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

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

Stock Code 股份代號：1682

Develop a Better Future

* For identification purposes only 僅供識別

Contents

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

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 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

* With effect from 1 May 2012, Ms. Chan Shuk Fun ceased to act as the company secretary of the Company.

Financial Summary

RESULTS

	Year ended 31 March				
	2009 HK$'000	2010 HK$'000	2011 HK$'000	2012 HK$'000	**2013** **HK$'000**
Revenue	1,284,268	894,351	902,878	909,908	**1,071,162**
Profit before tax	51,968	47,960	31,245	11,097	**17,776**
Income tax expense	(3,493)	(7,115)	(10,053)	(3,377)	**(10,507)**
Profit for the year	48,475	40,845	21,192	7,720	**7,269**
Attributable to:					
Owners of the Company	45,322	35,480	17,225	7,256	**11,178**
Non-controlling interests	3,153	5,365	3,967	464	**(3,909)**
	48,475	40,845	21,192	7,720	**7,269**

ASSETS AND LIABILITIES

	At 31 March				
	2009 HK$'000	2010 HK$'000	2011 HK$'000	2012 HK$'000	**2013** **HK$'000**
Total assets	607,764	505,699	557,537	573,145	**632,594**
Total liabilities	(341,159)	(269,081)	(230,933)	(232,326)	**(271,893)**
	266,605	236,618	326,604	340,819	**360,701**
Equity attributable to:					
Owners of the Company	243,497	229,743	315,264	331,262	**355,038**
Non-controlling interests	23,108	6,875	11,340	9,557	**5,663**
	266,605	236,618	326,604	340,819	**360,701**

Chairman's Statement

The Group has invested approximately HK$47 million in property, plant and equipment for the year. Revenue from self-owned production to the Group's revenue rose from approximately 45.0% to 50.4% this year.

On behalf of the board (the "Board") of directors (the "Directors") of Ford Glory Group Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), I am pleased to present our audited consolidated results for the year ended 31 March 2013.

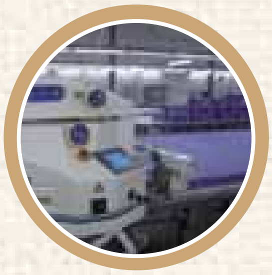
BUSINESS REVIEW

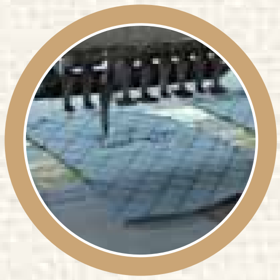
For the year ended 31 March 2013, the garment industry continued to experience another year of sluggish market condition in the decades. The persistently high unemployment rate and slow recovery of the economy of the United States of America (the "US" or "USA") coupled with the Eurozone debt crisis and the slow down of the economy of the People's Republic of China (the "PRC") all staggered both international and domestic demand. In addition, the escalating operating cost especially the labour expenses in the PRC, the continuous appreciation of the Renminbi ("RMB") as well as the difficulties in recruiting sufficient workforce and supporting staff in the PRC all added up to a challenging year.

Against all these adversities, challenges come along with opportunities. The Group's strength to diversify production bases to selected offshore countries with low labour cost and duty privilege to the US, Europe and Canada, enabled us to navigate successfully through the global macroeconomic pressure and to overcome the intensified worldwide competition in the garment industry.

For the year ended 31 March 2013, the Group's revenue increased by approximately 17.7% on a year-over-year basis, to approximately HK$1,071 million (2012: HK$910 million). Gross profit rose approximately 20.7% to approximately HK$172 million (2012: HK$143 million).

Profit attributable to owners of the Company was approximately HK$11 million, representing an approximately 54.1% increase as compared to that of last year (2012: HK$7 million). The profit for the year included share-based payment expenses of approximately HK$12 million, whereas the profit for last year included share-based payment expenses of approximately HK$11 million.





If the share-based payment expenses were excluded in both years, the adjusted profit attributable to owners of the Company for the year would be approximately HK$23 million, representing an increase of approximately 26.2% as compared with last year (2012: HK$18 million).

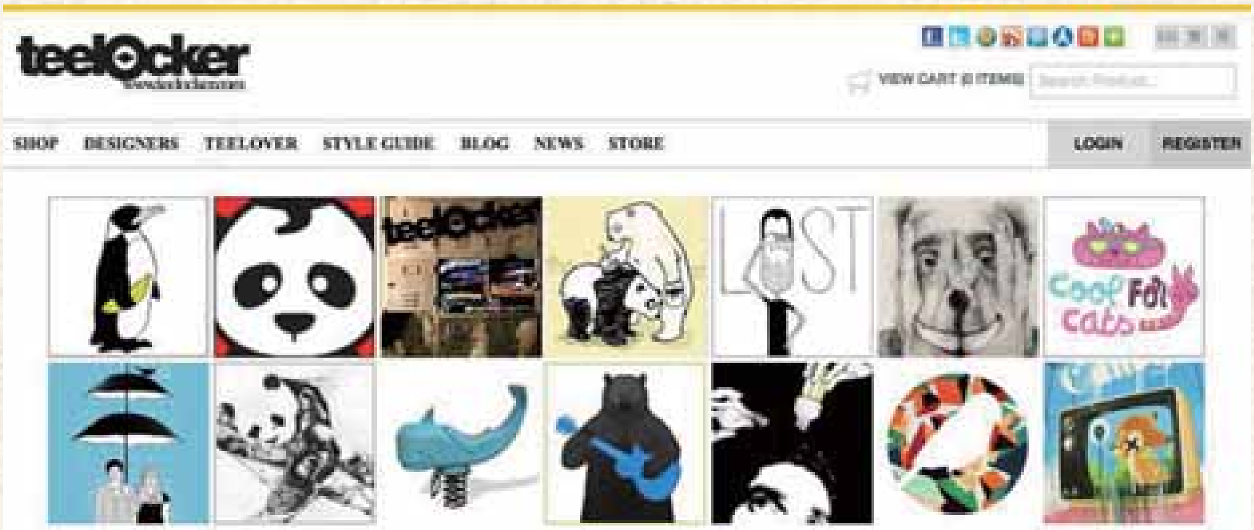
Garment Manufacturing Business

For the year ended 31 March 2013, revenue from the garment manufacturing segment increased by approximately 31.7% to approximately HK$540 million (2012: HK$410 million), accounted for approximately 50.4% of the Group's overall revenue. The increase in revenue was mainly attributable to the contribution from the Group's new production base in Jordan acquired in March 2012 and the expansion of the Group's production base in Cambodia, in addition to its existing production bases in Indonesia and the PRC. Competitive advantages are gained from Jordan and Cambodia because Jordan allows import labour while Cambodia offers abundant labour supply at lower costs as compared with that of the PRC. Garments manufactured in these two countries also enjoy export duty free to some of the Group's core overseas markets, namely the US, Canada and the European Union.

The strength of these self-managed production bases in the PRC, Indonesia, Cambodia and Jordan enabled the Group to execute its strategic initiatives to serve reputable brand names in different countries having considered each of their respective competitive advantages.

In addition to its own production bases, the Group continues to function as a platform to be a one-stop sourcing management supplier to both global and domestic customers, providing value-added services ranging from outsourcing, product design and development, sampling to logistic arrangement, which accounted for almost half of its turnover for the year ended 31 March 2013.

As a whole, combining the strength of its own production bases and outsourcing capabilities, the Group serves to fulfill different customers' needs in terms of pricing, lead time and workmanship requirement. Flexibility is also derived from its ability in switching orders fulfillment between different countries in case of unforeseen necessity.

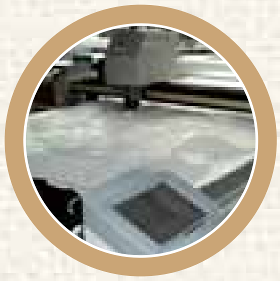


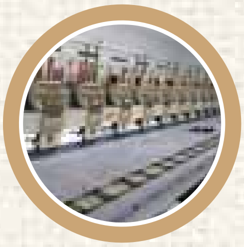
Retail Business

The Group has ventured into the retail business of Hong Kong and the PRC by launching the T-shirt brand "teelocker" since 2010. Targeting the new generation with strong spending power, "teelocker" positions itself as a brand that showcases personality and creativity. The brand started with a revolutionising online platform (www.teelocker.com) to invite all people around the world to submit T-shirt designs for reasonable returns. Popular designs will be selected for mass production and sold through various online and physical channels.

In view of the recent unfavourable retail market in the PRC, the Group adopted a prudent yet decisive roll-out plan for its retail business. Targeting the potential consumption power in major second-tier cities in the PRC, the Group opened three new concept stores in Changsha, Hunan Province and Chengdu, Sichuan Province during the year ended 31 March 2013 to enhance brand awareness. These three concept stores also paved the way for the Group's further expansion into the Central and Western regions of the PRC. On top of that, the Group opened its concept store in Hong Kong's street fashion hub – Mongkok in February 2013. As of 31 March 2013, the Group sold through nine points of sales in Hong Kong and major cities in the PRC as well as six online sales platforms.

The Group's future plan for "teelocker" focuses on emphasizing "teelocker" as an "interactive platform" to attract all the people around the world to submit their designs but with the Group's capability to convert virtual designs into actual products which can





be sold in its physical and online outlets. Meanwhile, over 100 selected designers from all over the world have been registered, which is expected to grow further in the coming years and will be a solid database for the further development of "teelocker".

PROSPECTS

A challenging year ended, an exciting one awaits. While the Group believes the global macroeconomic challenge and uncertainties will continue in the coming years, its strategic location of self-owned production plants and outsourcing bases provides a competitive as well as flexible platform to serve customers of different requirements.

To maximize the duty saving privilege, the Group plans to increase production capacities of both its Cambodia and Jordan plants to meet the enhancing customers' orders. In addition to expanding and diversifying its production bases, the Group continues to proactively improve its competitiveness by making significant efforts in re-engineering operating efficiency and productivity. As such, the Directors believe that the Group has the competent capabilities to forge ahead.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere thanks and gratitude to our management team and employees for their commitments, hard work and loyalty to the Group. I would also like to extend my deepest thanks to our customers, bankers, business partners and shareholders of the Company ("Shareholders") for their continual support.

Choi Lin Hung
Chairman

Hong Kong
28 June 2013

Management Discussion and Analysis

FINANCIAL REVIEW

The Group's revenue was approximately HK$1,071 million for the year (2012: HK$910 million). Gross profit for the year was approximately HK$172 million representing approximately 16.1% of turnover (2012: 15.7%). Profit attributable to owners of the Company was approximately HK$11 million, representing an approximately 54.1% increase as compared to that of last year (2012: HK$7 million). This was mainly attributable to the contribution of the Group's new production base in Jordan and the expansion of the Group's production base in Cambodia that enhanced the Group's competitiveness with lower labour costs and duty saving privilege. The profit for the year included share-based payment expenses of approximately HK$12 million, whereas the profit for last year included share-based payment expenses of approximately HK$11 million. If the share-based payment expenses were excluded in respective years, the adjusted profit attributable to owners of the Company for the year would be approximately HK$23 million, representing an improvement of approximately 26.2% as compared with last year (2012: HK$18 million).

The Group's inventory level was approximately HK$133 million as at 31 March 2013, fairly steady compared with last year (2012: HK$132 million). This inventory was mainly for supporting the production in the Group's four factories in Cambodia, Indonesia, Jordan and the PRC.

The Group's deposits, prepayments and other receivables as at this year end was approximately HK$55 million (2012: HK$72 million). These were mainly deposits paid to fabric supplier and sub-contract manufacturers to secure raw material supply and production capacity in order to safeguard the target profit margin.

Trade and bills payables as at this year end was approximately HK$69 million with a slight decrease of approximately HK$2 million compared with last year (2012: HK$71 million). These payables were for purchases of raw materials for the Group's production bases, as well as garment products directly for the Group's customers.

Liquidity and Financial Resources

The Group continued to maintain a healthy financial position for the year under review with cash and cash equivalents amounted to approximately HK$142 million as at 31 March 2013. Total bank borrowings of the Group as at 31 March 2013 was approximately HK$157 million including a mortgage loan of approximately HK$17 million of which approximately HK$15 million is repayable after one year, all the remaining bank borrowings of approximately HK$142 million are repayable within one year.

As at 31 March 2013, 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 4.1% (2012: no gearing). The Group's current ratio was approximately 1.7 (2012: 1.8).

For the year under review and as at 31 March 2013, 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 Hong Kong Interbank Offer Rate ("HIBOR") and London Interbank Offer Rate ("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, revenue, 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 year to hedge some of the risks. Considering the Group's monetary assets in RMB is more than its monetary liabilities in RMB, the Directors 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 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 year, the Group invested approximately HK$47 million (2012: HK$44 million) on additions to property, plant and equipment.

As at 31 March 2013, the Group had no commitments (2012: HK$0.7 million) in respect of acquisition of new machineries and improvements on rented factory plant.

Charges on Assets

As at 31 March 2013, certain properties of the Group with net book value of approximately HK$27 million (2012: HK$28 million) were pledged to a bank to secure banking facilities granted.

Employee Information

As at 31 March 2013, the Group had a total workforce of 3,996 of whom 1,076 were based in Indonesia; 814 were based in the PRC; 1,086 were based in Jordan; 933 were based in Cambodia; and 87 were located in Hong Kong and other places. The Group offers its employees competitive remuneration schemes which are generally structured with 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 (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.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Choi Lin Hung, aged 51, is the chairman and chief executive officer of the Company. He was appointed as an executive Director on 8 April 2010 with a director's service contract commenced on 8 September 2010. Mr. Choi is responsible for strategic planning and overseeing the overall operation and general management of the Group. He is a director of Brilliant Fashion Inc., CSG Apparel Inc., Ford Glory (Cambodia) Manufacturing Limited ("FG Cambodia"), Ford Glory Holdings Limited ("FG Holdings"), Ford Glory Inc., Ford Glory International Limited ("FG International"), Green Expert Global Limited ("Green Expert"), Global Trend Investments Limited ("Global Trend"), Glory Time Limited, Gojifashion Inc., Happy Noble Holdings Limited, Jerash Garments and Fashions Manufacturing Company Limited ("Jerash"), Major Time Limited ("Major Time"), Mayer Apparel Limited ("Mayer"), MT Studio Inc. ("MT Studio"), One Sino Limited, PT. Victory Apparel Semarang, Rocwide Limited ("Rocwide"), Sky Winner Investment Limited, Surefaith Limited ("Surefaith"), Top Star Limited ("Top Star"), Top Value Inc., Value Plus (Macao Commercial Offshore) Limited ("Value Plus"), Wealth Choice Limited ("Wealth Choice"), Jiangmen V-Apparel Manufacturing LTD. ("Jiangmen V-Apparel"), 福之源貿易（上海）有限公司（"福之源"）, Talent Partner Holdings Limited ("Talent Partner") and Teelocker Limited.

