

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

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

Stock Code 股份代號 : 1682



Interim Report
2013/14 中期報告



Develop
a Better
Future



Contents

Corporate Information	2
Management Discussion and Analysis	3
Other Disclosures	9
Report on Review of Condensed Consolidated Financial Statements	19
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	20
Condensed Consolidated Statement of Financial Position	22
Condensed Consolidated Statement of Changes in Equity	24
Condensed Consolidated Statement of Cash Flows	25
Notes to the Condensed Consolidated Financial Statements	26

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

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
Wing Hang Bank, Limited
Australia and New Zealand Banking Group Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

STOCK CODE

1682

COMPANY WEBSITE

www.fordglory.com.hk

Management Discussion and Analysis

The board (the “Board”) of directors (the “Directors”) of Ford Glory Group Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2013 (the “Period”).

BUSINESS REVIEW

During the Period, the garment industry has operated in an environment full of challenges and opportunities. Nevertheless, the Group’s strategically established production bases coupled with customised out-sourcing capabilities enabled the Group to navigate successfully through the global macro-economic pressure and associated unfavourable consumer spending environment. On the domestic front of the People’s Republic of China (the “PRC”), destocking in the retail industry continued in the Period and buyers were still prudent in placing orders. The export market, however, demonstrated a mixed picture. The unsolved debt crisis in the Eurozone has weighed heavily on consumer confidence and has led to persistently low demand. On the other hand, the United States of America (the “US”), the Group’s major export destination, has shown soft signs of recovery. According to the Major Shippers Report released by the US Department of Commerce, imports of apparel increased by approximately 3.7% to approximately US\$60.3 billion during January to September of 2013, as compared to the corresponding period last year. Although the US recorded soft rebound, retailers have become increasingly price cautious in order to remain resilient. Thanks to the Group’s geographically diversified production network, the Group enjoys duty privileges to its major export markets, namely, the US, Europe and Canada. Such advantages have given the Group a head start in capturing the recovering orders from the US and Canada, and have also made the Group more competitive in gaining orders from the soften European market.

For the six months ended 30 September 2013, the Group’s revenue decreased by approximately 6.7% on a year-on-year basis to approximately HK\$549.9 million (2012: approximately HK\$589.2 million). The decrease was mainly attributable to a slowdown in local sub-contracting orders of the Group’s production bases caused mainly by lower demand in the PRC domestic market and the factories’ enhanced focus on supporting the Group’s development of branded customers with higher quality requirement and shipment punctuality that can be better controlled and delivered by the Group’s in-house production bases. Gross profit decreased by approximately 4.6% to approximately HK\$92.8 million (2012: approximately HK\$97.4 million) with gross profit margin improved from approximately 16.5% to approximately 16.9%. Profit attributable to owners of the Company reached approximately HK\$15.2 million, representing an approximately 188.5% increase as compared to the corresponding period last year (2012: HK\$5.3 million). Profit for the Period included share-based payment expenses of approximately HK\$1.0 million, whereas profit for the same period last year included share-based payment expenses of approximately HK\$6.0 million. If the share-based payment expenses were excluded in both years, the adjusted profit attributable to owners of the Company for the Period would be approximately HK\$16.2 million, representing an increase of approximately 43.2% as compared with the corresponding period last year (2012: HK\$11.3 million).

Management Discussion and Analysis (Continued)

Garment Manufacturing and Sourcing Business

With comprehensive and careful assessment on its core overseas markets, the Group established a production base in Cambodia in April 2011 and restarted its production facilities in Jordan in April 2012. Together with the manufacturing plants in the PRC and Indonesia, the Group currently operates four production bases worldwide.

For the six months ended 30 September 2013, revenue contributed from garment manufacturing business decreased by approximately 8.1% to approximately HK\$280.9 million (2012: HK\$305.6 million), accounted for approximately 51.1% of the Group's overall revenue. Such decrease was mainly attributable to the slowdown in orders from the PRC domestic market. Because of the Group's ability to provide quality products with competitive prices in different production bases, the Group has successfully captured the recovering orders from the US and Canada during the Period. Garments manufactured in Jordan enjoy duty free export to the US whereas garments manufactured in Cambodia enjoy preferential tariff to Europe and Canada. Such competitive advantages allowed the Group to grasp greater market shares and became a strategic partner of some major brand names in North America and Europe. With the Group's flexibility and capability to allocate orders between different production bases, the Group is capable to serve its customers with competitive price, fast lead time and sophisticated workmanship.

Apart from the Group's garment manufacturing business, the Group continued to serve as a one-stop sourcing management supplier by providing value-added services such as material sourcing, product design and development, sampling and logistic arrangement which accounted for almost half of the Group's overall revenue.

Retail Business

T-shirt brand "teelocker" is the downstream retail arm of the Group. Targeting the new generation with strong spending power, "teelocker" positioned itself as a brand that showcases personality and creativity. The brand started with a revolutionising online platform (www.teelocker.com) to recruit talents around the world to submit T-shirt designs for attractive returns. Popular designs will be selected for mass production and will be sold on various online and physical channels. Currently, "teelocker" has over 100 registered designers worldwide.

