THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Share Offer, this Composite Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in **Ford Glory Group Holdings Limited**, you should at once hand this Composite Document together with the accompanying Form of Acceptance to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the provisions of which form part of the terms of the Share Offer contained herein.

UNITECH ENTERPRISES GROUP LIMITED
卓科企業集團有限公司
(Incorporated in the British Virgin Islands with limited liability)

FORD GLORY GROUP HOLDINGS LIMITED
福源集團控股有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 1682)

COMPOSITE DOCUMENT RELATING TO THE UNCONDITIONAL MANDATORY CASH OFFER BY

KINGSTON SECURITIES LTD.

ON BEHALF OF UNITECH ENTERPRISES TO ACQUIRE ALL THE ISSUED SHARES (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY UNITECH ENTERPRISES AND PARTIES ACTING IN CONCERT WITH IT)

Financial adviser to Unitech Enterprises Group Limited

KINGSTON CORPORATE FINANCE LTD.

Financial adviser to Ford Glory Group Holdings Limited

CROSBY

Crosby Securities Limited

Independent financial adviser to the Independent Board Committee

SWS

Shenyin Wanguo Capital (H.K.) Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from the Board is set out on pages 21 to 28 of this Composite Document. A letter from Kingston Securities containing, among other things, the details of the terms of the Share Offer is set out on pages 10 to 20 of this Composite Document. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 29 to 30 of this Composite Document. A letter from Shenyin Wanguo containing its opinion on the Share Offer and its recommendation to the Independent Board Committee is set out on pages 31 to 42 of this Composite Document.

The procedures for acceptance and settlement of the Share Offer and other related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Share Offer should be received by the Registrar by no later than 4:00 p.m. on Friday, 15 August 2014 or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the requirements under the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the paragraph headed "Overseas Shareholders" of "Letter from Kingston Securities" of this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Share Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Each Overseas Shareholder is advised to seek professional advice on deciding whether or not to accept the Share Offer.

The Composite Document will remain on the websites of the Stock Exchange at http://www.hkexnews.hk and the Company at http://www.fordglory.com.hk.

* *For identification purposes only*

25 July 2014

CONTENTS

The expected timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate. Unless otherwise specified, all times and dates refer to Hong Kong local times and dates.

	2014
Record date for determining the entitlements of the Qualifying Shareholders to the Special Cash Dividend	Wednesday, 16 July
Date of despatch of the cash cheques for the Special Cash Dividend to the Qualifying Shareholders	Tuesday, 22 July
Despatch date of this Composite Document and the Form of Acceptance and the commencement date of the Share Offer *(Note 1)*	Friday, 25 July
Latest time and date for acceptance of the Share Offer *(Notes 2 and 4)*	4:00 p.m. on Friday, 15 August
Closing Date of the Share Offer *(Notes 2 and 4)*	Friday, 15 August
Announcement of the results of the Share Offer as at the Closing Date to be posted on the website of the Stock Exchange *(Note 2)*	not later than 7:00 p.m. on Friday, 15 August
Latest date for posting of remittances in respect of valid acceptances received under the Share Offer *(Notes 3 and 4)*	Tuesday, 26 August

Notes:

(1) The Share Offer, which is unconditional in all respects, is made on the date of posting of this Composite Document, and are capable of acceptance on and from that date until the Closing Date. Acceptances of the Share Offer shall be irrevocable and shall not be capable of being withdrawn, except in the circumstances set out in the section headed "6. Right of Withdrawal" in Appendix I to this Composite Document.

(2) In accordance with the Takeovers Code, the Share Offer must initially be opened for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance of the Share Offer is 4:00 p.m. on Friday, 15 August 2014. An announcement will be published on the website of the Stock Exchange by 7:00 p.m. on Friday, 15 August 2014 stating whether the Share Offer has been extended, revised or expired. In the event that the Offeror decides to extend the Share Offer and the announcement does not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Share Offer is closed to those Independent Shareholders who have not accepted the Share Offer.

(3) Remittances in respect of the cash consideration payable for the Offer Shares tendered under the Share Offer will be despatched to the accepting Shareholder(s) by ordinary post at their own risk as soon as possible but in any event within 7 Business Days after the date of receipt of a duly completed acceptance in accordance with the Takeovers Code.

(4) If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:

(a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Share Offer and the latest date for posting of remittances for the amounts due under the Share Offer in respect of valid acceptances, the latest time for acceptance of the Share Offer and the posting of remittances will remain at 4:00 p.m. on the same Business Day; or

(b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Share Offer and the latest date for posting of remittances for the amounts due under the Share Offer in respect of valid acceptances, the latest time for acceptance of the Share Offer and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day.

Save as mentioned above, if the latest time for the acceptance of the Share Offer and the posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

In this Composite Document, unless the context otherwise requires, the following expressions have the following meanings:

"acting in concert"	has the meaning ascribed thereto in the Takeovers Code
"associate"	has the meaning ascribed thereto in the Takeovers Code
"Best Keen"	Best Keen International Limited（銳佳國際有限公司）, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company
"Board"	the board of Directors
"Business Day"	a day on which the Stock Exchange is open for the transaction of business
"BVI"	the British Virgin Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Circular"	the circular dated 18 June 2014 issued by the Company in relation to, among other things, the Group Reorganisation, the Share Premium Cancellation, the Special Cash Dividend, the Special Deals and the Proposed Change of Name
"Closing Date"	15 August 2014, being the first closing date of the Share Offer or any subsequent closing date(s) as may be determined and announced by the Offeror with the consent of the Executive in accordance with the Takeovers Code
"Company"	Ford Glory Group Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1682)
"Composite Document"	this composite offer and response document dated 25 July 2014 jointly issued by the Offeror and the Company to the Shareholders in connection with the Share Offer
"Director(s)"	director(s) of the Company from time to time
"Disposal"	the sale of the Disposal Shares by the Company to Sure Strategy pursuant to the Disposal Agreement

"Disposal Agreement"	the conditional agreement dated 14 March 2014 entered into between the Company and Sure Strategy in relation to the sale and purchase of the Disposal Shares
"Disposal Group"	FG Holdings and its subsidiaries, but excluding Top Value and the HK Garment Sourcing Business and its related assets and liabilities
"Disposal Group Entities"	the entities of the Former Group except for the Group Entities before the Disposal, including FG Holdings, FG International, Brilliant Fashion Inc., Ford Glory (Cambodia) Manufacturing Limited, Ford Glory Inc. (a company which the Company was interested in as to 51% before the Disposal), Global Trend Investments Limited, Glory Time Limited (a company which the Company was interested in as to 70% before the Disposal), Gojifashion Inc. (a company which the Company was interested in as to 50% before the Disposal), Green Expert Global Limited (a company which the Company was interested in as to 51% before the Disposal), Happy Noble Holdings Limited (a company which the Company was interested in as to 70% before the Disposal), Jerash Garments & Fashions Manufacturing Company Ltd., Jiangmen V-Apparel Manufacturing Ltd.（江門冠暉制衣有限公司）, Just Perfect Holdings Limited, Major Time Limited (a company which the Company was interested in as to 51% before the Disposal), MT Studio Inc. (a company which the Company was interested in as to 51% before the Disposal), One Sino Limited, PT. Victory Apparel Semarang, Rocwide Limited, Sky Winner Investment Limited (a company which the Company was interested in as to 70% before the Disposal), Surefaith Limited, Talent Partner Holdings Limited (a company which the Company was interested in as to 51% before the Disposal), 藝田貿易（上海）有限公司 (Teelocker Limited*) (a company which the Company was interested in as to 70% before the Disposal), Value Plus (Macao Commercial Offshore) Limited, Victory Apparel (Jordan) Manufacturing Company Limited, Wealth Choice Limited, 福之源貿易（上海）有限公司 (Ford Glory Trading (Shanghai) Limited*), 福源創業信息咨詢服務（深圳）有限公司 (Ford Glory (Shenzhen) International Limited*) and Mayer Apparel Limited (a company which the Company was interested in as to 51% before the Disposal)
"Disposal Shares"	the entire issued share capital of FG Holdings

"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
"FG Holdings"	Ford Glory Holdings Limited, a company incorporated in BVI with limited liability and a direct wholly-owned subsidiary of Sure Strategy as at the Latest Practicable Date
"FG International"	Ford Glory International Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of FG Holdings as at the Latest Practicable Date
"Form of Acceptance"	the form of acceptance and transfer of Share(s) in respect of the Share Offer accompanying this Composite Document
"Former Group"	the Company and its subsidiaries prior to completion of the Group Reorganisation, the Disposal and the payment of the Special Cash Dividend
"Garment Sourcing Business"	the principal business carried by the Remaining Group which mainly comprises the comprehensive range of sourcing management services and expertise, including product design and product development, sampling, product offering, garment sourcing, sub-contractor outsourcing, logistics and delivery and overseas sales capabilities, which are currently carried out by United Gainer and Top Value
"Group" or "Remaining Group"	the Company and its subsidiaries immediately after completion of the Group Reorganisation, the Disposal and the payment of the Special Cash Dividend
"Group Entities" or "Remaining Group Entities"	the Company, Best Keen, United Gainer and Top Value
"Group Reorganisation"	the reorganisation of the Group that has been completed before the Latest Practicable Date
"Highlight Vision PRC"	高銳視訊有限公司 (Highlight Vision Limited*), an indirect subsidiary of the Offeror
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

* *For identification purpose only*

"HK Garment Sourcing Business"	the comprehensive range of sourcing management services and expertise, including product design and product development, sampling, product offering, garment sourcing, sub-contractor outsourcing, logistics and delivery and overseas sales capabilities, which are currently carried out by United Gainer in Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee of the Board, comprising all independent non-executive Directors, formed to advise the Independent Shareholders in respect of the Share Offer (given the respective interests in the Company held by the non-executive Directors, namely Mr. Chen and Mr. Li, each of them is deemed to have material interests in the Disposal Agreement and the HK Lease Agreement and hence are excluded from the Independent Board Committee)
"Independent Financial Adviser" or "Shenyin Wanguo"	Shenyin Wanguo Capital (H.K.) Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee
"Independent Shareholders"	Shareholders, other than the Offeror and any parties acting in concert with it
"Independent Third Party(ies)"	individual(s) or company(ies) who is/are not core connected persons (within the meaning of the Listing Rules) of the Company
"IoT"	Internet of Things, refers to the technology in connecting the devices, systems or services together, allowing them to gather information in their own means and exchange information among themselves in the absence of human interactions. Internet of Things can be widely adopted in different aspects, such as video surveillance system to alert for any potential thefts, or traffic monitoring system to provide messages and diversions according to the physical situation

"Joint Announcement"	the joint announcement of the Company, VC and the Offeror dated 7 May 2014 in relation to, among other things, the Share Sale and the Share Offer
"Kingston CF"	Kingston Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror in respect of the Share Offer
"Kingston Securities"	Kingston Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO which shall make the Share Offer on behalf of the Offeror
"Last Trading Day"	14 March 2014, being the last full trading day immediately prior to suspension of trading in the Shares pending the release of the Joint Announcement
"Latest Practicable Date"	23 July 2014, being the latest practicable date prior to the printing of this Composite Document for the purpose of ascertaining certain information contained in this Composite Document
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Manufacturing Business"	the principal business carried out by the Disposal Group upon completion of the Group Reorganisation and the Disposal, which mainly comprises the manufacturing and sales of garment products by the Disposal Group's self-owned factories in the PRC and Jordan, and leased factories in Indonesia and Cambodia based on design and specifications provided by customers
"Merlotte Enterprise"	Merlotte Enterprise Limited, a company incorporated in BVI with limited liability and wholly-owned by Mr. Choi as at the Latest Practicable Date
"MOU"	the non-legally binding memorandum of understanding entered into between Sure Strategy and the Offeror on 18 December 2013
"Mr. Chen"	Mr. Chen Tien Tui, a non-executive Director, the chief executive officer of VC, an executive director of VC, and an ultimate beneficial owner of 3,821,080 Shares as at the Latest Practicable Date

"Mr. Choi"	Mr. Choi Lin Hung, the chairman and chief executive officer of the Company, an executive Director, an executive director of VC, and a beneficial owner of the entire issued share capital of Merlotte Enterprise and 49% interest in Sure Strategy as at the Latest Practicable Date
"Mr. Li"	Mr. Li Ming Hung, a non-executive Director, the chairman of VC, an executive director of VC, and an ultimate beneficial owner of 3,789,440 Shares as at the Latest Practicable Date
"Mr. Ng"	Mr. Ng Tsze Lun, an employee of the Disposal Group, a brother of Mr. Ng Tze On (an executive Director), and a beneficial owner of 50,173,000 Shares as at the Latest Practicable Date
"Offer Period"	has the meaning ascribed to it in the Takeovers Code
"Offer Share(s)"	199,777,000 Shares that are subject to the Share Offer as at the Latest Practicable Date and "Offer Share" means any of them
"Offeror" or "Unitech Enterprises"	Unitech Enterprises Group Limited（卓科企業集團有限公司）, a company incorporated in BVI with limited liability
"Option Share(s)"	new Share(s) issued upon exercise of the Share Options
"Option Undertaking"	the irrevocable undertaking given by Mr. Ng on 14 March 2014 to (i) exercise no less than 2,261,740 Share Options granted to him at an exercise price of HK$0.600 per Option Share; and (ii) accept the Share Offer in respect of such number of his Shares
"Overseas Shareholder(s)"	Shareholder(s) whose registered address(es) is/are in jurisdiction outside Hong Kong
"PRC"	the People's Republic of China (for the purpose of this Composite Document, excluding Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan)
"Preliminary Announcement"	the joint announcement issued by the Company and VC dated 24 July 2013 pursuant to Rule 3.2 and Rule 3.7 of the Takeovers Code and Rule 13.09 of the Listing Rules and Inside Information Provisions under Part XIVA of the SFO

"Proposed Change of Name"	the proposal by the Board to change the English name of the Company from "Ford Glory Group Holdings Limited" to "Highlight China IoT International Limited" and to adopt the Chinese name of "高銳中國物聯網國際有限公司" as the secondary name to replace "福源集團控股有限公司" which has been used for identification purposes only
"Qualifying Shareholders"	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on 16 July 2014 (being the record date to determine entitlements of the Special Cash Dividend)
"Registrar"	Tricor Secretaries Limited, the Hong Kong branch share registrar and transfer office of the Company
"Relevant Period"	the six months preceding the date of the Preliminary Announcement, up to and including the Latest Practicable Date
"Retained Employees"	being Ms. Cheng Sylvia, Ms. Ching Chor Bik and Mr. Yick Chong San, all of whom are employees of the Group as at the Latest Practicable Date
"Retained Employees Arrangement"	the appointment of the Retained Employees by the Group for a period of not less than one year from the Share Sale Completion Date
"Sale Share(s)"	320,000,000 Shares acquired by the Offeror from the Vendors pursuant to the Share Sale Agreement, which represents approximately 61.56% of the entire issued share capital of the Company as at the Latest Practicable Date, and "Sale Share" means any of them
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company held at 10:00 a.m. on 10 July 2014 at Unit D, 3rd Floor, Winfield Industrial Building, 3 Kin Kwan Street, Tuen Mun, New Territories, Hong Kong
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)

"Share Offer"	the unconditional mandatory cash offer made by Kingston Securities on behalf of the Offeror, to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) in accordance with the Takeovers Code
"Share Offer Price"	the price at which the Share Offer will be made, being HK$0.808 per Share
"Share Option(s)"	option(s) granted under the share option scheme of the Company adopted by the shareholders of the Company on 2 June 2010
"Share Premium Cancellation"	the cancellation of the entire amount standing to the credit of the share premium account of the Company that has taken effect on 10 July 2014
"Share Sale"	acquisition of the Sale Shares by the Offeror from the Vendors in accordance with the terms and conditions of the Share Sale Agreement
"Share Sale Agreement"	the conditional agreement dated 14 March 2014 entered into between the Offeror and the Vendors in relation to the sale and purchase of the Sale Shares
"Share Sale Completion"	completion of the Share Sale Agreement in accordance with the terms and conditions thereof, which took place on 22 July 2014 (Release of certain guarantees provided by the Company (being conditions precedent to Share Sale Completion) has not yet taken effect pending delivery of customary legal opinions to relevant banks. The Vendors have confirmed that they will procure the delivery of such customary legal opinions in order to release such guarantees. This was acceptable to the Offeror and accordingly Share Sale Completion was successful, final and completed)
"Share Sale Completion Date"	the day on which all the conditions precedent to the Share Sale Agreement have been fulfilled or effectively waived
"Special Cash Dividend"	the special cash dividend of HK$0.720 per Share distributed to the Qualifying Shareholders on a pro rata basis by the Company on 22 July 2014

"Special Deals"	collectively, the Disposal Agreement, the HK Lease Agreement and the Retained Employees Arrangement, which constitute special deals for the Company under Rule 25 of the Takeovers Code
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Sure Strategy"	Sure Strategy Limited, a company incorporated in BVI with limited liability and beneficially owned as to 51% by Victory City Investments and 49% by Merlotte Enterprise
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Top Value"	Top Value Inc., a company incorporated in the U.S. with limited liability and an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date
"Tri-Network Integration"	integration of telecommunication network, broadcasting network and the internet
"U.S."	United States of America
"United Gainer"	United Gainer Investment Limited(聯佳投資有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
"VC"	Victory City International Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 539) and the ultimate holding company of Sure Strategy as at the Latest Practicable Date
"Vendors"	Sure Strategy, Merlotte Enterprise and Victory City Investments, being the vendors of the Sale Shares pursuant to the Share Sale Agreement
"Victory City Investments"	Victory City Investments Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of VC
"%"	per cent.