He was awarded a professional diploma in Company Secretaryship and Administration by The Hong Kong Polytechnic, the former of The Hong Kong Polytechnic University, in 1985. He obtained a master's degree in Business Administration from the University of Sheffield, the United Kingdom, in 1987. Prior to joining the Group in 1998, Mr. Choi had worked in Deutsche Bank and First Pacific Bank and had obtained extensive experience in the banking industry. Mr. Choi became an executive director of Victory City International Holdings Limited ("VC") (stock code: 539), a company listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), in 2001 when VC and its subsidiaries (the "VC Group") acquired the Group and remains an executive director of VC up to the date hereof.

Mr. Lau Kwok Wa, Stanley, aged 55, was appointed as an executive Director on 8 September 2010 with a director's service contract commenced on 8 September 2010. Mr. Lau joined the Group in 2006, he became and remains a director and substantial shareholder of Mayer since he joined the Group and up to the date hereof. He is responsible for the overall operation of Mayer including marketing for Mayer. Mr. Lau obtained a bachelor's degree in Arts, majoring in History and minoring in Government and Public Administration from The Chinese University of Hong Kong in 1982. He worked as an inspector in the Customs & Excise Department in Hong Kong from 1983 to 1989.

Mr. Lau started to work in the garment field in 1993 when he joined Kyosei Company as a manager. He founded Mayer Garment Limited（美雅創業製衣有限公司）with his wife in 1997 and he worked mainly in ladies' fashion in the Japanese market. Mayer Garment Limited is held by Mr. Lau and his wife in equal shares, and is an investment holding company which holds factories, including the entire interest in 加美（清遠）製衣有限公司 (Kimberley (Qing Yuan) Garment Limited) ("Kimberley").

Mr. Ng Tze On, aged 61, was appointed as an executive Director on 8 April 2010 with a director's service contract commenced on 8 September 2010. He is also a director of FG Holdings, FG International, Rocwide, Surefaith, Top Star, Wealth Choice, Jiangmen V-Apparel and 福之源. He was a director of Yee On Printing (China) Limited（怡安印花廠（中國）有限公司）and Yee On Printing Factory Limited（怡安印花廠有限公司）from 1995 to 1997 and from 1986 to 1997 respectively. Mr. Ng joined the Group in 1999 as a sample coordinator. He was later promoted to the position of manager in 2001 and has been responsible for overseeing the operations of a sample room. He has been responsible for production management since 2007. He is a brother of Mr. Ng Tsze Lun, one of the senior management members of the Group.

NON-EXECUTIVE DIRECTORS

Mr. Chen Tien Tui, aged 64, was appointed as a non-executive Director on 8 September 2010. Mr. Chen is the chief executive officer and an executive director of VC and a co-founder of the VC Group. Mr. Chen is also a director of FG Holdings, FG International, Rocwide, Surefaith, Wealth Choice, Jiangmen V-Apparel and 福之源. Mr. Chen has over 34 years' experience in the textile industry and is responsible for the day-to-day operation in respect of production, sales and marketing of the VC Group. He is currently an independent non-executive director of China Lilang Limited (stock code: 1234), a company listed on the main board of the Stock Exchange.

NON-EXECUTIVE DIRECTORS (Continued)

Mr. Li Ming Hung, aged 62, was appointed as a non-executive Director on 8 September 2010. Mr. Li is the chairman and an executive director of VC and a co-founder of the VC Group. Mr. Li is also a director of FG Holdings, Ford Glory Inc., FG International, Green Expert, Major Time, Mayer, MT Studio, Rocwide, Surefaith, Wealth Choice, Jiangmen V-Apparel, 福之源 and Talent Partner. Mr. Li has over 36 years' experience in the textile industry and is responsible for the overall strategic planning of the corporate as well as business development of the VC Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lau Chi Kit, aged 68, was appointed as an independent non-executive Director on 8 September 2010. He retired from The Hongkong and Shanghai Banking Corporation Limited ("HSBC") in December 2000 after more than 35 years of service. Among the major positions in HSBC, he was the assistant general manager and head of Personal Banking Hong Kong and assistant general manager and head of Strategic Implementation, Asia-Pacific Region. He is a fellow of the Hong Kong Institute of Bankers ("Institute"). He was the chairman of the Institute's Executive Committee (from January 1999 to December 2000). He is currently the honorary advisor of the Institute's Executive Committee. He served as a member on a number of committees appointed by the Government of the Hong Kong Special Administration Region, including the Advisory Council on the Environment (from October 1998 to December 2001), the Advisory Committee on Human Resources Development in the Financial Services Sector (from June 2000 to May 2001), the Corruption Prevention Advisory Committee of the Independent Commission Against Corruption (from January 2000 to December 2003), the Environment and Conservation Fund Committee (from August 2000 to October 2006), the Innovation and Technology Fund (Environment) Projects Vetting Committee (from January 2000 to December 2004) and the Law Reform Commission's Privacy Sub-committee (from February 1990 to March 2006). He also served as chairman of the Business Environment Council Limited (from September 1998 to December 2001). He is currently an independent non-executive director of Chinlink International Holdings Limited (stock code: 997) (formerly known as "Decca Holdings Limited") and Royale Furniture Holdings Limited (stock code: 1198). Both companies are listed on the main board of the Stock Exchange.

Mr. Mak Chi Yan, aged 50, was appointed as an independent non-executive Director on 8 September 2010. Mr. Mak obtained a bachelor's degree in Accountancy in 1996 and a master degree in Corporate Finance in 2002, both from The Hong Kong Polytechnic University. He has over 23 years' experience in securities dealing and asset management. Mr. Mak joined Sakura Finance Asia Limited in 1989 as a securities salesperson, and he was promoted to the position of assistant manager in 1992 and vice president in 1994, and remained in the same position until he left the company in 1998. He then worked in the corporate and institutional business division in HLG Securities Sdn Bhd from 1999 to 2000. Mr. Mak also worked as the associate director of UOB Kay Hian (Hong Kong) Limited, a company engaged in securities trading and investment in Asian financial markets from 2000 to 2011. Mr. Mak is currently the executive director of Genting Securities Limited, a wholly owned subsidiary of Genting Hong Kong Limited (stock code: 678) (formerly know as "Star Cruises Limited") which is listed on the main board of the Stock Exchange. Mr. Mak was also the senior vice president of Genting Hong Kong Limited from May 2011 to May 2012.

Mr. Wong Wai Kit, Louis, aged 52, was appointed as an independent non-executive Director on 8 September 2010. Mr. Wong commenced his employment at Phillip Securities (Hong Kong) Limited ("Phillip Securities") in 1993 and has over 20 years' experience in securities market. Mr. Wong was appointed as a dealing director at Phillip Securities in 1996 and has over 10 years' management experience in securities dealing. He was appointed as a responsible officer for Phillip Capital Management (HK) Limited in 2003 and gained over 9 years' experience in asset management. Mr. Wong has also been in charge of the Research Department of Phillip Securities and has over 15 years' experience in financial research. He is currently the director of Phillip Securities and Phillip Capital Management (HK) Limited. Mr. Wong obtained a bachelor's degree in Arts, majoring in English Studies and Comparative Literature and Translation, in 1982 from The University of Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS (Continued)

Mr. Yuen Kin Kei, aged 44, was appointed as an independent non-executive Director on 8 September 2010. He obtained a bachelor's degree in Accountancy from The Hong Kong Polytechnic, the former of The Hong Kong Polytechnic University, in 1992. He is a member of Hong Kong Institute of Certified Public Accountants (the "HKICPA"), the Association of Chartered Certified Accountants, The Taxation Institute of Hong Kong and The Hong Kong Securities Institute. He is a Certified Public Accountant (Practising) in Hong Kong. Mr. Yuen is currently the Director – Treasury and Debt Financing of Shun Tak Holdings Limited ("Shun Tak") (stock code: 242), a company listed on the Stock Exchange, responsible for corporate finance affairs. He has 14 years' of experience in corporate finance, debt and equity fund raising and treasury management with Shun Tak. Prior to joining Shun Tak in July 1999, he spent 7 years in total with another listed company in Hong Kong and an international accounting firm.

SENIOR MANAGEMENT

Mr. Ng Tsze Lun, aged 58, is the marketing director of the Group. He is a brother of Mr. Ng Tze On, an executive Director. Mr. Ng is responsible for overseeing the daily operation and marketing of the garment products of the Group. He is also a director of FG Cambodia, FG Holdings, FG International, Surefaith, Value Plus and Wealth Choice. Prior to joining the Group in 1998, Mr. Ng had 13 years' experience in trading. Mr. Ng was a director of a garment manufacturing company from 1986 to 1998.

Mr. Lee Chung Shing, aged 46, was appointed as the company secretary of the Company on 1 May 2012. He is also currently the financial controller and company secretary of VC. Mr. Lee is an associate member of the Chartered Institute of Management Accountants and an associate member of the HKICPA. Mr. Lee joined VC in 1998 and has over 24 years' experience in the accounting and finance sector including an international accounting firm and a company listed on the Stock Exchange.

Ms. Cheng Sylvia, aged 48, is a general merchandising manager of FG International. She joined the Group in 2000. Ms. Cheng obtained a diploma in Management Studies jointly organised by The Hong Kong Polytechnic University and the Hong Kong Management Association in 2000. Prior to joining the Group, Ms. Cheng had around 9 years' experience in the field of garment merchandising. Ms. Cheng worked as personal assistant to the general manager of US womenswear, kids and Susie Tompkins divisions in Esprit de Corp (Far East) Ltd. from 1991 to 1993, as an executive assistant to the managing director and a senior merchandiser in Namon Ltd. from 1993 to 1998, as a senior merchandiser in Mechantex Ltd. from 1998 to 1999 and as a senior merchandiser (and later promoted to assistant merchandising manager) in Associated Clothing Company (Hong Kong) Ltd. from 1999 to 2000.

Ms. Cheng Kam Wan, aged 49, is a general merchandising manager of FG International. Ms. Cheng joined the Group in 2002. Ms. Cheng was awarded a craft certificate in light clothing manufacture by the Vocational Training Council in 1987. Ms. Cheng has more than 20 years of experience in garment merchandising. She worked as a senior merchandiser in Jefferson International Ltd. from 1988 to 1989, as a men's shirt merchandiser and later was promoted to the position of section manager responsible for the ladies', men's, children and babies' knit and woven businesses of local and overseas offices in Mondial Services (Hong Kong) Ltd. from 1989 to 2002.

Ms. Leung Suk Hing, aged 47, is a merchandising manager of FG International. In 1986, she completed a training course in quality control inspection in Clothing Industry Training Authority. Ms. Leung worked in a garment manufacturing company as a product clerk since 1983. In 1989, she joined a trading company as a merchandiser. From 1993 to 2000, she worked in three garment companies as a merchandiser. Ms. Leung joined the Group in 2000.

Mr. Cheuk Tak Kwong, aged 54, is the production executive of PT. Victory Apparel Semarang, the Group's wholly-owned factory located in Indonesia. Mr. Cheuk is also a director of PT. Victory Apparel Semarang. He is responsible for overseeing the day-to-day operations of the factory. From 1984 to 1998, he worked in two trading companies as a merchandiser. He joined the Group in 2000.

Report of the Directors

The Directors present the annual report and the audited consolidated financial statements for the year ended 31 March 2013.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the trading and manufacturing of garment products and provision of quality inspection services. The principal activities of its principal subsidiaries are set out in Note 37 to the consolidated financial statements.

RESULTS AND APPROPRIATION

The results of the Group for the year ended 31 March 2013 are set out in the consolidated statement of comprehensive income on page 31.

The Directors do not recommend the payment of a dividend and propose that the profit for the year be retained. Details of dividend for last year are set out in Note 12 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment at a total cost of approximately HK$46,563,000 for the expansion of its business. Details of movements in the property, plant and equipment of the Group during the year are set out in Note 14 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

Details of the movements during the year in the reserves of the Group are set out in the consolidated statement of changes in equity on page 34.

At 31 March 2013, the Company had no reserves available for distribution to Shareholders (2012: HK$2,856,000) in accordance with the Company's bye-laws (the "Bye-laws").

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in Note 28 to the consolidated financial statements.

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

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2013.

DIRECTORS AND SERVICE CONTRACTS

The Directors during the year and up to the date of this report were:

Executive Directors:
Mr. Choi Lin Hung *(chairman and chief executive officer)*
Mr. Lau Kwok Wa, Stanley
Mr. Ng Tze On

Non-executive Directors:
Mr. Chen Tien Tui
Mr. Li Ming Hung

Independent non-executive Directors:
Mr. Lau Chi Kit
Mr. Mak Chi Yan
Mr. Wong Wai Kit, Louis
Mr. Yuen Kin Kei

In accordance with Bye-law 108(A), Mr. Chen Tien Tui, Mr. Lau Chi Kit and Mr. Yuen Kin Kei shall retire by rotation and being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company. All other Directors continue in office.

None of the Directors being proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

CHANGE IN INFORMATION OF DIRECTORS

Upon specific enquiry by the Company and following confirmations from the Directors, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the paragraph headed "Continuing Connected Transactions" in this report and "Related Party Disclosures" in Note 36 to the consolidated financial statements, no contracts of significance, to which the Company, its holding company, or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors or their respective associates has any interests in a business which competes or may compete with the business of the Company.

CONTINUING CONNECTED TRANSACTIONS

Pursuant to Rule 14A.38 of the Listing Rules, the Board has engaged the auditor of the Company to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the HKICPA. The auditor has confirmed the continuing connected transactions in accordance with Rule 14A.38 of the Listing Rules and issued an unqualified letter containing their findings and conclusions accordingly.

The independent non-executive Directors have confirmed the continuing connected transactions in accordance with Rule 14A.37 of the Listing Rules. Specifically, the independent non-executive Directors have reviewed the continuing connected transactions and the unqualified letter from the auditor and have confirmed that the continuing connected transactions entered into by the Group were in the ordinary and usual course of its business, on normal commercial terms, or on terms no less favourable than terms available to or from independent third parties, and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the Shareholders as a whole.

Details of the discloseable continuing connected transactions for the year are set out in Note 36 to the consolidated financial statements which include details of the related party transactions entered into by the Group during the year ended 31 March 2013, which constituted non-exempt continuing connected transactions under Chapter 14A of the Listing Rules. In the opinion of the independent non-executive Directors, these transactions entered into by the Group were:

(i) in the ordinary and usual course of business of the Group;

(ii) either (a) on normal commercial terms; or (b) where there is no available comparison, on terms that were fair and reasonable so far as the Shareholders are concerned;

(iii) either (a) in accordance with the terms of the agreements; or (b) where there are no such agreements, on terms no less favourable than those available to or from independent third parties; and

(iv) within the relevant cap amounts as agreed by the Stock Exchange.