Management Discussion and Analysis (Continued)

One of the Group's priorities during the Period was to build the "teelocker" brand with an aim to enlarging its customer base. During the Period, the "teelocker" brand has joined hands with The Hong Kong Community Chest to raise fund for the needy, in collaboration with online music platforms and new media design studios to launch crossover designs and create installation arts. Such innovative marketing strategy has created noises on the internet and social media platforms and has successfully drawn attention of youngsters. In addition, the Group also operates two concept stores in Hong Kong and nine concept stores in some first and second tier cities in the PRC to serve as physical marketing and brand building portals. As of 30 September 2013, "teelocker" sold through three online sales platforms and had 11 point of sales in Hong Kong and the PRC.

"teelocker" has also launched its "TO BE" platform to encourage designs from all walks of life by providing a seamless platform from designing, production, marketing and sales to logistics. This will further facilitate the brand to reach out to the public.

Major Developments

Starting from 24 July 2013, the Company's major shareholder, Sure Strategy Limited ("Sure Strategy"), a company which held approximately 70.26% of the existing issued share capital of the Company as of the date of this report, entered into preliminary discussions with some independent third parties (the "Potential Purchasers") regarding the proposed acquisition of all or part of the Company's shares held by Sure Strategy (the "Proposed Acquisition"). As of the date of this report, Victory City International Holdings Limited ("VC") and Mr. Choi Lin Hung (a director of VC, and the chairman and a Director of the Company) beneficially owned 51% and 49% respectively of Sure Strategy. Up to the date of this report, no formal or legally binding agreement had been entered into between Sure Strategy and the Potential Purchasers in respect of the Proposed Acquisition and the proposal for the Proposed Acquisition was yet to be materialised. Further announcements will be made when necessary.

Management Discussion and Analysis (Continued)

Prospects

While the Group believes that global macro-economic challenges and uncertainty will continue in the coming year, the Group is optimistic about its long-term prospect.

In the past two years, the Group has gradually built an international production network, which has proven to be a great success in enhancing its competitiveness. Such network has created synergy among different regions to better serve the Group's customers in terms of product quality, price, lead time, as well as customers' specific needs on product origins to enjoy preferential import duty. As a result, the Group became a strategic partner of some major brand names in North America and Europe and had attracted increasing orders to the Group's offshore production facilities. With such growing order books, the Group plans to increase the production capacities of both its production bases in Jordan and Cambodia. Capitalizing on the preferential tariff enjoyed by these two countries, the Group is capable to capture the recovering orders in the overseas markets in the near future.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group continued to maintain a relatively strong financial position for the Period with cash and cash equivalents amounted to approximately HK\$105.6 million as at 30 September 2013. Total bank borrowings of the Group as at 30 September 2013 was approximately HK\$126.5 million including a mortgage loan of approximately HK\$16.0 million of which approximately HK\$14.6 million is repayable after one year, all the remaining bank borrowings of approximately HK\$111.9 million are repayable within one year.

As at 30 September 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 5.5% (31 March 2013: 4.1%). The Group's current ratio was approximately 1.8 (31 March 2013: 1.7).

For the Period and as at 30 September 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.

Management Discussion and Analysis (Continued)

Foreign Exchange and Risk Management

Most of the Group's cash balances were deposits in US\$, HK\$ and Renminbi ("RMB") with major global financial institutions and most of the Group's monetary assets, revenues, monetary liabilities and payments were held in US\$, HK\$ and RMB. As RMB is expected to fluctuate, the Group has entered into forward contracts during the Period to hedge some of the risks. 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 contracts or any other financial derivatives contracts are entered into by the Group for hedging purpose. The Group has not entered into any financial derivatives contracts for speculation.

Capital Expenditure and Commitments

During the Period, the Group invested approximately HK\$11.4 million (six months ended 30 September 2012: HK\$24.1 million) on additions to property, plant and equipment.

As at 30 September 2013, the Group had commitment of approximately HK\$138,000 (31 March 2013: Nil) in respect of acquisition of new machineries.

Charges on Assets

As at 30 September 2013, certain properties of the Group with net book value of approximately HK\$26.2 million (31 March 2013: HK\$26.7 million) were pledged to a bank to secure a banking facility.

Management Discussion and Analysis (Continued)

Employee Information

As at 30 September 2013, the Group had a total workforce of 4,164 of whom 737 were based in the PRC; 887 were in Indonesia; 1,231 were in Jordan; 1,230 were based in Cambodia; and 79 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 individual's and the Group's performance.

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

Other Disclosures

INTERIM DIVIDEND

To return value to the shareholders of the Company (the “Shareholders”), the Board resolved to declare an interim dividend of HK1.0 cent per ordinary share of the Company in cash for the six months ended 30 September 2013 (for the six months ended 30 September 2012: Nil). The interim dividend will be payable on or about 31 December 2013 to Shareholders whose names appear on the register of members of the Company on 17 December 2013.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to the interim dividend for the six months ended 30 September 2013, the register of members of the Company will be closed from 16 December 2013 to 17 December 2013, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. (Hong Kong Time) on 13 December 2013.