KINGSTON SECURITIES LTD.
Suite 2801, 28th Floor
One International Finance Centre
1 Harbour View Street, Central, Hong Kong

25 July 2014

To the Independent Shareholders

Dear Sir/Madam,

UNCONDITIONAL MANDATORY CASH OFFER BY KINGSTON SECURITIES LIMITED ON BEHALF OF UNITECH ENTERPRISES TO ACQUIRE ALL THE ISSUED SHARES (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY UNITECH ENTERPRISES AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

Reference is made to the Joint Announcement of the Company, VC and the Offeror dated 7 May 2014 in relation to, among other things, the Share Sale and the Share Offer.

As set out in the Joint Announcement, on 14 March 2014, Sure Strategy, Merlotte Enterprise, Victory City Investments and the Offeror entered into the Share Sale Agreement, pursuant to which the Vendors have conditionally agreed to sell and the Offeror has conditionally agreed to purchase the Sale Shares, being the aggregate interest of 320,000,000 Shares held by the Vendors, representing approximately 61.56% of the entire issued share capital of the Company as at the Latest Practicable Date, at an aggregate consideration of HK$258,560,000, representing HK$0.808 per Sale Share.

The Share Sale Completion took place on 22 July 2014. Upon the Share Sale Completion, the Offeror became the owner of approximately 61.56% of all the Shares in issue. Accordingly, pursuant to Rules 13.5 and 26.1 of the Takeovers Code, upon Share Sale Completion, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares which are not already owned or agreed to be acquired by it and parties acting in concert with it. As at the Latest Practicable Date, all Share Options had been exercised in full. As the Offeror and parties acting in concert with it are holding more than 50% of the issued Shares, the Share Offer is unconditional.

This letter sets out, among other things, the details of the Share Offer, information on the Offeror and the intention of the Offeror regarding the Group. The terms of the Share Offer and the procedures of acceptances are set out in this letter, Appendix I to this Composite Document and the Form of Acceptance.

The Independent Shareholders are strongly advised to carefully consider the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from Shenyin Wanguo" as set out in this Composite Document before reaching a decision as to whether or not to accept the Share Offer.

THE SHARE OFFER

Kingston Securities, on behalf of the Offeror and in compliance with the Takeovers Code, hereby makes the Share Offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) in accordance with the Takeovers Code on the following basis:

For each Offer Share . . . . HK$0.808 in cash

The Share Offer Price is the same as the purchase price per Sale Share under the Share Sale Agreement, which was arrived after arm's length negotiations between the Offeror and the Vendors.

The Shares to be acquired under the Share Offer are fully paid and free from any liens, charges and encumbrances and together with all rights attaching to them including all dividends and distributions (but excluding the entitlements to the Special Cash Dividend) which may be declared, made or paid at any time on or after the date on which the Share Offer is made.

The Share Offer will extend to all Shares in issue on the date on which the Share Offer is made, being the date of despatch of this Composite Document other than those Shares held by the Offeror and persons acting in concert with it.

Comparison of Value

The Share Offer Price of HK$0.808 per Offer Share represents:

(a) a discount of approximately 14.043% to the closing price of HK$0.940 per Share as quoted on the Stock Exchange on 23 July 2013, being the last Business Day prior to the commencement of the Offer Period;

(b) a discount of approximately 70.830% to the closing price of HK$2.770 per Share as quoted on the Stock Exchange on the Last Trading Day;

(c) a discount of approximately 71.368% to the average closing price of approximately HK$2.822 per Share as quoted on the Stock Exchange for the 5 consecutive trading days immediately prior to and including the Last Trading Day;

(d) a discount of approximately 71.619% to the average closing price of approximately HK$2.847 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;

(e) a discount of approximately 71.866% to the average closing price of approximately HK$2.872 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;

(f) a discount of approximately 71.748% to the closing price of HK$2.860 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;

(g) a premium of approximately 1,038.028% over the unaudited pro forma net asset value per Share of approximately HK$0.071 as at 30 September 2013 (being the date to which the unaudited pro forma consolidated financial position of the Remaining Group were made up as set out in Appendix III to this Composite Document), calculated based on the Remaining Group's unaudited pro forma consolidated net assets attributable to equity holders of the Company of approximately HK$36,764,000 as at 30 September 2013 and 519,777,000 Shares in issue as at the Latest Practicable Date;

(h) a premium of approximately 10.534% over the audited net asset value per Share of approximately HK$0.731 as at 31 March 2014 (being the date to which the latest audited consolidated financial results of the Former Group were made up), calculated based on the Former Group's audited consolidated net assets attributable to equity holders of the Company of approximately HK$379,978,000 as at 31 March 2014 and 519,777,000 Shares in issue as at the Latest Practicable Date; and

(i) a premium of approximately 11.142% over the unaudited net asset value per Share of approximately HK$0.727 as at 30 September 2013 (being the date to which the latest published unaudited consolidated financial results of the Former Group were made up), calculated based on the Former Group's unaudited consolidated net assets attributable to equity holders of approximately HK$377,703,000 as at 30 September 2013 and 519,777,000 Shares in issue as at the Latest Practicable Date.

Highest and lowest Share prices

During the Relevant Period:

(i) the highest closing price of the Shares as quoted on the Stock Exchange was HK$3.32 on 10 February 2014; and

(ii) the lowest closing price of the Shares as quoted on the Stock Exchange was HK$0.74 on 7 March 2013.

Option Undertaking

Mr. Ng has provided an irrevocable undertaking to the Vendors to, prior to the closing of the Share Offer, (i) exercise no less than 2,261,740 Share Options granted to him at an exercise price of HK$0.600 per Option Share; and (ii) accept the Share Offer in respect of such number of his Shares.

Reference is made to the Company's announcement dated 23 May 2014. On 23 May 2014, an aggregate of 58,000,000 Shares were issued by the Company upon exercise of 21,000,000 Share Options and 37,000,000 Share Options held by Mr. Ng at exercise prices of HK$0.600 per Option Share and HK$0.844 per Option Share, respectively. As at the Latest Practicable Date, Mr. Ng no longer held any Share Options. Upon Share Sale Completion and pursuant to the Option Undertaking pursuant to which Mr. Ng will accept the Share Offer to be made by the Offeror in respect of such number of his Shares, the Offeror will hold approximately 62.00% interest in the Company before any other acceptance by any Shareholder under the Share Offer based on the total issued share capital of the Company as at the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Ng Tze On, an executive Director and a beneficial holder of 5,350,000 Shares, Mr. Lau Kwok Wa, Stanley, an executive Director and a beneficial holder of 5,350,000 Shares, Mr. Chen, a non-executive Director and an ultimate beneficial holder of 3,821,080 Shares, and Mr. Li, a non-executive Director and an ultimate beneficial holder of 3,789,440 Shares, had respectively indicated that they intend to reject the Share Offer.

Save for the aforesaid, the Offeror had not received any indication or irrevocable commitment from any Shareholder that he/she/it will accept or reject the Share Offer as at the Latest Practicable Date.

Total consideration for the Share Offer

On the basis of the Share Offer price of HK$0.808 per Offer Share and 519,777,000 Shares in issue as at the Latest Practicable Date, (i) the entire issued share capital of the Company is valued at HK$419,979,816 and (ii) 199,777,000 Shares will be subject to the Share Offer and the Share Offer is valued at HK$161,419,816.

As at the Latest Practicable Date, all Share Options had been exercised in full and the Company had no other outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and the Company had no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

Confirmation of financial resources

The financial resources of the Offeror to satisfy the consideration for the full acceptance of the Share Offer shall amount to an aggregate of HK$161,419,816, which shall be financed by the standby facility of up to HK$161,440,000 granted by Kingston Securities.

Kingston CF, the financial adviser to the Offeror in respect of the Share Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the full acceptance of the Share Offer.

Effect of accepting the Share Offer

The Share Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number or any other conditions.

The Share Offer

By accepting the Share Offer, the Independent Shareholders will sell their Shares free from all liens, charges, options, claims, equities, adverse interests, third party rights or encumbrances whatsoever and together with all rights attaching to them including all dividends and distributions (but excluding the entitlements to the Special Cash Dividend) which may be declared, made or paid at any time on or after the date on which the Share Offer is made, being the date of this Composite Document.

Acceptance of the Share Offer by any Independent Shareholder will be deemed to constitute a warranty by such person that all Shares sold by such person under the Share Offer are free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive future dividends and other distributions (but excluding the entitlements to the Special Cash Dividend) recommended, declared, made or paid, if any, on or after the date on which the Share Offer is made. Acceptances of the Share Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Hong Kong stamp duty

Seller's ad valorem stamp duty arising in connection with acceptance of the Share Offer amounting to 0.1% of the amount payable in respect of relevant acceptances by the Shareholders, or (if higher) the value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the amount payable to the Independent Shareholders who accept the Share Offer. The Offeror will then pay the stamp duty so deducted on their behalf. The Offeror will bear buyer's ad valorem stamp duty.

Payment

Payment in cash in respect of acceptances of the Share Offer (after deducting the accepting Independent Shareholders' share of stamp duty) will be made as soon as possible but within 7 Business Days (as defined under the Takeovers Code) of the date of receipt of a duly completed acceptance. Relevant documents evidencing title must be received by or on behalf of the Offeror to render such acceptance of the Share Offer complete and valid and in accordance with the Takeovers Code.

Overseas Shareholders

As the Share Offer to persons not residing in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, the Overseas Shareholders who are citizens or residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements and where necessary seek legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the Share Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith (including but not limited to the obtaining of any governmental, exchange control or other consent and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes and duties due in respect of the relevant jurisdiction).

Any acceptance by any Independent Shareholder will be deemed to constitute a representation and warranty from such Independent Shareholder to the Offeror that the local laws and requirements have been complied with, and such acceptance shall be valid and binding in accordance with all applicable laws. The Independent Shareholders should consult their professional advisers if in doubt.

Compulsory acquisition

The Offeror does not intend to avail itself of any power of compulsory acquisition of any Shares outstanding after the close of the Share Offer.

Further terms of the Share Offer

Further terms of the Share Offer including, among other things, procedures for acceptance and settlement, the acceptance period and taxation matters are set out in Appendix I to this Composite Document and in the Form of Acceptance.

Dealing and interests in the Company's securities

The Offeror, its ultimate beneficial owners and parties acting in concert with any of them had not dealt in the Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period, being the six-month period preceding the date of the Preliminary Announcement up to and including the Latest Practicable Date save for the MOU and the Share Sale Agreement to which the Offeror is a party.

Other arrangements

The Offeror confirms that as at the Latest Practicable Date:

(i) save for the Sale Shares, neither the Offeror, its ultimate beneficial owners nor any person acting in concert with any of them owned or had control or direction over any voting rights or rights over the Shares or convertible securities, warrants, options of the Company or any derivatives in respect of such securities;

(ii) there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Share Offer;

(iii) there was no agreement or arrangement to which the Offeror or any of its ultimate beneficial owners is a party which relates to circumstances in which it may or may not seek to invoke a pre-condition or a condition to the Share Offer;

(iv) neither the Offeror, its ultimate beneficial owners nor any person acting in concert with any of them had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;

(v) save for the Option Undertaking, neither the Offeror, its ultimate beneficial owners nor any person acting in concert with any of them has received any irrevocable commitment to accept the Share Offer; and

(vi) there is no outstanding derivative in respect of the securities in the Company entered into by the Offeror, its ultimate beneficial owners nor any person acting in concert with any of them.

INFORMATION ON THE GROUP

Details of the information on the Group are set out in the "Letter from the Board" in this Composite Document.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company with limited liability incorporated in BVI on 5 January 2010, which is directly and beneficially owned as to 60% by Mr. Gao Zhiyin and 40% by Mr. Gao Zhiping. Mr. Gao Zhiyin and Mr. Gao Zhiping are the directors of the Offeror.

The Offeror is the ultimate holding company of Highlight Vision PRC, a limited liability company (invested solely by foreign legal entity) established in the PRC on 9 March 2009. Highlight Vision PRC is an integrated service provider for the IoT, Tri-Network Integration, smart city and internet new media industries in the PRC.

Mr. Gao Zhiyin, aged 43, is one of the co-founders of the Offeror. Since 2010, Mr. Gao Zhiyin has served as the chairman of the board of directors and the chief executive officer of Highlight Vision PRC, a subsidiary of the Offeror which is an integrated service provider for the IoT, Tri-Network Integration, smart city and internet new media industries in the PRC. He has also served as the legal representative of Zhejiang Chuangyi Technology Co., Ltd.* （浙江創億光電設備有限公司） since 2002. Mr. Gao Zhiyin has many years of experience in the industry of broadcasting and television communication and has thorough understanding of the internet and IoT industries as well as the related upstream and downstream industries. He has been appointed as an executive Director on 22 July 2014, with effect from the day immediately after the despatch date of this Composite Document.

Mr. Gao Zhiping, aged 42, is one of the co-founders of the Offeror. Mr. Gao Zhiping has served as the general manager of Highlight Vision PRC since 2010. Mr. Gao Zhiping has served as the legal representative of Zhejiang Chuangjia Digital Technology Co., Ltd.* （浙江創佳數字技術有限公司） since 2007. Mr. Gao Zhiping has many years of experience in the industry of broadcasting and television communication and has in-depth understanding of the internet and IoT industries. He has been appointed as an executive Director on 22 July 2014, with effect from the day immediately after the despatch date of this Composite Document.

Mr. Gao Zhiyin, the chairman of the board of directors and the chief executive officer of Highlight Vision PRC, is the elder brother of Mr. Gao Zhiping.

INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Following the close of the Share Offer, the Offeror intends to continue the businesses of the Group. Save as contemplated under the Disposal Agreement and other than in the ordinary course of business of the Group, the Offeror has no intention to (i) dispose of, terminate or downsize the existing businesses; (ii) redeploy the fixed assets; and (iii) terminate any employees of the Group or make significant changes to any employment (except for the proposed changes to the members of the Board as detailed in the sub-paragraph headed “Proposed change of the Board” below).

However, the Offeror will, following completion of the Share Offer, conduct a detailed review of the operations of the Group and formulate feasible business strategies with a view to developing a sustainable corporate strategy to broaden its income stream, which may include rebalancing the resources of the Group should appropriate opportunities arise.

For the future development of the Group with the aim of protecting the Shareholders in a responsible manner, subject to a detailed review to be performed by the Offeror on the availability of sufficient resources to finance new business opportunities by the Group, the Offeror intends to explore new business opportunities relating to the internet, IoT, Tri-Network Integration and new media industries by utilising its experience and resources, including but not limited to acquisition or investment through joint ventures to be established by the Offeror with third parties in the PRC and/or overseas in compliance with applicable laws and regulations. As at the Latest Practicable Date, there was no concrete timetable for executing the aforesaid business opportunities. Any such acquisition or investment, once materialised, will be announced by the Company as and when necessary pursuant to the requirements of the Listing Rules.

