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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2012

ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of Ford Glory Group Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group” or “Ford Glory”) for the year ended 31 March 2012 with the comparative figures for the previous year as follows:

* *For identification purpose only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	NOTES	2012 HK\$'000	2011 HK\$'000
Revenue	2	909,908	902,878
Cost of sales		<u>(767,234)</u>	<u>(748,836)</u>
Gross profit		142,674	154,042
Other income		7,636	4,015
Other gains and losses	3	5,362	3,285
Selling and distribution costs		(27,999)	(17,550)
Administrative expenses		(102,991)	(89,547)
Listing expenses		–	(13,110)
Share-based payment		(11,156)	(8,179)
Interest on bank borrowings		<u>(2,429)</u>	<u>(1,711)</u>
Profit before tax		11,097	31,245
Income tax expense	4	<u>(3,377)</u>	<u>(10,053)</u>
Profit for the year	5	7,720	21,192
Other comprehensive income			
Exchange difference arising on translation		<u>1,973</u>	<u>2,396</u>
Total comprehensive income for the year		<u>9,693</u>	<u>23,588</u>
Profit for the year attributable to:			
Owners of the Company		7,256	17,225
Non-controlling interests		<u>464</u>	<u>3,967</u>
		<u>7,720</u>	<u>21,192</u>
Total comprehensive income attributable to:			
Owners of the Company		9,222	19,621
Non-controlling interests		<u>471</u>	<u>3,967</u>
		<u>9,693</u>	<u>23,588</u>
Earnings per share	7		
Basic		<u>HK1.7 cents</u>	<u>HK4.6 cents</u>
Diluted		<u>HK1.6 cents</u>	<u>HK4.5 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2012

	<i>NOTES</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		136,305	105,313
Prepaid lease payments		3,645	3,609
Goodwill		5,970	5,541
Intangible asset		1,000	1,000
Interest in a jointly controlled entity		–	–
Deferred tax assets		1,899	1,518
		<u>148,819</u>	<u>116,981</u>
Current assets			
Inventories		132,335	107,505
Trade and bills receivables	9	110,780	111,908
Deposits, prepayments and other receivables		71,998	84,103
Prepaid lease payments		99	95
Derivative financial instruments		1,225	856
Tax recoverable		3,659	–
Bank balances and cash		104,230	136,089
		<u>424,326</u>	<u>440,556</u>
Current liabilities			
Trade payables	10	71,402	62,823
Other payables and accruals		36,970	26,081
Amounts due to related companies		15,319	1,282
Derivative financial instruments		1,957	–
Tax payable		8,479	12,149
Bank borrowings		96,613	127,364
		<u>230,740</u>	<u>229,699</u>
Net current assets		<u>193,586</u>	<u>210,857</u>
Total assets less current liabilities		<u>342,405</u>	<u>327,838</u>
Capital and reserves			
Share capital		4,380	4,380
Reserves		326,882	310,884
		<u>331,262</u>	<u>315,264</u>
Equity attributable to owners of the Company		331,262	315,264
Non-controlling interests		9,557	11,340
Total equity		<u>340,819</u>	<u>326,604</u>
Non-current liability			
Deferred tax liabilities		1,586	1,234
		<u>342,405</u>	<u>327,838</u>

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 HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Amendments to HKFRSs HKAS 24 (as revised in 2009)	Improvements to HKFRSs issued in 2010 Related Party Disclosures
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised HKFRSs in the current year, including early application of Amendments to HKAS 12 titled Deferred Tax: Recovery of Underlying Assets, 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 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:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle ²
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets ¹
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities ²
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
HKFRS 9	Financial Instruments ³
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income ⁴
HKAS 19 (as revised in 2011)	Employee Benefits ²
HKAS 27 (as revised in 2011)	Separate Financial Statements ²
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ²
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ⁵
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ²

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

² Effective for annual periods beginning on or after 1 January 2013.

³ Effective for annual periods beginning on or after 1 January 2015.

⁴ Effective for annual periods beginning on or after 1 July 2012.

⁵ Effective for annual periods beginning on or after 1 January 2014.