Other Disclosures (Continued)

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

As at 30 September 2013, the interests and short positions of the Directors or chief executive of the Company in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) (i) which had been notified to the Company and The Stock Exchange of Hong Kong Limited ("the Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Name of Director	Name of Group member/ associated corporation	Capacity/nature of interest	Number and class of securities (Note 1)	Interest in underlying shares of share options (Note 1)	Approximate percentage of shareholding
Mr. Choi Lin Hung	The Company	Interest of controlled corporation	317,552,000 ordinary shares of HK\$0.01 each of the Company ("Shares") (L) (Note 2)	-	71.09%
	VC	Beneficial owner	8,198,000 ordinary shares of HK\$0.01 each of VC ("VC Shares") (L)	-	0.49%
	VC	Beneficial owner	-	12,000,000 VC Shares (L) (Note 3)	0.72%
	Victory City Overseas Limited	Beneficial owner	700 redeemable non-voting preference shares of US\$1.00 each (L)	-	21.22%
	Sure Strategy	Interest of controlled corporation	49 ordinary shares of US\$1.00 each (L) (Note 4)	-	49.00%
Mr. Lau Kwok Wa, Stanley	The Company	Beneficial owner	-	5,350,000 Shares (L) (Note 5)	1.20%
	Mayer Apparel Limited	Beneficial owner	49 ordinary shares of HK\$1.00 each(L)	-	49.00%

Other Disclosures (Continued)

Name of Director	Name of Group member/ associated corporation	Capacity/nature of interest	Number and class of securities (Note 1)	Interest in underlying shares of share options (Note 1)	Approximate percentage of shareholding
Mr. Ng Tze On	The Company	Beneficial owner	-	5,350,000 Shares (L) (Note 5)	1.20%
Mr. Li Ming Hung	The Company	Beneficial owner	277,360 Shares (L)	-	0.06%
	The Company	Founder of a trust	3,512,080 Shares (L) (Note 6)	-	0.79%
	VC	Founder of a trust	373,986,000 VC Shares (L) (Note 6)	-	22.51%
	VC	Beneficial owner	-	1,200,000 VC Shares (L) (Note 7)	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 8)	-	0.79%
	VC	Beneficial owner	1,968,000 VC Shares (L)	-	0.12%
	VC	Founder of a trust	373,986,000 VC Shares (L) (Note 8)	-	22.51%
	VC	Beneficial owner	-	1,200,000 VC Shares (L) (Note 7)	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%

Other Disclosures (Continued)

Notes:

1. The letter "L" denotes the Directors' long position in the shares and underlying shares of the Company or the relevant associated corporations.
2. These Shares consist of 315,200,000 Shares held by Sure Strategy and 2,352,000 Shares held by Merlotte Enterprise Limited. Sure Strategy was owned as to 51% by Victory City Investments Limited and 49% by Merlotte Enterprise Limited. Merlotte Enterprise Limited was wholly owned by Mr. Choi Lin Hung.
3. On 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.
4. These shares were held by Merlotte Enterprise Limited, which is wholly owned by Mr. Choi Lin Hung.
5. On 2 June 2010, each of Mr. Lau Kwok Wa, Stanley and Mr. Ng Tze On 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 per share during a period from 5 October 2012 to 31 May 2020.
6. These Shares and VC Shares (as the case may be) were held by Pearl Garden Pacific Limited. Pearl Garden Pacific Limited is wholly owned by Cornice Worldwide Limited, the entire issued share capital of which is held by Fiducia Suisse SA as discretionary trustee for Mr. Li Ming Hung's family members.
7. On 2 April 2012, Mr. Li Ming Hung and Mr. Chen Tien Tui were granted options under the share option scheme of VC to subscribe for 1,200,000 VC Shares and 1,200,000 VC Shares respectively, exercisable at a price of HK\$0.782 per VC Share during a period from 2 April 2012 to 1 April 2017.
8. These Shares and VC Shares (as the case may be) were held by Madian Star Limited. Madian Star Limited is wholly owned by Yonice Limited, the entire issued share capital of which is held by Fiducia Suisse SA as discretionary trustee for Mr. Chen Tien Tui's family members.

Save as disclosed above in this report, as at 30 September 2013, none of the Directors nor the chief executive 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 the 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.

Other Disclosures (Continued)

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

As at 30 September 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 the Directors and the chief executive of the Company) had an interest or short position in the Shares and/or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Capacity/ nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding
Sure Strategy	Beneficial owner	315,200,000 Shares (L)	70.56%
Victory City Investments Limited	Beneficial owner	2,448,000 Shares (L)	0.55%
	Interest of controlled corporation	315,200,000 Shares (L) (Note 2)	70.56%
VC (Note 3)	Interest of controlled corporation	317,648,000 Shares (L)	71.11%
Merlotte Enterprise Limited	Beneficial owner	2,352,000 Shares (L)	0.53%
	Interest of controlled corporation	315,200,000 Shares (L) (Note 2)	70.56%
Ms. Chan Lai Fan (Note 4)	Interest of spouse	317,552,000 Shares (L)	71.09%
Mr. Ng Tsze Lun	Beneficial owner	58,341,000 Shares (L) (Note 5)	13.06%
Ms. Yau Yuk Chun Carole (Note 6)	Interest of spouse	58,341,000 Shares (L)	13.06%

Other Disclosures (Continued)

Notes:

1. The letter "L" denotes the individual's or the corporation's long position in the Shares.
2. These Shares were held by Sure Strategy, 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 of share options granted to Mr. Ng Tsze Lun under the Share Option Scheme, further details of which are set out on page 15 of this report of the Company for the six months ended 30 September 2013.
6. Ms. Yau Yuk Chun Carole is the wife of Mr. Ng Tsze Lun.

