

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

DEVELOP A

BETTER
FUTURE

teelOcker
www.teelocks.com



Xinhui, PRC



Amman, Jordan



Semarang, Indonesia



Phnom Penh, Cambodia

INTERIM REPORT
中期報告

2012/13



teelocker
MILITARY COLLECTION

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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

Lee Chung Shing *(appointed on 1 May 2012)*

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

Choi Lin Hung *(chairman)*
Lau Chi Kit
Mak Chi Yan

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

PRINCIPAL BANKERS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
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

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”).

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 United States of America (the “US” or the “USA”), 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 (2011: HK\$75.4 million).

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 (2011: HK\$10.2 million). This was mainly attributable to (i) the share-based payment recognised for the share options granted by the Company under its share option scheme (the “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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 People's Republic of China (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 markets 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 the Group’s e-commerce platform in order to 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 (represented 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 the Hong Kong Interbank Offered Rate (“HIBOR”) and London Interbank Offered Rate (“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. 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\$27.2 million (31 March 2012: HK\$27.7 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 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 incentive to contribute to the success of the Group.

OTHER DISCLOSURES

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: HK1.0 cent per ordinary share of the Company).

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

As at 30 September 2012, the interests and short positions of the Directors or chief executive 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")) (i) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to 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 (ii) which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (iii) 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 ("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 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)	-	72.50%
	Victory City International Holdings Limited ("VC")	Beneficial owner	7,980,000 ordinary shares of HK\$0.01 each of VC ("VC Shares") (L)	-	0.52%
	VC	Beneficial owner	-	12,000,000 VC Shares (L) (Note 3)	0.78%

OTHER DISCLOSURES

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	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%
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	351,962,000 VC Shares (L) (Note 6)	-	22.75%
	VC	Beneficial owner	-	1,200,000 VC Shares (L) (Note 7)	0.08%
	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

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. 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	Beneficial owner	1,854,000 VC Shares (L)	–	0.12%
	VC	Founder of a trust	351,962,000 VC Shares (L) (Note 8)	–	22.75%
	VC	Beneficial owner	–	1,200,000 VC Shares (L) (Note 7)	0.08%
	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%

Notes:

- The letter “L” denotes the Directors’ long position in the shares of the Company or the relevant associated corporation.
- 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 is wholly-owned by Mr. Choi Lin Hung.
- On 2 April 2012, Mr. Choi Lin Hung was granted options under the share option scheme of VC to subscribe for 12,000,000 VC Shares, exercisable at a price of HK\$0.782 per VC Share during a period from 2 April 2012 to 1 April 2017.
- These shares were held by Merlotte Enterprise Limited, which is wholly-owned by Mr. Choi Lin Hung.

OTHER DISCLOSURES

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 Fiducia Suisse SA as discretionary trustee for Mr. Li Ming Hung's family members.
7. On 2 April 2012, Mr. Li Ming Hung and Mr. Chen Tien Tui were granted options under the share option scheme of VC to subscribe for 1,200,000 VC Shares and 1,200,000 VC Shares respectively, exercisable at a price of HK\$0.782 per VC Share during a period from 2 April 2012 to 1 April 2017.
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 Fiducia Suisse SA as discretionary trustee for Mr. Chen Tien Tui's family members.

Save as disclosed above in this report, as at 30 September 2012, none of the Directors nor the chief executive of the Company had any interests or short positions in the Shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to the Model Code contained in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

OTHER DISCLOSURES

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

As at 30 September 2012, 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 the chief executive of the Company) had an interest or short position in the Shares and/or underlying Shares 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 person	Capacity/ nature of interest	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	58,306,000 Shares (L) (Note 5)	13.31%
Ms. Yau Yuk Chun Carole (Note 6)	Interest of spouse	58,306,000 Shares (L)	13.31%

OTHER DISCLOSURES

Notes:

1. The letter "L" denotes the individual's or 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.
5. There are 58,000,000 share options granted to Mr. Ng Tsze Lun under the Share Option Scheme, further details of which are set out on page 13 of this report of the Company for the six months ended 30 September 2012.
6. Ms. Yau Yuk Chun Carole is the wife of Mr. Ng Tsze Lun.

Save as disclosed above, as at 30 September 2012, 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 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 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 share were listed on the Stock Exchange on 5 October 2010. The purpose of the Share Option Scheme is to provide incentives and rewards to eligible participants for their contributions to the Group.