In order to strengthen the capital base of the Group, the Offeror may, as and when it considers appropriate following the close of the Share Offer and after conducting a detailed review of the financial position of the Group, advise the Board to consider fund-raising exercises in the form of equity, equity-related and/or debt financing. As at the Latest Practicable Date, the Offeror was not involved in any negotiation and had not entered into any agreement, arrangement, undertaking or understanding in relation to any equity fund-raising activities of the Company. Should such activities materialise, further announcement(s) will be made by the Company as and when required in accordance with the Listing Rules.

Proposed change of the Board

The Board is currently made up of nine Directors, comprising three executive Directors, being Mr. Choi, Mr. Lau Kwok Wa, Stanley and Mr. Ng Tze On, two non-executive Directors, being Mr. Chen and Mr. Li and four independent non-executive Directors, being Mr. Lau Chi Kit, Mr. Mak Chi Yan, Mr. Wong Wai Kit, Louis and Mr. Yuen Kin Kei. The Offeror has nominated and the Board has appointed Mr. Gao Zhiyin, Mr. Gao Zhiping and Mr. Shi Jiguo as executive Directors and Dr. Chen Yifan as an independent non-executive Director with effect from the date immediately after the despatch of this Composite Document. Please refer to the joint announcement of the Company, VC and the Offeror dated 22 July 2014 for the biographies of the proposed Directors. The Offeror also intends to nominate additional independent non-executive Directors to the Board and such appointments will not take effect earlier than the date of posting of this Composite Document or such other date as permitted under the Takeovers Code. As at the Latest Practicable Date, Mr. Choi and Mr. Li were either the sole director or one of the directors (as the case may be) of the Group Entities, and it is also intended that Mr. Choi and Mr. Li will resign from their offices of these entities and will neither hold directorships nor senior positions in the Group Entities, with effect from the earliest date as permitted under the Listing Rules, the Takeovers Code or other applicable laws (whichever is later). Immediately after the first closing date of the Share Offer (or such other time as permitted by the Takeovers Code), all current Directors will resign from their office. Any change to the Board will be made in compliance with the Takeovers Code and the Listing Rules and will be announced accordingly.

Save as disclosed above, the Offeror does not intend to implement any material changes to the existing management of the Group following the close of the Share Offer.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Share Offer. The Offeror does not intend to exercise or apply any right which may be available to it to acquire compulsorily any Shares outstanding after the close of the Share Offer.

The Stock Exchange has stated that if, at the close of the Share Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public at all time, or if the Stock Exchange believes that:

(i) a false market exists or may exist in the trading of the Shares; or

(ii) there are insufficient Shares in public hands to maintain an orderly market,

then, it will consider exercising its discretion to suspend dealings in the Shares. Each of the directors of the Offeror and the new Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps including, among others, placing down the Shares to Independent Third Parties to ensure that sufficient public float exists in the Shares.

TAX IMPLICATIONS

The Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the tax implications that may arise from accepting the Share Offer. It is emphasised that the Offeror, its beneficial owners and parties acting in concert with any of them, the Company, Kingston CF, Kingston Securities, the Independent Financial Adviser, the Registrar or the company secretary of the Company or any of their respective directors or professional advisers or any other parties involved in the Share Offer or any of their respective agents do not accept any responsibility for any tax effect on, or liabilities of, the Independent Shareholders as a result of their acceptance of the Share Offer.

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

GENERAL

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Share Offer.

Attention of the Overseas Shareholders is drawn to the paragraph headed "Overseas Shareholders" above in this letter.

All documents and remittances to be sent to the Independent Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of the Company or in the case of joint holders, to such Independent Shareholder whose name appears first in the register of members of the Company. The Offeror, its beneficial owners and parties acting in concert with any of them, the Company, Kingston CF, Kingston Securities, the Independent Financial Adviser, the Registrar or the company secretary of the Company or any of their respective directors or professional advisers or any other parties involved in the Share Offer will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in appendices to this Composite Document which form part of this Composite Document. You are reminded to carefully read the "Letter from the Board", the "Letter from the Independent Board

Committee", the "Letter from Shenyin Wanguo" and other information about the Group which are set out in this Composite Document before deciding whether or not to accept the Share Offer.

Yours faithfully,
For and on behalf of
Kingston Securities Limited
Jammy Lui
Director

FORD GLORY GROUP HOLDINGS LIMITED
福源集團控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 1682)

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

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business in Hong Kong:
19/F., Ford Glory Plaza
37-39 Wing Hong Street
Cheung Sha Wan
Kowloon
Hong Kong

25 July 2014

To the Shareholders

Dear Sir/Madam,

UNCONDITIONAL MANDATORY CASH OFFER BY KINGSTON SECURITIES LIMITED ON BEHALF OF UNITECH ENTERPRISES TO ACQUIRE ALL THE ISSUED SHARES (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY UNITECH ENTERPRISES AND PARTIES ACTING IN CONCERT WITH IT)

Reference is made to the Joint Announcement and the Circular.

On 10 July 2014, the resolutions in respect of the Share Premium Cancellation, the Special Cash Dividend, the Special Deals and the Proposed Change of Name were duly approved at the SGM. On 22 July 2014, Share Sale Completion and the payment of the Special Cash Dividend took place.

* *For identification purposes only*

Upon Share Sale Completion, the Offeror and parties acting in concert with it became interested in 320,000,000 Shares in aggregate, representing approximately 61.56% of the entire issued share capital of the Company as at the Latest Practicable Date. Kingston Securities, on behalf of the Offeror and pursuant to the Takeovers Code, is required to make the Share Offer, which are unconditional mandatory cash offer to acquire all the issued Shares not already owned and/or agreed to be acquired by it and/or parties acting in concert with it. As at the Latest Practicable Date, there were no outstanding Share Options as all Share Options had been exercised in full.

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Lau Chi Kit, Mr. Mak Chi Yan, Mr. Wong Wai Kit, Louis and Mr. Yuen Kin Kei, has been formed to advise the Independent Shareholders in respect of the Share Offer.

Shenyin Wanguo has been appointed as the independent financial adviser to advise the Independent Board Committee on the fairness and reasonableness of the terms of the Share Offer and as to acceptance, and such appointment has been approved by the Independent Board Committee.

The purpose of this Composite Document is to provide you with, among other things, information relating to the Group, the Offeror and the Share Offer as well as setting out the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the Share Offer and the letter from Shenyin Wanguo containing their advice to the Independent Board Committee in respect of the Share Offer.

THE SHARE OFFER

According to its letter contained in this Composite Document, Kingston Securities is making, on behalf of the Offeror, the Share Offer to acquire all the issued Shares not already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with the Offeror on the following terms:

For each Offer Share . . . . HK$0.808 in cash

The Share Offer will extend to all Shares in issue on the date on which the Share Offer is made, being the date of this Composite Document other than those Shares held by the Offeror and persons acting in concert with it.

As at the Latest Practicable Date, there were 519,777,000 Shares in issue and no outstanding Share Options. As at the Latest Practicable Date, all Share Options had been exercised in full and the Company had no other outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and the Company had no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

Option Undertaking

Mr. Ng has provided an irrevocable undertaking to the Vendors to, prior to the closing of the Share Offer as set out in this Composite Document, (i) exercise no less than 2,261,740 Share Options granted to him at an exercise price of HK$0.600 per Option Share; and (ii) accept the Share Offer in respect of such number of his Shares.

Reference is made to the Company's announcement dated 23 May 2014. On 23 May 2014, an aggregate of 58,000,000 Shares were issued by the Company upon exercise of 21,000,000 Share Options and 37,000,000 Share Options held by Mr. Ng at an exercise price of HK$0.600 per Option Share and HK$0.844 per Option Share, respectively. As at the Latest Practicable Date, Mr. Ng no longer held any Share Options. Upon Share Sale Completion and pursuant to the Option Undertaking on which Mr. Ng will accept the Share Offer to be made by the Offeror in respect of such number of his Shares, the Offeror will hold approximately 62.00% interest in the Company before any other acceptance by any Shareholder under the Share Offer based on the total issued share capital of the Company as at the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Ng Tze On, an executive Director and a beneficial holder of 5,350,000 Shares, Mr. Lau Kwok Wa, Stanley, an executive Director and a beneficial holder of 5,350,000 Shares, Mr. Chen, a non-executive Director and an ultimate beneficial holder of 3,821,080 Shares, and Mr. Li, a non-executive Director and an ultimate beneficial holder of 3,789,440 Shares, had respectively indicated that they intend to reject the Share Offer.

Save for the aforesaid, the Offeror has not received any indication or irrevocable commitment from any Shareholder that he/she/it will accept or reject the Share Offer as at the Latest Practicable Date.

As stated in the letter from Kingston Securities contained in this Composite Document, as at the Latest Practicable Date, the Offeror and parties acting in concert with it were together beneficially interested in 320,000,000 Shares (representing approximately 61.56% of the entire issued share capital of the Company as at the Latest Practicable Date).

Comparison of value

The combined consideration under the Share Offer and the Special Cash Dividend is equivalent to HK$1.528 per Share, which represents:

(a) a premium of approximately 62.553% over the closing price of HK$0.940 per Share as quoted on the Stock Exchange on 23 July 2013, being the last Business Day prior to the commencement of the Offer Period;

(b) a discount of approximately 44.838% to the closing price of HK$2.770 per Share as quoted on the Stock Exchange on the Last Trading Day;

(c) a discount of approximately 45.854% to the average closing price of approximately HK$2.822 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;

(d) a discount of approximately 46.329% to the average closing price of approximately HK$2.847 per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;

(e) a discount of approximately 46.797% to the average closing price of approximately HK$2.872 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;

(f) a discount of approximately 46.573% to the closing price of HK$2.860 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(g) a premium of approximately 2,052.113% over the unaudited pro forma net asset value per Share of approximately HK$0.071 as at 30 September 2013 (being the date to which the unaudited pro forma consolidated financial position of the Remaining Group were made up as set out in Appendix III of this Composite Document), calculated based on the Remaining Group's unaudited pro forma consolidated net assets attributable to equity holders of the Company of approximately HK$36,764,000 as at 30 September 2013 and 519,777,000 Shares in issue as at the Latest Practicable Date;

(h) a premium of approximately 109.029% over the audited net asset value per Share of approximately HK$0.731 as at 31 March 2014 (being the date to which the latest audited consolidated financial results of the Former Group were made up), calculated based on the Former Group's audited consolidated net assets attributable to equity holders of the Company of approximately HK$379,978,000 as at 31 March 2014 and 519,777,000 Shares in issue as at the Latest Practicable Date; and

(i) a premium of approximately 110.179% over the unaudited net asset value per Share of approximately HK$0.727 as at 30 September 2013 (being the date to which the latest published unaudited consolidated financial results of the Former Group were made up), calculated based on the Former Group's unaudited consolidated net assets attributable to equity holders of the Company of approximately HK$377,703,000 as at 30 September 2013 and 519,777,000 Shares in issue as at the Latest Practicable Date.

For illustration purpose only, the price of HK$0.808 per Offer Share represents:

(a) a discount of approximately 14.043% to the closing price of HK$0.940 per Share as quoted on the Stock Exchange on 23 July 2013, being the last Business Day prior to the commencement of the Offer Period;

(b) a discount of approximately 70.830% to the closing price of HK$2.770 per Share as quoted on the Stock Exchange on the Last Trading Day;

(c) a discount of approximately 71.368% to the average closing price of approximately HK$2.822 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;

(d) a discount of approximately 71.619% to the average closing price of approximately HK$2.847 per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;

(e) a discount of approximately 71.866% to the average closing price of approximately HK$2.872 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;

(f) a discount of approximately 71.748% to the closing price of HK$2.860 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(g) a premium of approximately 1,038.028% over the unaudited pro forma net asset value per Share of approximately HK$0.071 as at 30 September 2013 (being the date to which the unaudited pro forma consolidated financial position of the Remaining Group were made up as set out in Appendix III of this Composite Document), calculated based on the Remaining Group's unaudited pro forma consolidated net assets attributable to equity holders of the Company of approximately HK$36,764,000 as at 30 September 2013 and 519,777,000 Shares in issue as at the Latest Practicable Date;

(h) a premium of approximately 10.534% over the audited net asset value per Share of approximately HK$0.731 as at 31 March 2014 (being the date to which the latest audited consolidated financial results of the Former Group were made up), calculated based on the Former Group's audited consolidated net assets attributable to equity holders of the Company of approximately HK$379,978,000 as at 31 March 2014 and 519,777,000 Shares in issue as at the Latest Practicable Date; and

(i) a premium of approximately 11.142% over the unaudited net asset value per Share of approximately HK$0.727 as at 30 September 2013 (being the date to which the latest published unaudited consolidated financial results of the Former Group were made up), calculated based on the Former Group's unaudited consolidated net assets attributable to equity holders of the Company of approximately HK$377,703,000 as at 30 September 2013 and 519,777,000 Shares in issue as at the Latest Practicable Date.

FURTHER INFORMATION OF THE SHARE OFFER

Please also refer to the letter from Kingston Securities contained in this Composite Document for further information in relation to the Share Offer, the making of the Share Offer to the Independent Shareholders residing in overseas countries, taxation, acceptance and settlement procedures of the Share Offer.

INFORMATION ON THE GROUP

Following completion of the Group Reorganisation, which includes the Disposal, the Group will comprise the Company's 100% interest in the Group Entities, which will be principally engaged in the Garment Sourcing Business. The Garment Sourcing Business covers a comprehensive range of sourcing management services and expertise, including product design and product development, sampling, product offering, garment sourcing, sub-contractor outsourcing, logistics and delivery and overseas sales capabilities.

Set out below is an illustration of the financial impact of the Disposal on the results of the Group as if the Disposal had taken place at the commencement of the financial year ended 31 March 2013 and the financial impact of the Disposal and the Special Cash Dividend on the assets and liabilities of the Group as if the Disposal and the Special Cash Dividend had taken place on 30 September 2013.

As the Disposal is a transaction between the Company and Sure Strategy, which was a substantial Shareholder, the transaction is accounted for as a transaction with equity participant and therefore, the difference between the consideration and the net asset value of the Disposal Group is adjusted to equity as deemed distribution or contribution, as appropriate. Based on the unaudited pro forma statement of financial position of the Group as set out in Appendix II to this Composite Document, assuming the Disposal had been completed on 30 September 2013, the Group would recognise a shareholders' distribution of approximately HK$9.0 million, which represents the difference between the consideration of the Disposal of HK$270.0 million and the carrying value of the Former Group's interest in the net assets of the Disposal Group of approximately HK$281.3 million less the non-controlling interests of approximately HK$2.3 million.

Based on the unaudited pro forma statement of comprehensive income of the Group as set out in Appendix II to this Composite Document, assuming the Disposal and distribution of the Special Cash Dividend took place on 1 April 2012, the Group would have recorded loss attributable to Shareholders of approximately HK$8.9 million for the year ended 31 March 2013 as a result of mainly (i) the estimated expenses directly attributable to the Disposal; and (ii) the share-based payment expenses of approximately HK$12.1 million which were borne by the Group.

Based on the unaudited pro forma statement of financial position of the Group as set out in Appendix II to this Composite Document, assuming the Disposal and distribution of the Special Cash Dividend took place on 30 September 2013, the total assets of the Former Group as at 30 September 2013 would decrease by approximately HK$556.6 million, the total liabilities of the Former Group would decrease by approximately HK$213.4 million.

Details of the unaudited pro forma financial information of the Group are set out in Appendix III to this Composite Document.