Save as disclosed above, as at 30 September 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.

Other Disclosures (Continued)

SHARE OPTION SCHEME

The Company conditionally adopted the Share Option Scheme on 2 June 2010 which became effective upon the Company's shares were listed on the Stock Exchange on 5 October 2010. The purpose of the Share Option Scheme is to provide incentives and rewards to eligible participants for their contributions to the Group.

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

Category	Grant date	Vesting period	Exercise price HK\$	Exercisable period	Number of share options					
					Outstanding at 1.4.2013	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Outstanding at 30.9.2013
					'000	'000	'000	'000	'000	'000
Directors										
Mr. Lau Kwok Wa, Stanley	2.6.2010	5.10.2010-4.10.2012	0.6	5.10.2012-31.5.2020	5,350	-	-	-	-	5,350
Mr. Ng Tze On	2.6.2010	5.10.2010-4.10.2012	0.6	5.10.2012-31.5.2020	5,350	-	-	-	-	5,350
Employees										
Mr. Ng Tsze Lun (Note i)	2.6.2010	5.10.2010-4.10.2012	0.6	5.10.2012-31.5.2020	21,000	-	-	-	-	21,000
	27.4.2011	27.4.2011-26.4.2013	0.844	27.4.2013-26.4.2016	37,000	-	-	-	-	37,000
Other employees (Note ii)	2.6.2010	5.10.2010-4.10.2012	0.6	5.10.2012-31.5.2020	8,080	-	(6,670)	-	(100)	1,310
	27.4.2011	27.4.2011-26.4.2013	0.844	27.4.2013-26.4.2016	5,080	-	(1,902)	-	(100)	3,078
					81,860	-	(8,572)	-	(200)	73,088

Other Disclosures (Continued)

Notes:

- (i) The grant of the share options to Mr. Ng Tsze Lun, exceeded the individual limit as set out in note to Rule 17.03(4) of the Listing Rules, was approved by Shareholders in the 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).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2013.

CORPORATE GOVERNANCE CODE

Save as the deviations discussed below, the Company had complied with all the code provisions ("Code Provisions") under the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2013.

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

The roles of the chairman and the chief executive 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.

In respect of Code Provision A.6.7, one independent non-executive Director did not attend the special general meeting of the Company held on 2 April 2013 due to his other business commitments.

Other Disclosures (Continued)

AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited interim financial statements of the Group for the six months ended 30 September 2013 and is of the opinion that such financial statements comply with the applicable accounting standards, the Listing Rules and the requirements of applicable laws, codes and regulations and that adequate disclosure pursuant thereto have been made.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS 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 six months ended 30 September 2013.

Other Disclosures (Continued)

CHANGE IN INFORMATION OF DIRECTORS

Upon specific enquiry by the Company and following confirmations from the Directors, save as otherwise set out in this report, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Name of Director	Details of changes in Directors' particulars subsequent to 2013 annual report
-------------------------	--

Mr. Lau Chi Kit (an independent non-executive Director)	Mr. Lau has been re-designated from independent non-executive director to executive director of Chinlink International Holdings Limited (Stock code: 997) ("Chinlink"), a company listed on the main board of the Stock Exchange, with effect from 18 September 2013.
--	---

Mr. Lau has also been vacated as chairman from the nomination committee and remuneration committee of Chinlink and a member from the audit committee of Chinlink on 18 September 2013.

On behalf of the Board

Ford Glory Group Holdings Limited

Choi Lin Hung

Chairman

Hong Kong

29 November 2013

Report on Review of Condensed Consolidated Financial Statements

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF FORD GLORY GROUP HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Ford Glory Group Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 20 to 44, which comprise the condensed consolidated statement of financial position as of 30 September 2013 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

29 November 2013

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2013

	NOTES	Six months ended 30 September	
		2013 HK\$'000 (unaudited)	2012 HK\$'000 (restated)
Revenue	3	549,876	589,153
Cost of sales		(457,050)	(491,801)
Gross profit		92,826	97,352
Other income		2,411	1,154
Other gains and losses	4	457	(6,737)
Selling and distribution costs		(18,525)	(16,092)
Administrative expenses		(60,828)	(59,232)
Share-based payment expenses	6	(1,004)	(6,043)
Interest on bank borrowings		(1,461)	(1,651)
Profit before tax		13,876	8,751
Income tax expense	5	(2,044)	(4,952)
Profit for the period	7	11,832	3,799
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligations		324	–
Item that may be subsequently reclassified to profit or loss:			
Exchange difference arising on translation		435	31
Reclassification adjustment:			
Release of exchange difference on dissolution of a subsidiary		546	–
		1,305	31
Total comprehensive income for the period		13,137	3,830

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the six months ended 30 September 2013

	NOTE	Six months ended 30 September	
		2013 HK\$'000 (unaudited)	2012 HK\$'000 (restated)
Profit for the period attributable to:			
Owners of the Company		15,180	5,262
Non-controlling interests		(3,348)	(1,463)
		11,832	3,799
Total comprehensive income attributable to:			
Owners of the Company		16,479	5,284
Non-controlling interests		(3,342)	(1,454)
		13,137	3,830
Earnings per share			
Basic	9	HK3.4 cents	HK1.2 cents
Diluted		HK3.3 cents	HK1.2 cents

