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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011**

#### **UNAUDITED INTERIM RESULTS**

The board (the “Board”) of directors (the “Directors”) of Ford Glory Group Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group” or “Ford Glory”) for the six months ended 30 September 2011 (the “Period”) together with the comparative figures for the previous corresponding period.

The interim results of the Group have been reviewed by the Company’s auditor in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

\* *For identification purpose only*

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

Ford Glory is a one-stop garment manufacturing and sourcing management supplier to both global and domestic customers, providing value-added services ranging from in-house production, sourcing, outsourcing, product design, product development, sampling, and logistics to delivery. The Group is also a retailer in the People's Republic of China (the "PRC"), operating our own brands "Monstons" and "teelocker".

The garment industry was confronted with challenges during the Period due to the unexpected fluctuation of raw material prices, on-going inflation of labour and utility costs, rapid appreciation of the Renminbi ("RMB") and the poor consumer confidence level resulted from the weak United States of America ("USA" or "US") and European economies. Under these tremendous pressures, the Group strived to deliver relatively stable results maintaining a reasonably steady revenue.

For the Period under review, the Group's revenue was approximately HK\$481.8 million, representing a slight growth of 4.0% in comparison to the same period last year (2010: HK\$463.3 million). The gross profit for the Period was approximately HK\$75.4 million representing 15.7% of turnover (2010: 16.8%). Profit attributable to owners of the Company was approximately HK\$10.2 million, representing an increase of 124.0% as compared with same period last year (2010: HK\$4.6 million). The profit for the Period included share-based payment of approximately HK\$5.1 million, whereas the profit for last year same period included listing expenses of approximately HK\$13.1 million. If the share-based payment and the listing expenses were excluded in respective periods, the normal operating profit attributable to owners of the Company for the Period would be approximately HK\$15.3 million, representing a drop of 13.1% as compared with same period last year (2010: HK\$17.7 million).

### *Manufacturing Business*

During the Period, the Group adopted a prudent yet decisive approach to cope with the unfavourable factors impacting the global garment and apparel market. Retailers and wholesalers worldwide were cautiously maintaining their stocks at a relatively low level due to the widely anticipation of global recession; however, thanks to our strong and trusty relationships with internationally well-known retailers, the Group sustained stable order levels and achieved a reasonable revenue growth. In order to stay competitive in the market, the Group took a step forward to contain the rising labour cost in the PRC by launching new production facilities in Cambodia and re-opening the facilities in Jordan. The facilities in Cambodia has already commenced its production. Since customers from the US enjoy import duty free for garments from Jordan while customers from Canada and Europe enjoy import duty free for garments exported from Cambodia, this strategic move subsequently strengthens our competitive edge in securing orders from the US, Canada and European countries.

## ***Retail Business***

The Group successfully diversified its business footprint to the PRC's blooming retail market by launching two of our own brands – “Monstons” and “teelocker” in 2010. Both brands attracted promising awareness in the domestic market.

“teelocker” has achieved significant brand image enhancement in the Period with a series of carefully tailored marketing campaigns. The Group took a cost-effective approach to promote the brand via internet marketing, online shop, celebrity events and strategic collaboration. The “teelocker” website, acting as an interactive platform, has successfully attracted talented designers and unbounded creativities around the world. Apart from the “teelocker” website, the Group seized the PRC's burgeoning online shopping trend by opening an online flagship shop at “[taobao.com](http://taobao.com)”, the largest and the most popular online shopping destination in the PRC. Such distribution channel allows the brand to reach the maximum number of shoppers with the lowest capital investment. In addition, the Group is proactively seeking opportunities of forming collaborations with well-established retail chains with extensive distribution networks to elevate the “teelocker” brand exposure nationally.

## **Prospects**

The Group expects the business environment in the second half of the fiscal year to remain difficult and challenging as the consumer sentiment has been adversely affected by the instability of the US economy and the on-going sovereign debt crisis of the Eurozone.

In response to these challenges in the garment export business, the Group will maintain our prudent yet positive approach towards business operation with a series of cost and expenses control measures. The in-house production base in Jordan will commence operation by the second half of this fiscal year and is expected to further enhance our competitive advantage derived from the duty-free privilege of garment exports from Jordan to the US. In sum, our strategically-located worldwide production bases in the PRC, Indonesia, Cambodia and Jordan would further enhance our competitive advantages and flexibility to meet the different requirements in terms of lead-time, product complication and pricing issues of different customers in various countries.