ARRANGEMENT REGARDING FINANCIAL RECORDS

During the period from 1 April 2014 to the completion date of the Disposal, copies of the ledgers of the Disposal Group and the contracts, accounting records and other relevant documents which are necessary for the preparation of the forthcoming financial report of the Company have been retained from time to time before the completion date of the Disposal. Such documents will be kept with the Company for audit purposes after the completion date of the Disposal. Furthermore, the Group has reached an understanding with Sure Strategy and FG Holdings that the auditors of the Group will be allowed to obtain accounting records from the Disposal Group after the completion date of the Disposal for audit purposes until the publication of the annual report of the Company for the year ending 31 March 2015.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company as at the Latest Practicable Date:

	As at the Latest Practicable Date	
	Number of Shares	*Approximate % of the total issued Shares*
The Offeror and parties acting in concert with it	320,000,000	61.56%
Mr. Ng [Note]	50,173,000	9.65%
Mr. Chen	3,821,080	0.74%
Mr. Li	3,789,440	0.73%
Mr. Ng Tze On	5,350,000	1.03%
Mr. Lau Kwok Wa, Stanley	5,350,000	1.03%
Sub-total	388,483,520	74.74%
Public Shareholders	131,293,480	25.26%
Total	519,777,000	100.00%

Note: Pursuant to the Option Undertaking, Mr. Ng (i) has exercised no less than 2,261,740 Share Options granted to him at an exercise price of HK$0.600 per Option Share; and (ii) will accept the Share Offer to be made by the Offeror in respect of such number of his Shares.

INFORMATION ON THE OFFEROR

Please refer to the letter from Kingston Securities contained in this Composite Document for information on the Offeror.

INTENTION OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the letter from Kingston Securities contained in this Composite Document which sets out the intention of the Offeror regarding the business of the Group. The Board is aware of the Offeror's intention in respect of the Group and is willing to co-operate with the Offeror further which is in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Your attention is drawn to the letters from the Independent Board Committee and the Independent Financial Adviser, respectively, which set out their recommendations and opinions in relation to the Share Offer and the principal factors considered by them before arriving at their recommendations. You are also advised to read the remainder of this Composite Document and the Form of Acceptance in respect of the acceptance and settlement procedures of the Share Offer.

By order of the board of
Ford Glory Group Holdings Limited
Choi Lin Hung
Chairman and Executive Director

FORD GLORY GROUP HOLDINGS LIMITED

福源集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1682)

25 July 2014

To the Independent Shareholders

Dear Sir/Madam,

UNCONDITIONAL MANDATORY CASH OFFER BY KINGSTON SECURITIES LIMITED ON BEHALF OF UNITECH ENTERPRISES TO ACQUIRE ALL THE ISSUED SHARES (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY UNITECH ENTERPRISES AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

We refer to the composite offer and response document (the "**Composite Document**") dated 25 July 2014 jointly issued by the Company and the Offeror, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in this Composite Document unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the terms of the Share Offer and to advise you as to whether, in our opinion, the terms of the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned and as to acceptances of the Share Offer. Shenyin Wanguo has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the terms of the Share Offer. Details of their advice and principal factors taken into consideration in arriving at their recommendation are set out in the letter from Shenyin Wanguo on pages 31 to 42 of this Composite Document.

* *For identification purposes only*

RECOMMENDATION

Having taken into account the terms of the Share Offer and the advice and recommendation of the Independent Financial Adviser and the principal factors and reasons taken into consideration by them in arriving at their opinion, we consider that the terms of the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Share Offer.

However, Independent Shareholders are advised that their decision to realise or to hold their investment in the Shares depends on their own individual circumstances and investment objectives. In any event, Independent Shareholders should note that there is no certainty that the current trading volume and/or current trading price level of the Shares will be sustainable during or after the offer period of the Share Offer.

Yours faithfully,
For and on behalf of the Independent Board Committee of
Ford Glory Group Holdings Limited

Lau Chi Kit	**Mak Chi Yan**	**Wong Wai Kit, Louis**	**Yuen Kin Kei**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of the letter of advice from Shenyin Wanguo Capital (H.K.) Limited for the purpose of inclusion in this Composite Document.

Shenyin Wanguo Capital (H.K.) Limited
Level 19
28 Hennessy Road
Hong Kong

25 July 2014

To The Independent Board Committee of
Ford Glory Group Holdings Limited

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH OFFER BY KINGSTON SECURITIES LIMITED ON BEHALF OF UNITECH ENTERPRISES TO ACQUIRE ALL THE ISSUED SHARES IN FORD GLORY GROUP HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY UNITECH ENTERPRISES AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

We refer to the composite offer and response document dated 25 July 2014 jointly issued by the Offeror and the Company (the "**Composite Document**"), of which this letter forms part, in connection with the Share Offer. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Composite Document.

We, Shenyin Wanguo Capital (H.K.) Limited, have been appointed as the independent financial adviser after your approval to advise you in connection with the Share Offer and in particular as to whether the Share Offer is, or is not, fair and reasonable and as to acceptance.

The Independent Board Committee, comprising all the four independent non-executive Directors, namely Mr. LAU Chi Kit, Mr. MAK Chi Yan, Mr. WONG Wai Kit, Louis and Mr. YUEN Kin Kei, has been established to make a recommendation as to whether the Share Offer is, or is not, fair and reasonable and as to acceptance. The recommendation of the Independent Board Committee as regards the Share Offer is contained in its letter included in the Composite Document.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information and statements supplied, opinions and representations expressed by the Company and the Directors and have assumed that all such information and statements supplied, opinions and representations expressed to us were true, accurate and complete in all materials aspects at the time they were provided and continue to be true up to the end of the Offer Period. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information and statements supplied as well as opinions and representations expressed to us.

We consider that we have been provided with sufficient information to enable us to reach our advice and recommendations as set out in this letter and to justify our reliance on the accuracy of such information. We have no reason to suspect that any material facts or information (which are known to the Company) have been omitted or withheld from the information or statements supplied, or opinions or representations expressed to us nor to doubt the truth and accuracy of the information and statements supplied, or the reasonableness of the opinions and representations expressed to us. We have not, however, carried out any independent verification on the information provided to us by the Company and the Directors, nor have we conducted an independent in-depth investigation into the business or affairs or future prospects of the Group.

In formulating our opinion, we have taken no account of tax implications, if any, on the Independent Shareholders in connection with the Share Offer. They are advised to consult their own professional advisers in this regard if they are in doubt. We do not accept the responsibility for any tax effects on or liabilities of any persons as a result of their acceptance of the Share Offer.

PRINCIPAL FACTORS AND REASONS CONSIDERED

We have taken into account the following principal factors and reasons in arriving at our recommendations with regard to the Share Offer:

Background leading to the Share Offer

The Offer Period commenced on 24 July 2013 when the Preliminary Announcement was jointly issued by the Company and VC, whereby Sure Strategy (the then controlling Shareholder) was in preliminary discussion with an independent third party regarding a possible disposal of all or part of its Shares. On 19 November 2013, it was announced that such discussion ceased as well as Sure Strategy was in preliminary discussion with other independent third parties in the same regard (referred to as the "**19-Nov-2013 Announcement**" hereinafter). On 18 December 2013, the MOU was entered into between Sure Strategy and the Offeror regarding, *inter alia*, the acquisition by the Offeror of over 60% of the total issued share capital of the Company as at the Share Sale Completion Date.

On 14 March 2014, the Vendors (including Sure Strategy) and the Offeror entered into the Share Sale Agreement regarding the acquisition by the Offeror of 320,000,000 Shares held by the Vendors, representing approximately 61.56% of the entire issued share capital of the Company as at the Latest Practicable Date, for a cash consideration of HK$258,560,000 i.e. HK$0.808 per Sale Share. The Share Sale Completion took place on 22 July 2014.

Upon Share Sale Completion, the Offeror and parties acting in concert with it owned more than 30% of the entire issued share capital of the Company and the Offeror is therefore obliged to make the Share Offer pursuant to Rule 26.1 of the Takeovers Code.

The Share Offer

Set out in the Composite Document are the details of the Share Offer (including the procedures for acceptance of the Share Offer set out in Appendix I thereto). Kingston Securities, on behalf of the Offeror and in compliance with the Takeovers Code, makes the following Share Offer:

For each Offer Share .... **HK$0.808 in cash**

As at the Latest Practicable Date, there were 519,777,000 Shares in issue. The Share Offer Price is the same as the purchase price per Sale Share under the Share Sale Agreement, which was arrived at after arm's length negotiations between the Offeror and the Vendors. The Share Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number or any other conditions.

Information on the Group

The Shares have been listed on the Stock Exchange since 5 October 2010. Prior to completion of the Disposal, the Former Group was a garment manufacturer with the capability of running the Garment Sourcing Business. Whilst its core products included cut and sewn knits, the Former Group also produced sweaters and woven garments in its four factories in China, Cambodia, Indonesia and Jordan. The Former Group's products were sold to major brand name customers in the U.S., Canada, Europe and China.

(i) Financial information on the Former Group

Set out below is the audited financial information of the Former Group extracted from Appendix II to the Composite Document:

		31 March	
	2014	**2013**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	937,075	1,071,162	909,908
Gross profit	166,849	172,144	142,674
Gross profit margin *(%)*	*17.8%*	*16.1%*	*15.7%*
Profit before tax	16,436	17,776	11,097
Profit for the year	11,578	7,269	7,720

According to the 2013/14 annual results announcement of the Company dated 27 June 2014, the Former Group's revenue for the year ended 31 March 2014 decreased primarily due to (a) the downsizing of its factory in China as a result of the slowdown of the China's domestic market and the high operating costs; and (b) the slowdown of the business of a joint venture with a denim casual wear brand in the U.S. According to the 2012/13 annual report of the Company, the increase in the Former Group's revenue was primarily due to the diversification of its production bases into Jordan and Cambodia and the inclusion of the business of the aforesaid joint venture. Gross profit margin increased over the years primarily due to the Former Group's successful cost control and its corporate strategy to expand its production bases to relatively low-cost countries.

(ii) Unaudited pro forma financial information of the Group

Completion of the Disposal took place simultaneously with the Share Sale Completion on 22 July 2014. Following the Disposal, the Group is left with the Garment Sourcing Business only. On 22 July 2014, the Special Cash Dividend of HK$0.72 per Share totalling approximately HK$374.2 million was distributed to the Qualifying Shareholders. Set out below is the unaudited pro forma financial information of the Group extracted from Appendix III to the Composite Document:

	Year ended 31 March 2013 *HK$'000*
Revenue	315,306
Gross profit	26,817
Gross profit margin *(%)*	*8.5%*
Loss before tax	1,649
Loss for the year	8,928

Gross profit margin of approximately 8.5% is lower than that of the Former Group of over 16% for the same year. The Directors have advised that such difference is due to a higher margin charged to customers for products manufactured instead of sourced only by the Former Group. The loss for the year was primarily due to (a) the professional fees and expenses of approximately HK$5.7 million and the capital gain taxes of approximately HK$4.6 million incurred by the Company in connection with the Disposal as if the Disposal had been completed on 1 April 2012; and (b) the share-based payment expenses of approximately HK$12.1 million which are expected to disappear as all Share Options had been exercised in full as at the Latest Practicable Date.

	30 September 2013 HK$'000
Property, plant and equipment	316
Inventories	3,101
Trade and bill receivables	42,237
Deposits, prepayments and other receivables	73
Bank balances and cash	41,962
Trade and bill payables	(15,725)
Other payables and accruals	(776)
Amount due to the Disposal Group Entities	(11,342)
Tax payable	(4,684)
Bank borrowings	(18,398)
	36,764

After completion of the Disposal, the Group operates the Garment Sourcing Business headquartered in Hong Kong with no factories in China, Cambodia, Indonesia and Jordan anymore. The balance sheet of the Group primarily comprises of current assets and liabilities with no property or significant non-current asset such as a mining right.

(iii) The Proposed Change of Name

Following the passing of the special resolution by the Shareholders at the SGM to approve the change of the name of the Company, it is expected that the Company's English name will change to "Highlight China IoT International Limited" and "高銳中國物聯網國際有限公司" will be adopted as its new secondary name in early August 2014.

(iv) Future prospects of the Group

According to the U.S. International Trade Administration, the import value of apparel products to the U.S. for the year ended 31 March 2014 increased to approximately US$80,409 million, representing a growth of approximately 3.9% on a year-on-year basis. In addition, the key data issued by The European Apparel and Textile Confederation also estimated that the clothing import of the Eurozone reached approximately euro 67.0 billion in 2013 (2012: euro 65.9 billion), showing a modest uptrend. Domestically, the retail sales growth in China has been decelerating gradually in recent years. In 2013, notwithstanding that the growth rate of the total retail sales of consumer goods was 13.1% on a year-on-year basis, it was the lowest since 2007 according to the National Bureau of Statistics of China. This moderation in retail sales growth has seen buyers and merchandisers slowing their order placing in the year. In spite of the uncertainties associated with the world economy, the Group has already secured sales orders worth over HK$200 million for the year ending 31 March 2015 according to the letter from the Board included in the Circular.

As discussed in the sub-section headed "Information on the Offeror, its intention in relation to the Group and the proposed change of the Board" in this letter, we consider that there are uncertainties associated with the business development and direction of the Group after the close of the Share Offer given that (a) the new Directors to be appointed to the Board do not have the relevant experience in the Garment Sourcing Business; (b) the operations of the Group will be subject to the Offeror's review; (c) there is no concrete timetable available in relation to the business opportunities as referred to in the letter from Kingston Securities included in the Composite Document; and (d) all current Directors will resign from their office.

Information on the Offeror, its intention in relation to the Group and the proposed change of the Board

Set out in the letter from Kingston Securities included in the Composite Document is the information on, *inter alia*, the Offeror, its intention in relation to the Group and the proposed change of the Board.

(i) The Offeror

The Offeror is the ultimate holding company of Highlight Vision PRC, which is an integrated service provider for the IoT, Tri-Network Integration, smart city and new media industries in China. The two shareholders of the Offeror have years of experience in the industry of broadcasting and television communication and have an in-depth understanding of the Internet and IoT industries.

(ii) Intention of the Offeror in relation to the Group

The Offeror intends to continue the business of the Group and has no intention to (i) dispose of, terminate or downsize the existing business of the Group; (ii) redeploy its fixed assets; and (iii) terminate any employees of the Group or make significant changes to any employment (except for the proposed change of the Board).

The Offeror will, following completion of the Share Offer, conduct a detailed review of the operations of the Group and formulate feasible business strategies with a view to developing a sustainable corporate strategy to broaden its income stream, which may include rebalancing the resources of the Group should appropriate opportunities arise.

For the future development of the Group with the aim of protecting the Shareholders in a responsible manner, subject to a detailed review to be performed by the Offeror on the availability of sufficient resources to finance new business opportunities by the Group, the Offeror intends to explore new business opportunities relating to the Internet, IoT, Tri-Network Integration and new media industries by utilising its experience and resources including, but not limited to, acquisition or investment through joint ventures to be established by the Offeror with third parties in China and/or overseas in compliance with applicable laws and regulations. As at the Latest Practicable Date, there was no concrete timetable for executing the aforesaid business opportunities.

(iii) Proposed change of the Board

The Offeror has nominated and the Board has appointed three executive Directors and one independent non-executive Director with effect from the date immediately after the despatch of the Composite Document. The Offeror also intends to nominate additional independent non-executive Directors to the Board and such appointments will not take effect earlier than the date of posting of the Composite Document (or such other date as permitted under the Takeovers Code). Immediately after the first closing date of the Share Offer (or such other time as permitted under the Takeovers Code), all current Directors will resign from their office.

Evaluation of the Share Offer Price

The Share Offer Price is the same as the purchase price per Sale Share under the Share Sale Agreement, which was arrived at after arm's length negotiations between the Offeror and the Vendors.

(i) Comparable analysis

The 2013/14 annual results announcement of the Company dated 27 June 2014 does not provide the unaudited pro forma financial information of the Group for the year ended 31 March 2014 as if the Disposal had been completed on 1 April 2013. Set out in Appendix III to the Composite Document is, *inter alia*, the unaudited pro forma financial information of the Group for the year ended 31 March 2013 as if the Disposal had been completed on 1 April 2012 and the Group was loss making and had net cash outflows for the same year. As such, we consider that an analysis based on price-to-earnings multiples or a discounted cash flow model is not appropriate.

The Share Offer Price of HK$0.808 per Share implies a price-to-book ratio of approximately 11.43 times of the unaudited pro forma net asset value of the Group of approximately HK$0.0707 per Share based on the unaudited pro forma net asset value of the Group of approximately HK$36.8 million as at 30 September 2013 as disclosed in Appendix III to the Composite Document and 519,777,000 issued Shares as at the Latest Practicable Date. As discussed in the sub-section headed "Information on the Group – Unaudited pro forma financial information of the Group" in this letter, the Group does not own any property or any significant non-current asset such as a mining right. On this basis, we were unable to identify any company listed on the Main Board of the Stock Exchange as at the Latest Practicable Date which operates a business similar to the Garment Sourcing Business as well as owns no property or significant non-current asset such as a mining right. As such, we consider that an analysis based on price-to-book ratios is not appropriate either.