Condensed Consolidated Statement of Financial Position

At 30 September 2013

	NOTES	30 September 2013 HK\$'000 (unaudited)	31 March 2013 HK\$'000 (restated)
Non-current assets			
Property, plant and equipment	10	157,034	156,719
Prepaid lease payments		3,542	3,569
Goodwill		5,970	5,970
Intangible asset		1,000	1,000
Deferred tax assets		1,718	1,835
		169,264	169,093
Current assets			
Inventories		135,701	132,565
Trade and bills receivables	11	155,309	130,900
Deposits, prepayments and other receivables		74,728	55,340
Prepaid lease payments		99	99
Derivative financial instruments	12	3,373	1,640
Tax recoverable		189	466
Bank balances and cash		105,641	142,491
		475,040	463,501
Current liabilities			
Trade and bills payables	13	86,102	69,295
Other payables and accruals		26,097	23,257
Amounts due to related companies	16	1,228	2,063
Derivative financial instruments	12	2,504	132
Tax payable		17,833	16,360
Bank borrowings	14	126,541	157,178
		260,305	268,285
Net current assets		214,735	195,216
Total assets less current liabilities		383,999	364,309

Condensed Consolidated Statement of Financial Position (Continued)

At 30 September 2013

	NOTE	30 September 2013 HK\$'000 (unaudited)	31 March 2013 HK\$'000 (restated)
Capital and reserves			
Share capital	15	4,467	4,381
Reserves		373,236	350,232
<hr/>			
Equity attributable to owners of the Company		377,703	354,613
Non-controlling interests		2,321	5,663
<hr/>			
Total equity		380,024	360,276
<hr/>			
Non-current liabilities			
Defined benefit obligations		1,760	1,841
Deferred tax liabilities		2,215	2,192
<hr/>			
		3,975	4,033
<hr/>			
		383,999	364,309
<hr/>			

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 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
At 1 April 2012 (audited and originally stated)	4,380	64,626	(22,325)	19,071	6,392	259,118	331,262	9,557	340,819
Adjustment (Note 2)	-	-	-	-	-	420	420	-	420
At 1 April 2012 (restated)	4,380	64,626	(22,325)	19,071	6,392	259,538	331,682	9,557	341,239
Profit for the period	-	-	-	-	-	5,262	5,262	(1,463)	3,799
Exchange differences arising on translation	-	-	-	-	22	-	22	9	31
Total comprehensive income for the period (restated)	-	-	-	-	22	5,262	5,284	(1,454)	3,830
Recognition of equity-settled share-based payments	-	-	-	6,043	-	-	6,043	-	6,043
Release of equity-settled share-based payments upon cancellation/lapse of options	-	-	-	(184)	-	184	-	-	-
At 30 September 2012 (unaudited and restated)	4,380	64,626	(22,325)	24,930	6,414	264,984	343,009	8,103	351,112
At 1 April 2013 (audited and originally stated)	4,381	64,720	(22,325)	30,880	6,858	270,524	355,038	5,663	360,701
Adjustment (Note 2)	-	-	-	-	-	(425)	(425)	-	(425)
At 1 April 2013 (restated)	4,381	64,720	(22,325)	30,880	6,858	270,099	354,613	5,663	360,276
Profit for the period	-	-	-	-	-	15,180	15,180	(3,348)	11,832
Remeasurement of defined benefit obligations	-	-	-	-	-	324	324	-	324
Exchange differences arising on translation	-	-	-	-	429	-	429	6	435
Release of exchange difference on dissolution of a subsidiary	-	-	-	-	546	-	546	-	546
Total comprehensive income for the period	-	-	-	-	975	15,504	16,479	(3,342)	13,137
Exercise of share options	86	7,914	-	(2,393)	-	-	5,607	-	5,607
Recognition of equity-settled share-based payments	-	-	-	1,004	-	-	1,004	-	1,004
Release of equity-settled share-based payments upon cancellation/lapse of options	-	-	-	(74)	-	74	-	-	-
At 30 September 2013 (unaudited)	4,467	72,634	(22,325)	29,417	7,833	285,677	377,703	2,321	380,024

Note: The special reserve represents the reserve arising from group reorganization completed in 2010.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2013

	Six months ended 30 September	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Net cash used in operating activities	(978)	(9,454)
Net cash used in investing activities:		
Purchase of property, plant and equipment	(11,393)	(24,050)
Proceeds from disposal of property, plant and equipment	552	1,414
Acquisition of intangible assets	–	(155)
Other investing cash flows	45	615
	(10,796)	(22,176)
Net cash used in financing activities:		
Net bills discounted with recourse and debts factored with recourse, import loans, export loans and trust receipt loans raised	(29,974)	73,165
Repayment of other bank loan	–	(17,393)
Repayment of mortgage loans	(663)	(642)
Proceeds from exercise of share options	5,607	–
	(25,030)	55,130
Net (decrease) increase in cash and cash equivalents	(36,804)	23,500
Cash and cash equivalents at beginning of the period	142,491	104,230
Effect of foreign exchange rate changes	(46)	–
Cash and cash equivalents at end of the period, represented by bank balances and cash	105,641	127,730

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

1. GENERAL

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

The functional currency of the Company is US\$. The condensed 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.

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2013

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2013.

