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FORD GLORY GROUP HOLDINGS LIMITED

福源集團控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock code: 1682)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2011

RESULTS

The directors (the “Directors”) of Ford Glory Group Holdings Limited (the “Company”) are pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group” or “Ford Glory”) for the year ended 31 March 2011 (which have been reviewed by the audit committee of the Company) with comparative figures for the previous year as follows:

* *for identification purpose only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	NOTES	2011 HK\$'000	2010 HK\$'000
Revenue	2	902,878	894,351
Cost of sales		<u>(748,836)</u>	<u>(736,362)</u>
Gross profit		154,042	157,989
Other income		4,015	3,502
Other gains and losses	3	3,285	656
Selling and distribution costs		(17,550)	(15,465)
Administrative expenses		(89,547)	(96,469)
Listing expenses		(13,110)	–
Share-based payment		(8,179)	–
Interest on bank borrowings wholly repayable within five years		<u>(1,711)</u>	<u>(2,253)</u>
Profit before tax		31,245	47,960
Income tax expense	4	<u>(10,053)</u>	<u>(7,115)</u>
Profit for the year	5	21,192	40,845
Other comprehensive income			
Exchange difference arising on translation to presentation currency		<u>2,396</u>	<u>(195)</u>
Total comprehensive income for the year		<u><u>23,588</u></u>	<u><u>40,650</u></u>
Profit for the year attributable to:			
Owners of the Company		17,225	35,480
Non-controlling interests		<u>3,967</u>	<u>5,365</u>
		<u><u>21,192</u></u>	<u><u>40,845</u></u>
Total comprehensive income attributable to:			
Owners of the Company		19,621	35,285
Non-controlling interests		<u>3,967</u>	<u>5,365</u>
		<u><u>23,588</u></u>	<u><u>40,650</u></u>
Earnings per share	6		
Basic		<u><u>HK4.6 cents</u></u>	<u><u>HK11.1cents</u></u>
Diluted		<u><u>HK4.5 cents</u></u>	<u><u>N/A</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	NOTES	31.3.2011 HK\$'000	31.3.2010 HK\$'000 (Restated)	1.4.2009 HK\$'000 (Restated)
Non-current assets				
Property, plant and equipment		105,313	108,611	109,463
Prepaid lease payments		3,609	3,497	–
Goodwill		5,541	5,541	5,541
Intangible asset		1,000	–	–
Interest in a jointly controlled entity		–	–	–
Deferred tax assets		1,518	–	–
Deposit paid for acquisition of property, plant and equipment		–	–	1,020
		116,981	117,649	116,024
Current assets				
Inventories		107,505	56,436	62,149
Trade and bills receivables	7	111,908	124,503	124,668
Deposits, prepayments and other receivables		84,103	22,633	19,437
Amounts due from related companies		–	27,866	121,557
Prepaid lease payments		95	90	–
Derivative financial instruments		856	–	494
Tax recoverable		–	–	2,205
Bank balances and cash		136,089	128,404	161,230
		440,556	359,932	491,740
Assets held for sale		–	28,118	–
		440,556	388,050	491,740
Current liabilities				
Trade payables	8	62,823	95,882	95,720
Other payables and accruals		26,081	26,815	21,145
Amounts due to related companies		1,282	27,960	50,165
Bank borrowings		127,364	86,886	171,235
Tax payable		12,149	8,537	2,284
Derivative financial instruments		–	–	170
		229,699	246,080	340,719
Liabilities associated with assets held for sale		–	22,282	–
		229,699	268,362	340,719
Net current assets		210,857	119,688	151,021
Total assets less current liabilities		327,838	237,337	267,045

	31.3.2011 <i>HK\$'000</i>	31.3.2010 <i>HK\$'000</i> (Restated)	1.4.2009 <i>HK\$'000</i> (Restated)
Capital and reserves			
Share capital	4,380	–	–
Reserves	310,884	229,743	243,497
	<hr/>	<hr/>	<hr/>
Equity attributable to owners of the Company	315,264	229,743	243,497
Non-controlling interests	11,340	6,875	23,108
	<hr/>	<hr/>	<hr/>
Total equity	326,604	236,618	266,605
	<hr/>	<hr/>	<hr/>
Non-current liability			
Deferred tax liability	1,234	719	440
	<hr/>	<hr/>	<hr/>
	327,838	237,337	267,045
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Notes:

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

New and revised Standards and Interpretations applied in the current year

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations (“new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 32 (Amendments)	Classification of Rights Issues
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the application of the new and revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

Amendments to HKAS 17 Leases

As part of *Improvements to HKFRSs* issued in 2009, HKAS 17 *Leases* has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 April 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payment to property, plant and equipment retrospectively. This resulted in prepaid lease payments with the carrying amounts of approximately HK\$28,622,000 and HK\$13,923,000 as at 1 April 2009 and 31 March 2010 respectively being reclassified to property, plant and equipment, and release of prepaid lease payments of approximately HK\$747,000 for the year ended 31 March 2010 being reclassified to depreciation of property, plant and equipment.