(ii) Share price performance

The Directors have advised that the Special Cash Dividend of HK$0.72 per Share totalling approximately HK$374.2 million was partly financed by the proceeds from the Disposal. Set out below is the performance of the closing prices of the Shares adjusted downward by HK$0.72 per Share (the "**Adjusted Closing Prices**") during the period from the date of listing of the Shares on 5 October 2010 to the Latest Practicable Date (inclusive of both dates) (the "**Review Period**"):

During the period between the listing of the Shares (i.e. 5 October 2010) and the beginning of the Offer Period (i.e. 24 July 2013) (inclusive of both dates), the Adjusted Closing Prices ranged from negative HK$0.07 per Share on 15 February 2011 (negative as a result of the deduction of the Special Cash Dividend of HK0.72 per Share from the closing price of HK$0.65 per Share) to HK$0.57 per Share on 20 June 2011. The Share Offer Price represents a price above all Adjusted Closing Prices prior to the Offer Period. It is believed that due to the market reaction to the Preliminary Announcement followed by the 19-Nov-2013 Announcement and the MOU signed on 18 December 2013, the Adjusted Closing Prices surged from HK$0.40 per Share on 24 July 2013 i.e. the beginning of the Offer Period to the all-time high of HK$2.6 per Share on 10 February 2014 (the Special Cash Dividend of HK$0.72 deducted from the closing Share prices quoted on the Stock Exchange). Notwithstanding the discussion between Sure Strategy and the first potential buyer of Sure Strategy's stake in the Company ceased as announced on 19 November 2013, we consider that the Adjusted Closing Prices prior to the Offer Period are relevant to our analysis of the Share Offer Price since the Share prices afterwards are believed to have been affected by the impact of the news relating to the Share Offer. Taking into account that the Share Offer Price represents a price above all Adjusted Closing Prices prior to the Offer Period, we consider that the Share Offer Price is fair and reasonable.

(iii) Liquidity analysis

	Daily average number of Shares traded	% to the total issued Shares *(%)*	% to the issued Shares in public hands *(%)*
2013			
January	38,721	0.01	0.03
February	15,979	0.00	0.01
March	88,143	0.02	0.07
April	17,200	0.00	0.01
May	9,334	0.00	0.01
June	1,474	0.00	0.00
July	947,426	0.18	0.72
August	435,905	0.08	0.33
September	250,550	0.05	0.19
October	135,143	0.03	0.10
November	1,457,078	0.28	1.11
December *(Note)*	1,033,951	0.20	0.79
2014			
January	392,668	0.08	0.30
February	1,104,324	0.21	0.84
March *(Note)*	711,602	0.14	0.54
April *(Note)*	N/A	N/A	N/A
May *(Note)*	1,413,891	0.27	1.08
June	119,400	0.02	0.09
2 July up to the Latest Practicable Date	1,208,913	0.23	0.92

Note: Trading in the Shares was suspended on 19 December 2013 and during the period from 17 March 2014 to 7 May 2014 (inclusive of both dates).

Except for November 2013 and May 2014 which percentages were slightly over 1%, all percentages of daily average number of Shares traded were less than 1% of the issued Shares in public hands. We consider that such level of liquidity of the Shares would not be sufficient for the Independent Shareholders to sell a significant number of their Shares on the open market without exerting a downward pressure on the market price of the Shares. We therefore consider that the Share Offer provides an opportunity to the Independent Shareholders to realise their investment in the Company if they so wish.

OPINION

Having taken into account the principal factors and reasons set out above, in particular:

(i) the substantial change of the business of the Group as a result of the Disposal whereby the Group is now left with the Garment Sourcing Business only which is on a lower gross profit margin than the Former Group;

(ii) the uncertainties associated with the business development and direction of the Group after the close of the Share Offer given that (a) the new Directors to be appointed to the Board do not have the relevant experience in the Garment Sourcing Business; (b) the operations of the Group will be subject to the Offeror's review; (c) there is no concrete timetable available in relation to the business opportunities as referred to in the letter from Kingston Securities included in the Composite Document; and (d) all current Directors will resign from their office;

(iii) the Share Offer Price represents a price above all Adjusted Closing Prices prior to the Offer Period;

(iv) the surge in the Share prices after the Preliminary Announcement is believed to be due to the market reaction to the news relating to the Share Offer, which may not be sustainable after the Latest Practicable Date; and

(v) the Share Offer provides an opportunity to the Independent Shareholders to realise their investment in the Company as the low liquidity of the Shares would not be sufficient for them to sell a significant number of their Shares on the open market,

we consider that the Share Offer is fair and reasonable. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to accept the Share Offer.

For those Independent Shareholders who are considering to realise all or part of their investment in the Company, they should monitor the Share price performance until the end of the Offer Period. If the market price of the Shares exceeds the Share Offer Price and the sale proceeds net of transaction costs exceed the net proceeds receivable under the Share Offer, the Independent Shareholders should consider to sell their Shares on the open market instead of accepting the Share Offer.

The Offeror does not intend to avail itself of any powers of compulsory acquisition of the Shares after the close of the Share Offer. Accordingly, for those Independent Shareholders who, after considering the information contained in the Composite Document, are attracted by the future prospects of the Group following the Share Offer, they should consider retaining all or part of their Shares.

The Offeror intends the Company to remain listed on the Stock Exchange. The directors of the Offeror and the new Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. If, at the close of the Share Offer, less than 25% of the Shares are held by the public, the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares. There is a possibility that the listing of the Shares may suffer from a prolonged suspension in the event that the public float cannot be restored. In such case, the Shareholders will not be able to sell their Shares on the Stock Exchange until trading in the Shares resumes.

The Independent Shareholders should read carefully the procedures for acceptance of the Share Offer set out in Appendix I to the Composite Document.

Yours faithfully,
for and on behalf of
Shenyin Wanguo Capital (H.K.) Limited
Felix Chan
Managing Director

1. PROCEDURES FOR ACCEPTANCE OF THE SHARE OFFER

To accept the Share Offer, you should complete and sign the Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the Share Offer.

(a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer, you must send the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by post or by hand, marked "**Ford Glory Group Holdings Limited Share Offer**" on the envelope, as soon as possible and in any event not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

(b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer whether in full or in part of your Shares, you must either:

(i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver in an envelope marked "**Ford Glory Group Holdings Limited Share Offer**" the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked "**Ford Glory Group Holdings Limited Share Offer**" the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.

(c) If the share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Share Offer in respect of your Shares, the Form of Acceptance should nevertheless be duly completed and signed and delivered in an envelope marked "**Ford Glory Group Holdings Limited Share Offer**" to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

(d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it in an envelope marked "**Ford Glory Group Holdings Limited Share Offer**" to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to each of Kingston Securities and/or the Offeror and/or any of their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Share Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

(e) Acceptance of the Share Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code and the Registrar has recorded that the Form of Acceptance and any relevant documents required have been so received, and is:

(i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those Share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other subparagraph of this paragraph (e)); or

(iii) certified by the Registrar or the Stock Exchange. If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (such as grant of probate or certified copy of power of attorney) to the satisfaction of the Registrar must be produced.

(f) In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Share Offer will be payable by the relevant Independent Shareholders at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholders accepting the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Shares.

(g) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

(h) The address of the Registrar is Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

2. SETTLEMENT

(a) Provided that a valid Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) have been received by the Registrar no later than the latest time for acceptance, a cheque for the amount due to each accepting Shareholder, less the seller's ad valorem stamp duty payable by him/her/it, will be despatched to such Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven Business Days of the date on which all the relevant documents are received by the Registrar to render such acceptance complete and valid and in accordance with the Takeovers Code.

(b) Settlement of the consideration to which any Shareholders are entitled under the Share Offer will be implemented in full in accordance with the terms of the Share Offer (save with respect of the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholders.

3. ACCEPTANCE PERIOD AND REVISIONS

(a) Unless the Share Offer has previously been revised or extended with the consent of the Executive, all acceptances of the Share Offer must be received by the Registrar (as regards the Share Offer) by 4:00 p.m. on Friday, 15 August 2014, being the Closing Date. The Share Offer is unconditional.

(b) If the Share Offer is extended or revised, the announcement of such extension or revision shall state the next Closing Date or that the Share Offer will remain open until further notice. For the latter case, at least 14 days' notice in writing will be given to the Shareholders who have not accepted the Share Offer before the Share Offer is closed, and an announcement in respect thereof shall be released. If the Offeror revises the terms of the Share Offer, all Independent Shareholders, whether or not they have already accepted the Share Offer, will be entitled to accept the revised Share Offer under the revised terms.

(c) If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date so extended.

4. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Share Offer.

5. ANNOUNCEMENTS

(a) By 6:00 p.m. on Friday, 15 August 2014 (or such later time and/or date as the Executive may in exceptional circumstances permit) which is the Closing Date, the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision or extension of the Share Offer. The Offeror must post an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Share Offer and whether the Share Offer have been revised or extended.

The announcement must state the total number of Shares and rights over Shares:

(i) for which acceptances of the Share Offer have been received;

(ii) held, controlled or directed by the Offeror or persons acting in concert with it before the Offer Period; and

(iii) acquired or agreed to be acquired during the Offer Period by the Offeror or persons acting in concert with it.

The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any person acting in concert with it has borrowed or lent (save for any borrowed Shares which have been either onlent or sold) and specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

(b) In computing the total number of Shares represented by acceptances, only valid acceptances that have been received by the Registrar no later than 4:00 p.m. on the Closing Date shall be included.

(c) As required under the Takeovers Code, all announcements in respect of the Share Offer must be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

6. RIGHT OF WITHDRAWAL

(a) Acceptance of the Share Offer tendered by any Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out below.

(b) If the Offeror is unable to comply with the requirements set out in the paragraph headed "Announcements" above, as set out in Rule 19.2 of the Takeovers Code, the Executive may require that the Independent Shareholders who have tendered acceptances to the Share Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that rule are met.

In such case, if the Independent Shareholders withdraw their acceptances, the Offeror or Registrar (as the case may be) shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the Form of Acceptance to the relevant Independent Shareholders.

7. GENERAL

(a) All communications, notices, Form of Acceptance, share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Share Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents by post at their own risk, and the Offeror, its ultimate beneficial owners and parties acting in concert with any of them, the Company, Kingston CF, Kingston Securities, the Independent Financial Adviser, the Registrar or the company secretary of the Company, any of their respective directors and professional advisers and any other parties involved in the Share Offer and any of their respective agents do not accept any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.

(b) The provisions set out in the Form of Acceptance form part of the terms of the Share Offer.

(c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Share Offer are made will not invalidate the Share Offer in any way.

(d) The Share Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.

(e) Due execution of the Form of Acceptance will constitute an authority to the Offeror, Kingston CF, Kingston Securities and/or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Share Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares in respect of which such person or persons has/have accepted the Share Offer.

(f) Acceptance of the Share Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and the Company that the Shares under the Share Offer are free from all liens, charges, options, claims, equities, adverse interests, third party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto including the rights to receive in full all dividends and distributions (but excluding the entitlements to the Special Cash Dividend) recommended, declared, made or paid on or after the date on which the Share Offer are made.

(g) References to the Share Offer in this Composite Document and the Form of Acceptance shall include any revision and/or extension thereof.

(h) The making of the Share Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. The Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of each Overseas Shareholder who wishes to accept the Share Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of all relevant jurisdictions in connection therewith, including, but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Such Overseas Shareholders shall be fully responsible for the payment of any transfer or other taxes and duties due by such Overseas Shareholders in respect of the relevant jurisdictions. The Overseas Shareholders are recommended to seek professional advice on deciding whether or not to accept the Share Offer.

(i) Acceptances of the Share Offer by any persons will be deemed to constitute a warranty by such persons that such persons are permitted under all applicable laws and regulations to receive and accept the Share Offer, and any revision thereof, and such acceptances shall be valid and binding in accordance with all applicable laws and regulations. Any such persons will be responsible for any such issue, transfer and other applicable taxes or other governmental payments payable by such persons.

(j) Subject to the Takeovers Code, the Offeror reserves the right to notify any matter (including the making of the Share Offer) to all or any Independent Shareholders with registered address(es) outside Hong Kong or whom the Offeror, Kingston CF or Kingston Securities knows to be nominees, trustees or custodians for such persons by announcement in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Independent Shareholders to receive or see such notice, and all references in this Composite Document to notice in writing shall be construed accordingly.

(k) In making their decision, the Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Share Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance shall not be construed as any legal or business advice on the part of the Offeror, its beneficial owners, the Company, Kingston CF, Kingston Securities or the Independent Financial Adviser or their respective professional advisers. The Independent Shareholders should consult their own professional advisers for professional advice.

(l) The English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.

1. FINANCIAL SUMMARY

Set out below is a summary of the financial results of the Former Group for the six months ended 30 September 2013 and each of the years ended 31 March 2014, 2013, 2012 and 2011 as extracted from the interim report of the Company for the six months ended 30 September 2013, the results announcement of the Company for the year ended 31 March 2014, and the annual reports of the Company for the year ended 31 March 2013, 2012 and 2011 respectively.

No modified or qualified opinion had been given in the auditors' reports issued by Deloitte Touche Tohmatsu in respect of any of the three years ended 31 March 2013 and 2012 and 2011.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 March				For the six months ended 30 September
	2014	2013	2012	2011	2013
		(restated)			
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	937,075	1,071,162	909,908	902,878	549,876
Cost of sales	(770,226)	(899,018)	(767,234)	(748,836)	(457,050)
Gross profit	166,849	172,144	142,674	154,042	92,826
Other income	2,545	1,832	7,636	4,015	2,411
Other gains and losses	4,902	4,046	5,362	3,285	457
Selling and distribution costs	(40,584)	(33,586)	(27,999)	(17,550)	(18,525)
Administrative expenses	(114,517)	(123,290)	(102,991)	(89,547)	(60,828)
Listing expenses	–	–	–	(13,110)	–
Share-based payment expenses	–	–	(11,156)	(8,179)	(1,004)
Interest on bank borrowings	(2,759)	(3,370)	(2,429)	(1,711)	(1,461)
Profit before tax	16,436	17,776	11,097	31,245	13,876
Income tax expense	(4,858)	(10,507)	(3,377)	(10,053)	(2,044)
Profit for the year/period	11,578	7,269	7,720	21,192	11,832
Other comprehensive income					
Exchange difference arising on translation	447	481	1,973	2,396	435
Remeasurement of defined benefit obligations	512	(845)	–	–	324
Release of exchange difference on dissolution of a subsidiary	546	–	–	–	546
Total comprehensive income for the year/period (net of tax)	13,083	6,905	9,693	23,588	13,137
Profit for the year/period attributable to:					
Owners of the Company	18,961	11,178	7,256	17,225	15,180
Non-controlling interests	(7,383)	(3,909)	464	3,967	(3,348)
	11,578	7,269	7,720	21,192	11,832
Total comprehensive income for the year/period attributable to:					
Owners of the Company	20,464	10,799	9,222	19,621	16,479
Non-controlling interests	(7,381)	(3,894)	471	3,967	(3,342)
	13,083	6,905	9,693	23,588	13,137
Earnings per Share					
Basic	HK4.3 cents	HK2.6 cents	HK1.7 cents	HK4.6 cents	HK3.4 cents
Diluted	HK3.9 cents	HK2.5 cents	HK1.6 cents	HK4.5 cents	HK3.3 cents
Dividends					
Dividends attributable to the year/period	4,488	–	4,380	–	4,488
Dividends per Share	HK1.0 cent	–	HK1.0 cent	–	HK1.0 cent

Note:

There were no extraordinary items or items which were exceptional because of size, nature or incidence recorded on the financial statements of the Company during each of the three years ended 31 March 2013, 2012 and 2011, and during the six months ended 30 September 2013.