The Group has already paved the path to capture the flourishing online retail market in the PRC. According to the “China Online Shopping Research Report 2010-2011” issued by iResearch Inc., an organization focusing on in-depth research in China's internet industry, the PRC's online shopping transaction value of the “Business to Customer” segment will reach RMB138.9 billion by the end of 2011 and is estimated to reach RMB671.1 billion in 2014, representing a 380% growth in just three years. With the enormous opportunities ahead, the Group will continue to build the brand “teelocker” with an unconventional approach and extensive marketing resources in the online retail market. We believe that “teelocker” will soon become a growth driver for the Group in the near future.

## **Financial Review**

### ***Liquidity and Financial Resources***

The Group continued to maintain a relatively strong financial position for the Period with cash and cash equivalents amounted to approximately HK\$125.0 million as at 30 September 2011. Total bank borrowings of the Group as at 30 September 2011 was approximately HK\$152.3 million included a mortgage loan of approximately HK\$18.6 million of which approximately HK\$17.3 million is repayable after one year, all the remaining bank borrowings of approximately HK\$135.0 million are repayable within one year.

As at 30 September 2011, the Group's gearing ratio, being defined as net debt (representing by bank borrowings net of cash and cash equivalents) divided by shareholders' equity, was 8.0% (31 March 2011: no gearing). The Group's current ratio was approximately 1.9 (31 March 2011: 1.9).

For the Period and as at 30 September 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. RMB is expected to continue the trend of appreciation, the Group has entered into forward contracts 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 contracts 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 Period, the Group invested approximately HK\$19.6 million (six months ended 30 September 2010: HK\$3.2 million) on additions to property, plant and equipment.

As at 30 September 2011, the Group had commitment of approximately HK\$4.3 million in respect of capital injection to a wholly-owned subsidiary in the PRC.

### ***Charges on Assets***

As at 30 September 2011, certain properties of the Group with net book value of approximately HK\$28.2 million (31 March 2011: HK\$28.7 million) were pledged to a bank to secure a banking facility.

## ***Employee Information***

As at 30 September 2011, the Group had a total workforce of 3,192 of whom 1,410 were based in the PRC, 1,102 were in Indonesia, 593 were in Cambodia and 87 were located in Hong Kong and 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 (the "Share Option Scheme"), pursuant to which share options are granted to selected eligible participants including employees of the Group, with a view to providing those eligible participants with appropriate incentives 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 (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 as at 30 September 2011.

<b>Use of net proceeds from the Global Offering</b>	<b>Net proceeds from the Global Offering</b> <i>HK\$ million</i>	<b>Utilised as of 30 September 2011</b> <i>HK\$ million</i>	<b>Unutilised as of 30 September 2011</b> <i>HK\$ million</i>
Expansion and improvement of production facilities	25.5	12.4	13.1
Expansion of sample design and development capabilities	7.6	4.8	2.8
Promotional and marketing efforts "Monstons" brand development in the PRC market	2.5	1.5	1.0
Working capital purpose	10.2	9.8	0.4
	5.1	5.1	–
Total	<u>50.9</u>	<u>33.6</u>	<u>17.3</u>

## **DIVIDEND**

To return value to the shareholders of the Company (the "Shareholders"), the Board has declared the payment of an interim dividend of HK1.0 cent per ordinary share of the Company for the six months ended 30 September 2011 (for the six months ended 30 September 2010: Nil) to Shareholders whose names appear on the register of members of the Company on 6 January 2012. It is expected that the interim dividend will be paid on or about 18 January 2012.

## **CLOSURE OF REGISTERS OF MEMBERS**

In order to determine the entitlement to the interim dividend for the period ended 30 September 2011, the register of members of the Company will be closed from 4 January 2012 to 6 January 2012 both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend for the period ended 30 September 2011, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on 3 January 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 six months ended 30 September 2011.

## **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, as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the six months ended 30 September 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.