As at 31 March 2011, leasehold land that qualifies for finance lease classification with the carrying amount of approximately HK\$13,550,000 has been included in property, plant and equipment. The application of the amendments to HKAS 17 has had no impact on the reported profit or loss for the current and prior years.

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* (“HK Int 5”) clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time (“repayment on demand clause”) should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. HK Int 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities.

As a result, bank loans that contain a repayment on demand clause with an aggregate carrying amount of approximately HK\$39,820,000 and HK\$19,185,000 have been reclassified from non-current liabilities to current liabilities as at 1 April 2009 and 31 March 2010 respectively. As at 31 March 2011, bank loans (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with an aggregate carrying amount of approximately HK\$17,922,000 have been classified as current liabilities. The application of HK Int 5 has had no impact on the reported profit or loss for the current and prior years.

The effects of the above changes in accounting policies on the financial positions of the Group as at 1 April 2009 and 31 March 2010 are as follows:

	As at 1.4.2009 (originally stated) HK\$'000		As at 31.3.2010 (originally stated) HK\$'000		As at 31.3.2010 (restated) HK\$'000	
	Adjustments HK\$'000	As at 1.4.2009 (restated) HK\$'000	Adjustments HK\$'000	As at 31.3.2010 (restated) HK\$'000	Adjustments HK\$'000	As at 31.3.2010 (restated) HK\$'000
Property, plant and equipment	80,841	28,622	109,463	94,688	13,923	108,611
Prepaid lease payment	28,622	(28,622)	–	17,510	(13,923)	3,587
Borrowings – current	131,415	39,820	171,235	67,701	19,185	86,886
Borrowings – non-current	39,820	(39,820)	–	19,185	(19,185)	–
Total effects on net assets	<u>280,698</u>	<u>–</u>	<u>280,698</u>	<u>199,084</u>	<u>–</u>	<u>199,084</u>

New and revised Standards and Interpretations 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:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 ¹
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets ³
HKFRS 9	Financial Instruments ⁴
HKFRS 10	Consolidated Financial Statements ⁴
HKFRS 11	Joint Arrangements ⁴
HKFRS 12	Disclosure of Interests in Other Entities ⁴
HKFRS 13	Fair Value Measurements ⁴
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets ⁵
HKAS 24 (as revised in 2009)	Related Party Disclosures ⁶
HKAS 27 (as revised in 2011)	Separate Financial Statements ⁴
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ⁴
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement ⁶
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments ²

¹ Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.

² Effective for annual periods beginning on or after 1 July 2010.

³ Effective for annual periods beginning on or after 1 July 2011.

⁴ Effective for annual periods beginning on or after 1 January 2013.

⁵ Effective for annual periods beginning on or after 1 January 2012.

⁶ Effective for annual periods beginning on or after 1 January 2011.

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised 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 amortised 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 accounting periods.
- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, 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 presentation 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 attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 April 2013, with earlier application permitted.

The Directors anticipate that the application of HKFRS 9 and the other new and revised HKFRSs will have no material impact on the consolidated financial statements of the Group for the current and prior accounting periods.

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. the executive Directors) for the purposes of resource allocation and performance assessment, are as follows:

- | | | |
|-----------|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Segment A | – | This segment includes certain subsidiaries of the Group which trade garment products to the United States of America (“USA” or “US”), Canada, Hong Kong and other locations except the People's Republic of China (the “PRC”) and provide quality inspection services. |
| Segment B | – | This segment includes the remaining subsidiaries of the Group which manufacture garment products and trade garment products in the PRC. |

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

Year ended 31 March 2011

	Segment A <i>HK\$'000</i>	Segment B <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated total <i>HK\$'000</i>
REVENUE					
External sales	810,077	92,801	902,878	–	902,878
Inter-segment sales	750	222,776	223,526	(223,526)	–
Total	<u>810,827</u>	<u>315,577</u>	<u>1,126,404</u>	<u>(223,526)</u>	<u>902,878</u>
RESULTS					
Segment results	<u>46,627</u>	<u>10,631</u>	<u>57,258</u>		57,258
Unallocated income					3,322
Unallocated expenses					(27,624)
Interest expense					<u>(1,711)</u>
Profit before tax					<u>31,245</u>

