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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 2013**

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”) for the year ended 31 March 2013 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 2013*

	<i>NOTES</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Revenue	2	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	3	4,046	5,362
Selling and distribution costs		(33,586)	(27,999)
Administrative expenses		(111,230)	(102,991)
Share-based payment expenses		(12,060)	(11,156)
Interest on bank borrowings		(3,370)	(2,429)
Profit before tax		17,776	11,097
Income tax expense	4	(10,507)	(3,377)
Profit for the year	5	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	6		
Basic		HK2.6 cents	HK1.7 cents
Diluted		HK2.5 cents	HK1.6 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	<i>NOTES</i>	2013 HK\$'000	2012 HK\$'000
Non-current assets			
Property, plant and equipment		156,719	136,305
Prepaid lease payments		3,569	3,645
Goodwill		5,970	5,970
Intangible asset		1,000	1,000
Interest in a jointly controlled entity		–	–
Deferred tax assets		1,835	1,899
		169,093	148,819
Current assets			
Inventories		132,565	132,335
Trade and bills receivables	7	130,900	110,780
Deposits, prepayments and other receivables		55,340	71,998
Prepaid lease payments		99	99
Derivative financial instruments		1,640	1,225
Tax recoverable		466	3,659
Bank balances and cash		142,491	104,230
		463,501	424,326
Current liabilities			
Trade and bills payables	8	69,295	71,402
Other payables and accruals		23,257	35,829
Amounts due to related companies		2,063	15,319
Derivative financial instruments		132	1,957
Tax payable		16,360	8,479
Bank borrowings		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		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		1,416	1,141
Deferred tax liabilities		2,192	1,586
		3,608	2,727
		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 the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

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

Except as described below, the application of the amendments to 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.

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. The relevant disclosures have been made regarding the transfer of these bills receivables on application of the amendments to HKFRS 7. In accordance with the transitional provisions set out in the amendments to HKFRS 7, the Group has not provided comparative information for the disclosures required by the amendments.

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

- 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 recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are 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.
- 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.

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

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 HKFRS10 and HKFRS12 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 guidance 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.

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

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. The Directors anticipate that the amendments to HKAS 19 will be adopted in the Group’s consolidated financial statements for the annual period beginning 1 April 2013. Based on the Directors’ preliminary assessment, the amendments to IAS 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.

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.

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.

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

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.

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) 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 (“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 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 <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	930,314	140,848	1,071,162	–	1,071,162
Inter-segment sales	–	398,845	398,845	(398,845)	–
Total	<u>930,314</u>	<u>539,693</u>	<u>1,470,007</u>	<u>(398,845)</u>	<u>1,071,162</u>
RESULTS					
Segment results	<u>7,077</u>	<u>24,301</u>	<u>31,378</u>		31,378
Unallocated income					5,081
Unallocated expenses					(15,313)
Interest expense					(3,370)
Profit before tax					<u>17,776</u>

2. SEGMENT INFORMATION – Continued

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)	–
	<u>827,125</u>	<u>409,793</u>	<u>1,236,918</u>	<u>(327,010)</u>	<u>909,908</u>
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					(2,429)
Profit before tax					<u>11,097</u>

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

2. SEGMENT INFORMATION – Continued

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			113,747
Consolidated total assets			<u>573,145</u>
LIABILITIES			
Segment liabilities	73,215	46,926	120,141
Unallocated liabilities			112,185
Consolidated total liabilities			<u>232,326</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 and other 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 <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>)	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
	<u>12,535</u>	<u>54,302</u>	<u>66,837</u>	<u>–</u>	<u>66,837</u>

2. SEGMENT INFORMATION – Continued

At 31 March 2012

	Segment A	Segment B	Segment total	Unallocated	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>				

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
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	1,071,162	909,908	167,258	146,920
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

3. OTHER GAINS AND LOSSES

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
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
	<u>4,046</u>	<u>5,362</u>