2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE FORMER GROUP

A. Results announcement of the Former Group for the year ended 31 March 2014

Set out below are the audited financial statements together with the relevant notes thereto as extracted from the results announcement of the Company for the year ended 31 March 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	NOTES	**2014** ***HK$'000***	2013 *HK$'000* (restated)
Revenue	*2*	**937,075**	1,071,162
Cost of sales		**(770,226)**	(899,018)
Gross profit		**166,849**	172,144
Other income		**2,545**	1,832
Other gains and losses	*3*	**4,902**	4,046
Selling and distribution costs		**(40,584)**	(33,586)
Administrative expenses		**(114,517)**	(123,290)
Interest on bank borrowings		**(2,759)**	(3,370)
Profit before tax		**16,436**	17,776
Income tax expense	*4*	**(4,858)**	(10,507)
Profit for the year	*5*	**11,578**	7,269
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligations		**512**	(845)
Item that may be subsequently reclassified to profit or loss:			
Exchange difference arising on translation		**447**	481
Reclassification adjustment:			
Release of exchange difference on dissolution of a subsidiary		**546**	–
Other comprehensive income (expense) for the year		**1,505**	(364)
Total comprehensive income for the year		**13,083**	6,905
Profit for the year attributable to:			
Owners of the Company		**18,961**	11,178
Non-controlling interests		**(7,383)**	(3,909)
		11,578	7,269
Total comprehensive income attributable to:			
Owners of the Company		**20,464**	10,799
Non-controlling interests		**(7,381)**	(3,894)
		13,083	6,905
Earnings per share	*6*		
Basic		**HK4.3 cents**	HK2.6 cents
Diluted		**HK3.9 cents**	HK2.5 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	NOTES	**2014**	2013	2012
		HK$'000	*HK$'000*	*HK$'000*
			(restated)	(restated)
Non-current assets				
Property, plant and equipment		**150,540**	156,719	136,305
Prepaid lease payments		**3,492**	3,569	3,645
Goodwill		**5,970**	5,970	5,970
Intangible asset		**1,000**	1,000	1,000
Interest in a joint venture		**–**	–	–
Deferred tax assets		**2,329**	1,835	1,899
		163,331	169,093	148,819
Current assets				
Inventories		**180,593**	132,565	132,335
Trade and bills receivables	*7*	**116,800**	130,900	110,780
Deposits, prepayments and other receivables		**81,794**	55,340	71,998
Prepaid lease payments		**99**	99	99
Derivative financial instruments		**3,705**	1,640	1,225
Tax recoverable		**183**	466	3,659
Bank balances and cash		**46,298**	142,491	104,230
		429,472	463,501	424,326
Current liabilities				
Trade and bills payables	*8*	**48,477**	69,295	71,402
Other payables and accruals		**31,229**	23,257	35,829
Amounts due to related companies		**4,144**	2,063	15,319
Derivative financial instruments		**306**	132	1,957
Tax payable		**15,381**	16,360	8,479
Bank borrowings		**111,206**	157,178	96,613
		210,743	268,285	229,599
Net current assets		**218,729**	195,216	194,727
Total assets less current liabilities		**382,060**	364,309	343,546
Capital and reserves				
Share capital		**4,502**	4,381	4,380
Reserves		**375,476**	350,232	327,302
Equity attributable to owners of the Company		**379,978**	354,613	331,682
Non-controlling interests		**(1,718)**	5,663	9,557
Total equity		**378,260**	360,276	341,239
Non-current liabilities				
Defined benefit obligations		**1,494**	1,841	721
Deferred tax liabilities		**2,306**	2,192	1,586
		3,800	4,033	2,307
		382,060	364,309	343,546

Notes:

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

In the current year, the Group has applied, for the first time, the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
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 HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the other new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 "Consolidated Financial Statements", HKFRS 11 "Joint Arrangements", HKFRS 12 "Disclosure of Interests in Other Entities", HKAS 27 (as revised in 2011) "Separate Financial Statements" and HKAS 28 (as revised in 2011) "Investments in Associates and Joint Ventures", together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

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.

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – CONTINUED

New and revised Standards on consolidation, joint arrangements, associates and disclosures – Continued

Impact of the application of HKFRS 10 – Continued

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.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures", and the guidance contained in a related interpretation, HK(SIC)-Int13 "Joint venture Entities-Non-Monetary Contributions by Venturers", has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements-joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements-jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a joint venture).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The Directors reviewed and assessed the classification of the joint venture and concluded that the application of this new standard had no material impact on the Group's financial position.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – CONTINUED

HKFRS 13 *Fair Value Measurement*

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs.

The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply 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, subject to a few exceptions.

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application from 1 January 2013. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period.

Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in these consolidated financial statements.

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.

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

In the current year, the Group has applied HKAS 19 Employee Benefits (as revised in 2011) and the related consequential amendments for the first time.

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.

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – CONTINUED

HKAS 19 *Employee Benefits* (as revised in 2011) – Continued

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 pervious reporting period are amortised 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.

In addition, HKAS 19 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures. The Group has applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis. The impacts on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2013 and the consolidated statement of financial position as at 31 March 2013 and 1 April 2012 are described below.

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 (as revised in 2011) described above on the results for the current and prior years by line items are as follows:

Impact on liabilities and equity as at 31 March 2013 of the application of HKAS 19 (as revised in 2011)

	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

Impact on liabilities and equity as at 1 April 2012 of the application of HKAS 19 (as revised in 2011)

	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

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – CONTINUED

Impact on total comprehensive income (expense) for the year of the application of HKAS 19 (as revised in 2011)

	2014	2013
	HK$'000	*HK$'000*
Impact on other comprehensive income (expense) for the year		
Decrease (increase) in remeasurement of defined benefit obligations	**512**	(845)
Increase in total comprehensive income (expense) for the year attributable for:		
Owners of the Company	**512**	(845)

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 HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[6]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[6]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[5]
HKFRS 15	Revenue from Contracts with Customers[6]
HK(IFRIC)-Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.
2 Effective for annual periods beginning on or after 1 July 2014.
3 Available for application-the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
5 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.
6 Effective for annual periods beginning on or after 1 January 2016.

The Directors anticipate that the application of new and revised HKFRSs issued but not yet effective will not have material impact on the Group's consolidated financial statements.

2. 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 of the Company) 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 United States of America (the "USA" or "US"), Canada, Europe, the People's Republic of China (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:

Year ended 31 March 2014

	Segment A *HK$'000*	**Segment B** *HK$'000*	**Segment total** *HK$'000*	**Eliminations** *HK$'000*	**Consolidated total** *HK$'000*
REVENUE					
External sales	**890,011**	**47,064**	**937,075**	–	**937,075**
Inter-segment sales	**128,786**	**436,580**	**565,366**	**(565,366)**	–
Total	**1,018,797**	**483,644**	**1,502,441**	**(565,366)**	**937,075**
RESULTS					
Segment results	**(3,341)**	**19,244**	**15,903**		**15,903**
Unallocated income					**8,348**
Unallocated expenses					**(5,056)**
Interest expense					**(2,759)**
Profit before tax					**16,436**

2. SEGMENT INFORMATION – CONTINUED

Year ended 31 March 2013

	Segment A	Segment B	Segment total	Eliminations	Consolidated total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*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

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, loss on dissolution of a subsidiary, 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 2014

	Segment A	**Segment B**	**Consolidated total**
	HK$'000	***HK$'000***	***HK$'000***
ASSETS			
Segment assets	**201,157**	**339,114**	**540,271**
Unallocated assets			**52,532**
Consolidated total assets			**592,803**
LIABILITIES			
Segment liabilities	**47,399**	**38,252**	**85,651**
Unallocated liabilities			**128,892**
Consolidated total liabilities			**214,543**

2. SEGMENT INFORMATION – CONTINUED

Segment assets and liabilities – Continued

At 31 March 2013

	Segment A HK$'000	Segment B HK$'000	Consolidated total HK$'000 (restated)
ASSETS			
Segment assets	184,038	302,088	486,126
Unallocated assets			146,468
Consolidated total assets			632,594
LIABILITIES			
Segment liabilities	45,943	49,667	95,610
Unallocated liabilities			176,708
Consolidated total liabilities			272,318

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 2014

	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)*	**1,360**	**14,712**	**16,072**	**–**	**16,072**
Depreciation	**3,873**	**16,880**	**20,753**	**–**	**20,753**
Release of prepaid lease payment	**–**	**99**	**99**	**–**	**99**
Write-down of inventories	**1,834**	**–**	**1,834**	**–**	**1,834**

2. SEGMENT INFORMATION – CONTINUED

Other segment information – Continued

At 31 March 2013

	Segment A	Segment B	Segment total	Unallocated	Consolidated total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*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

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**	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**10,811**	2,126	**29,884**	32,417
PRC	**20,791**	107,785	**86,702**	95,750
USA	**566,200**	724,224	**90**	103
Canada	**106,409**	85,109	**–**	–
Europe	**105,532**	88,873	**–**	–
Cambodia	**4,537**	2,085	**27,778**	23,071
Indonesia	**2,124**	659	**2,298**	4,802
Jordan	**24,013**	30,274	**14,239**	10,685
Others	**96,658**	30,027	**11**	430
	937,075	1,071,162	**161,002**	167,258

3. OTHER GAINS AND LOSSES

	2014 *HK$'000*	2013 *HK$'000*
Net gain on fair value changes of derivative financial instruments	**7,772**	3,935
Net loss on disposal of property, plant and equipment	**(1,009)**	(356)
Net foreign exchange (losses) gains	**(1,315)**	467
Loss on dissolution of a subsidiary	**(546)**	–
	4,902	4,046

4. INCOME TAX EXPENSE

	2014 *HK$'000*	2013 *HK$'000*
The tax charge comprises:		
Current tax:		
Hong Kong Profits Tax		
– current year	**3,101**	3,988
– (over)underprovision in respect of prior years	**(111)**	36
	2,990	4,024
Enterprise income tax in the PRC attributable to subsidiaries		
– current year	**1,653**	5,563
– overprovision in respect of prior years	**(81)**	–
	1,572	5,563
Overseas income tax		
– current year	**621**	258
– underprovision in respect of prior years	**66**	–
	687	258
Deferred taxation	**(391)**	662
	4,858	10,507

Hong Kong

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

Other jurisdictions

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

5. PROFIT FOR THE YEAR

	2014	2013
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Directors' remuneration	**4,378**	4,367
Share-based payment expenses	**1,004**	12,060
Other staff costs	**144,798**	155,971
Total staff costs	**150,180**	172,398
Auditor's remuneration	**1,487**	1,371
Depreciation of property, plant and equipment	**20,753**	18,675
Release of prepaid lease payments	**99**	99
Write-down of inventories (included in cost of sales)	**1,834**	1,600
Interest on bank borrowings:		
– wholly repayable within five years	**2,325**	2,887
– not wholly repayable within five years, which contain a repayment on demand clause	**434**	483
	2,759	3,370
and after crediting:		
Bank interest income (included in other income)	**84**	656

6. 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:

	2014	2013
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	**18,961**	11,178
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**445,058,499**	438,005,129
Effect of dilutive potential ordinary shares in respect of share options	**41,966,467**	15,782,715
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**487,024,966**	453,787,844

7. TRADE AND BILLS RECEIVABLES

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:

	2014	2013
	HK$'000	*HK$'000*
0-30 days	**52,153**	63,981
31-60 days	**24,856**	34,890
61-90 days	**13,767**	10,622
91-120 days	**19,129**	17,828
Over 120 days	**6,895**	3,579
	116,800	130,900

8. 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:

	2014	2013
	HK$'000	*HK$'000*
0-60 days	**41,087**	61,471
61-90 days	**6,314**	6,108
Over 90 days	**1,076**	1,716
	48,477	69,295

B. Annual report of the Former Group for the year ended 31 March 2013

Set out below are the audited financial statements together with the relevant notes thereto as extracted from the annual report of the Company for the year ended 31 March 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
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

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)

	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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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).

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.

- 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.

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.

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.

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.

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).

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.

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.

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.

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.

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.

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.

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.

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.

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).

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	2012
	HK$'000	*HK$'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

(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).

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	**2012**
	HK$'000	*HK$'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.

(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.

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	1 to 3 months	3 months to 1 year	1 to 5 years	Total undiscounted cash flows	Carrying amount at 31 March 2013
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'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)

	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.

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	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	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).

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

	2012			
	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'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	2012
	HK$'000	*HK$'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	Segment B	Segment total	Eliminations	Consolidated total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*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

Year ended 31 March 2012

	Segment A	Segment B	Segment total	Eliminations	Consolidated total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*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	**Segment B**	**Consolidated total**
	HK$'000	*HK$'000*	*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

At 31 March 2012

	Segment A	Segment B	Consolidated total
	HK$'000	*HK$'000*	*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	**Segment B**	**Segment total**	**Unallocated**	**Consolidated total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*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

At 31 March 2012

	Segment A	Segment B	Segment total	Unallocated	Consolidated total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*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	**2012**	**2013**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'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

Information about major customers

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

	2013	2012
	HK$'000	*HK$'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	2012
	HK$'000	*HK$'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	2012
	HK$'000	*HK$'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.

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

	2013	2012
	HK$'000	*HK$'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	2012
	HK$'000	*HK$'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).

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	Lau Kwok Wa, Stanley	Ng Tze On	Chen Tien Tui	Li Ming Hung	Lau Chi Kit	Mak Chi Yan	Wong Wai Kit, Louis	Yuen Kin Kei	Total
	HK$'000 *(Note)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'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	**2012**
	HK$'000	*HK$'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	**2012**
	HK$'000	*HK$'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	Furniture, fixtures and equipment	Leasehold improvements	Motor vehicles	Plant and machinery	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'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

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	$6\frac{2}{3}$%-25%

The Group's leasehold land and buildings comprise:

	2013	**2012**
	HK$'000	*HK$'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	**2012**
	HK$'000	*HK$'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	2012
	HK$'000	*HK$'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	2012
	HK$'000	*HK$'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	2012
	HK$'000	*HK$'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.

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	2012
	HK$'000	*HK$'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	2012
	HK$'000	*HK$'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	2012
	HK$'000	*HK$'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.

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

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

25. OTHER PAYABLES AND ACCRUALS

	2013	2012
	HK$'000	*HK$'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	2012
	HK$'000	*HK$'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).

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

27. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives settled in net (not under hedge accounting):

		Assets		Liabilities	
		2013	**2012**	**2013**	**2012**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'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	2012
	HK$'000	*HK$'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	Tax losses	Dividend withholding tax	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*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)

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.

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	**2012**
	HK$'000	*HK$'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	**2012**
	HK$'000	*HK$'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

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.

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

Category	Grant date	Vesting period	Exercise price *HK$*	Exercisable period	Number of share options: 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).

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

Net cash outflow arising on Acquisition

	2013	2012
	HK$'000	*HK$'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	2012
	HK$'000	*HK$'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	2012
	HK$'000	*HK$'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	2012
	HK$'000	*HK$'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

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

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 and trading of fabric
Victory Apparel (Jordan) Manufacturing Company Limited	Jordan	Ordinary JD50,000	–	–	100	100	Manufacture of garment products

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
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.

3. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

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

		Six months ended 30 September	
		2013	**2012**
	Notes	*HK$'000*	*HK$'000*
		(unaudited)	*(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	9		
Basic		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

	Notes	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
Equity attributable to owners of the Company		377,703	354,613
Non-controlling interests		2,321	5,663
Total equity		380,024	360,276
Non-current liabilities			
Defined benefit obligations		1,760	1,841
Deferred tax liabilities		2,215	2,192
		3,975	4,033
		383,999	364,309

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

	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 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									
Release of equity-settled share-based payments upon	–	–	–	1,004	–	–	1,004	–	1,004
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	**2012**
	HK$'000	*HK$'000*
	(unaudited)	*(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.

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

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.

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.

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.

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)	**Adjustment**	**31 March 2013 (restated)**
	HK$'000	*HK$'000*	*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)	**Adjustment**	**1 April 2012 (restated)**
	HK$'000	*HK$'000*	*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.

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

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.

4. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2013	**2012**
	HK$'000	*HK$'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	2012
	HK$'000	*HK$'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

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.

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)

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$'000	Six months ended 30 September 2012 HK$'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

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.

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	**31 March 2013**
	HK$'000	*HK$'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	**31 March 2013**
	HK$'000	*HK$'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).