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

Amendments to HKFRS 7 Disclosures – Transfers of Financial Assets

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The Directors anticipate that the application of the amendments to HKFRS 7 will affect the Group’s disclosures regarding bills receivables discounted with recourse and the associated liabilities.

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:

HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at 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 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 recognised in profit or loss.

The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. 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 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 attributable to a financial liability’s credit risk are not subsequently reclassified to profit or loss. Currently, 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.

The Directors expect HKFRS 9 will be adopted 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 2012, 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 these five standards 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*. 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. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

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

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The Directors anticipate that these five standards will be adopted in the Group’s consolidated financial statements for the annual period beginning 1 April 2013. The application of these five standards 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.

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; 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 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that 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 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 income 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 to HKAS 1 will be adopted in the Group’s consolidated financial statements for annual periods beginning on 1 April 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

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.

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 trade garment products to the United States of America (the “USA” or “US”), Canada, Europe, 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 other subsidiaries of the Group which trade garment products in the PRC and manufacture garment products.

2. SEGMENT INFORMATION – Continued

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

Year ended 31 March 2012

	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	827,125	82,783	909,908	–	909,908
Inter-segment sales	–	327,010	327,010	(327,010)	–
Total	<u>827,125</u>	<u>409,793</u>	<u>1,236,918</u>	<u>(327,010)</u>	<u>909,908</u>
RESULTS					
Segment results	<u>16,184</u>	<u>6,161</u>	<u>22,345</u>		22,345
Unallocated income					6,867
Unallocated expenses					(15,686)
Interest expense					<u>(2,429)</u>
Profit before tax					<u>11,097</u>

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>

Segment profit represents the profit earned by each segment without allocation of gain (loss) on disposal of property, plant and equipment, share-based payments, listing expenses, rental income, interest 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 rates.

2. SEGMENT INFORMATION – Continued

Segment assets and liabilities

At 31 March 2012

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

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>

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, corporate assets and assets of non-core businesses are allocated to operating segments; and
- all liabilities other than current and deferred tax liabilities, derivative financial instruments, bank borrowings, corporate liabilities and liabilities of non-core-businesses are allocated to operating segments.

2. SEGMENT INFORMATION – Continued

Other segment information

At 31 March 2012

	Segment A HK\$'000	Segment B HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Consolidated total HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Addition to non-current assets (<i>note</i>)	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
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

At 31 March 2011

	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 (<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> </u>	<u> </u>	<u> </u>	<u> </u>

note: Amounts include 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.

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	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Hong Kong	2,428	8,972	34,217	34,892
PRC	91,292	104,215	82,088	66,908
USA	576,807	502,586	2	102
Canada	99,837	141,160	–	–
Europe	103,713	70,894	–	–
Others	35,831	75,051	30,613	13,561
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	909,908	902,878	146,920	115,463

3. OTHER GAINS AND LOSSES

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Net gain on fair value changes of derivative financial instruments	281	856
Net (loss) gain on disposal of property, plant and equipment	(158)	508
Net foreign exchange gains	5,239	1,921
	<u>5,362</u>	<u>3,285</u>

4. INCOME TAX EXPENSE

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
The tax charge comprises:		
Current tax:		
Hong Kong Profits Tax		
– current year	1,905	7,380
– under(over)provision in respect of prior years	39	(255)
	<u>1,944</u>	<u>7,125</u>
Enterprise income tax in the PRC attributable to subsidiaries	<u>1,383</u>	<u>3,866</u>
Overseas income tax		
– current year	–	151
– under(over)provision in respect of prior years	86	(86)
	<u>86</u>	<u>65</u>
Deferred taxation	<u>(36)</u>	<u>(1,003)</u>
	<u>3,377</u>	<u>10,053</u>

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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Directors' remuneration	4,214	4,945
Other staff costs	122,442	103,200
Total staff costs	<u>126,656</u>	<u>108,145</u>
Auditor's remuneration	1,276	1,253
Depreciation of property, plant and equipment	14,427	15,363
Release of prepaid lease payments	97	92
Write-down of inventories (included in cost of sales)	1,564	–
and after crediting:		
Bank interest income	<u>830</u>	<u>96</u>

6. DIVIDEND

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
2012 interim dividend of HK1.0 cent (2011: Nil) per ordinary share	<u>4,380</u>	<u>–</u>

An interim dividend of HK1.0 cent (2011: Nil) per ordinary share amounting to HK\$4,380,000 was paid to the shareholders of the Company during the year. No final dividend was paid or proposed for the year ended 31 March 2012, nor has any dividend been proposed since the end of the reporting period (2011: 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 2011.