Save as disclosed above, there were no other transactions which are required to be disclosed as continuing connected transactions in accordance with the requirements of the Listing Rules.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors are independent.

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

As at 31 March 2013, the interests and short positions of the Directors and 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 (Chapter 571 of the laws of Hong Kong) (the "SFO")) (i) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions 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 Companies Issuers (the "Model Code") contained in Appendix 10 to 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)	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)	–	72.48%
	VC	Beneficial owner	8,198,000 ordinary shares of HK$0.01 each of VC ("VC Shares") (L)	–	0.51%
	VC	Beneficial owner	–	12,000,000 VC Shares (Note 7)	0.74%
	Victory City Overseas Limited	Beneficial owner	700 redeemable non-voting preference shares of US$1.00 each (L)	–	21.22%
	Sure Strategy Limited	Interest of controlled corporation	49 ordinary shares of US$1.00 each (L) (Note 3)	–	49.00%
Mr. Ng Tze On	The Company	Beneficial owner	–	5,350,000 Shares (L) (Note 4)	1.22%
Mr. Lau Kwok Wa, Stanley	The Company	Beneficial owner	–	5,350,000 Shares (L) (Note 4)	1.22%
	Mayer	Beneficial owner	49 ordinary shares of HK$1.00 each (L)	–	49.00%

Name of Director	Name of Group member/ associated corporation	Capacity/nature of interests	Number and class of securities (Note 1)	Interest in underlying shares of share options (Note 1)	Approximate percentage of shareholding
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 5)	–	0.80%
	VC	Founder of a trust	373,986,000 VC Shares (L) (Note 5)	–	23.05%
	VC	Beneficial owner	–	1,200,000 VC Shares (L) (Note 8)	0.07%
	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 6)	–	0.80%
	VC	Beneficial owner	1,968,000 VC Shares (L)	–	0.12%
	VC	Founder of a trust	373,986,000 VC Shares (L) (Note 6)	–	23.05%
	VC	Beneficial owner	–	1,200,000 VC Shares (L) (Note 8)	0.07%
	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:

1. The letter "L" denotes the Directors' long position in the shares and underlying 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. These shares were held by Merlotte Enterprise Limited, which is wholly-owned by Mr. Choi Lin Hung.

4. 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.

5. 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.

6. 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.

7. 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.

8. 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.

Save as disclosed above in this report, as at 31 March 2013, none of the Directors nor 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) (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, to be notified to the Company and the Stock Exchange.

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

As at 31 March 2013, 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 executive of the Company) had interests or short positions 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 interest**	**Number and class of securities** (Note 1)	**Approximate percentage of shareholding**
Sure Strategy Limited	Beneficial owner	315,200,000 Shares (L)	71.94%
Victory City Investments Limited	Beneficial owner	2,448,000 Shares (L)	0.56%
	Interest of controlled corporation	315,200,000 Shares (L) (Note 2)	71.94%
VC (Note 3)	Interest of controlled corporation	317,648,000 Shares (L)	72.50%
Merlotte Enterprise Limited	Beneficial owner	2,352,000 Shares (L)	0.54%
	Interest of controlled corporation	315,200,000 Shares (L) (Note 2)	71.94%
Ms. Chan Lai Fan (Note 4)	Interest of spouse	317,552,000 Shares (L)	72.48%
Mr. Ng Tsze Lun	Beneficial owner	58,341,000 Shares (L) (Note 5)	13.32%
Ms. Yau Yuk Chun Carole (Note 6)	Interest of spouse	58,341,000 Shares (L)	13.32%

Notes:

1. The letter "L" denotes the individual or 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.
6. Ms. Yau Yuk Chun Carole is the wife of Mr. Ng Tsze Lun.

Save as disclosed above, as at 31 March 2013, there was no other person who was recorded in the register of members 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.

SHARE OPTION SCHEME

The Company conditionally adopted the Share Option Scheme on 2 June 2010 which became effective upon the listing of the Shares on the main board of the Stock Exchange on 5 October 2010. The purpose of the 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 31 to the consolidated financial statements.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the option holdings disclosed above in this report, at no time during the year was the Company, its holding company, nor any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the remuneration committee of the Company ("Remuneration Committee") on the basis of their merit, qualifications and competence.

The emoluments of the Directors and senior management of the Company are reviewed and recommended by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has also adopted the Share Option Scheme as an incentive to eligible Directors and eligible employees of the Group (collectively, "Eligible Employees"), details of the Share Option Scheme are set out in Note 31 to the consolidated financial statements.

MANAGEMENT CONTRACTS

The Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company for the year ended 31 March 2013.

CONTRACT OF SIGNIFICANCE

Save as disclosed in Note 31 to the consolidated financial statements in respect of the Share Option Scheme and in the section headed "Continuing Connected Transactions" in this report, there is no contract of significance subsisting for the year ended 31 March 2013 in which a Director is or was materially interested, either directly or indirectly. And there is no contract of significance for the provision of services to the Group by its controlling shareholders subsisted for the year ended 31 March 2013.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws or the laws of Bermuda which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

For the year under review, sales to the five largest customers accounted for approximately 48.0% of the total revenue of the Group and sales to the largest customer included therein accounted for approximately 17.0%.

Purchases from the Group's five largest suppliers accounted for approximately 44.8% of the total purchases for the year. One of the Group's five largest suppliers is the VC Group which accounted for approximately 11.4% of the total purchases for the year. The Group's largest supplier for the year is Kimberley. The Group's purchases from Kimberley accounted for approximately 13.4% of the total purchases for the year. Kimberley is wholly-owned by Mr. Lau Kwok Wa, Stanley and his associate ("associate" within the meaning as defined in the Listing Rules). Details of the Group's purchases from the VC Group and Kimberley during the financial year are set out in Note 36 to the consolidated financial statements.

Save as disclosed above, none of the Directors or any of their associates or any Shareholders who own more than five per cent of the issued share capital of the Company had any interest in the Group's five largest customers and suppliers during the year under review.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float pursuant to the Listing Rules.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Deloitte Touche Tohmatsu as the auditor of the Company.

On behalf of the Board

Choi Lin Hung
Chairman

Hong Kong
28 June 2013

Corporate Governance Report

CORPORATE GOVERNANCE CODE

The Board is committed to maintaining high standards of corporate governance and endeavours in following the code provisions ("Code Provisions") under "Corporate Governance Code" ("CG Code") contained in Appendix 14 to the Listing Rules.

The Company has applied the principles as set out in the CG Code and regularly reviews its corporate governance practices to ensure compliance with the CG Code. In the opinion of the Directors, the Company has complied with all the Code Provisions as set out in the CG Code for the year ended 31 March 2013 save and except for the deviations from Code Provisions A.2.1 and A.6.7.

Code Provision A.2.1

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. Considered reasons are provided below in the section of "Chairman and Chief Executive".

Code Provision A.6.7

In respect of Code Provision A.6.7, Mr. Chen Tien Tui and Mr. Li Ming Hung, both are non-executive Directors, did not attend the annual general meeting of the Company ("AGM") held on 28 August 2012 due to their other business commitments.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has established a 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 Model Code during the year ended 31 March 2013.

BOARD OF DIRECTORS

The Board currently comprises nine Directors, including three executive Directors, namely Mr. Choi Lin Hung (chairman and chief executive officer), Mr. Lau Kwok Wa, Stanley and Mr. Ng Tze On; two non-executive Directors, namely Mr. Chen Tien Tui and Mr. Li Ming Hung; and four independent non-executive Directors, namely Mr. Lau Chi Kit, Mr. Mak Chi Yan, Mr. Wong Wai Kit, Louis and Mr. Yuen Kin Kei. The composition of the Board complies with Rules 3.10(1) and (2), and 3.10A of the Listing Rules.

The biographical details of the Directors are set out on pages 10 to 12 of the annual report of the Company for the year ended 31 March 2013. To the best knowledge of the Company and save as disclosed under section headed "Biographical Details of Directors and Senior Management", there is no financial, business, family or other material or relevant relationship(s) among members of the Board.

All Directors are subject to retirement by rotation and being eligible, offer themselves for re-election at the annual general meeting of the Company in accordance with the provisions of the Bye-laws.

The Board collectively monitors performance and the related risks and controls in pursuit of the strategic objectives of the Company. Day-to-day management of the Company is delegated to the executive Directors and senior management of the Company in charge of the Group's business.

To implement the strategies and plans effectively, executive Directors and senior management meet on a regular basis to review the performance of the business of the Group, co-ordinate overall resources and make financial and operational decisions.

Apart from the regular board meetings, the Board met on other occasions when a board-level decision on a particular matter was required.

The Board meets regularly to review and determine the corporate strategies and overall strategic policies. Each of the Directors has full access to relevant information at the meetings. The Board has met five times during the year ended 31 March 2013 and conducted the following activities:

(a) approved the interim and annual results, interim and annual reports, and matters to be considered at annual general meeting of the Company;

(b) reviewed and approved corporate strategies of the Group for the financial year ending 31 March 2014;

(c) reviewed the compliance checklist and the corporate governance policy;

(d) reviewed the continuing connected transactions; and

(e) reviewed the performance and financial position of the Group.

Corporate Governance Functions

Pursuant to the Board's terms of reference, the Board shall keep the effectiveness of the corporate governance and system of internal non-financial controls of the Group. The Board shall introduce and propose relevant principles concerning corporate governance and to review and determine the corporate governance policy, so as to effect a high standard of corporate governance practices in the Group. The duties of the Board shall include the following aspects:

(a) to develop and review the Group's policies and practices on corporate governance;

(b) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

(c) to review and approve the annual corporate governance report and related disclosures in annual and interim reports of the Group and ensure compliance with relevant requirements under the Listing Rules or the rules of any other stock exchange in respect of which the securities of the Company are listed or quoted, or other laws, regulations, rules and codes as may be applicable to the Group (the "Applicable Laws");

(d) to make sure that appropriate monitoring systems are in place to ensure compliance against the relevant internal control systems, processes and policies, and in particular to monitor the implementation of the Group's plans to maintain a high level of compliance with its own risk management standard;

(e) to monitor if each of the audit committee, remuneration committee and nomination committee of the Company (or such other Board committee(s) from time to time established) has duly discharged their respective duties and obligations in accordance with their respective terms of reference, the Listing Rules and any Applicable Laws; and

(f) to review the Group's compliance with the CG Code from time to time adopted by the Group and the disclosure in the corporate governance report to be contained in the Company's annual reports.

Chairman and Chief Executive

Code Provision A.2.1 stipulates that 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 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.

Terms of Appointment of Non-executive Directors and Independent Non-executive Directors

Each of the non-executive Directors and the independent non-executive Directors has entered into an appointment letter with the Company for an initial term of one year. The term of each of the non-executive Directors and the independent non-executive Directors shall be renewable automatically for successive term of one year each commencing from the next day after the expiry of their then current term of appointment, subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws unless terminated by not less than three months notice in writing served by either the respective non-executive Director or independent non-executive Director expiring at the end of the initial term or at any time thereafter.

During the year under review, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

Each of the four independent non-executive Directors has made an annual confirmation of independence to the Company. Based on the contents of such confirmation, the Company considers that the four independent non-executive Directors are independent and that they all meet the specific independence guideline as set out in Rule 3.13 of the Listing Rules.

BOARD COMMITTEES

The Board has established three board committees including the nomination committee (the "Nomination Committee"), the Remuneration Committee and the audit committee (the "Audit Committee") (collectively, the "Board Committees") of the Company. Each of these Board Committees has specific written terms of reference which have been published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.fordglory.com.hk). Attendance records of each Board Committees with individual member's attendance are set out in the paragraph headed "Number of meetings and Director's attendance" below. The Board has delegated some of its functions to the Board Committees, the details of which are discussed below.

Nomination Committee

The Nomination Committee currently comprises one executive Director, namely Mr. Choi Lin Hung (chairman); and two independent non-executive Directors, namely Mr. Lau Chi Kit and Mr. Mak Chi Yan. It was established on 19 March 2012 and its duties are clearly defined in its written terms of reference which have been prepared and adopted according to the Code Provisions.

The duties of the Nomination Committee are, but not limited to, to review, formulate and consider the nomination procedures as regards the appointment, reappointment and removal of Directors and to make recommendations to the Board regarding candidates to fill vacancies on the Board. No Director takes part in any discussions and decisions about his own appointment.

Proposals for the appointment of a new Director, if any, will be considered and reviewed by the Nomination Committee prior to recommending them to the Board for approval. All candidates to be selected and qualified to be members of the Board must also meet the standards as set forth in Rules 3.08 and 3.09 of the Listing Rules. A candidate who is to be appointed as an independent non-executive Director should also meet the independence criteria set out in Rule 3.13 of the Listing Rules.

One meeting of the Nomination Committee was held during the year ended 31 March 2013 to make recommendations on the re-election of Mr. Lau Kwok Wa, Stanley, Mr. Mak Chi Yan and Mr. Wong Wai Kit, Louis as Directors proposed for Shareholders' approval in the last annual general meeting of the Company held on 28 August 2012.

Remuneration Committee

The majority of the Remuneration Committee members are independent non-executive Directors. The Remuneration Committee currently comprises four independent non-executive Directors, namely Mr. Mak Chi Yan (chairman), Mr. Lau Chi Kit, Mr. Wong Wai Kit, Louis and Mr. Yuen Kin Kei; and one executive Director namely, Mr. Choi Lin Hung. It was established by the Board on 8 September 2010 and its duties are clearly defined in its new written terms of reference which have been prepared and adopted according to the Code Provisions.

The Remuneration Committee meets annually to review the remuneration policies and packages for Directors and senior management of the Company and then make recommendations to the Board on the Group's overall policy and structure for the remuneration of the Directors and senior management of the Group.

Pursuant to Code Provision B.1.5, the remuneration of the members of the senior management by band for the year ended 31 March 2013 is set out below:

In the band of	No. of individuals
HK$nil to HK$1,000,000	5
HK$2,000,001 to HK$2,500,000	1

Details of the members of senior management of the Company are set out on page 12 of this annual report for the year ended 31 March 2013.

No Director takes part in any discussions and decisions about his own remuneration. During the year ended 31 March 2013, the Remuneration Committee has convened one meeting to review the salary of the employees of the Company and its subsidiaries and the executive Directors.

Audit Committee

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 new written terms of reference which have been prepared and adopted according to the Code Provisions.