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.

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 *HK$'000*	2012 *HK$'000*
VC Group		
Purchase of fabrics *(Note 1)*	20,998	58,311
Purchase of yarn *(Note 1)*	11	701
Utility expenses paid	2,009	2,381
Rental income received	246	244
Other related party		
Purchase of apparel *(Note 2)*	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.

(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	**At 31 March 2013**
	HK$'000	*HK$'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	**2012**
	HK$'000	*HK$'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

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 *(Note 1)*	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.

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 *(Note)*:	
– 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.

1. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The unaudited pro forma financial information of the Group thereon, which were prepared for the purpose of and set out in Appendix III to the Circular, are reproduced below.

A. Introduction

Pursuant to the Disposal Agreement, the Company has conditionally agreed to dispose of its entire equity interest in FG Holdings at the cash consideration of HK$270,000,000 (the "Disposal") to Sure Strategy, a substantial shareholder of the Company. The Disposal is conditional upon, among other matters, completion of the Group Reorganisation and the execution of the HK Lease Agreement. In addition, the Board proposed, subject to and upon completion of, among other matters, the Disposal, the payment of Special Cash Dividend of HK$0.720 per Share. The accompanying unaudited pro forma financial information of the Group has been prepared to illustrate the effect of the Disposal and the payment of the Special Cash Dividend. The Disposal and the payment of Special Cash Dividend are hereinafter collectively referred to as the "Transactions".

As part of the Group Reorganisation, FG Holdings will transfer the entire issued share capital of Top Value to Best Keen and FG International will transfer the HK Garment Sourcing Business and its related assets and liabilities to United Gainer. In addition, the outstanding intra-group balances between the Remaining Group and the Disposal Group will be settled before completion of Disposal. Detailed listings of the assets and liabilities to be transferred are set out in the agreement dated 22 May 2014 entered into between FG International and United Gainer in relation to the transfer of the HK Garment Sourcing Business.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Remaining Group for the year ended 31 March 2013 are prepared based on the audited consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 March 2013, as extracted from the annual report of the Company, after making pro forma adjustments relating to the Transactions, as if the Transactions had been completed on 1 April 2012.

The unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 September 2013 is prepared based on the unaudited consolidated statement of financial position of the Group as at 30 September 2013, as extracted from the interim report of the Company for the six months then ended, after making pro forma adjustments relating to the Transactions, as if the Transactions had been completed on 30 September 2013.

Accordingly, the assets and liabilities of the Disposal Group represent the assets and liabilities of FG Holdings Group as at 30 September 2013, excluding the assets and liabilities of Top Value to be transferred to Best Keen and the assets and liabilities to be transferred from FG International to United Gainer, assuming the transfers had taken place on 30 September, 2013. While the unaudited result and cash flows of the Disposal Group represent the unaudited result and cash flows of FG Holdings Group for the year ended 31 March 2013, excluding the unaudited results and cash flows of Top Value and the HK Garment Sourcing Business for the year ended 31 March 2013, assuming the transfer of Top Value to Best Keen and the transfer of HK Garment Sourcing Business to United Gainer had taken place on 1 April 2012.

The unaudited pro forma financial information is based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes. Narrative description of the pro forma adjustments that are (i) directly attributable to the Disposal and (ii) factually supportable is summarised in the accompanying notes.

The unaudited pro forma financial information is prepared by the Directors for illustrative purposes only and is based on a number of assumptions, estimates, uncertainties and currently available information. Because of its hypothetical nature, it does not purport to present what the financial position or the results or cash flows of the Remaining Group would have been upon completion of the Transactions.

B. Unaudited Pro forma Consolidated Statement of Financial Position of the Remaining Group

	The Group as at 30 September 2013	Pro Forma Adjustments					Pro Forma Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(a)	*(b)*	*(c)*	*(d)*	*(e)*	
NON-CURRENT ASSETS							
Property, plant and equipment	157,034	(156,718)					316
Prepaid lease payment	3,542	(3,542)					–
Goodwill	5,970	(5,970)					–
Intangible asset	1,000	(1,000)					–
Deferred tax assets	1,718	(1,718)					–
	169,264						316
CURRENT ASSETS							
Inventories	135,701	(132,600)					3,101
Trade and bills receivables	155,309	(113,072)					42,237
Deposits, prepayments and other receivables	74,728	(74,655)					73
Amount due from a Disposal Group Entity	–	(92,306)			92,306		–
Prepaid lease payment	99	(99)					–
Derivative financial instruments	3,373	(3,373)					–
Tax recoverable	189	(189)					–
Bank balances and cash	105,641	(98,652)	270,000	(5,715)	92,306	(321,618)	41,962
	475,040						87,373
CURRENT LIABILITIES							
Trade and bills payables	86,102	(70,377)					15,725
Other payables and accruals	26,097	(25,321)					776
Amount due to Disposal Group Entities	–	11,342					11,342
Amount due to related companies	1,228	(1,228)					–
Derivative financial instruments	2,504	(2,504)					–
Tax payable	17,833	(17,774)		4,625			4,684
Bank borrowings	126,541	(108,143)					18,398
	260,305						50,925
NET CURRENT ASSETS	214,735						36,448
TOTAL ASSETS LESS CURRENT LIABILITIES	383,999						36,764

	The Group as at 30 September 2013	Pro Forma Adjustments					Pro Forma Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(a)	*(b)*	*(c)*	*(d)*	*(e)*	
CAPITAL AND RESERVES							
Share capital	4,467						4,467
Reserves	373,236		(8,981)	(10,340)		(321,618)	32,297
Equity attributable to owners of the Company	377,703						36,764
Non-controlling interests	2,321	(2,321)					–
TOTAL EQUITY	380,024						36,764
NON-CURRENT LIABILITIES							
Defined benefit obligations	1,760	(1,760)					–
Deferred tax liabilities	2,215	(2,215)					–
	3,975						–
	383,999						36,764

C. Unaudited Pro forma Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Remaining Group

	The Group for the year ended 31 March 2013	Pro Forma Adjustments					Pro Forma Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(f)	*(c)*	*(g)*	*(h)*	*(l)*	
Revenue	1,071,162	(755,856)					315,306
Cost of sales	(899,018)	610,529					(288,489)
Gross profit	172,144						26,817
Other income	1,832	(1,832)					–
Other expense			(5,715)				(5,715)
Other gains and losses	4,046	(4,046)		6,392			6,392
Selling and distribution costs	(33,586)	31,100					(2,486)
Administrative expenses	(111,230)	103,451			(5,000)	(840)	(13,619)
Share-based payment expenses	(12,060)						(12,060)
Interest on bank borrowings	(3,370)	2,392					(978)
Profit (loss) before tax	17,776						(1,649)
Income tax expense	(10,507)	7,853	(4,625)				(7,279)
Profit (loss) for the year	7,269						(8,928)
Other comprehensive income							
Remeasurement of defined benefit obligations	(845)	845					–
Exchange difference arising on translation	481	(481)					–
Release of exchange differences accumulated in equity	–			(6,392)			(6,392)
Total comprehensive income (expense) for the year	6,905						(15,320)
Profit (loss) for the year attributable to:							
Owners of the Company	11,178	(10,318)	(10,340)	6,392	(5,000)	(840)	(8,928)
Non-controlling interests	(3,909)	3,909					–
	7,269						(8,928)
Total comprehensive income (expense) attributable to:							
Owners of the Company	10,799	(9,939)	(10,340)	–	(5,000)	(840)	(15,320)
Non-controlling interests	(3,894)	3,894					–
	6,905						(15,320)

D. Unaudited Pro forma Consolidated Statement of Cash Flows of the Remaining Group

	The Group for the year ended 31 March 2013	Pro Forma Adjustments								Pro Forma Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(i)	*(c)*	*(e)*	*(g)*	*(h)*	*(j)*	*(k)*	*(l)*	
OPERATING ACTIVITIES										
Profit (loss) before tax	17,776	(14,262)	(5,715)		6,392	(5,000)			(840)	(1,649)
Adjustments for:										
Depreciation of property, plant and equipment	18,675	(18,476)								199
Loss on disposal of property, plant and equipment and prepaid lease payments	356	(356)								–
Write-down of inventories	1,600	(1,600)								–
Gain on fair value changes of derivative financial instruments	(3,935)	3,935								–
Interest income	(656)	656								–
Interest on bank borrowings	3,370	(2,392)								978
Recognition of equity-settled share-based payments	12,060	–								12,060
Release of prepaid lease payments	99	(99)								–
Provision for defined benefit obligations	399	(399)								–
Reclassification of exchange differences accumulated in equity	–				(6,392)					(6,392)
Operating cashflows before working capital changes	49,744									5,196
(Increase) decrease in inventories	(1,830)	4,155								2,325
Increase in trade and bills receivables	(19,898)	(12,355)								(32,253)
Decrease (increase) in deposits, prepayments and other receivables	16,424	(16,424)								–
(Decrease) increase trade payables	(2,605)	15,499								12,894
(Decrease) increase in other payables and accruals and defined benefit obligations	(9,149)	9,996								847
Increase in bank borrowing from discounted bills with recourse	415	(415)								–
Decrease in amounts due to related companies – trade	(13,256)	13,256								–
Decrease in amount due to Disposal Group – trade	–	10,011								10,011
Proceeds from and settlement of derivative financial instruments	1,695	(1,695)								–
Cash generated from operations	21,540									(980)
Interest paid on bank borrowings	(2,990)	2,012								(978)
Profits tax refunded	1,181	(2,276)								(1,095)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	19,731									(3,053)

D. Unaudited Pro forma Consolidated Statement of Cash Flows of the Remaining Group – Continued

	The Group for the year ended 31 March 2013	Pro Forma Adjustments								Pro Forma Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(i)	*(c)*	*(e)*	*(g)*	*(h)*	*(j)*	*(k)*	*(l)*	
INVESTING ACTIVITIES										
Settlement of amount due from a Disposal Group Entity								83,583		83,583
Acquisition of subsidiaries	(3,500)	3,500								–
Proceeds from disposal of property, plant and equipment and leasehold land	7,651	(7,651)								–
Interest received	656	(656)								–
Purchase of property, plant and equipment	(46,563)	46,379								(184)
NET CASH(USED IN) FROM INVESTING ACTIVITIES	(41,756)									83,399
FINANCING ACTIVITIES										
Dividend paid	–			(315,360)						(315,360)
Proceeds from disposal of subsidiaries	–						177,652			177,652
Proceeds from exercise of share options	72	–								72
Repayment of mortgage loans	(1,297)	1,297								–
Net import loan and trust receipt loans raised	78,840	(76,028)								2,812
Repayment of bank borrowings	(17,393)	17,393								–
NET CASH FROM (USED IN) FINANCING ACTIVITIES	60,222									(134,824)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	38,197									(54,478)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	104,230									104,230
Effect of foreign exchange rate changes	64	(64)								–
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	142,491									49,752

Notes:

(a) The adjustment represents the exclusion of the assets and liabilities of the Disposal Group as at 30 September 2013, assuming the Disposal and the Group Reorganisation had taken place on 30 September 2013.

The assets and liabilities of the Disposal Group represent the assets and liabilities of FG Holdings Group as at 30 September 2013, which are extracted from the unaudited consolidated management accounts of FG Holdings Group as at 30 September 2013, after adjustments to exclude the assets and liabilities of Top Value to be transferred to Best Keen and the assets and liabilities to be transferred from FG International to United Gainer, assuming the transfers had taken place on 30 September 2013.

(b) The adjustment represents (i) the net proceeds from the Disposal of HK$270,000,000 and (ii) the deemed distribution to a shareholder of HK$8,981,000 calculated as the difference between the consideration of HK$270,000,000 and the net asset value of the Disposal Group of HK$281,302,000 less the non-controlling interests of HK$ 2,321,000 assuming that the Disposal had been taken place on 30 September 2013. As the Disposal is a transaction between the Group and Sure Strategy, which is a substantial shareholder of the Company, the Disposal is accounted for as a transaction with an equity participant and therefore, the difference between the consideration and the net asset value of the Disposal Group less the non-controlling interests is adjusted to equity as deemed distribution or contribution, as appropriate.

Since the actual carrying amounts of the assets and liabilities of the Disposal Group upon completion of the Disposal will be different from the amounts used in the preparation of the unaudited pro forma financial information, actual amount of deemed distribution or contribution arising from the Disposal may be significantly different from the estimated amount shown above.

(c) The adjustment represents (i) the estimated legal and professional fees directly attributable to the Disposal of HK$5,715,000; and (ii) the capital gains tax directly attributable to the Disposal of HK$4,625,000.

For the purpose of this unaudited pro forma financial information, the PRC capital gains tax and Indonesian capital gains tax are estimated by the directors of the Company as HK$3,732,000 and HK$893,000, respectively, based on tax rules and regulations in the respective tax jurisdictions. Total amount of the capital gains tax payable is estimated to be HK$4,625,000.

(d) The adjustment represents settlement of the loan to a Disposal Group Entity of HK$92,306,000 at 30 September 2013, assuming the settlement had been taken place on 30 September 2013.

(e) The adjustment represents payment of Special Cash Dividend of HK$0.720 per share totalling approximately HK$321,618,000 and HK$315,360,000, based on 446,692,000 shares and 438,000,000 shares of the Company in issue as at 30 September 2013 and 1 April 2012, respectively, assuming the payment of Special Cash Dividend had been made on these dates.

(f) The adjustment represents the exclusion of the unaudited results of the Disposal Group for the year ended 31 March 2013, which are extracted from note 3 of the unaudited financial information of FG Holdings Group for the year ended 31 March 2013, as set out in Appendix II to this Circular, assuming the Disposal and the Group Reorganisation had been taken place on 1 April 2012.

(g) The adjustment represents the reclassification of exchange differences accumulated in equity as at 1 April 2012 to profit or loss in respect of foreign operations of the Disposal Group.

(h) The adjustment represents elimination of intra-group management fee charged to FG International by the Company, which is not directly attributable to the HK Garment Sourcing Business of the Remaining Group.

(i) The adjustment represents the exclusion of the unaudited cash flows of the Disposal Group for the year ended 31 March 2013, assuming the Disposal and, the Group Reorganisation had been taken place on 1 April 2012.

The unaudited cash flows of the Disposal Group represent the unaudited cash flows of FG Holdings Group for the year ended 31 March 2013, which are extracted from the unaudited consolidated management accounts of FG Holdings Group for the year ended 31 March 2013, after adjustments to exclude the unaudited cash flows of Top Value and the HK Garment Sourcing Business for the year ended 31 March 2013, assuming the transfer of Top Value to Best Keen and the transfer of assets and liabilities from FG International to United Gainer had been taken place on 1 April 2012.

(j) This represents the net cash receipt arising from (i) proceeds from the Disposal of HK$270,000,000 net of (ii) bank balances and cash of the Disposal Group at 1 April 2012 of HK$92,348,000 being disposed of.

(k) The adjustment represents the settlement of the amount due from FG Holdings, a Disposal Group Entity, of HK$83,583,000 at 1 April 2012, assuming the settlement had been taken place on 1 April 2012.

(l) The adjustment represents the annual rental expenses of HK$840,000 set out in the lease agreement to be entered into between FG International (as the landlord) and United Gainer (as the tenant) for the leasing of an office premise ("HK Lease Agreement"). The Disposal is conditional upon the execution of the HK Lease Agreement.

All adjustments are not expected to have a continuing effect on the Remaining Group, except for the rental arrangement referred to in (l) above.

2. INDEBTEDNESS

Borrowings

At the close of business on 31 May 2014, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group had no outstanding bank borrowings.

The Group did not have outstanding at the close of business on 31 May 2014 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

Contingent liabilities

As at the close of business on 31 May 2014, the Group did not have any material contingent liabilities.

Save as aforesaid above, and apart from intra-group liabilities and normal trade and other payables, as at the close of business on 31 May 2014, the Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans, debt securities or other similar indebtedness, liabilities under acceptance or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees or other material contingent liabilities.