Year ended 31 March 2010

	Segment A <i>HK\$'000</i>	Segment B <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated total <i>HK\$'000</i>
REVENUE					
External sales	832,962	61,389	894,351	–	894,351
Inter-segment sales	–	199,681	199,681	(199,681)	–
Total	<u>832,962</u>	<u>261,070</u>	<u>1,094,032</u>	<u>(199,681)</u>	<u>894,351</u>
RESULTS					
Segment results	<u>44,842</u>	<u>4,792</u>	<u>49,634</u>		49,634
Unallocated income					594
Unallocated expenses					(15)
Interest expense					<u>(2,253)</u>
Profit before tax					<u>47,960</u>

Segment profit represents the profit earned by each segment without allocation of gain (loss) on disposal of property, plant and equipment and prepaid lease payments, rental income, 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 rate.

Segment assets and liabilities

At 31 March 2011

	Segment A <i>HK\$'000</i>	Segment B <i>HK\$'000</i>	Consolidated total <i>HK\$'000</i>
ASSETS			
Segment assets	202,139	213,433	415,572
Unallocated assets			<u>141,965</u>
Consolidated total assets			<u><u>557,537</u></u>
LIABILITIES			
Segment liabilities	52,774	37,051	89,825
Unallocated liabilities			<u>141,108</u>
Consolidated total liabilities			<u><u>230,933</u></u>

At 31 March 2010

	Segment A <i>HK\$'000</i>	Segment B <i>HK\$'000</i>	Consolidated total <i>HK\$'000</i>
ASSETS			
Segment assets	176,955	172,222	349,177
Unallocated assets			128,404
Assets held for sale			<u>28,118</u>
Consolidated total assets			<u><u>505,699</u></u>
LIABILITIES			
Segment liabilities	88,894	61,763	150,657
Unallocated liabilities			96,142
Liabilities associated with assets held for sale			<u>22,282</u>
Consolidated total liabilities			<u><u>269,081</u></u>

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

- all assets other than bank balances and cash, derivative financial instruments, deferred tax assets, assets held for sale, corporate assets and assets of non-core businesses are allocated to operating segments; and
- all liabilities other than current and deferred tax liabilities, bank borrowings and liabilities associated with assets classified as held for sale, corporate liabilities and liabilities of non-core businesses are allocated to operating segments.

Other segment information

At 31 March 2011

	Segment A <i>HK\$'000</i>	Segment B <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated total <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss or segment assets:					
Addition to non-current assets (<i>note</i>)	4,168	5,867	10,035	84	10,119
Depreciation	2,980	9,708	12,688	2,675	15,363
Release of prepaid lease payment	–	92	92	–	92
	<u>–</u>	<u>92</u>	<u>92</u>	<u>–</u>	<u>92</u>

At 31 March 2010 (restated)

	Segment A <i>HK\$'000</i>	Segment B <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated total <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss or segment assets:					
Addition to non-current assets (<i>note</i>)	3,973	40,207	44,180	–	44,180
Depreciation (restated)	2,835	10,927	13,762	–	13,762
Impairment losses recognised on receivables	808	–	808	–	808
Reversal of impairment loss on receivables	25	–	25	–	25
Release of prepaid lease payments (restated)	–	45	45	–	45
	<u>–</u>	<u>45</u>	<u>45</u>	<u>–</u>	<u>45</u>

note: Amounts included additions to property, plant and equipment, prepaid lease payments and intangible asset.

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

Geographical information

The Group's operations are mainly located in Hong Kong, the PRC, Canada 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	
	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i> (restated)
Hong Kong	8,972	15,263	34,892	34,673
PRC	104,215	95,356	66,908	65,448
USA	502,586	513,484	102	231
Canada	141,160	148,815	–	–
Others	145,945	121,433	13,561	17,297
	<u>902,878</u>	<u>894,351</u>	<u>115,463</u>	<u>117,649</u>

3. OTHER GAINS AND LOSSES

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Gain on fair value changes of derivative financial instruments	856	183
Gain (loss) on disposal of property, plant and equipment and leasehold land	508	(8)
Net foreign exchange gains	1,921	1,264
Impairment losses recognised on receivables	–	(783)
	<u>3,285</u>	<u>656</u>