The Audit Committee provides an important link between the Board and the Company's external auditor in matters coming within the scope of the Group's audit. It also reviews the annual and interim results of the Company prior to recommending them to the Board for approval, the effectiveness of the external and internal audit and of internal controls and risk evaluation.

During the year ended 31 March 2013, the Audit Committee held two meetings and performed duties summarised below:–

(a) reviewed the interim and annual reports of the Company together with the external auditor and senior management of the Company;

(b) reviewed with external auditors the internal controls and financial matters of the Group in pursuance of the written terms of reference;

(c) reviewed the audit plans and findings of the external auditor of the Company; and

(d) made recommendation to the Board on the re-appointment of the external auditor of the Company.

There was no disagreement between the Board's and the Audit Committee's view on the selection and appointment of the Company's external auditor.

NUMBER OF MEETINGS AND DIRECTORS' ATTENDANCE

Attendance records of the Directors at Board meetings ("BM"), Audit Committee meetings ("ACM"), Remuneration Committee meeting ("RCM"), Nomination Committee meeting ("NCM") and AGM held for the year ended 31 March 2013 are set out below:

	Number of meetings attended/held For the year ended 31 March 2013				
	BM	**ACM**	**RCM**	**NCM**	**AGM**
Executive Directors					
Mr. Choi Lin Hung *(chairman and chief executive officer)*	5/5	–	1/1	1/1	1/1
Mr. Lau Kwok Wa, Stanley	5/5	–	–	–	1/1
Mr. Ng Tze On	2/5	–	–	–	0/1
Non-executive Directors					
Mr. Chen Tien Tui	3/5	–	–	–	0/1
Mr. Li Ming Hung	4/5	–	–	–	0/1
Independent Non-executive Directors					
Mr. Lau Chi Kit	5/5	2/2	1/1	1/1	1/1
Mr. Mak Chi Yan	5/5	2/2	1/1	1/1	1/1
Mr. Wong Wai Kit, Louis	5/5	2/2	1/1	–	1/1
Mr. Yuen Kin Kei	5/5	2/2	1/1	–	1/1

INTERNAL CONTROLS

The Board is responsible for maintaining the system of internal controls of the Group and reviewing its effectiveness. During the year ended 31 March 2013, the Board conducted an annual review of the Group's internal control system, including financial, operational and compliance controls and risk management functions. The Board assessed the effectiveness of internal control by considering reviews performed by the Audit Committee and external auditor. The annual review also considered the adequacy of resources, qualifications and experience of staff in respect of the Group's accounting and financial reporting function.

CONTINUOUS PROFESSIONAL DEVELOPMENT

Pursuant to Code Provision A.6.5, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. Up to the date of this report, all Directors have participated in continuous professional development by attending training course and/or reading materials which provided by the Company's external legal adviser on the topics related to corporate governance and regulations and provided a record of training they received as follows:

	Reading materials	Attending training course
Executive Directors		
Mr. Choi Lin Hung *(chairman and chief executive officer)*		✓
Mr. Lau Kwok Wa, Stanley		✓
Mr. Ng Tze On	✓	
Non-executive Directors		
Mr. Chen Tien Tui		✓
Mr. Li Ming Hung		✓
Independent Non-executive Directors		
Mr. Lau Chi Kit	✓	
Mr. Mak Chi Yan		✓
Mr. Wong Wai Kit, Louis		✓
Mr. Yuen Kin Kei		✓

AUDITOR'S REMUNERATION

During the year, the nature of the audit and non-audit services provided by Deloitte Touche Tohmatsu, the external auditor of the Company, and the relevant fee paid by the Company for such services are as follows:

Audit services of approximately HK$1,231,000 for the Group; Non-audit services of approximately HK$502,000 including:

- review of interim results;
- taxation services for the Group;
- agreed-upon procedures on the Group's continuing connected transactions; and
- agreed-upon procedures on the Group's annual results announcement.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 31 March 2013, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis. The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SHAREHOLDERS' RIGHTS

Convening a special general meeting on requisition

1.1 Shareholders have the right to call for a special general meeting on requisition in the manner prescribed by and set out in the Bye-laws and the Companies Act 1981 of Bermuda (the "Companies Act").

1.2 Bye-law 65 of the Bye-laws provides that "The Directors may, whenever they think fit, convene a special general meeting, and special general meetings shall also be convened on requisition, as provided by the Companies Act, and, in default, may be convened by the requisitionists."

1.3 Pursuant to section 74 of the Companies Act, Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "General Meeting Requisitionists") may by written requisition (the "General Meeting Requisition") to the Board or the secretary of the Company (the "Company Secretary"), require a special general meeting to be called by the Board for the transaction of any business specified in such requisition.

1.4 The General Meeting Requisition must state the purpose of the meeting, and must be signed by the General Meeting Requisitionists; the General Meeting Requisition may consist of several documents in like form each signed by one or more General Meeting Requisitionists.

1.5 The General Meeting Requisition shall be deposited at the registered office of the Company at *Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda* and copied to the head office and principal place of business of the Company at *19/F, Ford Glory Plaza, 37-39 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong* and marked for the attention of the Board or the Company Secretary.

1.6 If the Board fails to proceed to convene such a meeting within 21 days from the date of the deposit of a General Meeting Requisition as set out in paragraph 1.3 above, the General Meeting Requisitionists, or any of them representing more than one half of their total voting rights, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the date of the deposit of the General Meeting Requisition.

1.7 Any reasonable expenses incurred by the General Meeting Requisitionists by reason of the failure of the Directors to duly convene a general meeting shall be repaid to the General Meeting Requisitionists by the Company.

Procedures for raising enquiries

Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's branch share registrar in Hong Kong, details of which are as follows:

Tricor Secretaries Limited

Address: 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong

Email: is-enquiries@hk.tricorglobal.com

Tel: (852) 2980 1333

Fax: (852) 2861 1465

SHAREHOLDERS' RIGHTS

Procedures for raising enquiries (continued)

Shareholders may at any time raise any enquiry in respect of the Company at the following designated contacts, correspondence address, email address and enquiry hotline of the Company:

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

Email: enquiry@fordglory.com.hk

Tel: (852) 2484 6688

Fax: (852) 2480 3232

Attention: Board of Directors/Company Secretary

Shareholders are reminded to lodge their questions together with their detailed contact information for prompt response from the Company if it deems appropriate.

Procedures for putting forward proposals at general meeting

1. Subject to paragraph 2 below, pursuant to sections 79 and 80 of the Companies Act, Resolution Requisitionists (as defined in paragraph 2 below) may, by requisition in writing (the "Resolution Requisition"), request the Company to give to or circulate to (as the case may be) the Shareholders (i) notice of any resolution which may properly be moved and is intended to be moved at the next annual general meeting of the Company (the "Forthcoming AGM") (and such notice shall be given to Shareholders who are entitled to receive notice of the Forthcoming AGM); or (ii) any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at any general meeting (and such notice shall be circulated to members entitled to have notice of any general meeting sent to them), at the expense of the Resolution Requisitionists.

2. "Resolution Requisitionists" means Shareholders making a requisition under paragraph 1 above and shall constitute either:

   (a) any number of Shareholders representing not less than one-twentieth of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or

   (b) not less than one hundred Shareholders.

3. A copy of the Resolution Requisition signed by the Resolution Requisitionists with their detailed contact information, or two or more copies containing the signatures of all the Resolution Requisitionists, shall be deposited at the registered office of the Company and copied to the head office and principal place of business of the Company (details of the addresses are given in paragraph 1.5 under the paragraph headed "Convening a special general meeting on requisition") above.

   (a) in the case of a Resolution Requisition requiring notice of a resolution, not less than six weeks before the Forthcoming AGM; and

   (b) in the case of any other requisition, not less than one week before the general meeting.

4. Resolution Requisitionists shall deposit or tender with the Resolution Requisition a sum reasonably sufficient to meet the Company's expenses in giving notice of any resolution or to circulate any statement as provided under the Companies Act.

INVESTOR RELATIONS

There was no change in the Company's constitutional documents during the year ended 31 March 2013.

Independent Auditor's Report

Deloitte.
德勤

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

We have audited the consolidated financial statements of Ford Glory Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 92, which comprise the consolidated statement of financial position as at 31 March 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
28 June 2013

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Revenue	7	**1,071,162**	909,908
Cost of sales		**(899,018)**	(767,234)
Gross profit		**172,144**	142,674
Other income		**1,832**	7,636
Other gains and losses	9	**4,046**	5,362
Selling and distribution costs		**(33,586)**	(27,999)
Administrative expenses		**(111,230)**	(102,991)
Share-based payment expenses	31	**(12,060)**	(11,156)
Interest on bank borrowings		**(3,370)**	(2,429)
Profit before tax		**17,776**	11,097
Income tax expense	10	**(10,507)**	(3,377)
Profit for the year	11	**7,269**	7,720
Other comprehensive income			
Exchange difference arising on translation		**481**	1,973
Total comprehensive income for the year		**7,750**	9,693
Profit for the year attributable to:			
Owners of the Company		**11,178**	7,256
Non-controlling interests		**(3,909)**	464
		7,269	7,720
Total comprehensive income attributable to:			
Owners of the Company		**11,644**	9,222
Non-controlling interests		**(3,894)**	471
		7,750	9,693
Earnings per share	13		
Basic		**HK2.6 cents**	HK1.7 cents
Diluted		**HK2.5 cents**	HK1.6 cents

Consolidated Statement of Financial Position

At 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	14	**156,719**	136,305
Prepaid lease payments	15	**3,569**	3,645
Goodwill	16	**5,970**	5,970
Intangible asset	17	**1,000**	1,000
Interest in a jointly controlled entity	18	**–**	–
Deferred tax assets	29	**1,835**	1,899
		169,093	148,819
Current assets			
Inventories	19	**132,565**	132,335
Trade and bills receivables	20	**130,900**	110,780
Deposits, prepayments and other receivables	21	**55,340**	71,998
Prepaid lease payments	15	**99**	99
Derivative financial instruments	27	**1,640**	1,225
Tax recoverable		**466**	3,659
Bank balances and cash	23	**142,491**	104,230
		463,501	424,326
Current liabilities			
Trade and bills payables	24	**69,295**	71,402
Other payables and accruals	25	**23,257**	35,829
Amounts due to related companies	22	**2,063**	15,319
Derivative financial instruments	27	**132**	1,957
Tax payable		**16,360**	8,479
Bank borrowings	26	**157,178**	96,613
		268,285	229,599
Net current assets		**195,216**	194,727
Total assets less current liabilities		**364,309**	343,546

Consolidated Statement of Financial Position

At 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Capital and reserves			
Share capital	28	**4,381**	4,380
Reserves		**350,657**	326,882
Equity attributable to owners of the Company		**355,038**	331,262
Non-controlling interests		**5,663**	9,557
Total equity		**360,701**	340,819
Non-current liabilities			
Defined benefit obligations	30	**1,416**	1,141
Deferred tax liabilities	29	**2,192**	1,586
		3,608	2,727
		364,309	343,546

The financial statements on pages 31 to 92 were approved and authorised for issue by the Board on 28 June 2013 and are signed on its behalf by:

Choi Lin Hung
Director

Lau Kwok Wa, Stanley
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2013

	Attributable to owners of the Company								
	Share capital	Share premium	Special reserve	Share option reserve	Foreign currency translation reserve	Accumulated profits	Total	Non-controlling interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(Note 28)		(note)						
At 1 April 2011	4,380	64,626	(22,325)	8,052	4,426	256,105	315,264	11,340	326,604
Profit for the year	–	–	–	–	–	7,256	7,256	464	7,720
Exchange difference arising on translation	–	–	–	–	1,966	–	1,966	7	1,973
Total comprehensive income for the year	–	–	–	–	1,966	7,256	9,222	471	9,693
Dividends paid in cash (Note 12)	–	–	–	–	–	(4,380)	(4,380)	–	(4,380)
Dividends paid to non-controlling interest	–	–	–	–	–	–	–	(2,254)	(2,254)
Recognition of equity-settled share-based payments	–	–	–	11,156	–	–	11,156	–	11,156
Release of equity-settled share-based payments upon cancellation of options	–	–	–	(137)	–	137	–	–	–
At 31 March 2012	4,380	64,626	(22,325)	19,071	6,392	259,118	331,262	9,557	340,819
Profit for the year	–	–	–	–	–	11,178	11,178	(3,909)	7,269
Exchange difference arising on translation	–	–	–	–	466	–	466	15	481
Total comprehensive income for the year	–	–	–	–	466	11,178	11,644	(3,894)	7,750
Exercise of share options	1	94	–	(23)	–	–	72	–	72
Recognition of equity-settled share-based payments	–	–	–	12,060	–	–	12,060	–	12,060
Release of equity-settled share-based payments upon cancellation of options	–	–	–	(228)	–	228	–	–	–
At 31 March 2013	**4,381**	**64,720**	**(22,325)**	**30,880**	**6,858**	**270,524**	**355,038**	**5,663**	**360,701**

note: The special reserve represents the reserve arising from group reorganisation completed on 8 September 2010.

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
OPERATING ACTIVITIES			
Profit before tax		**17,776**	11,097
Adjustments for:			
Depreciation of property, plant and equipment		**18,675**	14,427
Loss on disposal of property, plant and equipment and prepaid lease payments		**356**	158
Write-down of inventories		**1,600**	1,564
Gain on fair value changes of derivative financial instruments		**(3,935)**	(281)
Interest income		**(656)**	(830)
Interest on bank borrowings		**3,370**	2,429
Recognition of equity-settled share-based payments		**12,060**	11,156
Release of prepaid lease payments		**99**	97
Provision for defined benefit obligations		**399**	301
Operating cash flows before working capital changes		**49,744**	40,118
Increase in inventories		**(1,830)**	(26,320)
(Increase) decrease in trade and bills receivables		**(19,898)**	8,799
Decrease in deposits, prepayments and other receivables		**16,424**	16,673
(Decrease) increase in trade payables		**(2,605)**	5,927
Decrease in other payables and accruals and defined benefit obligations		**(9,149)**	(9,532)
Increase in bank borrowing from discounted bills with recourse		**415**	387
(Decrease) increase in amounts due to related companies – trade		**(13,256)**	14,037
Proceeds from and settlement of derivative financial instruments		**1,695**	1,869
Cash generated from operations		**21,540**	51,958
Interest paid on bank borrowings		**(2,990)**	(2,166)
Profits Tax refunded (paid)		**1,181**	(10,690)
NET CASH FROM OPERATING ACTIVITIES		**19,731**	39,102
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment and leasehold land		**7,651**	521
Interest received		**656**	428
Purchase of property, plant and equipment		**(46,563)**	(33,610)
Acquisition of subsidiaries	32	**–**	(1,707)
NET CASH USED IN INVESTING ACTIVITIES		**(38,256)**	(34,368)

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
FINANCING ACTIVITIES			
Acquisition of subsidiaries	32	**(3,500)**	–
Dividend paid to shareholders		**–**	(4,380)
Dividend paid to non-controlling interest		**–**	(2,254)
Proceeds from exercise of share options		**72**	–
Repayment of mortgage loans		**(1,297)**	(1,264)
Net import loan and trust receipt loans raised (repaid)		**78,840**	(47,267)
Bank borrowings raised		**–**	17,393
Repayment of bank borrowings		**(17,393)**	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**56,722**	(37,772)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**38,197**	(33,038)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**104,230**	136,089
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**64**	1,179
CASH AND CASH EQUIVALENTS AT END OF THE YEAR representing bank balances and cash		**142,491**	104,230

1. GENERAL

The Company is an exempted company with limited liability incorporated in Bermuda and its shares are listed on the Stock Exchange. The Company's registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its head office and principal place of business are 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 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 ("BVI") with limited liability. For the purpose of these financial statements, 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 US$. The consolidated financial statements are presented in HK$ because the Company's shares are listed on the Stock Exchange and most of its potential investors are located in Hong Kong.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA.

Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets

Amendments to HKFRS 7 Disclosures – Transfers of Financial Assets

The Group has applied for the first time the amendments to HKFRS 7 *Disclosures – Transfers of Financial Assets* in the current year. The amendments increase the disclosure requirements for transactions involving the transfer of financial assets in order to provide greater transparency around risk exposures when financial assets are transferred.

The Group has arrangements with various banks to transfer to the banks its contractual rights to receive cash flows from certain bills receivables. The arrangements are made through discounting those bills receivables to banks on a full recourse basis. Specifically, if the bills receivables are not paid at maturity, the banks have the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these bills receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as an unsecured borrowing (see Note 26). The relevant disclosures have been made regarding the transfer of these bills receivables on application of the amendments to HKFRS 7 (see Note 20).

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
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 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[2]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]
HK(IFRIC)-Int 21	Levies[2]

1 Effective for annual periods beginning on or after 1 January 2013.
2 Effective for annual periods beginning on or after 1 January 2014.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 July 2012.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognized financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 9 Financial Instruments (continued)

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The Directors expect HKFRS 9 will be adopted by the Group in the financial year beginning 1 April 2015. Based on an analysis of the Group's financial assets and financial liabilities as at 31 March 2013, the adoption of HKFRS 9 is not expected to have significant impact on the Group's consolidated financial statements.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of HKFRS 10 and HKFRS 12 are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) – Int 12 *Consolidation – Special Purpose Entities* will be withdrawn upon the effective date of HKFRS 10. 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) the 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.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These standards, together with the amendments relating to the transitional gudiance, will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013. The application of these five standards will have no significant impact on the amounts reported in the consolidated financial statements but result in more extensive disclosures in the consolidation financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad and it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of the new standard may not have significant impact on the amounts reported in the consolidated financial statements but result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income* introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income'. The amendments to HKAS 1 also retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments to HKAS 1 are effective for the Group for the annual period beginning on 1 April 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

HKAS 19 (as revised in 2011) Employee Benefits

The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets.

The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of HKAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

The amendments to HKAS 19 are effective for the Group for the annual period beginning on 1 April 2013 and require retrospective application with certain exceptions. Based on the Directors' preliminary assessment, the amendments to HKAS 19 will result in changes in accounting policies in respect of the Group's defined benefit retirement plans but is not expected to have a significant impact on the consolidated financial statements of the Group.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for the Group's annual periods beginning 1 April 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until the Group's annual periods beginning 1 April 2014, with retrospective application required.

The Directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to derivative contracts.

The Directors anticipate that the application of the other new and revised standards, amendments and interpretations upon their respective effective date will have no material impact on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchanges for goods or services.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value, when applicable, on the basis specified in another standard.

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquirer's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

Merger accounting for business combination involving entities under common control (continued)

The consolidated statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or business first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Goodwill

Goodwill arising on an acquisition of a business other than involving entities under common control is carried at cost less accumulated impairment losses, if any, and is presented separately in consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Cash-generating Units ("CGUs") (or group of CGUs), that is expected to benefit from the synergies of the combination. Each CGU or group of CGUs represent the lowest level within the Group at which goodwill is monitored for internal management purposes and is not larger than an operating segment as defined by HKFRS 8 titled *Operating Segments* before aggregation.

A CGU or group of CGUs to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU or group of CGUs to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets on a pro rata basis based on the carrying amount of each asset. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill or the amount of goodwill allocated to the unit is included in the determination of the amount of gain or loss on disposal.

Jointly controlled entity

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entity.

The results and assets and liabilities of jointly controlled entity are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investment in a jointly controlled entity is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entity. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

When a group entity transacts with its jointly controlled entity of the Group, profits and losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

Intangible asset

Intangible asset acquired separately

Intangible asset acquired separately and with indefinite useful life is carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible asset (continued)

Intangible asset acquired separately (continued)

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amount received or receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Sale of goods is recognised when the goods are delivered and titles have been passed.

Service income is recognised when services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment including leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and any accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of jointly controlled entities that do not result in the Group losing joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in the foreign currency translation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to the Group's defined contribution retirement benefit plans, Mandatory Provident Fund Scheme and state-managed retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of the reporting period. Actuarial gains and losses which exceed 10 per cent of the greater of the present value of the Group's defined benefit obligations and the fair value of plan assets at the end of the pervious reporting period are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight line basis over the average period until the amended benefits become vested.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

The Group's financial assets are classified as financial assets at FVTPL and loans and receivables. The Group's financial assets at FVTPL are derivative financial instruments. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at fair value through profit or loss

Financial assets at FVTPL include financial assets held for trading on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and bills receivables, other receivables and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liabilities are held for trading on initial recognition.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities.

Other financial liabilities

Other financial liabilities including trade payables, other payables, amounts due to related companies and bank borrowings are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition (continued)

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated profits.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

Key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognised in the consolidated financial statements within the next financial year, are discussed below.

Impairment loss of trade receivables

The assessment of the impairment loss on trade receivables of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness of each customer. If the financial conditions of the Group's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Impairment is made based on the estimation of the future cash flow discounted at the original effective rate to calculate the present value. At 31 March 2013, the carrying amount of trade and bills receivables was approximately HK$130,900,000 (2012: HK$110,780,000) (net of allowance for doubtful debts of approximately HK$878,000 (2012: HK$878,000).

Impairment loss recognised on inventories

Management reviews the inventories at the end of each reporting period, and write-down obsolete and slow-moving inventory items identified that are no longer suitable for use in operation. Allowance was made by reference to the latest market value for those inventories identified. Where the net realisable value is less than expected, a material write down may arise. At 31 March 2013, the carrying amount of inventories was approximately HK$132,565,000 (2012: HK$132,335,000).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Income taxes

As at 31 March 2013, deferred tax asset in relation to unused tax losses of approximately HK$22,322,000 (2012: HK$6,768,000) was not recognised in the consolidated statement of financial position due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the expectation for future profit streams changes, recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such change takes place.

Fair value of structured foreign currency forward contracts

As at 31 March 2013, the Group had outstanding structured foreign currency forward contracts which were stated at fair value. In the absence of quoted market price, the valuation of these contracts was carried out by independent professional valuer using valuation techniques which involve certain inputs and assumptions including spot and forward exchange rates, time to maturity and volatility, etc. Any changes in these inputs and assumptions could have an impact on the fair value of these contracts, details of which are set out in Note 27.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank borrowings disclosed in Note 26, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated profits.

The Directors review the capital structure of the Group on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new Share issues, and Share buy-backs as well as the issue of new debt or the redemption of existing debts.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2013 **HK$'000**	2012 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**275,297**	219,989
Derivative financial instruments	**1,640**	1,225
Financial liabilities		
Amortised cost	**228,536**	186,834
Derivative financial instruments	**132**	1,957

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, other receivables, derivative financial instruments, bank balances, trade and bills payables, other payables, amounts due to related companies and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to risk due to changes in foreign exchange rates. The Group entered into structured currency forward contracts to cover the anticipated foreign currency exposures. These contracts were arranged mainly to hedge the currency fluctuation of RMB against US$, which is the functional currency of the relevant group entities.

At the end of the reporting period, the Group is exposed to foreign currency risk arising from the Group's monetary assets and monetary liabilities that are denominated in currencies other than the functional currency of the relevant group entities are as follows:

	Liabilities		Assets	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
HK$	**23,981**	63,216	**10,025**	8,835
RMB	**–**	1	**1,392**	21,955

The Group is also exposed to foreign currency risk arising from intercompany balances denominated in currencies other than the functional currencies of the relevant group entities. The sensitivity analysis of the balances is disclosed below.

Sensitivity analysis

The Group is mainly exposed to foreign currency risk of US$, HK$ and RMB (2012: US$, HK$ and RMB).

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis (continued)

The following table details the Group's sensitivity to a 5% increase and decrease in functional currency of the relevant group entities against the relevant foreign currencies by 5%, and vice versa. A positive number below indicates an increase in Group's profit where functional currency strengthens by 5% against foreign currencies. If functional currency weakens by 5% against foreign currencies, there would be an equal and opposite impact on the profit or loss of the Group. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at year end for a 5% change in foreign currency rates. The sensitivity analysis includes intercompany balances where the denomination of the amount is in a currency other than the functional currency of the relevant group entities. On this basis, there will be an increase/decrease in post-tax profit as follow, where the functional currency of the relevant group entities weaken against the foreign currencies by 5%, and vice versa.

	2013 **HK$'000**	2012 HK$'000
Profit or loss	**4,272**	4,100

As set out in Note 27, at the end of the reporting period, the Group had outstanding structured foreign currency forward contracts which also expose the Group to currency fluctuation risks.

For the structured currency forward contracts outstanding at 31 March 2013, if US$ was strengthened against RMB by 5%, the profit for the year ended 31 March 2013 would decrease by approximately HK$28,464,000 (2012: HK$32,266,000); if US$ was weakened against RMB by 5%, the profit for the year ended 31 March 2013 would increase by approximately HK$2,438,000 (2012: HK$5,787,000).

In 2012, the Group had outstanding non-structured foreign currency forward contracts which also exposed the Group to currency risks. The contracts matured prior to 31 March 2013. No sensitivity analysis is presented for the outstanding non-structured foreign currency forward contracts in 2012 as their impact is insignificant.

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rates on its bank balances and floating rate bank borrowings. Most of the Group's bank borrowings carry interest based on HIBOR or LIBOR plus a spread. The management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

In the opinion of the Directors, no sensitivity analysis is prepared for the interest rate risk for variable-rate bank balances since the impact to the Group's results for both years was not significant.

The sensitivity analyses below have been determined based on the exposure to floating rate of bank borrowings at the end of the reporting period. The analysis is prepared assuming the amount of bank borrowings outstanding at the end of the reporting period date was outstanding for the whole year. A 25 basis point (2012: 25) increase or decrease in interest rate is used when reporting interest rate risk internally to key management personnel and represents the management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points (2012: 25) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 March 2013 would decrease/increase by approximately HK$328,000 (2012: HK$202,000)

Credit risk

As at 31 March 2013, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise its credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

At 31 March 2013, the Group had a concentration of credit risk as the top 5 trade debtors accounted for approximately 41% of its total trade debt balance (2012: 51%). In view of this, senior management members regularly visit these customers to understand their business operations and cash flows position. In this regard, management considers that this credit concentration risk has been significantly mitigated.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk

In management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management considers that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

	Weighted average effective interest rate %	On demand or less than 1 month HK$'000	1 to 3 months HK$'000	3 months to 1 year HK$'000	1 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 March 2013 HK$'000
2013							
Non-derivative							
Trade and bills payables	–	38,938	25,602	4,755	–	69,295	69,295
Amounts due to related companies	–	2,063	–	–	–	2,063	2,063
Bank borrowings	2.27	157,178	–	–	–	157,178	157,178
		198,179	25,602	4,755	–	228,536	228,536
Derivative – net settlement							
– structured currency forward contracts	–	(262)	(534)	(1,151)	407	(1,540)	(1,508)

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Weighted average effective interest rate %	On demand or less than 1 month HK$'000	1 to 3 months HK$'000	3 months to 1 year HK$'000	1 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 March 2012 HK$'000
2012							
Non-derivative							
Trade and bills payables	–	27,092	43,713	597	–	71,402	71,402
Other payables	–	3,500	–	–	–	3,500	3,500
Amounts due to related companies	–	15,319	–	–	–	15,319	15,319
Bank borrowings	1.70	96,613	–	–	–	96,613	96,613
		142,524	43,713	597	–	186,834	186,834
Derivative – net settlement							
– structured currency forward contracts	–	(266)	(525)	(1,807)	3,097	499	478
– foreign currency forward contracts	–	–	271	(17)	–	254	254
		(266)	(254)	(1,824)	3,097	753	732

Bank borrowings with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 31 March 2013 and 31 March 2012, the aggregate carrying amounts of these bank borrowings amounted to approximately HK$157,178,000 and HK$96,613,000 respectively. Taking into account the Group's financial position, the Directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The Directors believe that such bank borrowings will be fully repaid in accordance with the scheduled repayment dates set out in the loan agreements, as follows. However, in accordance with *Hong Kong Interpretation 5 Presentation of Financial Statements Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*, all such bank loans have been classified as current liabilities.

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following table discloses the maturity analysis in accordance with scheduled repayment dates set out in facility letters.

	Weighted average effective interest rate %	Less than 1 month HK$'000	1 to 3 months HK$'000	3 months to 1 year HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
2013								
Bank borrowings	**2.27**	**65,997**	**70,788**	**5,696**	**6,307**	**12,171**	**160,959**	**157,178**
2012								
Bank borrowings	1.70	23,014	53,393	4,004	6,128	13,077	99,616	96,613

The amounts included above for variable interest rate instruments are subject to change of interest rates differ to those determined at the end of the reporting dates.

(c) Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of the foreign currency forward contracts were determined by using the Covered Interest Rate Parity Model; and
- the fair values of the structured currency forward contracts are determined based on the Monte Carlo Simulation Method; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

Fair value measurement recognised in the consolidated statement of financial position

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Level 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) on active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

6. FINANCIAL INSTRUMENTS (continued)

(c) Fair value (continued)

	2013			
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Financial assets at FVTPL				
Derivative financial instruments	**–**	**–**	**1,640**	**1,640**
Financial liabilities at FVTPL				
Derivative financial instruments	**–**	**–**	**132**	**132**

	2012			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at FVTPL				
Derivative financial instruments	–	17	1,208	1,225
Financial liabilities at FVTPL				
Derivative financial instruments	–	271	1,686	1,957

There was no transfer between Level 2 and 3 in current and prior years.

