011 HK\$'000
Bank loans	22,393	–
Bills discounted with recourse and debts factored with recourse	–	396
Import loans, export loans and trust receipts loans	111,379	107,774
Mortgage loans	18,566	19,194
	152,338	127,364

All the Group's bank borrowings carry interest rates which fall within the range of the 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 2010: HIBOR or LIBOR plus 0.85% to HIBOR plus 2.5% per annum). The range of effective interest rates of the Group's bank borrowings are 1.06% to 2.71% per annum (six months ended 30 September 2010: 1.04% to 2.69% per annum).

16. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2010	1,000,000	10
Increase in authorised share capital	899,000,000	8,990
At 30 September 2010, 1 April 2011 and 30 September 2011	900,000,000	9,000
Issued and fully paid:		
At 1 April 2010	3	–
Issue of shares	1,999,997	20
At 30 September 2010	2,000,000	20
Issue of shares by capitalisation of share premium account	318,000,000	3,180
Issue of shares at premium through initial public offering	118,000,000	1,180
At 1 April 2011 and 30 September 2011	438,000,000	4,380

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

17. CAPITAL COMMITMENTS

	At 30 September 2011 HK\$'000	At 31 March 2011 HK\$'000
Capital expenditure contracted for but not provided in the condensed consolidated statement of financial position in respect of:		
– Acquisition of property, plant and equipment	–	3,823
Capital injection to wholly-owned subsidiaries:		
– Ford Glory (Shenzhen) International Ltd.	–	2,000
– Teelocker Limited	4,250	4,250

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	
	2011 HK\$'000	2010 HK\$'000
VC Group		
Purchase of fabrics	41,221	11,597
Purchase of yarn	689	1,080
Utility expenses paid	2,344	1,890
Management fee expenses paid	–	400
Dividend paid	–	15,300
Rental income received	239	222
Other related party		
Purchase of apparel products (note)	28,544	37,573

note: On 16 March 2010, the Group entered into a master sale and purchase agreement (“Kimberley-FG Master Agreement”) with 加美(清遠)製衣有限公司 Kimberley (Qing Yuan) Garment Limited (“Kimberley”). Kimberley is controlled by a director of the Company. The director also has significant influence in the Company. Pursuant to the Kimberley-FG Master Agreement, Kimberley agreed to supply apparel products to the Group. The Group placed deposits with Kimberley in the amount of approximately HK\$25,202,000 (as at 31 March 2011: HK\$18,234,000) (included in deposits, prepayments and other receivables), and purchased apparel products from Kimberley in the amounts as stated above for the respective periods then ended.

(II) Balances

Amounts due to related parties are balances with the VC Group which are set out at condensed consolidated statement of financial position on page 15. They are unsecured, interest-free and repayable according to credit terms.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

18. RELATED PARTY DISCLOSURES (continued)**(III) Guarantees**

All the Group's bank borrowings were guaranteed by VC Group for the period ended 30 September 2010. These guarantees were subsequently released.

(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	
	2011 HK\$'000	2010 HK\$'000
Directors fee	1,319	406
Basic salaries and allowances	1,205	304
Retirement benefit scheme contributions	24	7
Share-based payment	4,418	–
	6,966	717

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