7. 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:

	2012 <i>HK\$'000</i>	2011 <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>7,256</u>	<u>17,225</u>
Number of ordinary shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	438,000,000	377,221,918
Effect of dilutive potential ordinary shares in respect of share options	<u>19,019,155</u>	<u>6,009,734</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>457,019,155</u>	<u>383,231,652</u>

7. EARNINGS PER SHARE – Continued

The number of ordinary shares for calculating basic and diluted earnings per share for the year ended 31 March 2011 has been retrospectively adjusted for the capitalisation issue of 318,000,000 shares pursuant to the capitalisation issue in October 2010, which was assumed to occur in April 2010.

8. ACQUISITION OF SUBSIDIARIES

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

Global Trend owns the entire equity interest in Jerash Garments and Fashions Manufacturing Company Limited 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.

The consideration transferred and goodwill arising in respect of the Acquisition are as follows:

	<i>HK\$’000</i>
Consideration transferred	
Cash consideration paid	4,000
Consideration payable	3,500
	<hr/>
	7,500
	<hr/> <hr/>

	<i>HK\$’000</i>
Goodwill arising on the Acquisition	
Consideration transferred	7,500
Less: fair value of identifiable net assets acquired	7,071
	<hr/>
Goodwill arising on the Acquisition (<i>note</i>)	429
	<hr/> <hr/>

note: The goodwill is attributable to the potential benefits to be derived from an additional offshore manufacturing outlet.

9. 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:

	2012	2011
	<i>HK\$’000</i>	<i>HK\$’000</i>
0 – 30 days	73,189	57,261
31 – 60 days	22,575	35,139
61 – 90 days	3,846	16,555
91 – 120 days	8,910	1,081
Over 120 days	2,260	1,872
	<hr/>	<hr/>
	110,780	111,908
	<hr/> <hr/>	<hr/> <hr/>

10. TRADE PAYABLES

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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
0 – 60 days	63,392	57,625
61 – 90 days	3,683	4,101
Over 90 days	4,327	1,097
	<u>71,402</u>	<u>62,823</u>

BUSINESS REVIEW AND PROSPECTS

The garment industry faced many difficulties during the year. Hindered by the European debt crisis and the slow recovery of the US economy, the international demand was weak. In addition, the fluctuation in raw material prices, ongoing increase in labour and utility costs, and the appreciation of the Renminbi (“RMB”), all added up to a challenging year. In response to the difficult operating environments, we discreetly strengthened our focus on reinforcing long-term partnerships with our customers and enhancing internal cost control through production base optimisation and diversification. Such efforts helped reduce the negative effects of the difficult operating environment and enhance our competitive advantage.

For the year under review, the Group’s revenue rose slightly to approximately HK\$910 million, representing a marginal growth of approximately 0.8% in comparison to the previous corresponding year. The gross profit decreased to approximately HK\$143 million, representing an approximately 7.4% decrease as compared with last year.

Profit attributable to owners of the Company was approximately HK\$7 million, representing an approximately 57.9% decrease as compared to that of last year. This was mainly attributable to (i) the provision made for the share options granted by the Company under its share option scheme during the year; (ii) the decrease in average selling price and profit margin due to macroeconomic downturn; and (iii) the increase in preliminary operating expenses associated with the launching of new production facilities in Cambodia. The profit for the year included share-based payment of approximately HK\$11 million, whereas the profit for last year included listing expenses of approximately HK\$13 million and share-based payment of approximately HK\$8 million. If the share-based payment and the listing expenses were excluded in respective years, the adjusted profit attributable to owners of the Company for the year would be approximately HK\$18 million, representing a drop of approximately 52.2% as compared with last year (2011: HK\$39 million).