## **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 unaudited interim financial statements of the Group for the six months ended 30 September 2011.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted a code of conduct (the "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 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 Code of Conduct during the six months ended 30 September 2011.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2011

		<b>Six months ended</b>	
		<b>30 September</b>	
	<i>NOTES</i>	<b>2011</b>	<b>2010</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue	3	<b>481,800</b>	463,301
Cost of sales		<b>(406,392)</b>	(385,317)
Gross profit		<b>75,408</b>	77,984
Other income		<b>3,744</b>	2,012
Other gains and losses	4	<b>2,584</b>	(1,011)
Selling and distribution costs		<b>(12,779)</b>	(8,408)
Administrative expenses		<b>(49,584)</b>	(43,131)
Listing expenses		–	(13,096)
Share-based payment	7	<b>(5,118)</b>	–
Interest on bank borrowings wholly repayable within five years		<b>(1,156)</b>	(1,011)
Profit before tax		<b>13,099</b>	13,339
Income tax expense	5	<b>(3,131)</b>	(5,895)
Profit for the period	6	<b>9,968</b>	7,444
Other comprehensive income			
Exchange differences arising on translation to presentation currency		<b>1,332</b>	–
Total comprehensive income for the period		<b>11,300</b>	7,444
Profit for the period attributable to:			
Owners of the Company		<b>10,221</b>	4,563
Non-controlling interests		<b>(253)</b>	2,881
		<b>9,968</b>	7,444
Total comprehensive income attributable to:			
Owners of the Company		<b>11,549</b>	4,563
Non-controlling interests		<b>(249)</b>	2,881
		<b>11,300</b>	7,444
Earnings per share			
Basic	8	<b>HK2.3 cents</b>	HK1.4 cents
Diluted	8	<b>HK2.2 cents</b>	N/A

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2011

	<i>NOTES</i>	<b>30 September 2011 HK\$'000 (unaudited)</b>	31 March 2011 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		119,285	105,313
Prepaid lease payments		3,649	3,609
Goodwill		5,541	5,541
Intangible asset		1,000	1,000
Deferred tax assets		1,278	1,518
		<u>130,753</u>	<u>116,981</u>
Current assets			
Inventories		107,729	107,505
Trade and bills receivables	9	123,123	111,908
Deposits, prepayments and other receivables		90,180	84,103
Prepaid lease payments		97	95
Derivative financial instruments		739	856
Bank balances and cash		125,012	136,089
		<u>446,880</u>	<u>440,556</u>
Current liabilities			
Trade payables	10	43,244	62,823
Other payables and accruals		20,781	26,081
Amounts due to related companies		3,477	1,282
Derivative financial instruments		179	–
Bank borrowings		152,338	127,364
Tax payable		13,254	12,149
		<u>233,273</u>	<u>229,699</u>
Net current assets		<u>213,607</u>	210,857
Total assets less current liabilities		<u><u>344,360</u></u>	<u><u>327,838</u></u>
Capital and reserves			
Share capital		4,380	4,380
Reserves		327,551	310,884
		<u>331,931</u>	315,264
Equity attributable to owners of the Company		<u>11,091</u>	11,340
Total equity		<u>343,022</u>	326,604
Non-current liability			
Deferred tax liability		1,338	1,234
		<u>344,360</u>	<u>327,838</u>

Notes:

## 1. BASIS OF PREPARATION AND PRESENTATION OF INTERIM FINANCIAL INFORMATION

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

Pursuant to the group reorganisation (the “Reorganisation”) as explained in the section headed “Reorganisation” in the prospectus dated 17 September 2010 issued by the Company in connection with the Global Offering of its shares on the Main Board of the Stock Exchange (the “Prospectus”), which was completed on 8 September 2010 by principally interspersing the Company between Ford Glory Holdings Limited and its shareholders, the Company became the holding company of the Group.

The Group was controlled by Victory City International Holdings Limited (“VC”) before and after the Reorganisation. Accordingly, the interim financial information for the period ended 30 September 2010 has been prepared as if the Company had always been the holding company of the Group.

