FORD GLORY GROUP HOLDINGS LIMITED

福源集團控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1682)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

UNAUDITED INTERIM RESULTS

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 2012 (the "Period") together with the comparative figures for the previous corresponding period.

The interim results of the Group have been reviewed by the Company's auditor, Deloitte Touche Tohmatsu, 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 (the "HKICPA").

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2012

		Six months ended 30 September	
		2012	2011
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*3*	**589,153**	481,800
Cost of sales		**(491,801)**	(406,392)
Gross profit		**97,352**	75,408
Other income		**1,154**	3,744
Other gains and losses	*4*	**(6,737)**	2,584
Selling and distribution costs		**(16,092)**	(12,779)
Administrative expenses		**(59,232)**	(49,584)
Share-based payment expenses	*6*	**(6,043)**	(5,118)
Interest on bank borrowings		**(1,651)**	(1,156)
Profit before tax		**8,751**	13,099
Income tax expense	*5*	**(4,952)**	(3,131)
Profit for the period	*7*	**3,799**	9,968
Other comprehensive income			
Exchange difference arising on translation		**31**	1,332
Total comprehensive income for the period		**3,830**	11,300
Profit for the period attributable to:			
Owners of the Company		**5,262**	10,221
Non-controlling interests		**(1,463)**	(253)
		3,799	9,968
Total comprehensive income attributable to:			
Owners of the Company		**5,284**	11,549
Non-controlling interests		**(1,454)**	(249)
		3,830	11,300
Earnings per share			
Basic	*9*	**HK1.2 cents**	HK2.3 cents
Diluted	*9*	**HK1.2 cents**	HK2.2 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2012

	NOTES	30 September 2012 HK$'000 (unaudited)	31 March 2012 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**148,978**	136,305
Prepaid lease payments		**3,596**	3,645
Goodwill		**5,970**	5,970
Intangible asset		**1,155**	1,000
Deferred tax assets		**1,899**	1,899
		161,598	148,819
Current assets			
Inventories		**126,534**	132,335
Trade and bills receivables	*10*	**178,892**	110,780
Deposits, prepayments and other receivables		**58,237**	71,998
Prepaid lease payments		**99**	99
Derivative financial instruments		**103**	1,225
Tax recoverable		**4,004**	3,659
Bank balances and cash		**127,730**	104,230
		495,599	424,326
Current liabilities			
Trade payables	*11*	**75,229**	71,402
Other payables and accruals		**24,370**	36,970
Amounts due to related companies		**34,107**	15,319
Derivative financial instruments		**7,698**	1,957
Tax payable		**11,433**	8,479
Bank borrowings		**151,743**	96,613
		304,580	230,740
Net current assets		**191,019**	193,586
Total assets less current liabilities		**352,617**	342,405
Capital and reserves			
Share capital		**4,380**	4,380
Reserves		**338,209**	326,882
Equity attributable to owners of the Company		**342,589**	331,262
Non-controlling interests		**8,103**	9,557
Total equity		**350,692**	340,819
Non-current liability			
Deferred tax liabilities		**1,925**	1,586
		352,617	342,405

NOTES:

1. BASIS OF PREPARATION

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

2. 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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2012.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA:

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

The application of the above amendments to 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 Directors consider that the application of amendments to HKFRS 7 may result in additional disclosures in the annual financial statements for the year ending 31 March 2013 for transactions involving transfer of financial assets such as bills discounted with recourse and debts factored with recourse.

3. SEGMENT INFORMATION

The Group's operating segments based on information reported to the chief operating decision makers (i.e. 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 United States of America (the "USA"/"US"), Canada, Europe, 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 other subsidiaries of the Group which trade garment products in the PRC and manufacture garment products.