Manufacturing Business

For the year under review, revenue attributed from the manufacturing segment increased by approximately 29.9% to approximately HK\$410 million, accounting for approximately 45.0% of the Group revenue. Market weakness continued to dampen the overall garment industry as retailers and wholesalers worldwide were cautious in procurement by maintaining a low inventory level. Nevertheless, our Indonesia factory has received the “Supplier Award – Performance Achievement” in 2012 for its proven punctual delivery track record from PVH Corp. in the USA recognising our performance as one of their top-ranking vendors.

In order to bolster our competitive advantages, we strategically set up a new production base in Cambodia in March 2011 and restart our production base in Jordan in April 2012. Along with our existing facilities in Southern PRC and Indonesia, we are currently operating four production bases. Jordan and Cambodia enjoy substantial labour cost advantages over the PRC. On top of that, garments manufactured in Cambodia enjoy import duty free to the European Union and Canada, whilst garments manufactured in Jordan enjoy import duty free to the US. Therefore, we are well positioned to capture greater market shares in the US, Canada and the European markets. The PRC production base, with its relatively distinct advantages on logistics and skilled labour, will be mainly focusing on manufacturing items with complicated designs and is also geared for domestic PRC market customers. By effective order allocation to different production bases, we are able to combine and exploit the advantages of different regions, so as to reduce the impact of rising costs on operations. With the addition of the Cambodia and Jordan production bases, our manufacturing segment is expected to account for over 60% of the Group's revenue.

Retail Business

The Group believes that the retail apparel industry in the PRC presents enormous potential for future growth. Since 2010, the Group has been diversifying into the retail business by launching the "teelocker" brand.

"teelocker", currently operates 2 online sales channels and sells through around 25 points of sales in some first and second-tier cities in the PRC. During the year, we put dedicated efforts on elevating the national exposure of the brand through a series of cost-effective online marketing campaigns. Through the interactive website "teelocker.com", the brand has attracted brilliant young talents in the PRC to participate in a design contest for the theme of "Childhood Dream". We overwhelmingly received over thousands of designs of which around one hundred designs have been selected for mass production. We also collaborated with celebrities and pop stars to launch crossover T-shirts, which drew significant attention from the online community and their fan base. On the other hand, riding on the PRC's increasingly popular online shopping trend, we opened an online flagship shop in the PRC's largest and the most popular online shopping destination – "Tmall of Taobao". Such distribution channel allows the brand to reach the maximum number of shoppers with the lowest capital investment. Currently, we are actively seeking opportunities to collaborate with online giants and well-established retail chains. Gearing on their enormous user bases and extensive distribution networks, we are aiming to build "teelocker" to be one of the leading T-shirt brands in the PRC.

PROSPECTS

Looking ahead, we expect the business environment in 2012 to remain challenging as recovery in the US and Europe is still uncertain. However, we strongly believe that behind every challenge there lies an opportunity.

Manufacturing Business and New Joint Venture

To stay ahead in the challenging garment export business, we will focus on maximising the return from our strategically located factories in the PRC, Indonesia, Cambodia and Jordan. To further expand our sales in the US, we, in May 2012, formed a joint venture with independent third parties to operate a brand offering value for money quality jeans and other denim casual wears in the US. Moreover, we will develop a new product line – knitted wear for the brand. Such collaboration will not only secure a new and steady revenue source for the Group, but also enhance our exposure in the US garment market. On the other hand, our geographically-diversified production bases in different countries will greatly reduce the impact of cost inflation from the PRC, improve our competitiveness and sustain our profitability in the long run. This will be a solid but flexible foundation for the Group to capture business opportunities in market recovery.