Since 2006, VC owned 60% interest in Jiangmen V-Apparel Manufacturing Ltd. (“Jiangmen Factory”) through its wholly owned subsidiary, Rocwide Limited (“Rocwide”). On 19 November 2009, the Group acquired the 40% interest in Jiangmen Factory not already controlled by VC from independent third parties. On 7 April 2010, the Group obtained ownership of the entire equity interest in Rocwide from VC. At the same time, the Group adopted the principle of merger accounting for business combination involving entities under common control. Accordingly, Jiangmen Factory has been accounted for as a 60% subsidiary since 2006 until 18 November 2009 and as a wholly-owned subsidiary thereafter.

## 2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2011 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2011.

In the current interim period, the Group has applied, for the first time, the following new or revised standards and interpretations (“new or revised HKFRSs”) issued by the HKICPA:

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

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

The Group has not early applied new or revised HKFRSs that have been issued but are not yet effective:

HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets <sup>4</sup>
HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 10	Consolidated Financial Statements <sup>1</sup>
HKFRS 11	Joint Arrangements <sup>1</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>1</sup>
HKFRS 13	Fair Value Measurement <sup>1</sup>
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income <sup>2</sup>
HKAS 12 (Amendments)	Deferred tax: Recovery of Underlying Assets <sup>3</sup>
HKAS 19 (Revised in 2011)	Employee Benefits <sup>1</sup>
HKAS 27 (Revised in 2011)	Separate Financial Statements <sup>1</sup>
HKAS 28 (Revised in 2011)	Investments in Associates and Joint Ventures <sup>1</sup>
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine <sup>1</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2013  
<sup>2</sup> Effective for annual periods beginning on or after 1 July 2012  
<sup>3</sup> Effective for annual periods beginning on or after 1 January 2012  
<sup>4</sup> Effective for annual periods beginning on or after 1 July 2011

The above new or revised standards on consolidation, joint arrangements and disclosures were issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these new or revised standards are applied at the same time. The Directors anticipate that these new or revised standards will be applied in the Group's consolidated financial statements for financial year ending 31 March 2014.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. 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) 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 including cases where an investor may control an investee with less than majority of the voting rights. The Directors are still assessing the financial effect of the application of HKFRS 10 on the Group.

Other than disclosed above, the Directors anticipate that the application of these new or revised HKFRSs will have no material impact on the results and the financial position of the Group.

### 3. SEGMENT INFORMATION

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

Segment A – This segment includes certain subsidiaries of the Group which trade garment products to the USA, Canada, Hong Kong and other locations except the PRC and provide quality inspection services.

Segment B – This segment includes the other 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 for the periods under review:

#### Six months ended 30 September 2011

	Segment A HK\$'000	Segment B HK\$'000	Segment Total HK\$'000	Eliminations HK\$'000	Consolidated Total HK\$'000
<b>REVENUE</b>					
External sales	447,358	34,442	481,800	–	481,800
Inter-segment sales	–	169,453	169,453	(169,453)	–
Total	<u>447,358</u>	<u>203,895</u>	<u>651,253</u>	<u>(169,453)</u>	<u>481,800</u>
<b>RESULTS</b>					
Segment results	<u>15,032</u>	<u>3,117</u>	<u>18,149</u>		18,149
Unallocated income					3,689
Unallocated expenses					(7,583)
Interest expenses					<u>(1,156)</u>
Profit before tax					<u>13,099</u>

**Six months ended 30 September 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>
<b>REVENUE</b>					
External sales	419,188	44,113	463,301	–	463,301
Inter-segment sales	733	107,862	108,595	(108,595)	–
<b>Total</b>	<b>419,921</b>	<b>151,975</b>	<b>571,896</b>	<b>(108,595)</b>	<b>463,301</b>
<b>RESULTS</b>					
Segment results	28,075	619	28,694		28,694
Unallocated income					1,468
Unallocated expenses					(15,812)
Interest expenses					(1,011)
<b>Profit before tax</b>					<b>13,339</b>

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.