In the current interim period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

HKFRS 10	Consolidated Financial Statements;
HKFRS 11	Joint Arrangements;
HKFRS 12	Disclosure of Interests in Other Entities;
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities; Transition Guidance;
HKFRS 13	Fair Value Measurement;
HKAS 19 (as revised in 2011)	Employee Benefits;
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures;
Amendments to HKFRS 7	Disclosures-Offsetting Financial Assets and Financial Liabilities;
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income;
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle; and
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2013

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Impact of the application of HKFRS 10

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*. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

The Directors made an assessment as at the date of initial application of HKFRS 10 (i.e. 1 April 2013) as to whether or not the Group has control over its group companies in accordance with the new definition of control and the related guidance set out in HKFRS 10. The Directors concluded that the Company has had control over its subsidiaries since the Company has ability to use its power over the subsidiaries, rights to variable returns from its involvement with the subsidiaries and to affect the return of the subsidiaries. The Directors also concluded that no additional investee ought to be consolidated under HKFRS 10. Accordingly, the application of HKFRS 10 has had no impact to the Group.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2013

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, the Group's statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 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 additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are 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 existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Amendments to HKAS 34 Interim Financial Reporting

(as part of the Annual Improvements to HKFRSs 2009-2011 Cycle)

The Group has applied the amendments to HKAS 34 *Interim Financial Reporting* as part of the Annual Improvements to HKFRSs 2009-2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision makers and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment. Since there has no material change from the amounts disclosed in the last Annual Report, the Group has not included total assets and total liabilities information as part of segment information.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2013

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Amendments to HKAS 34 Interim Financial Reporting (continued)

HKAS 19 Employee Benefits (as revised in 2011)

HKAS 19 (as revised in 2011) changes 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.

Under the previous accounting policy, cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each financial year end date. 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 previous reporting period are amortized over the expected average remaining working lives of the participating employees.

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. All actuarial gains and losses are 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 under HKAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group has applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis. The application of this new accounting policy has insignificant impact to the Group's profit or loss, other comprehensive income and earnings per share for the six months ended 30 September 2012. Accordingly, the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2012 are not significantly restated. The impacts on the condensed consolidated statement of financial position as at 31 March 2013 and 1 April 2012 are described below.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2013

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Amendments to HKAS 34 Interim Financial Reporting (continued)

HKAS 19 Employee Benefits (as revised in 2011) (continued)

Summary of the effect of changes in accounting policy in relation to HKAS 19

The effect of the change in accounting policy in relation to HKAS 19 described above on the financial positions of the Group as at the end of the immediately preceding financial year, i.e. 31 March 2013, is as follows:

	31 March 2013 (originally stated) HK\$'000	Adjustment HK\$'000	31 March 2013 (restated) HK\$'000
Defined benefit obligations	1,416	425	1,841
Retained profits	270,524	(425)	270,099

The effect of the change in accounting policy in relation to HKAS 19 described above on the financial positions of the Group as at the beginning of the comparative period, i.e. 1 April 2012, is as follows:

	1 April 2012 (originally stated) HK\$'000	Adjustment HK\$'000	1 April 2012 (restated) HK\$'000
Defined benefit obligations	1,141	(420)	721
Retained profits	259,118	420	259,538

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2013

3. SEGMENT INFORMATION

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

Segment A – This segment includes certain subsidiaries of the Group which 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.

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

Six months ended 30 September 2013

	Segment A	Segment B	Segment Total	Elimination	Consolidated Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE					
External sales	516,609	33,267	549,876	–	549,876
Inter-segment sales	26,736	247,629	274,365	(274,365)	–
Total	543,345	280,896	824,241	(274,365)	549,876
RESULTS					
Segment results	4,672	11,329	16,001		16,001
Unallocated income					2,489
Unallocated expenses					(3,153)
Interest expenses					(1,461)
Profit before tax					13,876

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2013

3. SEGMENT INFORMATION (continued)

Six months ended 30 September 2012

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

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 (loss) on fair value changes of derivative financial instruments, central administration costs and finance costs. This is the measure reported to the executive Directors for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2013

4. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2013 HK\$'000	2012 HK\$'000
Net gain (loss) on fair value changes of derivative financial instruments	2,198	(6,397)
Loss on dissolution of a subsidiary	(546)	–
Net loss on disposal of property, plant and equipment	(871)	(765)
Net foreign exchange (loss) gain	(324)	425
	457	(6,737)

5. INCOME TAX EXPENSE

	Six months ended 30 September	
	2013 HK\$'000	2012 HK\$'000
Current tax:		
Hong Kong Profits Tax	1,799	2,020
Enterprise Income Tax in the PRC attributable to subsidiaries	47	2,588
Overseas income tax	66	5
	1,912	4,613
Deferred tax:		
Current period	132	339
	2,044	4,952

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2013

5. INCOME TAX EXPENSE (continued)

Hong Kong

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

PRC

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

Macau

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

Other jurisdictions

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2013

6. SHARE-BASED PAYMENT TRANSACTIONS

The Company operates the Share Option Scheme. The movements of the share options in the Period under the Share Option Scheme was as follows:

	Number of share options
Outstanding as at 1 April 2013	81,860,000
Exercised during the Period	(8,572,000)
Lapsed during the Period	(200,000)
Outstanding as at 30 September 2013	73,088,000

The Company granted 42,920,000 share options to the Group's employees at an exercise price of HK\$0.844 per share on 27 April 2011. During the Period, the Group recognised a total expense of approximately HK\$1,004,000 (2012: HK\$6,043,000) in relation to these share options.

7. PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	10,165	9,198
Release of prepaid lease payments	49	49
Bank interest income	(45)	(615)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2013

8. DIVIDEND

The Board has determined that an interim dividend of approximately HK\$4,488,000, representing HK1.0 cent per Share for the six months ended 30 September 2013 (for the six months ended 30 September 2012: Nil) to be paid to the Shareholders.

9. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2013 HK\$'000	2012 HK\$'000
Earnings		
Profit for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share	15,180	5,262
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	441,088,546	438,000,000
Effect of dilutive potential shares: – Share options of the Company	21,387,630	13,114,983
Weighted average number of ordinary shares for the purpose of diluted earnings per share	462,476,176	451,114,983

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2013

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group incurred approximately HK\$11,393,000 (six months ended 30 September 2012: HK\$24,050,000) on additions to property, plant and equipment.

11. TRADE AND BILLS RECEIVABLES

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

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

	30 September 2013 HK\$'000	31 March 2013 HK\$'000
0-30 days	89,960	63,981
31-60 days	34,916	34,890
61-90 days	14,471	10,622
91-120 days	12,512	17,828
Over 120 days	3,450	3,579
	155,309	130,900

12. DERIVATIVE FINANCIAL INSTRUMENTS

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. Certain of these contracts include knock-out provision whereby the contracts will automatically be terminated in certain scenarios.

The fair values of the structured currency forward contracts were determined by using the Monte Carlo Simulation Method.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2013

13. TRADE AND BILLS PAYABLES

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

	30 September 2013 HK\$'000	31 March 2013 HK\$'000
0-60 days	74,452	61,471
61-90 days	4,298	6,108
Over 90 days	7,352	1,716
	86,102	69,295

14. BANK BORROWINGS

	30 September 2013 HK\$'000	31 March 2013 HK\$'000
Import loans and trust receipts loans	43,061	35,191
Export loans	67,512	104,157
Mortgage loan	15,968	16,632
Advances drawn on bills receivables discounted with recourse	-	1,198
	126,541	157,178

All the Group's bank borrowings carry interest rates which fall within the range of HIBOR or LIBOR plus 1.25% to HIBOR plus 2.50% per annum (six months ended 30 September 2012: HIBOR or LIBOR plus 1.25% to HIBOR plus 2.50% per annum). The range of effective interest rates of the Group's bank borrowings are 1.68% to 2.71% per annum (six months ended 30 September 2012: 1.72% to 2.80% per annum).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2013

15. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each Authorised:		
As at 1 April 2012,		
31 March 2013 and 30 September 2013	900,000,000	9,000
Issued and fully paid:		
As at 1 April 2012	438,000,000	4,380
Exercise of share options	120,000	1
As at 31 March 2013	438,120,000	4,381
Exercise of share options	8,572,000	86
As at 30 September 2013	446,692,000	4,467

All shares issued during the Period ranked pari passu in all respects with the then existing shares.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2013

16. RELATED PARTY DISCLOSURES

(I) Transactions

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

	Six months ended	
	30 September	
	2013	2012
	HK\$'000	HK\$'000
VC Group		
Purchase of fabrics (<i>note 1</i>)	20,998	58,311
Purchase of yarn (<i>note 1</i>)	11	701
Utility expenses paid	2,009	2,381
Rental income received	246	244
Other related party		
Purchase of apparel (<i>note 2</i>)	30,257	41,879

note 1: During the periods, the Group purchased fabrics and yarn from the VC Group. The Group also placed an amount of approximately HK\$27,676,000 (as at 31 March 2013: HK\$20,400,000) at the VC Group as a purchase deposit.

note 2: During the periods, the Group purchased apparel products from 加美(清遠)製衣有限公司 Kimberley (Qing Yuan) Garment Limited ("Kimberley"). Kimberley is controlled by a Director. The Director also has significant influence in the Company. The Group also placed deposits with Kimberley in the amount of approximately HK\$15,473,000 (as at 31 March 2013: HK\$11,877,000) (included in deposits, prepayments and other receivables) as at 30 September 2013.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2013

16. RELATED PARTY DISCLOSURES (continued)

(II) Balances

Amounts due to related companies are balances with the VC Group which are disclosed in the condensed consolidated statement of financial position on page 22. They are unsecured, interest-free and repayable according to credit terms. The following is an aged analysis of the amounts due to related companies based on invoice date at the end of each reporting period:

	At 30 September 2013 HK\$'000	At 31 March 2013 HK\$'000
0-30 days	1,193	2,063
31-60 days	6	–
61-90 days	29	–
	1,228	2,063

(III) Compensation of key management personnel

The remuneration of Directors and other members of key management during the Period was as follows:

	Six months ended 30 September 2013 HK\$'000	2012 HK\$'000
Directors fees	1,360	1,360
Basic salaries and allowances	1,754	1,753
Retirement benefit scheme contributions	26	26
Share-based payment	884	5,302
	4,024	8,441

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2013

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The Group's derivative financial instruments are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in 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); and
- 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).