4. INCOME TAX EXPENSE

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
The tax charge comprises:		
Current tax:		
Hong Kong Profits Tax		
– current year	7,380	4,952
– overprovision in respect of prior years	(255)	(95)
	<u>7,125</u>	<u>4,857</u>
Enterprise income tax in the PRC attributable to subsidiaries	<u>3,866</u>	<u>1,753</u>
Overseas income tax		
– current year	151	226
– overprovision in respect of prior years	(86)	–
	<u>65</u>	<u>226</u>
Deferred taxation	<u>(1,003)</u>	<u>279</u>
	<u>10,053</u>	<u>7,115</u>

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

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

5. PROFIT FOR THE YEAR

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i> (Restated)
Profit for the year has been arrived at after charging:		
Directors' remuneration	4,945	1,030
Other staff costs	103,200	91,659
Total staff costs	<u>108,145</u>	<u>92,689</u>
Auditor's remuneration	1,253	906
Depreciation of property, plant and equipment	15,363	13,762
Release of prepaid lease payments	92	45
and after crediting:		
Bank interest income	<u>96</u>	<u>410</u>

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:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Earnings		
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	<u>17,225</u>	<u>35,480</u>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	377,222	320,000
Effect of dilutive potential ordinary shares in respect of share options	<u>6,010</u>	<u>–</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>383,232</u>	<u>320,000</u>

The number of ordinary shares for calculating basic earnings per share for the year ended 31 March 2010 has been retrospectively adjusted for the issuance of 318,000,000 shares pursuant to the capitalisation issue.

No diluted earnings per share are presented for the year ended 31 March 2010 as there were no potential ordinary shares in issue during that year.

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:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
0 – 30 days	57,261	72,007
31 – 60 days	35,139	41,804
61 – 90 days	16,555	9,192
91 – 120 days	1,081	851
Over 120 days	<u>1,872</u>	<u>649</u>
	<u>111,908</u>	<u>124,503</u>

8. TRADE PAYABLES

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

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
0 – 60 days	57,625	85,914
61 – 90 days	4,101	7,630
Over 90 days	<u>1,097</u>	<u>2,338</u>
	<u>62,823</u>	<u>95,882</u>

DIVIDEND

No dividend was paid or proposed by the Company for the year ended 31 March 2011, nor has any dividend been proposed by the Company since the end of the reporting period (2010: Nil).

However, with a resolution in writing by the shareholders of Ford Glory Holdings Limited (“FG Holdings”) passed on 6 September 2010, FG Holdings declared and paid a special dividend of HK\$30,000,000 to its then existing shareholders. During the year ended 31 March 2010, FG Holdings declared and paid an interim dividend of HK\$3,000,000.

BUSINESS REVIEW AND PROSPECTS

Ford Glory is a one-stop service provider offering an integrated platform for garment product supply chain to both global and domestic customers. Our competitiveness is due to our well-developed sourcing capabilities, coupled with our in-house large scale production facilities in the PRC and Indonesia. Our differential value-added services to customers range from in-house production, sourcing, outsourcing, product design, product development, sampling, logistics to delivery.

The financial year under review was a challenging year for the overall textile and garment industry. The industry was confronted with tremendous operating pressures due to a slow pace of economic recovery in the European and US markets, continued upsurge in cotton, yarn and fabric prices, the rapid appreciation of the Renminbi (“RMB”) and general inflation including rising labour costs resulting from the quantitative easing policy and expansionary policy adopted by many countries following the financial crisis in 2008.

The Group’s revenue was approximately HK\$903 million, a slight increase of 1% compared with last year. The gross profit of the Group was approximately HK\$154 million, representing 17.1% of the turnover with a drop of 0.6% compared with last year. Profit attributable to owners of the Company was approximately HK\$17 million, represented a drop of 51.5% compared with last year (2010: HK\$35 million). The drop was due to the one-off expenses of listing expenses, share-based payment and donation amounted to approximately HK\$22 million in total charged to the year. If these one-off expenses are excluded, the Group’s normal operating net profit would be approximately HK\$39 million, representing an increase of 11.4% compared with last year.

Despite the severe and unstable business environment we faced during the year, the Group has successfully improved its normal operating net profit for the year as stated above. Through a series of continuous and proactive management actions, we managed to reduce administrative expenses by 7.2% compared with last year. This contributed to the improvement of the Group’s normal operating net profit for the year.