3. SEGMENT INFORMATION – Continued

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

Six months ended 30 September 2012

	Segment A *HK$'000*	Segment B *HK$'000*	Segment Total *HK$'000*	Elimination *HK$'000*	Consolidated Total *HK$'000*
REVENUE					
External sales	**512,123**	**77,030**	**589,153**	**–**	**589,153**
Inter-segment sales	**–**	**228,609**	**228,609**	**(228,609)**	**–**
Total	**512,123**	**305,639**	**817,762**	**(228,609)**	**589,153**
RESULTS					
Segment results	**12,874**	**10,928**	**23,802**		**23,802**
Unallocated income and gain					**860**
Unallocated expenses and loss					**(14,260)**
Interest expenses					**(1,651)**
Profit before tax					**8,751**

Six months ended 30 September 2011

	Segment A *HK$'000*	Segment B *HK$'000*	Segment Total *HK$'000*	Elimination *HK$'000*	Consolidated Total *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 and gain					3,689
Unallocated expenses and loss					(7,583)
Interest expenses					(1,156)
Profit before tax					13,099

Segment profit represents the profit earned by each segment without allocation of (loss) gain on disposal of property, plant and equipment, share-based payment, rental income, interest income, (loss) 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.

4. OTHER GAINS AND LOSSES

	Six months ended 30 September 2012 HK$'000	2011 HK$'000
Net (loss) gain on fair value changes of derivative financial instruments	**(6,397)**	125
Net (loss) gain on disposal of property, plant and equipment	**(765)**	154
Net foreign exchange gains	**425**	2,305
	(6,737)	2,584

5. INCOME TAX EXPENSE

	Six months ended 30 September 2012 HK$'000	2011 HK$'000
Current tax:		
Hong Kong Profits Tax	**2,020**	1,853
Enterprise income tax in the PRC attributable to subsidiaries	**2,588**	936
Overseas income tax	**5**	5
	4,613	2,794
Deferred tax:		
Current period	**339**	337
	4,952	3,131

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

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

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

6. SHARE-BASED PAYMENT TRANSACTIONS

The Company granted 42,920,000 share options to the Group's employees at an exercise price of HK$0.844 per share on 27 April 2011. During the Period, the Group recognised total expense of approximately HK$6,043,000 (2011: HK$5,118,000) in relation to the share options.

7. PROFIT FOR THE PERIOD

	Six months ended 30 September 2012 HK$'000	2011 HK$'000
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**9,198**	6,978
Release of prepaid lease payment	**49**	48
Bank interest income	**(615)**	(378)

8. DIVIDENDS

No dividends were paid, declared or proposed during the Period (2011: HK1.0 cent per ordinary share). The Directors have determined that no dividend will be paid in respect of the Period.

9. 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 2012 HK$'000	2011 HK$'000
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	**5,262**	10,221
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	**438,000,000**	438,000,000
Number of ordinary shares taking into account of share options for the purpose of diluted earnings per share	**451,114,983**	460,732,000

The computation of diluted earnings per share does not assume the exercise of the Company's certain options because the exercise price of those options was higher than the average market price for the shares of the Company for the Period.

10. TRADE AND BILLS RECEIVABLES

The Group allows its trade customers a credit period ranging between 30 to 150 days. The following is an aged analysis of the Group's trade and bills receivables presented based on the invoice date at the end of each reporting period:

	30 September 2012 HK$'000	31 March 2012 HK$'000
0 – 30 days	**81,557**	73,189
31 – 60 days	**54,744**	22,575
61 – 90 days	**28,130**	3,846
91 – 120 days	**10,250**	8,910
Over 120 days	**4,211**	2,260
	178,892	110,780

11. 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 2012 *HK$'000*	31 March 2012 *HK$'000*
0 – 60 days	**65,202**	63,392
61 – 90 days	**4,030**	3,683
Over 90 days	**5,997**	4,327
	75,229	71,402

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The garment manufacturing sector was one of the industries where the global economic crisis has impacted the most. The Group navigated through an unprecedented and volatile inflationary cost and unfavorable consumer spending environment, and yet managed to generate positive financial returns. The US, one of the Group's core export markets, has shown signs of recovery during the Period from the prolonged slowdown since 2008. Thanks to the production base optimisation plan the Group had adopted in the past two years and the establishment of a new venture in the US in the Period, we were able to capture the opportunities arising from the US economic pick-up which mainly drove the growth in the Group's revenue in the Period compared to the same period last year.