Reconciliation of Level 3 fair value measurement of financial assets and financial liabilities

	Structured currency forward contracts HK$'000
At 1 April 2011	856
Premium received on contract dates	(1,552)
Net settlement	(317)
Fair value (loss) gain credited to profit or loss	
– realised	(539)
– unrealised	1,074
At 31 March 2012	(478)
Net settlement	(1,949)
Fair value gain credited to profit or loss	
– realised	2,427
– unrealised	1,508
At 31 March 2013	**1,508**

The total gain of approximately HK$1,508,000 for the year included in profit or loss represent the total fair value gain related to structured currency forward contracts held at the end of the reporting period (2012: HK$1,074,000) that are included in "Other gains and losses".

7. REVENUE

The Group's revenue represents the amounts received and receivables for trading and manufacturing of garment products and provision of quality inspection services, less sales related taxes, returns and allowances. It is analysed as follows:

	2013 HK$'000	2012 HK$'000
Production and sale of garment products	**1,066,826**	903,194
Provision of quality inspection services	**4,336**	6,714
	1,071,162	909,908

8. SEGMENT INFORMATION

At the end of the reporting period, the Group's operating segments based on the 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 mainly trade garment products to the US, Canada, Europe, the PRC, Hong Kong and other locations and provide quality inspection services.

Segment B – This segment includes the other subsidiaries of the Group which mainly manufacture garment products in the PRC, Cambodia, Indonesia and Jordan and trade garment products in the PRC.

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

Year ended 31 March 2013

	Segment A HK$'000	**Segment B HK$'000**	**Segment total HK$'000**	**Eliminations HK$'000**	**Consolidated total HK$'000**
REVENUE					
External sales	**930,314**	**140,848**	**1,071,162**	**–**	**1,071,162**
Inter-segment sales	**–**	**398,845**	**398,845**	**(398,845)**	**–**
Total	**930,314**	**539,693**	**1,470,007**	**(398,845)**	**1,071,162**
RESULTS					
Segment results	**7,077**	**24,301**	**31,378**		**31,378**
Unallocated income					**5,081**
Unallocated expenses					**(15,313)**
Interest expense					**(3,370)**
Profit before tax					**17,776**

8. SEGMENT INFORMATION (continued)

Year ended 31 March 2012

	Segment A HK$'000	Segment B HK$'000	Segment total HK$'000	Eliminations HK$'000	Consolidated total HK$'000
REVENUE					
External sales	827,125	82,783	909,908	–	909,908
Inter-segment sales	–	327,010	327,010	(327,010)	–
Total	827,125	409,793	1,236,918	(327,010)	909,908
RESULTS					
Segment results	16,184	6,161	22,345		22,345
Unallocated income					6,867
Unallocated expenses					(15,686)
Interest expense					(2,429)
Profit before tax					11,097

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

Segment assets and liabilities

At 31 March 2013

	Segment A HK$'000	**Segment B HK$'000**	**Consolidated total HK$'000**
ASSETS			
Segment assets	**184,038**	**302,088**	**486,126**
Unallocated assets			**146,468**
Consolidated total assets			**632,594**
LIABILITIES			
Segment liabilities	**45,943**	**49,242**	**95,185**
Unallocated liabilities			**176,708**
Consolidated total liabilities			**271,893**

8. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

At 31 March 2012

	Segment A HK$'000	Segment B HK$'000	Consolidated total HK$'000
ASSETS			
Segment assets	179,438	279,960	459,398
Unallocated assets			113,747
Consolidated total assets			573,145
LIABILITIES			
Segment liabilities	73,215	46,926	120,141
Unallocated liabilities			112,185
Consolidated total liabilities			232,326

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets other than bank balances and cash, derivative financial instruments, tax recoverable, deferred tax assets and corporate assets are allocated to operating segments; and
- all liabilities other than current and deferred tax liabilities, derivative financial instruments, bank borrowings and corporate liabilities are allocated to operating segments.

Other segment information

At 31 March 2013

	Segment A HK$'000	**Segment B HK$'000**	**Segment total HK$'000**	**Unallocated HK$'000**	**Consolidated total HK$'000**
Amounts included in the measure of segment profit or loss or segment assets:					
Addition to non-current assets (note)	**7,231**	**39,332**	**46,563**	**–**	**46,563**
Depreciation	**3,704**	**14,971**	**18,675**	**–**	**18,675**
Release of prepaid lease payment	**–**	**99**	**99**	**–**	**99**
Write-down of inventories	**1,600**	**–**	**1,600**	**–**	**1,600**

8. SEGMENT INFORMATION (continued)

Other segment information (continued)

At 31 March 2012

	Segment A HK$'000	Segment B HK$'000	Segment total HK$'000	Unallocated HK$'000	Consolidated total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Addition to non-current assets (note)	2,360	41,467	43,827	9	43,836
Depreciation	3,350	10,837	14,187	240	14,427
Release of prepaid lease payment	–	97	97	–	97
Write-down of inventories	–	1,564	1,564	–	1,564

note: Amounts include additions to property, plant and equipment.

No other amounts are regularly provided to the chief operating decision makers but not included in the measure of segment profit or loss or segment assets.

Geographical information

The Group's operations are mainly located in Hong Kong, the PRC and the USA.

The Group's revenue from external customers by location of customers and information about its non-current assets (excluding deferred tax assets) by geographic location of the assets are detailed below:

	Revenue from external customers		Non-current assets	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Hong Kong	**2,126**	2,428	**32,417**	34,217
PRC	**107,785**	91,292	**95,750**	82,088
USA	**724,224**	576,807	**103**	2
Canada	**85,109**	99,837	**–**	–
Europe	**88,873**	103,713	**–**	–
Cambodia	**2,085**	4,234	**23,071**	9,758
Indonesia	**659**	–	**4,802**	7,644
Jordan	**30,274**	–	**10,685**	12,780
Others	**30,027**	31,597	**430**	431
	1,071,162	909,908	**167,258**	146,920

8. SEGMENT INFORMATION (continued)

Information about major customers

Revenue from customers contributing to over 10% of the Group's total annual revenue are as follows:

	2013 HK$'000	2012 HK$'000
Customer A	182,010	175,024
Customer B	134,109	147,287

note: Revenue from the above customers all fall under Segment A.

Information about products and services

The Group's revenue represents sale of garment products and provision of quality inspection services (see Note 7 for details).

9. OTHER GAINS AND LOSSES

	2013 HK$'000	2012 HK$'000
Net gain on fair value changes of derivative financial instruments	3,935	281
Net loss on disposal of property, plant and equipment	(356)	(158)
Net foreign exchange gains	467	5,239
	4,046	5,362

10. INCOME TAX EXPENSE

	2013 HK$'000	2012 HK$'000
The tax charge comprises:		
Current tax:		
Hong Kong Profits Tax		
– current year	**3,988**	1,905
– underprovision in respect of prior years	**36**	39
	4,024	1,944
Enterprise income tax ("EIT") in the PRC attributable to subsidiaries	**5,563**	1,383
Overseas income tax		
– current year	**258**	–
– underprovision in respect of prior years	**–**	86
	258	86
Deferred taxation (Note 29)	**662**	(36)
	10,507	3,377

Hong Kong

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

PRC

The Group's PRC subsidiaries are subject to PRC EIT at the statutory tax rate of 25% for both years.

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 the rates prevailing in the respective jurisdictions.

10. INCOME TAX EXPENSE (continued)

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of comprehensive income as follows:

	2013 HK$'000	2012 HK$'000
Profit before tax	**17,776**	11,097
Tax at the domestic income tax rate of 16.5%	**2,933**	1,831
Tax effect of expenses that are not deductible for tax purpose	**4,275**	3,226
Tax effect of income not taxable for tax purpose	**(593)**	(262)
Tax effect of utilisation of tax losses previously not recognised	**(238)**	(940)
Tax effect of tax losses not recognised	**2,804**	688
Income tax on tax exemption	**–**	(1,101)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**566**	(332)
Underprovision in respect of prior years	**36**	125
Deferred tax relating to dividend withholding tax	**724**	142
Tax charge for the year	**10,507**	3,377

Details of deferred taxation are set out in Note 29.

11. PROFIT FOR THE YEAR

	2013 HK$'000	2012 HK$'000
Profit for the year has been arrived at after charging:		
Directors' remuneration (note (i))	**4,367**	4,214
Other staff costs	**168,031**	122,442
Total staff costs	**172,398**	126,656
Auditor's remuneration	**1,371**	1,276
Depreciation of property, plant and equipment	**18,675**	14,427
Release of prepaid lease payments	**99**	97
Write-down of inventories (included in cost of sales)	**1,600**	1,564
Interest on bank borrowings:		
– wholly repayable within five years	**2,887**	1,918
– not wholly repayable within five years, which contain a repayment on demand clause	**483**	511
	3,370	2,429
and after crediting:		
Bank interest income (included in other income)	**656**	830

Included in the other staff costs is an aggregate amount of approximately HK$7,792,000 and HK$441,000 (2012: HK$5,444,000 and HK$302,000) in respect of defined contribution pension scheme and defined benefit obligation made by the Group (Note 30).

11. PROFIT FOR THE YEAR (continued)

The cost of inventories recognised as an expense approximates the cost of sales as disclosed in the consolidated statement of comprehensive income for both years.

notes:

(i) Information regarding Directors' and employees' emoluments

Directors

The emoluments paid or payable to each of the nine Directors were as follows:

	Choi Lin Hung HK$'000 (note)	Lau Kwok Wa, Stanley HK$'000	Ng Tze On HK$'000	Chen Tien Tui HK$'000	Li Ming Hung HK$'000	Lau Chi Kit HK$'000	Mak Chi Yan HK$'000	Wong Wai Kit, Louis HK$'000	Yuen Kin Kei HK$'000	Total HK$'000
2013										
Fees	**1,170**	**711**	**226**	**–**	**–**	**180**	**180**	**180**	**180**	**2,827**
Salaries and other benefits	**1,170**	**59**	**270**	**–**	**–**	**–**	**–**	**–**	**–**	**1,499**
Contribution to retirement benefits scheme	**15**	**15**	**11**	**–**	**–**	**–**	**–**	**–**	**–**	**41**
Total emoluments	**2,355**	**785**	**507**	**–**	**–**	**180**	**180**	**180**	**180**	**4,367**
2012										
Fees	990	652	346	–	–	180	180	180	180	2,708
Salaries and other benefits	1,120	84	267	–	–	–	–	–	–	1,471
Contribution to retirement benefits scheme	12	12	11	–	–	–	–	–	–	35
Total emoluments	2,122	748	624	–	–	180	180	180	180	4,214

note: Choi Lin Hung is the chief executive officer of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive officer.

Employees

The five highest paid individuals of the Group for both years included two (2012: two) Directors, details of whose emoluments are set out above. The emoluments of the remaining three (2012: three) individuals of the Group, not being Directors, are as follows:

	2013 HK$'000	2012 HK$'000
Salaries and other benefits	**3,809**	3,091
Contributions to retirement benefits scheme	**43**	36
Equity-settled share-based payment expense	**10,833**	9,931
	14,685	13,058

Their emoluments were within the following bands:

	2013	2012
HK$nil to HK$1,000,000	**2**	2
HK$11,000,001 to HK$11,500,000	**–**	1
HK$12,500,001 to HK$13,000,000	**1**	–

During each of the two years ended 31 March 2013, (i) no emoluments were paid by the Group to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office and (ii) none of the Directors waived any emoluments.

12. DISTRIBUTIONS

No final dividend was paid or proposed for the year ended 31 March 2013, nor has any dividend been proposed since the end of the reporting period (2012: Nil). An interim dividend of HK1.0 cent per ordinary share amounting to HK$4,380,000 was paid to the Shareholders for the year ended 31 March 2012.

13. EARNINGS PER SHARE

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

	2013 **HK$'000**	2012 HK$'000
Earnings		
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	**11,178**	7,256
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**438,005,129**	438,000,000
Effect of dilutive potential ordinary shares in respect of share options	**15,782,715**	19,019,155
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**453,787,844**	457,019,155

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Total HK$'000
COST						
At 1 April 2011	65,905	18,779	17,059	5,575	70,445	177,763
Exchange realignment	1,341	447	313	55	1,257	3,413
Additions	13,671	9,117	3,299	1,808	5,715	33,610
Acquired on acquisition of subsidiaries (Note 32)	–	68	197	621	9,340	10,226
Disposals	–	(1,546)	(1,763)	(1,245)	(13,221)	(17,775)
At 31 March 2012	80,917	26,865	19,105	6,814	73,536	207,237
Exchange realignment	426	94	60	8	212	800
Additions	27,430	4,273	9,972	936	3,952	46,563
Disposals	(5,566)	(91)	(60)	(764)	(5,253)	(11,734)
At 31 March 2013	**103,207**	**31,141**	**29,077**	**6,994**	**72,447**	**242,866**
DEPRECIATION						
At 1 April 2011	4,764	12,600	9,627	2,639	42,820	72,450
Exchange realignment	76	197	195	38	645	1,151
Provided for the year	2,850	2,484	2,392	1,034	5,667	14,427
Eliminated on disposals	–	(1,509)	(1,403)	(1,045)	(13,139)	(17,096)
At 31 March 2012	7,690	13,772	10,811	2,666	35,993	70,932
Exchange realignment	36	49	47	6	129	267
Provided for the year	3,531	3,451	2,783	1,196	7,714	18,675
Eliminated on disposals	(167)	(75)	(40)	(608)	(2,837)	(3,727)
At 31 March 2013	**11,090**	**17,197**	**13,601**	**3,260**	**40,999**	**86,147**
CARRYING VALUE						
At 31 March 2013	**92,117**	**13,944**	**15,476**	**3,734**	**31,448**	**156,719**
At 31 March 2012	73,227	13,093	8,294	4,148	37,543	136,305

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Taking into account the residual values, the above items of property, plant and equipment are depreciated using the straight-line method at the following rates per annum:

Leasehold land and buildings	4% per annum or over the shorter of the term of the lease
Furniture, fixtures and equipment	15%–25%
Leasehold improvements	5 to 10 years or over the term of the relevant leases, if shorter
Motor vehicles	20%
Plant and machinery	$6^2/_3$%–25%

The Group's leasehold land and buildings comprise:

	2013 **HK$'000**	2012 HK$'000
Buildings and leasehold land with medium-term lease located in:		
– Hong Kong	**26,702**	27,717
– the PRC	**63,124**	42,994
– Jordan	**2,291**	2,516
	92,117	73,227

15. PREPAID LEASE PAYMENTS

	2013 **HK$'000**	2012 HK$'000
Prepaid lease payments comprise:		
Leasehold land in the PRC:		
Medium-term lease	**3,668**	3,744
Analysed for reporting purposes as:		
Current asset	**99**	99
Non-current asset	**3,569**	3,645
	3,668	3,744

16. GOODWILL

	HK$'000
COST	
At 1 April 2011	5,541
Arising on acquisition of subsidiaries (Note 32)	429
At 31 March 2012 and 31 March 2013	**5,970**

As explained in Note 8, the Group has two operating segments. For the purposes of impairment testing, goodwill was allocated to a group of CGUs, which are included in the production and sale of garment products segment (i.e. segment B in Note 8). The segment represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount of these units have been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and a discount rate of 10% (2012: 10%). The cash flows beyond the 5-year period are extrapolated using zero growth rate (2012: zero growth rate). The key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. The management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount to exceed the recoverable amount.