Manufacturing Business

Revenue of the manufacturing segment increased by 20.9% to approximately HK\$316 million, accounted for 34.9% of the Group revenue. The Group has invested approximately HK\$4 million in plant and machineries for the year under review, this resulted in the increase of production capacity of the Group and hence the proportion of revenue from self-owned production to the Group revenue rose from 29.2% to 34.9% this year. With the western economy still struggling for recovery, the Group has made several strategic moves aiming to sustain our profitability.

The Group has been planning and is proceeding to re-open our production base in Jordan and to establish a new self-owned production base in Cambodia. The facilities are expected to commence operation in the second half of 2011. We expect these production facilities will increase the proportion of revenue from self-owned production capacities to around 60% when they are in full capacity. Customers in the US will enjoy import duty free for garments exported from Jordan, while customers in Canada and Europe will benefit from import duty free for garments from Cambodia. The US and Canada are where our major customers located, revenue generated from these two markets accounted for around 71% of the Group's revenue for the year under review. With the increase of these self-owned production capacities, we could better control the services provided to our customers, these include product quality control and timely product delivery. The Group has already received good orders for these two production bases. Furthermore, these production bases not only increase our competitiveness and bargaining power but also enable us to get ready for capturing more customer orders when market demand recovers in the future. On the other hand, we will continue to outsource customer orders to our sub-contractors in order to maintain our flexibility.

Retailing Business

Apart from strengthening our core business, we also aim to diversify our business model by tapping into the booming retail market in China. We launched two of our own brands "Monstons" and "teelocker". "Monstons" is a brand of underwear and homewear products selling in large chain supermarkets in the PRC. In this financial year, "Monstons" successfully increased the retail network to more than 500 points of sales in the PRC.

In September 2010, the Group signed a business transfer agreement to acquire 70% interests of a branded T-shirt retail business – "teelocker". The business transfer was completed smoothly during the year. "teelocker" is a brand of T-shirts and accessories with an online platform for recruitment of talented designers from different countries over the world. Internet sales in the PRC is a fast growing market with enormous potential, it will be the target market that "teelocker" will focus on in coming years. As such, Ford Glory has revamped the "teelocker" website, turning it into an interactive and fun platform, attracting designers from worldwide and shoppers across the country to exchange their fashion ideas. "teelocker" aims to offer the new generation with trendy and self-distinguishing outfits to demonstrate their personality and passion, and this portal would select the most inspiring designs whilst discovering young talented designers globally in the process. Year 2011 and 2012 will be important years for "teelocker" to further establish its brand identity nationally. "teelocker" has just opened a flagship shop at "taobao.com" which is the largest and most popular shopping web in the PRC. To expedite our pace in building up the brand and elevating brand awareness, carefully tailored marketing campaigns will be rolled out in year 2011 and 2012. We expect these series of special marketing campaigns will enhance the prominence of the brand and will create favourable contribution to the Group.

We believe our well-developed upstream garment manufacturing and sourcing business would be the footstone for our future downstream expansion. We will continue to strengthen the core upstream arm to bring synergy to the downstream retail business.

OUTLOOK

Looking forward, it is anticipated that the business operating environment is still challenging in the year ahead. Despite economy of most of the countries are gradually recovering after the financial crisis in 2008, the overall recovery remains fragile and unstable. High unemployment rate is still a major issue in many developed countries and European sovereign debt problem remain to be solved. Furthermore, the general inflation and appreciation of the RMB are expected to continue.

The Group expects the business environment in the coming financial year to remain challenging. However, we believe business prospects of the Group remain positive. The Group will continue its manufacturing capacity expansion to improve our market competitiveness and we will diversify ourselves to capture the business from the fast growing internet sales market in the PRC. Furthermore, tight controls on general and administrative expenses are still the continuing measures.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group continued to maintain a strong financial position for the year under review with cash and cash equivalents amounted to approximately HK\$136 million as at 31 March 2011. Total bank borrowings of the Group as at 31 March 2011 was approximately HK\$127 million including a mortgage loan of approximately HK\$19 million of which approximately HK\$18 million is repayable after one year, all the remaining bank borrowings of approximately HK\$109 million are repayable within one year.

Gearing ratio is defined as net debt (representing by bank borrowings net of cash and cash equivalent) divided by shareholders' equity. As at 31 March 2011, the Group's cash and cash equivalents of approximately HK\$136 million exceeded its total bank borrowings of approximately HK\$127 million and resulted in no gearing. The Group's current ratio was approximately 1.9 (2010: 1.4).