Retail Business

We are gradually shaping “teelocker” into a leading T-shirt brand and an online platform that showcases innovation, personality and character. We believe that the internet is the most cost-effective marketing channel to reach the new generation worldwide. To gain stronger foothold in the market, a series of carefully tailored marketing campaigns will be rolled out in the upcoming years to further enhance brand awareness. A number of stores will also be opened at selected cities for brand building purpose. We will continue to refine and extend our e-commerce platform by forming strategic alliance with internet giants. By capitalising the advantages of our upstream garment manufacturing business, we are confident that “teelocker” will soon become a growth driver of the Group.

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\$104 million as at 31 March 2012. Total bank borrowings of the Group as at 31 March 2012 was approximately HK\$97 million including a mortgage loan of approximately HK\$18 million of which approximately HK\$17 million is repayable after one year, all the remaining bank borrowings of approximately HK\$80 million are repayable within one year.

Gearing ratio is defined as net debt (represented by bank borrowings net of cash and cash equivalent) divided by shareholders’ equity. As at 31 March 2012, the Group’s cash and cash equivalents of approximately HK\$104 million exceeded its total bank borrowings of approximately HK\$97 million and resulted in no gearing. The Group’s current ratio was approximately 1.8 (2011: 1.9).

For the year under review and as at 31 March 2012, the Group’s bank borrowings were in Hong Kong dollars (“HK\$”) and US dollars (“US\$”), the majority of interest-bearing bank borrowings of the Group were on 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. As RMB is expected to fluctuate, the Group has entered into forward contracts during the year to hedge some of the risks. Considering the Group's monetary assets in RMB is more than its monetary liabilities in RMB, 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\$44 million (2011: HK\$9 million) on additions to property, plant and equipment.

As at 31 March 2012, the Group had commitments of approximately HK\$0.7 million in respect of acquisition of new machineries and improvements on rented factory plant.

Charges on Assets

As at 31 March 2012, certain properties of the Group with net book value of approximately HK\$28 million (2011: HK\$29 million) were pledged to a bank to secure banking facilities granted.

Employee Information

As at 31 March 2012, the Group had a total workforce of 3,731 of whom 1,116 were based in the PRC, 1,114 were in Indonesia, 468 were in Cambodia, 946 were in Jordan and 87 were located in Hong Kong and other places. The Group offers its employees competitive remuneration schemes which are generally structured in reference to market terms and individual qualifications. Salaries and wages are normally reviewed annually based on performance appraisals and other relevant factors. In addition, bonuses are normally paid to those eligible based on individual's and the Group's performance.

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

Use of Net Proceeds from the Global Offering

The Company was successfully listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 5 October 2010. The net proceeds from the Company's global offering (the "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 2012.

Use of net proceeds from the Global Offering	Net proceeds from the Global Offering <i>HK\$ million</i>	Utilised as of 31 March 2012 <i>HK\$ million</i>	Unutilised as of 31 March 2012 <i>HK\$ million</i>
Expansion and improvement of production facilities	25.5	25.5	0
Expansion of sample design and development capabilities	7.6	7.6	0
Promotional and marketing efforts	2.5	2.5	0
“Monstons” brand development in the PRC market	10.2	10.2	0
Working capital purpose	5.1	5.1	0
	<hr/>	<hr/>	<hr/>
Total	50.9	50.9	0
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 March 2012.

PURCHASE, REDEMPTION OR SALE 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 ended 31 March 2012.

CODE ON CORPORATE GOVERNANCE PRACTICES

Save as the deviation discussed below, the Company had complied with all the code provisions (the “Code Provisions”) of the Code on Corporate Governance Practices (known as “Corporate Governance Code” with effect from 1 April 2012), as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) for the year ended 31 March 2012.

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.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 March 2012.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) contained in Appendix 10 to the Listing Rules. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 March 2012.

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

Hong Kong, 28 June 2012

As at the date of this announcement, the Board comprises Mr. Choi Lin Hung, Mr. Lau Kwok Wa, Stanley and Mr. Ng Tze On as executive Directors; Mr. Chen Tien Tui and Mr. Li Ming Hung as non-executive Directors; and Mr. Lau Chi Kit, Mr. Mak Chi Yan, Mr. Wong Wai Kit, Louis and Mr. Yuen Kin Kei as independent non-executive Directors.