Financial assets/ financial liabilities	Fair value as at 30 September 2013	Fair value hierarchy	Valuation technique(s) and key input(s)
Structured foreign currency contracts classified as derivative financial instruments in the condensed consolidated statement of financial position (<i>note 1</i>)	Assets – HK\$3,373,000 Liabilities – HK\$2,504,000 (Both not designated for hedging)	Level 3	Monte Carlo Simulation Method. The key inputs are spot exchange rate on the date of valuation, strike rate, time to maturity, notional amount, payout amount for each settlement, risk-free rate of US\$ and RMB and the average implied volatility of the exchange rate as at valuation date.

note 1: This valuation techniques use only observable inputs or unobservable inputs that are not significant to the overall valuation. Therefore, relationship of unobservable inputs to fair value is not disclosed. Sensitivity of the fair value measurement to changes in unobservable inputs in the valuation models is not presented as changes in the unobservable inputs lead to asymmetric changes in the fair values.

Notes to the Condensed Consolidated Financial Statements (Continued)

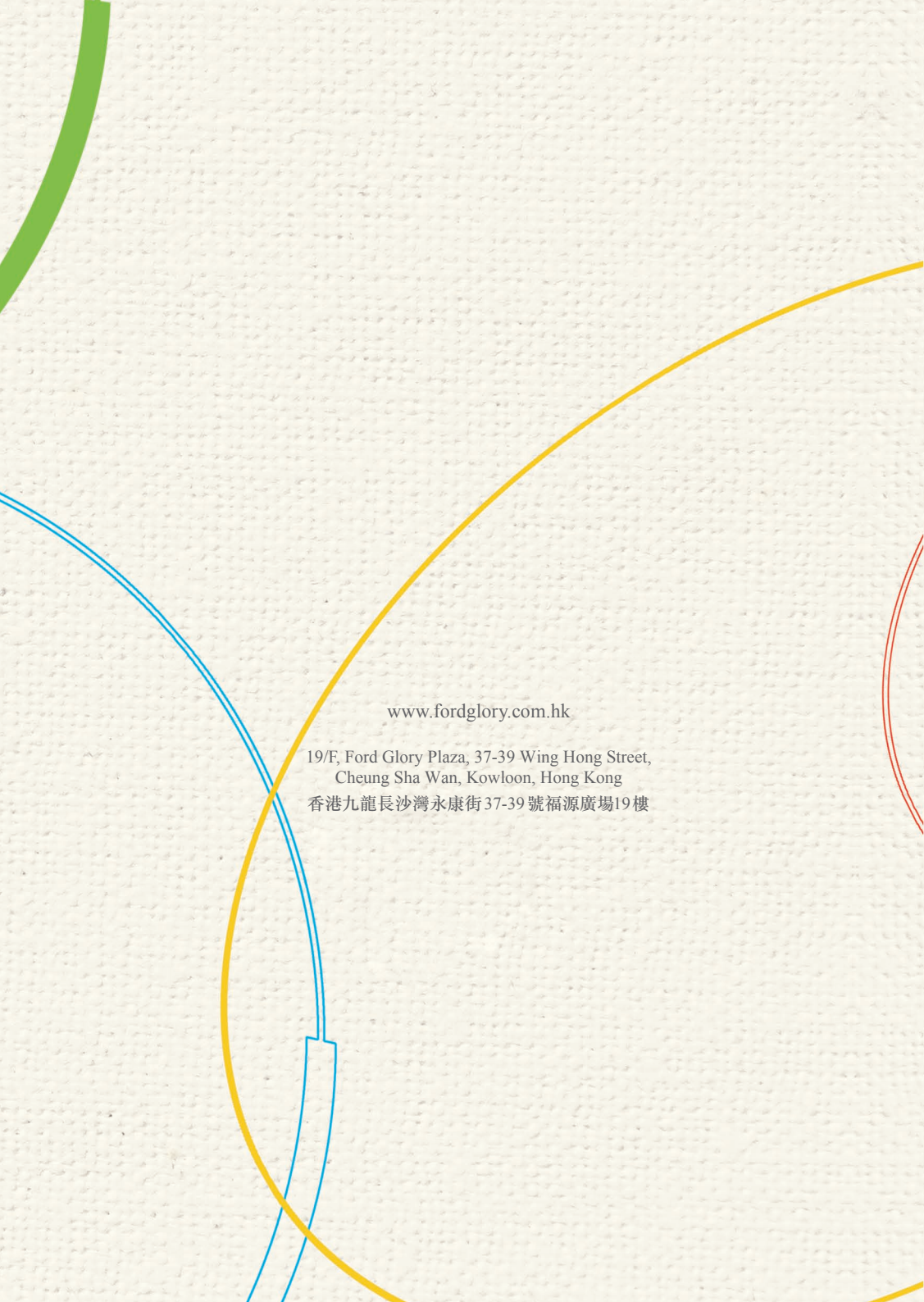
For the six months ended 30 September 2013

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

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

	Structured foreign currency forward contracts HK\$'000
At 1 April 2013	1,508
Premium received on contract date	(428)
Net settlement	(2,409)
Fair value gains (<i>note</i>):	
– realised	1,329
– unrealised	869
At 30 September 2013	869

note: The amount is included in net gain on fair value changes of derivative financial instruments of “other gains and losses” in Note 4.



www.fordglory.com.hk

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