4. INCOME TAX EXPENSE

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Directors' remuneration	4,367	4,214
Other staff costs	<u>168,031</u>	<u>122,442</u>
Total staff costs	<u>172,398</u>	<u>126,656</u>
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	<u>483</u>	<u>511</u>
	<u>3,370</u>	<u>2,429</u>
and after crediting:		
Bank interest income (included in other income)	<u><u>656</u></u>	<u><u>830</u></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:

	2013 <i>HK\$'000</i>	2012 <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><u>11,178</u></u>	<u><u>7,256</u></u>
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	<u>15,782,715</u>	<u>19,019,155</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u><u>453,787,844</u></u>	<u><u>457,019,155</u></u>

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:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
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
	<hr/> 130,900 <hr/>	<hr/> 110,780 <hr/>

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:

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

BUSINESS REVIEW

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

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

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

Profit attributable to owners of the Company was approximately HK\$11 million, representing an approximately 54.1% increase as compared to that of last year (2012: HK\$7 million). The profit for the year included share-based payment expenses of approximately HK\$12 million, whereas the profit for last year included share-based payment expenses of approximately HK\$11 million. If the share-based payment expenses were excluded in both years, the adjusted profit attributable to owners of the Company for the year would be approximately HK\$23 million, representing an increase of approximately 26.2% as compared with last year (2012: HK\$18 million).

Garment Manufacturing Business

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

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

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

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

Retail Business

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

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

The Group's future plan for "teelocker" focuses on emphasizing "teelocker" as an "interactive platform" to attract all the people around the world to submit their designs but with the Group's capability to convert virtual designs into actual products which can be sold in its physical and online outlets. Meanwhile, over 100 selected designers from all over the world have been registered, which is expected to grow further in the coming years and will be a solid database for the further development of "teelocker".

PROSPECTS

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

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

FINANCIAL REVIEW

Liquidity and Financial Resources

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

As at 31 March 2013, the Group's gearing ratio, being defined as net debt (represented by bank borrowings net of cash and cash equivalents) divided by shareholders' equity, was approximately 4.1% (2012: no gearing). The Group's current ratio was approximately 1.7 (2012: 1.8).

For the year under review and as at 31 March 2013, the Group's bank borrowings were in Hong Kong dollars ("HK\$") and US dollars ("US\$"), the majority of interest-bearing bank borrowings of the Group were on Hong Kong Interbank Offer Rate and London Interbank Offer Rate basis.

Foreign Exchange Risk Management

Most of the Group's cash balances were deposits in US\$, HK\$ and RMB with major global financial institutions and most of the Group's monetary assets, revenue, monetary liabilities and payments were held in US\$, HK\$ and RMB. As RMB is expected to fluctuate, the Group has entered into forward contracts during the year to hedge some of the risks. Considering the Group's monetary assets in RMB is more than its monetary liabilities in RMB, the Directors consider that the risk exposure in RMB is manageable.

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

Capital Expenditure and Commitments

During the year, the Group invested approximately HK\$47 million (2012: HK\$44 million) on additions to property, plant and equipment.

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

Charges on Assets

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

Employee Information

As at 31 March 2013, the Group had a total workforce of 3,996 of whom 1,076 were based in Indonesia; 814 were based in the PRC; 1,086 were based in Jordan; 933 were based in Cambodia; and 87 were located in Hong Kong and other places. The Group offers its employees competitive remuneration schemes which are generally structured with reference to market terms and individual qualifications. Salaries and wages are normally reviewed annually based on performance appraisals and other relevant factors. In addition, bonuses are normally paid to those eligible based on the Group's and individual's performance.

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

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 March 2013.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE CODE

Save as the deviations discussed below, the Company had complied with all the code provisions ("Code Provisions") under the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the year ended 31 March 2013.

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

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

In respect of Code Provision A.6.7, two non-executive Directors did not attend the annual general meeting of the Company held on 28 August 2012 due to their other business commitments.

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 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has established a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “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 2013.

APPRECIATION

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

By Order of the Board of
Ford Glory Group Holdings Limited

Choi Lin Hung
Chairman

Hong Kong, 28 June 2013

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.