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

Category	Grant date	Vesting period	Exercise price HK\$	Exercisable period	Number of share options					
					Outstanding at 1.4.2012	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Outstanding at 30.9.2012
					'000	'000	'000	'000	'000	'000
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	-	-	-	-	5,350
Mr. Ng Tze On	2.6.2010	5.10.2010-4.10.2012	0.6	5.10.2012-31.5.2020	5,350	-	-	-	-	5,350
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	-	-	-	-	21,000
	27.4.2011	27.4.2011-26.4.2013	0.844	27.4.2013-26.4.2016	37,000	-	-	-	-	37,000
Other employees (Note ii)	2.6.2010	5.10.2010-4.10.2012	0.6	5.10.2012-31.5.2020	8,850	-	-	-	(550)	8,300
	27.4.2011	27.4.2011-26.4.2013	0.844	27.4.2013-26.4.2016	5,465	-	-	-	(295)	5,170
					83,015	-	-	-	(845)	82,170

Notes:

- (i) The grant of the share options to Mr. Ng Tsze Lun, exceeded the individual limit as set out in note to Rule 17.03(4) of the Listing Rules, was approved by shareholders of each of VC and the Company respectively in the special general meeting of each of VC and the Company held on 27 April 2011.
- (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).

OTHER DISCLOSURES

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 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.

OTHER DISCLOSURES

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 terms of reference of the Audit Committee can be found on the websites of the Stock Exchange and the Company.

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 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.

On behalf of the Board
Ford Glory Group Holdings Limited

Choi Lin Hung
Chairman

Hong Kong
28 November 2012

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 condensed consolidated financial statements of Ford Glory Group Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 17 to 34, which comprise the condensed consolidated statement of financial position as of 30 September 2012 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 these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements 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 these condensed consolidated financial statements 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 November 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2012

	Notes	Six months ended 30 September	
		2012 HK\$'000 (unaudited)	2011 HK\$'000 (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	10	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	11	178,892	110,780
Deposits, prepayments and other receivables		58,237	71,998
Prepaid lease payments		99	99
Derivative financial instruments	12	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	13	75,229	71,402
Other payables and accruals		24,370	36,970
Amounts due to related companies	16	34,107	15,319
Derivative financial instruments	12	7,698	1,957
Tax payable		11,433	8,479
Bank borrowings	14	151,743	96,613
		304,580	230,740
Net current assets		191,019	193,586
Total assets less current liabilities		352,617	342,405

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 September 2012

	30 September 2012 HK\$'000 (unaudited)	31 March 2012 HK\$'000 (audited)
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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2012

	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 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	-	-	-	-	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/lapse 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
At 1 April 2012 (audited)	4,380	64,626	(22,325)	19,071	6,392	259,118	331,262	9,557	340,819
Profit for the period	-	-	-	-	-	5,262	5,262	(1,463)	3,799
Exchange differences arising on translation	-	-	-	-	22	-	22	9	31
Total comprehensive income for the period	-	-	-	-	22	5,262	5,284	(1,454)	3,830
Recognition of equity-settled share-based payments	-	-	-	6,043	-	-	6,043	-	6,043
Release of equity-settled share-based payments upon cancellation/lapse of options	-	-	-	(184)	-	184	-	-	-
At 30 September 2012 (unaudited)	4,380	64,626	(22,325)	24,930	6,414	264,564	342,589	8,103	350,692

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2012

	Six months ended 30 September	
	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Net cash used in operating activities	(9,454)	(17,642)
Net cash used in investing activities:		
Purchase of property, plant and equipment	(24,050)	(19,556)
Acquisition of intangible assets	(155)	-
Proceeds from disposal of property, plant and equipment	1,414	261
Other investing cash flows	615	799
	(22,176)	(18,496)
Net cash from financing activities:		
Net bills discounted with recourse and debts factored with recourse, import loans, export loans and trust receipt loans raised	73,165	25,602
Repayment of bank loan	(17,393)	-
Repayment of mortgage loans	(642)	(628)
	55,130	24,974
Net increase (decrease) in cash and cash equivalents	23,500	(11,164)
Cash and cash equivalents at beginning of the period	104,230	136,089
Effect of foreign exchange rate changes	-	87
Cash and cash equivalents at end of the period, represented by bank balances and cash	127,730	125,012

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2012

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 the 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.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2012

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 purposes 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 US, Canada, Europe, 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 trade garment products in the PRC and manufacture garment products.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2012

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2012

3. SEGMENT INFORMATION (continued)

Six months ended 30 September 2011

	Segment A	Segment B	Segment Total	Elimination	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 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2012

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 gain	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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2012

5. INCOME TAX EXPENSE (continued)

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2012

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 a total expense of approximately HK\$6,043,000 (2011: HK\$5,118,000) in relation to these 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. DIVIDEND

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2012

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
Earnings		
Profit for the period attributable to owners of the Company for the purposes 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 for the Period.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group incurred approximately HK\$24,050,000 (six months ended 30 September 2011: HK\$19,556,000) on additions to property, plant and equipment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2012