**4. OTHER GAINS AND LOSSES**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2011</b>	2010
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Net gain on fair value changes of derivative financial instruments	125	–
Net gain on disposal of property, plant and equipment	154	498
Net foreign exchange gains (losses)	2,305	(1,509)
	<b>2,584</b>	<b>(1,011)</b>

## 5. INCOME TAX EXPENSE

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
Current tax:		
Hong Kong Profits Tax	1,853	4,272
Enterprise income tax in the PRC attributable to subsidiaries	936	1,410
Overseas income tax	5	19
	<u>2,794</u>	<u>5,701</u>
Deferred tax:		
Current period	337	194
	<u>3,131</u>	<u>5,895</u>

### Hong Kong

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

### PRC

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

### Macau

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

### Other jurisdictions

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

## 6. PROFIT FOR THE PERIOD

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	6,978	7,684
Release of prepaid lease payment	48	45
Interest income	(378)	(15)
	<u>6,648</u>	<u>7,714</u>

## 7. SHARE-BASED PAYMENT TRANSACTIONS

Pursuant to a written resolution passed on 2 June 2010, the Company adopted the Share Option Scheme. The purpose of the Share Option Scheme is to provide incentives to eligible participants including eligible employees. The Share Option Scheme will remain in force for a period of ten years from the date of its adoption.

The table below discloses movement of the Company's share options held by the Group's eligible participants:

	<b>Number of share options</b>
Outstanding as at 1 April 2011	41,250,000
Granted during the Period	42,920,000
Exercised during the Period	–
Cancelled during the Period	–
Lapsed during the Period	(265,000)
	<hr/>
Outstanding as at 30 September 2011	<u>83,905,000</u>

On 27 April 2011, the Company granted 42,920,000 new share options to the Group's employees at an exercise price of HK\$0.844 per share. The closing price of the Company's shares immediately before the date of grant was HK\$1.10. These options have a vesting period of 2 years and are exercisable for the period up to the 5th anniversary of the date of their grant. The fair value of these options was determined to be HK\$0.5732 per option, arrived at using the Binomial Model with the following variables and assumptions:

Grant date share price	HK\$1.13
Exercise price	HK\$0.844
Option life	5 years
Expected volatility	64%
Dividend yield	2%
Risk-free interest rate	1.74%

The variables and assumptions used above were based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

During the Period, the Group recognised total expense of approximately HK\$5,118,000 (2010: Nil) in relation to the share options granted by the Company.

At the end of each reporting date, the Group revises its estimates of the number of options that are expected to vest ultimately. The impact of the revision of the estimates, if any, is recognised in profit and loss, with a corresponding adjustment to the share option reserve.

## 8. EARNINGS PER SHARE

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2011</b>	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	<b>10,221</b>	4,563
Number of ordinary shares for the purpose of basic earnings per share	<b>438,000,000</b>	320,000,000
Number of ordinary shares taking into account of share options for the purpose of diluted earnings per share	<b>460,732,000</b>	N/A

The number of shares for calculating basic and diluted earnings per share for the period ended 30 September 2010 has been retrospectively adjusted for the issuance of 318,000,000 shares as capitalisation issue as set out in the section headed "Share Capital" in the Prospectus.

No diluted earnings per share are presented for the six months ended 30 September 2010 as there were no potential ordinary shares in issue during that period.

## 9. TRADE AND BILLS RECEIVABLES

The Group allows its trade customers a credit period ranging between 30 to 120 days. The following is an aged analysis of the Group's trade and bills receivables presented on the invoice date at the end of each reporting period:

	<b>30 September</b>	31 March
	<b>2011</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables:		
0 – 30 days	<b>67,123</b>	56,869
31 – 60 days	<b>34,064</b>	34,742
61 – 90 days	<b>11,508</b>	16,555
91 – 120 days	<b>3,546</b>	1,081
Over 120 days	<b>6,545</b>	1,872
	<b>122,786</b>	111,119
Bills receivables:		
0 – 30 days	<b>177</b>	392
31 – 60 days	<b>160</b>	397
	<b>337</b>	789
	<b>123,123</b>	111,908

## 10. TRADE PAYABLES

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

	<b>30 September 2011 HK\$'000</b>	31 March 2011 HK\$'000
0 – 60 days	35,807	57,625
61 – 90 days	2,739	4,101
Over 90 days	4,698	1,097
	<hr/> <b>43,244</b> <hr/>	<hr/> 62,823 <hr/>

## APPRECIATION

On behalf of the Board, I would like to express our thanks to our Shareholders, business partners, customers and suppliers for their continuous support to the Group. And I would also like to extend our gratitude and appreciation to our management and staff for their dedication and contribution to the Group.

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

Hong Kong, 29 November 2011

*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.*