For the Period, the Group's revenue increased to approximately HK$589.2 million, representing a growth of approximately 22.3% as compared to the same period last year (2011: HK$481.8 million). Gross profit in the Period rose to approximately HK$97.4 million, representing an approximately 29.1% increase as compared with the last corresponding period.

Profit attributable to owners of the Company was approximately HK$5.3 million, representing an approximately 48.5% decrease as compared to the last corresponding period. This was mainly attributable to (i) the share-based payment recognised for the share options granted by the Company under its share option scheme; (ii) the increase in the Group's operating expenses associated with the expansion of production facilities in Cambodia and the setting up of a new venture in the US; and (iii) the loss on fair value changes of derivative financial instruments. If the share-based payment and the loss on fair value changes of derivative financial instruments were excluded, the adjusted profit attributable to owners of the Company for the Period would be approximately HK$17.7 million, representing an increase of approximately 16.4% as compared with the last corresponding period (2011: HK$15.2 million).

Manufacturing Business

Revenue of the manufacturing segment increased by approximately 49.9% to approximately HK$305.6 million, accounting for approximately 51.9% of the Group's revenue. This was mainly attributable to the contribution of the two new production bases in Cambodia and Jordan.

In the past two years, the Group has strategically diversified its production bases by setting up a factory in Cambodia and restarting its manufacturing facility in Jordan. Cambodia enjoys preferential tariffs from the European Union and Canada whilst Jordan enjoys import duty free to the US. Therefore, the Group's competitive advantages in its three major export destinations have been enhanced. The Group believe this will help it in seizing opportunities from market recoveries in the upcoming years.

The Group's plant in Cambodia commenced production in April 2011 with an initial production capacity of approximately 4.8 million pieces per annum. Due to the soaring labor costs in the PRC and the substantial appreciation of the Renminbi ("RMB"), more and more overseas orders have been shifted to Cambodia and other offshore countries with lower labor costs. As a result, the Group believes the cost advantages of its plant in Cambodia will be gradually realized and it will generate good returns for the Group in the long run. The Group's plant in Jordan commenced production in April 2012 with a production capacity of approximately 5.0 million pieces per annum. The duty-free privilege especially on certain high duty garments attracted good orders inflow for the Group's plant in Jordan.

Together with the two existing production facilities in Southern PRC and Indonesia, the Group is now operating four production bases around the globe. Through strategic order allocation to different production bases, the Group will be able to tap into resources advantages of different countries and further extend its reaches to global customers.

Retailing Business

With a population of over 1.3 billion and increasing consumption power, the PRC is one of the most prosperous and promising retail market in the world. The Group has been venturing into the PRC's retail business by launching the T-shirt brand "teelocker" since 2010. Targeting the new generation with strong purchasing power, "teelocker" positioned itself as a brand that showcases personality and creativity.

During the Period, the Group has further expanded the "teelocker" sales platform. Other than the two existing online stores on the "teelocker" official website "*teelocker.com*" and *Taobao.com*, additional online stores on four popular shopping websites were launched to further extend the Group's reaches to consumers. In September 2012, three concept stores were opened in Changsha, Hunan Province and Chengdu, Sichuan Province. Together, the Group is currently operating six online stores and selling through around 20 points of sale in some first and second-tier cities across the PRC and Hong Kong.

PROSPECTS

Despite the uncertainties that have impacted the global market place, with the diversified and flexible strategically-located production bases, the Group is optimistic to grow the business with positive financial returns.