11. 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

12. DERIVATIVE FINANCIAL INSTRUMENTS

	Notes	30 September 2012		31 March 2012	
		Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
Structured currency forward contracts	(i)	103	7,698	1,208	1,686
Foreign currency forward contract	(ii)	–	–	17	–
Foreign currency forward contract	(iii)	–	–	–	271
		103	7,698	1,225	1,957

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2012

12. DERIVATIVE FINANCIAL INSTRUMENTS (continued)*Notes:*

- (i) The Group has entered into certain contracts with financial institutions to hedge against an increase in RMB/US\$ exchange rate for certain agreed periods of time. The Group and the respective financial institutions would settle on a net basis with reference to the fluctuation of the RMB/US\$ exchange rate against the pre-determined exchange rate on a monthly basis over the contract periods. Some of these contracts contain knock-out features that will automatically terminate the contracts in certain scenarios. As at 30 September 2012, the maximum aggregate notional amount of the outstanding structured currency forward contracts for the calculation of the monthly net-settled amounts is US\$7,000,000 (31 March 2012: US\$6,000,000), of which US\$5,000,000 (31 March 2012: US\$4,000,000) is related to contracts with knockout provision. The pre-determined exchange rates specified in the contracts range from 6.335 to 6.630 (31 March 2012: 6.335 to 6.630). The maturity dates of these contracts range from 15 May 2013 to 12 December 2014 (31 March 2012: 15 May 2013 to 12 December 2014) subject to knockout provision.
- (ii) The Group entered into a US\$/Euro Dollar ("EUR") foreign currency forward contract on 27 February 2012 which required the Group to sell EUR and to buy US\$ at an exchange rate of 1.340:1. As at 31 March 2012, the notional amount of the outstanding foreign currency forward contract was EUR240,000. The contract matured prior to 30 September 2012.
- (iii) The Group entered into a HK\$/RMB foreign currency forward contract on 31 May 2011 which required the Group to sell RMB and to buy HK\$ at an exchange rate of 1.2108: 1. As at 31 March 2012, the notional amount of the outstanding foreign currency forward contract was approximately HK\$17,708,000. The contract matured prior to 30 September 2012.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2012

13. 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

14. BANK BORROWINGS

	30 September 2012 HK\$'000	31 March 2012 HK\$'000
Import loans, export loans and trust receipts loans	132,153	60,508
Mortgage loans	17,288	17,929
Bank loans	–	17,393
Bills discounted with recourse and debts factored with recourse	2,302	783
	151,743	96,613

All the Group's bank borrowings carry interest rates which fall within the range of HIBOR or LIBOR plus 1.25% to HIBOR plus 2.50% per annum (six months ended 30 September 2011: HIBOR or LIBOR plus 0.85% to HIBOR plus 2.50% per annum). The range of effective interest rates of the Group's bank borrowings are 1.72% to 2.80% per annum (six months ended 30 September 2011: 1.06% to 2.71% per annum).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2012

15. CAPITAL COMMITMENTS

	30 September 2012 HK\$'000	31 March 2012 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	48	668

16. RELATED PARTY DISCLOSURES

(I) Transactions

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

	Six months ended 30 September	
	2012 HK\$'000	2011 HK\$'000
VC Group		
Purchase of fabrics	58,311	41,221
Purchase of yarn	701	689
Utility expenses paid	2,381	2,344
Rental income received	244	239
Other related party		
Purchase of apparel (<i>Note</i>)	41,879	28,544

Note: During the periods, the Group purchased apparel products from 加美(清遠)製衣有限公司 Kimberley (Qing Yuan) Garment Limited ("Kimberley"). Kimberley is controlled by a Director. The Director also has significant influence in the Company. The Group also placed deposits with Kimberley in the amount of approximately HK\$14,972,000 (as at 31 March 2012: HK\$13,276,000) (included in deposits, prepayments and other receivables) as at 30 September 2012.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2012

16. RELATED PARTY DISCLOSURES (continued)

(II) Balances

Amounts due to related companies are balances with the VC Group which are disclosed in the condensed consolidated statement of financial position on page 18. They are unsecured, interest-free and repayable according to credit terms. The following is an aged analysis of the amounts due to related companies based on invoice date at the end of each reporting period:

	30 September 2012 HK\$'000	31 March 2012 HK\$'000
0 – 30 days	25,121	8,342
31 – 60 days	1,011	2,979
61 – 90 days	7,975	3,998
	34,107	15,319

(III) 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 2012 HK\$'000	2011 HK\$'000
Directors fees	1,360	1,319
Basic salaries and allowances	1,753	1,205
Retirement benefit scheme contributions	26	24
Share-based payment	5,302	4,418
	8,441	6,966



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