17. INTANGIBLE ASSET

	HK$'000
COST	
At 1 April 2011, 31 March 2012 and 31 March 2013	**1,000**

The intangible asset represents a trademark acquired for segment A in Note 8. While the trademark has a registered life of 7 years, the Directors are of the opinion that it can be renewed at minimal cost upon expiration of its registration and practically has indefinite useful life. Accordingly, no amortisation is provided on the trademark while impairment testing will be performed at least annually.

The trademark has been allocated to a CGU, which is included in the sale of garment products segment (i.e. segment A in Note 8). During the year ended 31 March 2013 and the year ended 31 March 2012, the management determine that there is no impairment of trademark.

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and a discount rate of 10% (2012: 10%). The cash flows beyond the 5-year period are extrapolated using zero growth rate (2012: zero growth rate). This growth rate is based on the management forecast. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. The management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount to exceed the recoverable amount.

18. INTEREST IN A JOINTLY CONTROLLED ENTITY

	2013 HK$'000	2012 HK$'000
Cost of unlisted investment in a jointly controlled entity	1,340	1,340
Share of post-acquisition loss	(1,340)	(1,340)
	–	–

As at 31 March 2013 and 31 March 2012, the Group had interest in the following jointly controlled entity:

Name of entity	Form of business structure	Place of incorporation	Principal place of operation	Proportion of nominal value of issued capital held by the Group	Principal activity
Gojifashion Inc.	Incorporation	Canada	Canada	50%	Inactive

The jointly controlled entity is inactive and has insignificant assets and liabilities. The Group has discontinued recognition of its share of losses of the jointly controlled entity. The amounts of income, expenses and unrecognised share of the jointly controlled entity, both for the year and cumulatively, are insignificant.

19. INVENTORIES

	2013 HK$'000	2012 HK$'000
Raw materials	73,309	65,669
Work in progress	40,206	43,451
Finished goods	19,050	23,215
	132,565	132,335

20. TRADE AND BILLS RECEIVABLES

	2013 HK$'000	2012 HK$'000
Trade and bills receivables	131,778	111,658
Less: Allowance for doubtful debts	(878)	(878)
	130,900	110,780

The Group allows its trade customers a credit period of 30 to 150 days.

20. TRADE AND BILLS RECEIVABLES (continued)

The following is an aged analysis of trade and bills receivables (net of allowance for doubtful debts), presented based on the invoice date at the end of each reporting period:

	2013 HK$'000	2012 HK$'000
0-30 days	63,981	73,189
31-60 days	34,890	22,575
61-90 days	10,622	3,846
91-120 days	17,828	8,910
Over 120 days	3,579	2,260
	130,900	110,780

The Group's trade and bills receivables that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2013 HK$'000	2012 HK$'000
HK$	423	182
RMB	–	596

Before accepting any new customer, the Group assesses and understands the potential customer's credit quality. The management reviews each customers credit quality regularly. All trade receivables that are neither past due nor impaired have good credit quality after taking into account the repayment history of the trade customers. The Group has not identified any credit risk on these trade receivables.

Included in the Group's trade receivable balance are debtors that were outstanding for more than 120 days with an aggregate carrying amount of approximately HK$3,579,000 (2012: HK$2,260,000) which were past due at the reporting date but for which the Group has not provided for impairment loss.

The Group did not hold any collateral against the above amounts. However, management believes that these amounts are still recoverable because there has not been an adverse change in the relevant entities' credit quality. The Group has assessed the credit quality of the trade receivables by using internal assessment, taking into account the repayment history and financial background of the trade customers and has not identified any credit risk on these trade receivables.

The Group has provided fully for all receivables over 365 days because historical experience is such that receivables that are past due beyond 365 days are generally not recoverable.

Movement in the allowance for doubtful debts

	2013 HK$'000	2012 HK$'000
Balance at beginning of the year	878	848
Exchange difference	–	30
Balance at end of the year	878	878

The impairment losses recognised were related to customers that were in financial difficulties.

20. TRADE AND BILLS RECEIVABLES (continued)

Transfer of financial assets

The following were the Group's bills receivables as at 31 March 2013 that were transferred to banks by discounting those bills receivables on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these bills receivables, it continues to recognise the full carrying amount of the bills receivables and has recognised the cash received on the transfer as an unsecured borrowing (see Note 26). These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

	2013 HK$'000	2012 HK$'000
Carry amount of bills receivables	**1,198**	783
Carry amount of associated liabilities	**(1,198)**	(783)

During the year ended 31 March 2013, the Group discounted bills receivables with recourse in an aggregate amount of approximately HK$26,260,000 (2012: HK$783,000) to banks for short term financing. In the opinion of the Directors, the receipts from the bills discounting are in substance from trade customers and are presented as operating cash flow in the consolidated statement of cash flows.

21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2013 HK$'000	2012 HK$'000
Deposits paid for purchases of raw materials and garment products	**36,869**	55,308
Other deposits and prepayments	**12,676**	8,924
Others	**5,795**	7,766
	55,340	71,998

22. AMOUNTS DUE TO RELATED COMPANIES

Details of the balances with related companies are as follows:

	2013 HK$'000	2012 HK$'000
Amounts due to fellow subsidiaries	**2,063**	15,113
Amount due to ultimate holding company	**–**	206
	2,063	15,319

All the above balances are trade in nature. They are unsecured, interest-free and repayable on demand.

An aged analysis of the amounts due to related companies at the end of each reporting period, presented based on the invoice date is as follows:

	2013 HK$'000	2012 HK$'000
0-30 days	**2,063**	8,342
31-60 days	**–**	2,979
61-90 days	**–**	3,998
	2,063	15,319

22. AMOUNTS DUE TO RELATED COMPANIES (continued)

The amounts due to related companies that are denominated in a currency other than the functional currency of the relevant group entities are as follows:

	2013 **HK$'000**	2012 HK$'000
HK$		
Amounts due to fellow subsidiaries	**2,061**	9,988
Amount due to ultimate holding company	**–**	206
	2,061	10,194

23. BANK BALANCES AND CASH

These represent bank balances, cash and short-term bank deposits with original maturity less than three months held by the Group. Bank balances carry interest at market rates ranging from 0.001% to 2.65% (2012: from 0.001% to 2.65%) per annum.

The Group's bank balances and cash that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2013 **HK$'000**	2012 HK$'000
HK$	**9,496**	8,653
RMB	**201**	21,359

24. TRADE AND BILLS PAYABLES

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

	2013 **HK$'000**	2012 HK$'000
0-60 days	**61,471**	63,392
61-90 days	**6,108**	3,683
Over 90 days	**1,716**	4,327
	69,295	71,402

The average credit period for purchase of goods is 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit periods granted.

The Group's trade and bills payables that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2013 **HK$'000**	2012 HK$'000
HK$	**4,114**	8,136
RMB	**–**	1

25. OTHER PAYABLES AND ACCRUALS

	2013 HK$'000	2012 HK$'000
Accruals for operating expenses	**23,257**	32,329
Consideration payable for acquisition of subsidiaries	**–**	3,500
	23,257	35,829

26. BANK BORROWINGS

	2013 HK$'000	2012 HK$'000
Import loans and trust receipts loans	**35,191**	39,286
Export loans	**104,157**	21,222
Mortgage loan	**16,632**	17,929
Bank loan	**–**	17,393
Advances drawn on bills receivables discounted with recourse	**1,198**	783
	157,178	96,613
Analysed as:		
– secured	**16,632**	17,929
– unsecured	**140,546**	78,684
	157,178	96,613
Carrying amount of bank loans that contain a repayable on demand clause and repayable*:		
Within one year	**141,885**	79,977
In more than one year but not more than two years	**1,375**	1,331
In more than two years but not more than three years	**1,412**	1,369
In more than three years but not more than four years	**1,452**	1,407
In more than four years but not more than five years	**1,492**	1,449
In more than five years	**9,562**	11,080
Total (shown under current liabilities)	**157,178**	96,613

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

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 (2012: 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 1.45% to 2.80% per annum (2012: 1.45% to 2.95% per annum).

26. BANK BORROWINGS (continued)

The Group's bank borrowings that are denominated in a currency other than the functional currency of the relevant group entities are set out below:

	2013 HK$'000	2012 HK$'000
HK$	**17,806**	41,114

27. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives settled in net (not under hedge accounting):

		Assets		Liabilities	
	notes	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Structured currency forward contracts	(i)	**1,640**	1,208	**132**	1,686
Foreign currency forward contract	(ii)	**–**	17	**–**	–
Foreign currency forward contract	(iii)	**–**	–	**–**	271
		1,640	1,225	**132**	1,957

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 31 March 2013, the maximum aggregate notional amount of the outstanding structured currency forward contracts for the calculation of the monthly net-settled amounts is US$5,000,000 (2012: US$6,000,000), of which US$3,000,000 (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 6.520 (2012: 6.335 to 6.630). The maturity dates of these contracts range from 15 August 2014 to 12 December 2014 (2012: 15 May 2013 to 12 December 2014) subject to knockout provision.

(ii) The Group entered into a US$/Euro Dollar ("EURO") foreign currency forward contract on 27 February 2012 which required the Group to sell EURO and to buy US$ at an exchange rate of 1.340: 1. As at 31 March 2012, the notional amount of the outstanding foreign currency forward contract was EURO240,000. The contract matured prior to 31 March 2013.

(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 31 March 2013.

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

28. SHARE CAPITAL

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
As at 1 April 2011, 31 March 2012 and 31 March 2013	**900,000,000**	**9,000**
Issued and fully paid:		
As at 1 April 2011 and 31 March 2012	438,000,000	4,380
Exercise of share options	120,000	1
As at 31 March 2013	**438,120,000**	**4,381**

The new Shares rank pari passu with the then existing Shares in all respects.

29. DEFERRED TAXATION

The following is the analysis of the deferred tax balances for financial reporting purpose:

	2013 HK$'000	2012 HK$'000
Deferred tax assets	**1,835**	1,899
Deferred tax liabilities	**(2,192)**	(1,586)
	(357)	313

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

	Accelerated tax and accounting depreciation HK$'000	**Tax losses** HK$'000	**Dividend withholding tax** HK$'000	**Others** HK$'000	**Total** HK$'000
At 1 April 2011	734	300	(966)	216	284
(Charge) credit to profit or loss	21	(300)	(142)	457	36
Exchange difference	–	–	(7)	–	(7)
At 31 March 2012	755	–	(1,115)	673	313
(Charge) credit to profit or loss	331	–	(724)	(269)	(662)
Exchange difference	–	–	(8)	–	(8)
At 31 March 2013	**1,086**	**–**	**(1,847)**	**404**	**(357)**

29. DEFERRED TAXATION (continued)

At the end of the reporting period, the Group had unused tax losses of approximately HK$22,322,000 (2012: HK$6,768,000) available for offset against future profits. Losses of approximately HK$18,629,000 expired during the year ended 31 March 2012. No deferred tax asset has been recognised in relation to such losses due to the unpredictability of future profit streams (2012: Nil). The remaining unused tax losses may be carried forward indefinitely.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has been fully provided for in respect of the undistributed profits from these PRC subsidiaries in the consolidated financial statements.

30. RETIREMENT BENEFIT PLANS

(i) Defined contribution plan

The Group has operated a defined contribution retirement benefit scheme for all qualifying employees in Hong Kong since 1 April 1995. The assets of the scheme are held separately from those of the Group in a provident fund managed by an independent trustee. The retirement benefits scheme contributions represent contributions payable to the fund by the Group at rates specified in the rules of the scheme. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions. According to the Mandatory Provident Fund ("MPF") legislation regulated by the Mandatory Provident Fund Schemes Authority in Hong Kong, with effect from 1 December 2000, the Group is also required to participate in an MPF scheme operated by approved trustees in Hong Kong and to make contributions for its eligible employees. The contributions borne by the Group are calculated at 5% of the salaries and wages (monthly contribution is limited to 5% of HK$25,000 (HK$20,000 prior to 1 June 2012) for each eligible employee) as calculated under the MPF legislation.

Both the defined contribution retirement benefits scheme and the MPF scheme co-existed within the Group in both years.

As at 31 March 2013 and 2012, there were no forfeited contributions available to offset future employers' contributions to the scheme.

The Company's subsidiaries in the PRC are members of the state-managed retirement benefits scheme operated by the government of the PRC. The retirement scheme contributions, which are based on certain percentage of the salaries of the relevant subsidiaries' employees, are charged to the statement of comprehensive income in the period to which they relate and represent the amount of contributions payable by these subsidiaries to the scheme.

In addition, certain overseas subsidiaries of the Company are required to contribute amounts based on employees' salaries to the retirement benefit schemes as stipulated by relevant local authorities. The employees are entitled to these subsidiaries' contributions subject to the regulations of the relevant local authorities.

(ii) Defined benefit plan

A subsidiary of the Company in Indonesia operates an unfunded defined benefit plan (the "Plan") for qualifying employees who were recruited by the subsidiary. Under the Plan, the employees are entitled to retirement benefits varying between nil and 100 per cent of final salary on attainment of a retirement age of 55. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 31 March 2013 by Padma Radya Aktuaria, Fellow of the Society of Actuaries of Indonesia. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

30. RETIREMENT BENEFIT PLANS (continued)

(ii) Defined benefit plan (continued)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2013	2012
Discount rate	**5.50%**	6.00%
Expected rate of salary increase	**8.00%**	3.00%
Mortality rate (note)	**Indonesia Mortality Table 2011 ("TMI3")**	Indonesia Mortality Table 1999 ("TMI2")
Morbidity rate	**5% TMI3**	5% TMI2
Early resignation rate	**15% up to age 30, reducing to 0% at age 55**	15% up to age 30, reducing to 0% at age 55

note: The TMI2 and TMI3 are issued by the Insurance Council of Indonesia.

Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

	2013 HK$'000	2012 HK$'000
Current service cost	**362**	234
Interest on obligations	**79**	68
Actuarial gains recognised	**(42)**	–
Total	**399**	302

The charge for the year is included in the employee benefit expenses in the profit or loss.

The amount included in the consolidated statement of financial position arising from the Group's obligations in respect of the Plan is as follows:

	2013 HK$'000	2012 HK$'000
Present value of unfunded defined benefit obligations	**1,841**	721
Net actuarial (losses) gains not recognised	**(425)**	420
Net liability arising from defined benefit obligations	**1,416**	1,141

30. RETIREMENT BENEFIT PLANS (continued)

(ii) Defined benefit plan (continued)

Movements in the present value of the unfunded defined benefit obligations in the current year were as follows:

	2013	2012
	HK$'000	HK$'000
At 1 April	**721**	889
Current service cost	**362**	234
Interest cost	**79**	68
Actuarial losses (gains)	**779**	(443)
Exchange differences on foreign plans	**(44)**	(27)
Benefits paid	**(56)**	–
At 31 March	**1,841**	721

31. SHARE-BASED PAYMENT TRANSACTIONS

Share Option Scheme of the Company

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 Employees. The Share Option Scheme will remain in force for a period of ten years from the date of its adoption.

The maximum number of Shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the issued share capital of the Company from time to time. The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue on the date of the adoption of the Share Option Scheme. Such 10% limit may be refreshed, subject to specific approval by the Shareholders from time to time with reference to the issued share capital of the Company for the time being. Subject to specific approval by the Shareholders, the total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

Options granted must be taken up within 21 days from the date of grant, upon payment of HK$1 per grant of option(s). Options may, subject to the black-out periods under the Model Code, generally be exercised at any time from the date of grant to the 10th anniversary of the date of grant. In each grant of options, the Board may at its discretion determine the specific exercise period and exercise price. The exercise price shall not be less than the highest of (i) the closing price of Shares on the Stock Exchange on the date of the offer of grant; (ii) the average closing price of Shares on the Stock Exchange for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of a Share.

31. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Share Option Scheme of the Company (continued)

The following table discloses movements in the Company's share options during the current and prior years:

					Number of share options										
Category	Grant date	Vesting period	Exercise price HK$	Exercisable period	Outstanding at 1.4.2011	Granted during the year	Cancelled during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.3.2012	Granted during the year	Cancelled during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.3.2013
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	-	-	-	-	**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	-	-	-	-	**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	-	-	-	-	**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	-	-	-	-	**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	-	-	-	(700,000)	8,850,000	-	-	(120,000)	(650,000)	**8,080,000**
	27.4.2011	27.4.2011-26.4.2013	0.844	27.4.2013-26.4.2016	-	5,920,000	-	-	(455,000)	5,465,000	-	-	-	(385,000)	**5,080,000**
					41,250,000	42,920,000	-	-	(1,155,000)	83,015,000	-	-	(120,000)	(1,035,000)	**81,860,000**
Exercisable at the end of the year					-					-					**39,780,000**

notes:

(i) The grant of the share options to Mr. Ng Tsze Lun, which exceeded the individual limit as set out in note to Rule 17.03(4) of the Listing Rules, was approved by Shareholders in a special general meeting of 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 (Chapter 57 of the laws of Hong Kong).

(iii) In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK$0.788.

(iv) On 2 June 2010, the Company granted 41,900,000 share options to Eligible Employees. This grant was conditional upon the listing of the Company's shares on the Stock Exchange and the Eligible Employees remaining employed by the Group. Subsequent to the grant, on 5 October 2010, the Company and all the Eligible Employees have agreed to impose a vesting period of two years and to revise the exercisable period of the options granted (the "Modification"). As the Modification increased the vesting period and was not beneficial to Eligible Employees, the Company only considered the vesting conditions imposed on grant date in determining the time period as to when the awards should be expensed in profit or loss (i.e. the share options were considered fully vested to Eligible Employees upon listing for accounting purpose).

31. SHARE-BASED PAYMENT TRANSACTIONS (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 average closing price of the Company's Shares for the five trading days immediately before the date of the offer of grant was HK$0.844 and the closing price of the Company's Shares immediately before the date of grant was HK$1.10 and on the date of the offer of grant was HK$0.81. These options have a vesting period of two 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 using the Binomial Model. The variables and assumptions used in computing the fair value of the options are based on the Director's best estimate. The value of a share option varies with different variables of certain subjective assumptions.

The following assumptions were used to calculate the fair values of the share options:

	Date of Grant 27.4.2011
Share price at date of grant	HK$1.13
Exercise price	HK$0.844
Suboptimal exercise factor	1.8
Expected volatility	64%
Expected life	5 years
Expected dividend yield	2%
Risk free rate	1.74%

The fair value of the grant was approximately HK$24,600,000. The Group recognised a share-based payment expense of approximately HK$12,060,000 for the year ended 31 March 2013 with reference to the vesting period (2012: HK$11,156,000).

32. ACQUISITION OF SUBSIDIARIES

On 21 March 2012, the Group completed its acquisition of the entire equity interest in Global Trend, an investment holding company, from certain independent third parties (the "Acquisition").

Global Trend owns the entire equity interest in Jerash which is a company incorporated in Jordan and engaged in the manufacture of garment products.

In the opinion of the Directors, the Acquisition provides the Group an opportunity to expand its production capacity.

Details of the consideration transferred, assets acquired and liabilities assumed in respect of the Acquisition are as follows:

	notes	**HK$'000**
Consideration transferred		
Cash consideration		7,500
Fair value of assets and liabilities recognised at the date of Acquisition		
Non-current asset		
Property, plant and equipment		10,226
Current assets		
Inventory		74
Bank balance and cash		2,293
Trade receivables	(i)	6,038
Deposits, prepayments and other receivables		4,166
Current liabilities		
Amount due to the Group		(11,687)
Trade payables		(1,869)
Other payables and accruals		(2,170)
		7,071
Goodwill arising on Acquisition	(ii)	429

32. ACQUISITION OF SUBSIDIARIES (continued)

Net cash outflow arising on Acquisition

	2013 HK$'000	2012 HK$'000
Cash consideration paid	**3,500**	4,000
Less: Cash and cash equivalents acquired	**–**	(2,293)
	3,500	1,707

notes:

(i) The fair value of the trade receivables approximate to their carrying value as the contracted gross cash flows are expected to be fully collectible.

(ii) The goodwill is attributable to the potential benefits to be derived from an additional offshore manufacturing outlet.

(iii) The revenue and loss for the year ended 31 March 2012 attributable to Global Trend and its subsidiary are neglectable. Had the Acquisition been effected on 1 April 2011, the revenue of the Group for the year would have been approximately HK$934,389,000, and the loss for the year would have been approximately HK$1,500,000. This pro forma information is for illustration purpose only and is not necessarily an indication of the Group's revenue and results of operations that would actually have been achieved had the Acquisition been completed on 1 April 2011, nor is intended to be a projection of future results. In determining the above pro forma revenue and results of the Group, the Directors calculated depreciation of property, plant and equipment based of the recognised amounts of property, plant and equipment at the date of the Acquisition.

(iv) Acquisition-related costs of approximately HK$19,000 were excluded from the cost of acquisition and were recognised directly as an expense in the year ended 31 March 2012 and included in the "administrative expenses" line item in the consolidated statement of comprehensive income.

33. PLEDGE OF ASSETS

The Group has pledged property, plant and equipment with carrying amount of approximately HK$26,702,000 (2012: HK$27,717,000) to secure credit facilities granted to the Group.

34. COMMITMENTS

(i) Capital commitments

	2013 **HK$'000**	2012 HK$'000
Capital expenditure contracted for but not provided in the consolidated statement of financial position in respect of:		
– Acquisition of property, plant and equipment	**–**	668

(ii) Operating lease commitments

The Group as lessee

	2013 **HK$'000**	2012 HK$'000
Minimum lease payments paid under operating leases in respect of premises and warehouses during the year	**9,118**	5,825

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises and warehouses which fall due as follows:

	2013 **HK$'000**	2012 HK$'000
Within one year	**10,763**	5,438
In the second to fifth year inclusive	**12,780**	13,484
	23,543	18,922

Leases are negotiated for terms ranging from one to five years and rental is fixed throughout the lease period.

35. CONDENSED STATEMENT OF FINANCIAL POSITION OF THE COMPANY

The following is a condensed statement of financial position of the Company as at 31 March 2013 and 31 March 2012:

	2013	2012
	HK$'000	HK$'000
ASSETS		
Investment in a subsidiary, unlisted	**89,405**	89,405
Amounts due from a subsidiary	**88,119**	83,583
Tax recoverable	**–**	1,500
Others	**572**	850
	178,096	175,338
LIABILITIES		
Tax payable	**59**	–
Other payables	**847**	–
	906	–
	177,190	175,338
CAPITAL AND RESERVES		
Share capital	**4,381**	4,380
Reserves (note a)	**172,809**	170,958
	177,190	175,338

35. CONDENSED STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

note:

(a) Reserves

	Share premium and other reserves (note (b)) HK$'000	Accumulated profits (loss) HK$'000	Total HK$'000
At 31 March 2011	157,083	(10,207)	146,876
Profit for the year	–	17,306	17,306
Dividend paid in cash	–	(4,380)	(4,380)
Recognition of equity-settled share-based payments	11,156	–	11,156
Release of equity-settled share-based payments upon cancellation of options	(137)	137	–
At 31 March 2012	168,102	2,856	170,958
Loss for the year	–	(10,281)	(10,281)
Exercise of share options	72	–	72
Recognition of equity-settled share-based payments	12,060	–	12,060
Release of equity-settled share-based payments upon cancellation of options	(228)	228	–
At 31 March 2013	**180,006**	**(7,197)**	**172,809**

(b) Other reserves consist of share option reserve and contributed surplus of the Company.

36. RELATED PARTY DISCLOSURES

(i) Transactions

The Group had the following transactions with related parties:

	notes	**2013 HK$'000**	2012 HK$'000
VC Group			
Purchase of fabrics	(a)	**79,889**	101,657
Purchase of yarn	(a)	**753**	4,458
Utility expenses paid		**3,713**	4,131
Rental income received		**489**	483
Other related party			
Purchase of apparel	(b)	**94,856**	75,385

36. RELATED PARTY DISCLOSURES (continued)

(i) Transactions (continued)

notes:

(a) During the year, the Group purchased fabrics and yarn from the VC Group. As at 31 March 2013, the Group also placed an amount of approximately HK$20,400,000 (2012: HK$38,188,000) at the VC Group as a purchase deposit.

(b) During the year, the Group purchased apparel from Kimberley. As at 31 March 2013, the Group also placed an amount of approximately HK$11,877,000 (2012: HK$13,276,000) at Kimberley as a purchase deposit.

Kimberley is controlled by a Director and is deemed to be a connected person to the Group under the Listing Rules.

In addition, the VC Group has leased certain land from, and provided waste water treatment services to the Group at no cost, as set out in the section headed "Exempted continuing connected transactions" in the prospectus published by the Company dated 17 September 2010.

(ii) Balances

Details of balances with the VC Group are set out in Note 22.

(iii) Compensation of key management personnel

The Directors and the employees of the Group included in the five highest paid individuals (Note 11) are identified as key management members of the Group. Their compensation during both years are set out in Note 11.

No Directors' emoluments were paid or payable by the Group to certain Directors during the year ended 31 March 2013 as they are also directors of the VC Group and the remuneration of these Directors was mainly borne by the VC Group. It is not practicable to allocate the Director's entitlements among the services to individual companies. The relevant Directors are of the opinion that the services provided to the Group only occupy an insignificant amount of their time as they mainly involve in strategy formulation and overall direction of the Group during the year ended 31 March 2013 and therefore it is concluded that they are not remunerated.

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 March 2013 and 2012 are as follows:

Name of subsidiary	Place of incorporation or registration/ operation	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company Directly 2013 %	Directly 2012 %	Indirectly 2013 %	Indirectly 2012 %	Principal activities
Ford Glory Holdings Limited	BVI	Ordinary US$100	**100**	100	**–**	–	Investment holding
Ford Glory Inc.	USA	Ordinary US$0.01	**–**	–	**51**	–	Trading of garment products
Ford Glory International Limited	Hong Kong ("HK")	Ordinary HK$5,000,000	**–**	–	**100**	100	Trading of garment products
Global Trend Investments Limited (note i)	BVI	Ordinary US$1,100,000	**–**	–	**100**	100	Investment holding
Glory Time Limited	HK	Ordinary HK$100	**–**	–	**70**	70	Trading of garment products
Jerash Garments and Fashions Manufacturing Company Limited (note i)	Jordan	Ordinary JD50,000	**–**	–	**100**	100	Manufacture of garment products
Major Time Limited	HK	Ordinary HK$1	**–**	–	**51**	–	Trading of garment products and accessories
Mayer Apparel Limited	HK	Ordinary HK$100	**–**	–	**51**	51	Trading of garment products
MT Studio Inc.	USA	Common stock US$1	**–**	–	**51**	–	Trading of garment products and accessories
PT. Victory Apparel Semarang	Indonesia	Ordinary US$300,000	**–**	–	**100**	100	Manufacture of garment products
Sky Winner Investment Limited	HK	Ordinary HK$100	**–**	–	**70**	70	Trading of garment products and accessories
Top Value Inc.	USA	Common stock US$1,000	**–**	–	**100**	100	Trading of garment products
Value Plus (Macao Commercial Offshore) Limited	Macau	Quota capital MOP100,000	**–**	–	**100**	100	Provision of quality inspection services

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation or registration/ operation	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company Directly 2013 %	Directly 2012 %	Indirectly 2013 %	Indirectly 2012 %	Principal activities
Victory Apparel (Jordan) Manufacturing Company Limited	Jordan	Ordinary JD50,000	**–**	–	**100**	100	Manufacture of garment products
Jiangmen V-Apparel Manufacturing LTD. (note ii)	PRC	Registered capital HK$31,260,000	**–**	–	**100**	100	Manufacture of garment products
Teelocker Limited (note ii)	PRC	Registered capital HK$5,000,000	**–**	–	**70**	70	Trading of garment products
福之源貿易(上海)有限公司 (note ii)	PRC	Registered capital RMB1,000,000	**–**	–	**100**	100	Trading of garment products and accessories
福源創業信息諮詢服務(深圳)有限公司(note ii)	PRC	Registered capital HK$3,000,000	**–**	–	**100**	100	Provision of procurement services

notes:

(i) These companies were acquired in 2012.

(ii) These companies are registered in the form of wholly foreign owned enterprise.

None of the subsidiaries had any debt securities subsisting at 31 March 2013 or at any time during the year.

The above table only listed those subsidiaries of the Company, which in the opinion of the Directors, principally affected the results or net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

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