Manufacturing Business and New Venture

The Group has already laid out a plan to further enhance its presence in the US market. In May 2012, the Group formed a new venture with independent third parties to offer quality jeans, denim casual wears as well as knitted wears in the US market. The management team was established and preliminary set ups were completed. The Group is confident that the collaboration will not only open up a new revenue source for the Group, but will also enhance its presence in the US market. In addition, the Group will continue to optimize its production processes, strengthen raw material procurement management and maximize the returns from its geographically-diversified production bases. Such initiatives will work to improve the production efficiency and help the Group in staying ahead in the tough garment export business.

Retailing Business

The Group will continue to pursue market expansion for the retail business under "teelocker". Following the three new concept stores in Changsha and Chengdu, the Group will selectively add a number of stores in other first and second-tier cities in the PRC to further elevate brand awareness. Furthermore, dedicated efforts will be put to improve and expand our e-commerce platform so the Group may reach the maximum number of shoppers with the lowest capital input. Leveraging on the upstream garment manufacturing business, the Group is well-positioned to benefit from the flourishing future of the PRC's retail industry.

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$127.7 million as at 30 September 2012. Total bank borrowings of the Group as at 30 September 2012 was approximately HK$151.7 million including a mortgage loan of approximately HK$17.3 million of which approximately HK$16.0 million is repayable after one year, all the remaining bank borrowings of approximately HK$135.7 million are repayable within one year.

As at 30 September 2012, the Group's gearing ratio, being defined as net debt (representing by bank borrowings net of cash and cash equivalents) divided by shareholders' equity, was approximately 7.0% (31 March 2012: no gearing). The Group's current ratio was approximately 1.6 (31 March 2012: 1.8).

For the Period and as at 30 September 2012, 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.

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. As RMB is expected to fluctuate, the Group has entered into forward contracts during the Period to hedge some of the risks. Given the fact that 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 purpose. The Group has not entered into any financial derivatives contracts for speculation.

Capital Expenditure and Commitments

During the Period, the Group invested approximately HK$24.1 million (six months ended 30 September 2011: HK$19.6 million) on additions to property, plant and equipment.

As at 30 September 2012, the Group had commitment of approximately HK$48,000 (31 March 2012: HK$668,000) in respect of acquisition of new machineries and improvements on rented factory plant.

Charges on Assets

As at 30 September 2012, certain properties of the Group with net book value of approximately HK$27 million (31 March 2012: HK$28 million) were pledged to a bank to secure a banking facility.

Employee Information

As at 30 September 2012, the Group had a total workforce of 3,971 of whom 1,176 were in Indonesia; 1,055 were based in the PRC; 952 were in Jordan; 694 were in Cambodia; and 94 were located in Hong Kong and other places. The Group offers its employees competitive remuneration schemes which are generally structured in 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 the Group's and individual's performance.

The Company maintains a 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 incentive to contribute to the success of the Group.

DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2012 (for the six months ended 30 September 2011: HK$1.0 cent per ordinary share of the Company).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2012.

CORPORATE GOVERNANCE CODE

Save as the deviations discussed below, the Company had complied with all the code provisions ("Code Provisions") under the Corporate Governance Code (effective from 1 April 2012) as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2012.

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

The roles of the chairman and the chief executive 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.

In respect of Code Provision A.6.7, two non-executive Directors did not attend the annual general meeting of the Company held on 28 August 2012 due to their other business commitments.

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 2012.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 September 2012.

By Order of the Board of
Ford Glory Group Holdings Limited
Choi Lin Hung
Chairman

Hong Kong, 28 November 2012

As at the date of this announcement, the Board comprises Mr. Choi Lin Hung, Mr. Lau Kwok Wa, Stanley and Mr. Ng Tze On as executive Directors; Mr. Chen Tien Tui and Mr. Li Ming Hung as non-executive Directors; and Mr. Lau Chi Kit, Mr. Mak Chi Yan, Mr. Wong Wai Kit, Louis and Mr. Yuen Kin Kei as independent non-executive Directors.