3. MATERIAL CHANGE

The Directors confirm that save and except for (i) the Group Reorganisation; (ii) the Share Sale Completion, which resulted in the Offeror owning approximately 61.56% of all Shares in issue as at the Latest Practicable Date; (iii) the exercise of 69,515,000 Share Options conferring the rights of the holders to subscribe for an aggregate of 69,515,000 Shares; (iv) the Share Premium Cancellation; (v) the payment of the Special Cash Dividend; (vi) the increase in revenue during the two months ended 31 May 2014 as compared to the corresponding period in 2013 primarily due to the increase in orders from a branded customer; and (vii) the Group has ceased to carry on the Manufacturing Business and is only engaged in the Garment Sourcing Business pursuant to the Group Reorganisation, there has been no material change in the financial or trading position or outlook of the Group since 31 March 2014, being the date to which the latest published audited accounts of the Company as set out in Appendix II to this Composite Document were made up, up to the Latest Practicable Date.

4. OTHER CONFIRMATION

In relation to the unaudited consolidated profits before and after tax of the FG Holdings Group and the Disposal Group (the "**Unaudited Profits**") as set out in Appendix II to the Circular, which were deemed as profit forecasts under Rule 10 of the Takeovers Code, the Directors confirm that as at the Latest Practicable Date, the Unaudited Profits remain valid for the purpose of the Share Offer, and that the financial adviser of the Company and the reporting accountants of the Company have given consents to the Company to display their respective reports on the Unaudited Profits as documents available for inspection for the purpose of the Share Offer.

1. RESPONSIBILITY STATEMENTS

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to the Offeror, its ultimate beneficial owners and parties acting in concert with any of them), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Offeror, its ultimate beneficial owners or parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to the Group, the Vendors and parties acting in concert with any of them), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

This Composite Document, for which all Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Offeror, its ultimate beneficial owners and parties acting in concert with them) is in compliance with the Listing Rules. The Directors confirm, having made all reasonable enquiries, that to the best of their knowledge and belief: (i) the information contained in this Composite Document (other than information relating to the Offeror, its ultimate beneficial owners and parties acting in concert with any of them) is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this Composite Document misleading; and (iii) all opinions expressed in this Composite Document (other than opinions expressed by the Offeror, its ultimate beneficial owners or parties acting in concert with any of them) have been arrived at after due and careful consideration and are founded on basis and assumptions that are fair and reasonable.

2. CORPORATE INFORMATION ON THE GROUP

The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business of the Company in Hong Kong is at 19/F., Ford Glory Plaza, 37-39 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong.

3. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

		HK$
Authorised share capital:		
900,000,000	Shares of HK$0.01 each	9,000,000
Issued and fully paid up:		
519,777,000	Shares of HK$0.01 each	5,197,770

All issued Shares rank equally in all respect, including in particular as to dividend, voting rights and return on capital.

The Shares are listed and traded on the Main Board of the Stock Exchange. None of the Shares is listed, or dealt in, on other stock exchange, nor is any listing of or permission to deal in Shares being, or proposed to be, sought on any other stock exchange.

The Company had issued 69,515,000 Shares since 31 March 2014, being the end of the last financial year of the Company, up to the Latest Practicable Date.

As at the Latest Practicable Date, the Company had no other outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

4. MARKET PRICES

The table below sets out the closing prices of the Shares as quoted on the Stock Exchange on (i) the last trading day of each of the calendar months during the Relevant Period; (ii) 23 July 2013, being the last Business Day immediately preceding the date of the Preliminary Announcement; (iii) the Last Trading Day; and (iv) the Latest Practicable Date on which trading of the Shares took place:

Date	**Closing price of Shares** *(HK$)*
31 January 2013	0.86
28 February 2013	0.81
28 March 2013	0.97
30 April 2013	0.89
31 May 2013	0.83
28 June 2013	0.85
23 July 2013 *(being the last Business Day immediately preceding the date of Preliminary Announcement)*	0.94
31 July 2013	1.30
30 August 2013	1.27
30 September 2013	1.35
31 October 2013	1.25
29 November 2013	1.90
31 December 2013	2.25
30 January 2014	2.30
28 February 2014	2.90
14 March 2014 *(being the Last Trading Day)*	2.77
31 March 2014	N/A *(note)*
30 April 2014	N/A *(note)*
30 May 2014	2.60
30 June 2014	2.85
Latest Practicable Date	2.86

note: Trading of Shares was suspended from 17 March 2014 to 7 May 2014 pending the release of the Joint Announcement.

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK$3.32 per Share on 10 February 2014 and HK$0.74 per Share on 7 March 2013, respectively.

5. DISCLOSURE OF INTERESTS

(a) Directors' interests and chief executive's interests

As at the Latest Practicable Date, the interests or short positions of each Directors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be 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 which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "**Model Code**"), to be notified to the Company and the Stock Exchange; or (d) to be disclosed in this Composite Document pursuant to the requirements of the Takeovers Code were as follows:

Directors' and chief executive's interests and short positions in Shares and underlying Shares

Name of Director	Name of Group member/ associated corporation	Capacity/ nature of interests	Number and class of securities	Interest in underlying shares of share options	Approximate percentage of shareholding
Mr. Ng Tze On	The Company	Beneficial owner	5,350,000 Shares (L)	–	1.03%
Mr. Lau Kwok Wa, Stanley	The Company	Beneficial owner	5,350,000 Shares (L)	–	1.03%
Mr. Li	The Company	Beneficial owner	277,360 Shares (L)	–	0.05%
	The Company	Founder of a trust	3,512,080 Shares (L) *(Note 2)*	–	0.68%
Mr. Chen	The Company	Beneficial owner	309,000 Shares (L)	–	0.06%
	The Company	Founder of a trust	3,512,080 Shares (L) *(Note 3)*	–	0.68%

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 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's family members.

(3) These Shares 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's family members.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be 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 which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (c) pursuant to the Model Code, to be notified to the Company and the Stock Exchange; or (d) to be disclosed in this Composite Document pursuant to the requirements of the Takeovers Code.

(b) Substantial Shareholders' interests

As at the Latest Practicable Date, so far as was known to the Directors or the chief executive of the Company, the following persons (other than a Director or chief executive of the Company) who had interest or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital varying rights to vote in all circumstances at general meetings of any other member of the Group or in any options in respect of such capital, were as follows:

Name of Shareholder	Capacity and nature of interest	Number and class of securities	Approximate % of the issued Share
The Offeror *(Note 2)*	Beneficial owner	320,000,000 Shares (L)	61.56%

Note:

(1) The letter "L" denotes the long position of the substantial shareholder in the Shares.

(2) The Offeror is directly and beneficially owned as to 60% by Mr. Gao Zhiyin and 40% by Mr. Gao Zhiping. Therefore, each of Mr. Gao Zhiyin and Mr. Gao Zhiping is deemed to be interested in the Shares held by the Offeror. Mr. Gao Zhiyin and Mr. Gao Zhiping are the directors of the Offeror.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, no person (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed under the Takeovers Code or provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or in any options in respect of such capital.

(c) As at the Latest Practicable Date, save as disclosed in sub-paragraphs (a) and (b) above:

– none of the Offeror, its directors or any parties acting in concert with any of them had any interests in or owned or controlled any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company;

– there were no Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company which the Offeror or any parties acting in concert with it has borrowed or lent;

– the Company had no interest in the equity share capital or any convertible securities, warrants, options and derivatives of the Offeror;

– none of the Directors had any interest in the equity share capital or any convertible securities, warrants, options and derivatives of the Offeror;

– no Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company was owned or controlled by any subsidiary of the Company (including members of the Group and/or the Former Group), or by a pension fund of the Company or any subsidiary of the Company (including members of the Group and/or the Former Group), or by an adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code;

– no Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options or derivatives of Company were managed on a discretionary basis by fund managers connected with the Company; and

– none of the Company or any of the Directors had borrowed or lent any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company.

(d) As at the Latest Practicable Date, Mr. Ng Tze On, an executive Director and a beneficial holder of 5,350,000 Shares, Mr. Lau Kwok Wa, Stanley, an executive Director and a beneficial holder of 5,350,000 Shares, Mr. Chen, a non-executive Director and an ultimate beneficial holder of 3,821,080 Shares, and Mr. Li, a non-executive Director and an ultimate beneficial holder of 3,789,440 Shares, have respectively indicated that they intend to reject the Share Offer.

(e) As at the Latest Practicable Date, no benefit (other than statutory compensation) was or would be given to any Director as compensation for loss of office in any members of the Group and/or the Former Group or otherwise in connection with the Share Offer.

(f) Save for the Option Undertaking and the arrangement of resignation as set out in the paragraph headed "Proposed change of the Board" in the "Letter from the Kingston Securities" of this Composite Document, as at the Latest Practicable Date, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Share Offer or otherwise connected with the Share Offer.

(g) As at the Latest Practicable Date, save for the Share Sale Agreement (which was completed on 22 July 2014), there was no material contract entered into by the Offeror or any of its ultimate beneficial owners in which any Director has a material personal interest.

(h) The Offeror intends to finance the consideration payable by the Offeror under the Share Offer by the standby facility granted by Kingston Securities. Under the terms of the facility, the Sale Shares acquired under the Share Sale Agreement and the Offer Shares to be acquired through the Share Offer shall be pledged to Kingston Securities for the facility. Save for the above, there was no agreement, arrangement or understanding that any securities of the Company, acquired in pursuance of the Share Offer would be transferred, charged or pledged to any other persons.

(i) Save for the Option Undertaking which Mr. Ng has given to the Vendors as disclosed in the paragraph headed "Option Undertaking" in the "Letter from Kingston Securities" of this Composite Document, no persons who owned or controlled any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company have irrevocably committed themselves to accept or not to accept the Share Offer.

(j) None of the Offeror, or any parties acting in concert with it or other associates of the Offeror, have entered into any arrangements of the kind (whether by way of option, indemnity, or otherwise) as referred to in Note 8 to Rule 22 of the Takeovers Code with any other person.

(k) No person has any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code.

6. DEALINGS IN SECURITIES

(a) During the Relevant Period:

– Save for (i) Mr. Lau Kwok Wa, Stanley, an executive Director, who exercised 5,350,000 options granted under the share option scheme of the Company at an exercise price of HK$0.60 on 4 July 2014; (ii) Mr. Ng Tze On, an executive Director, who exercised 5,350,000 options granted under the share option scheme of the Company at an exercise price of HK$0.60 on 4 July 2014; and (iii) Mr. Choi, an executive Director, Mr. Li and Mr. Chen, each a non-executive Director, who are also the ultimate beneficial owners of the Vendors, none of the Directors had dealt in any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company; and

– save for the Sale Shares, none of the Offeror, its directors or any parties acting in concert with it had dealt in any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company.

(b) During the Relevant Period:

– the Company did not deal in any interest in the equity share capital or any convertible securities, warrants, options and derivatives of the Offeror;

– none of the Directors had dealt in any equity share capital or any convertible securities, warrants, options and derivatives of the Offeror; and

– no subsidiary of the Company (including members of the Group and/or the Former Group), nor any pension fund of the Company or any subsidiary of the Company (including members of the Group and/or the Former Group), nor any adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code had dealt in any interest in the Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company.

7. DIRECTORS' SERVICE CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contract with the Company or any of its subsidiaries or associated companies which:

(i) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the commencement of the Offer Period;

(ii) was a continuous contract with a notice period of 12 months or more;

(iii) was a fixed term contract with more than 12 months to run irrespective of the notice period; or

(iv) was not expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

9. MATERIAL CONTRACT

The Disposal Agreement, not being contract entered into in the ordinary course of business, had been entered into by members of the Group and/or the Former Group within two years preceding the commencement of the Offer Period and up to the Latest Practicable Date and which is or may be material.

10. CONSENTS AND QUALIFICATIONS OF PROFESSIONAL ADVISERS

The followings are the names and the qualifications of the professional advisers whose letters, opinions or advice are contained or referred to in this Composite Document:

Name	Qualifications
Kingston CF	a corporation licensed to carry on type 6 (advising on corporate finance) regulated activities under the SFO and the financial adviser to the Offeror in respect of the Share Offer
Kingston Securities	a corporation licensed to carry on type 1 (dealing in securities) regulated activities under the SFO which is making the Share Offer on behalf of the Offeror
Shenyin Wanguo	a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO and the Independent Financial Adviser

Each of Kingston CF, Kingston Securities and Shenyin Wanguo has given and has not withdrawn their respective written consents to the issue of this Composite Document with the inclusion herein of their respective letters, opinions or advice (as the case may be) and references to their names in the form and context in which they respectively appear.

As at the Latest Practicable Date, neither Kingston CF, Kingston Securities nor Shenyin Wanguo had any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

11. GENERAL

(a) No benefit (other than statutory compensation) will be given to any Director as compensation for loss of office or otherwise in connection with the Share Offer.

(b) Save for the Option Undertaking and the arrangement of resignation as set out in the paragraph headed "Proposed change of the Board" in the "Letter from Kingston Securities" of this Composite Document, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any party acting in concert with the Offeror and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or was dependent upon the Share Offer.

(c) Save for the Option Undertaking and the arrangement of resignation as set out in the paragraph headed "Proposed change of the Board" in the "Letter from Kingston Securities" of this Composite Document, as at the Latest Practicable Date, there was no agreement or arrangement between any of the Directors and any other person which is conditional on or dependent upon the outcome of the Share Offer or otherwise connected with the Share Offer.

(d) As at the Latest Practicable Date, save for the Share Sale Agreement (which was completed on 22 July 2014), there was no material contract entered into by the Offeror or any of its ultimate beneficial owners in which any Director has a material personal interest.

(e) As at the Latest Practicable Date, there was no agreement or arrangement to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Share Offer.

(f) The Offeror does not intend that the payment of interest on, repayment of or security for any liability under the facility granted by Kingston Securities will depend to any significant extent on the business of the Group.

12. MISCELLANEOUS

(a) The company secretary of the Company is Lee Chung Shing, who is an associate member of each of the Chartered Institute of Management Accountants and the Hong Kong Institute of Certified Public Accountants.

(b) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

(c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The registered office of the Offeror is OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands.

(e) As at the Latest Practicable Date, Mr. Gao Zhiyin, who is deemed to be a party acting in concert with the Offeror under the Takeovers Code, was a shareholder and a director of the Offeror and his address is at Room 201, Unit 1, Building 9, Jiangbin Garden, Hangzhou City, Zhejiang Province, the PRC. Mr. Gao Zhiping, who is deemed to be a party acting in concert with the Offeror under the Takeovers Code, is a shareholder and a director of the Offeror and his address is at No.161 Zhong Xin Village, Chenghou Xingzheng County, Qianchuan Town, Linan City, Hangzhou, Zhejiang Province, the PRC.

(f) The registered office of Kingston CF is at Suite 2801, 28/F., One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.

(g) The registered office of Kingston Securities is at Suite 2801, 28/F., One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.

(h) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection, during the period from 25 July 2014, being the date of this Composite Document for so long as the Share Offer remain open for acceptance, at (i) the website of the SFC at http://www.sfc.hk; (ii) the website of the Company at http://www.fordglory.com.hk; and (iii) (during normal business hours from 9:00 a.m. to 5:00 p.m., except for Saturdays, Sundays and public holidays) the office of the Company at 19/F., Ford Glory Plaza, 37-39 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong:

(a) the memorandum of association and the bye-laws of the Company;

(b) the memorandum and articles of association of the Offeror;

(c) the annual reports of the Company for each of the two financial years ended 31 March 2013;

(d) this Composite Document;

(e) the letter dated 25 July 2014 from Kingston Securities as set out on pages 10 to 20 of this Composite Document;

(f) the letter dated 25 July 2014 from the Board as set out on pages 21 to 28 of this Composite Document;

(g) the letter dated 25 July 2014 from the Independent Board Committee to the Independent Shareholders as set out on pages 29 to 30 of this Composite Document;

(h) the letter dated 25 July 2014 from Shenyin Wanguo to the Independent Board Committee as set out on pages 31 to 42 of this Composite Document;

(i) the letter of confirmation from Crosby Securities Limited as set out on pages V-1 to V-2 of the Circular;

(j) the letter from the reporting accountants of the Company as set out on pages IV-1 to IV-3 of the Circular;

(k) the letters of consents referred to under the paragraph headed "Consents and qualifications of professional advisers" in this Appendix;

(l) the material contract referred to under the paragraph headed "Material contract" in this Appendix; and

(m) the Option Undertaking.