For the year under review and as at 31 March 2011, the Group's bank borrowings were in Hong Kong dollars ("HK\$") and US dollars ("US\$"), the majority of interest-bearing bank borrowings of the Group were on HIBOR and LIBOR basis.

Foreign Exchange Risk Management

Most of the Group's cash balances were deposits in US\$, HK\$ and RMB with major global financial institutions and most of the Group's monetary assets, revenues, monetary liabilities and payments were held in US\$, HK\$ and RMB. The RMB is expected to continue the trend of appreciation, the Group has entered into a forward contract during the year to hedge some of the risks. And considering the Group's monetary assets in RMB is more than its monetary liabilities in RMB, we consider that the risk exposure in RMB is manageable.

Foreign exchange risks arising from sales and purchases transacted in different currencies are normally managed by the Group through the use of foreign exchange forward contracts. Pursuant to the Group's policy in place, foreign exchange forward or any other financial derivatives contracts are entered into by the Group for hedging purposes. The Group has not entered into any financial derivatives contracts for speculation.

Capital Expenditure and Commitments

During the year, the Group invested approximately HK\$9 million (2010: HK\$42 million) on additions to property, plant and equipment.

As at 31 March 2011, the Group had commitments of approximately HK\$4 million in respect of acquisition of new machineries and improvements on rented factory plant, which are financed by the net proceeds from global offering.

Charges on Assets

As at 31 March 2011, certain properties of the Group with net book value of approximately HK\$29 million (2010: HK\$58 million) were pledged to a bank to secure banking facilities granted.

Employee Information

As at 31 March 2011, the Group had a total workforce of 2,946 of whom 1,701 were based in the PRC, 1,158 were in Indonesia and 70 were located in Hong Kong and 17 were located in other places. The Group offers its employees competitive remuneration schemes which are generally structured by reference to market terms and individual qualifications. Salaries and wages are normally reviewed annually based on performance appraisals and other relevant factors. In addition, bonuses are normally paid to those eligible based on individual's and the Group's performance.

The Company maintains a share option scheme, pursuant to which share options are granted to selected eligible, with a view to providing our employees with appropriate incentive to contribute to the success of the Group.

Use of Proceeds from Listing

The Company was successfully listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 5 October 2010. The net proceeds from global offering were approximately HK\$50.9 million after deducting related listing expenses. The following table sets forth the use of net proceeds during the year ended 31 March 2011.

	Available to utilise <i>HK\$ million</i>	Utilised as of 31 March 2011 <i>HK\$ million</i>	Unutilised as of 31 March 2011 <i>HK\$ million</i>
Use of net proceeds from global offering			
Expansion and improvement of production facilities	25.5	4.1	21.4
Expansion of sample design and development capabilities	7.6	2.7	4.9
Promotional and marketing efforts	2.5	0.4	2.1
"Monstons" Brand development in the PRC market	10.2	4.9	5.3
Working capital purpose	5.1	5.1	—
Total	<u>50.9</u>	<u>17.2</u>	<u>33.7</u>

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 16 August 2011 to 18 August 2011 both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for attending and voting at the annual general meeting of the Company, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 15 August 2011.

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

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

CODE ON CORPORATE GOVERNANCE PRACTICES

Save as the deviation discussed below, the Company had complied with all the code provisions ("Code Provisions") of the Code on Corporate Governance Practices, as set out in Appendix 14 to the Rule ("Listing Rules") Governing the Listing of Securities on the Stock Exchange for the year ended 31 March 2011.

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

The roles of the chairman and the chief executive officer of the Company are not separate and both are performed by Mr. Choi Lin Hung. Since the Directors meet regularly to consider major matters affecting the operations of the Company, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Company and believe that this structure will enable the Company to make and implement decisions promptly and efficiently.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted a code of conduct ("Code of Conduct") regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules. Having made specific enquiry to all Directors, all Directors have confirmed that they had complied with the required standard set out in the Code of Conduct during the year ended 31 March 2011.

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

Hong Kong, 28 June 2011

As at the date of this announcement, the Company's board of directors comprises three executive Directors, namely Mr. Choi Lin Hung, Mr. Lau Kwok Wa, Stanley and Mr. Ng Tze On and two non-executive Directors, namely Mr. Chen Tien Tui and Mr. Li Ming Hung, and four independent non-executive Directors, namely Mr. Lau Chi Kit, Mr. Mak Chi Yan, Mr. Wong Wai Kit, Louis and Mr. Yuen Kin Kei.