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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 2014**

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 2014 with the comparative figures for the previous year as follows:

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	<i>NOTES</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i> (restated)	2012 <i>HK\$'000</i> (restated)
Non-current assets				
Property, plant and equipment		150,540	156,719	136,305
Prepaid lease payments		3,492	3,569	3,645
Goodwill		5,970	5,970	5,970
Intangible asset		1,000	1,000	1,000
Interest in a joint venture		–	–	–
Deferred tax assets		2,329	1,835	1,899
		163,331	169,093	148,819
Current assets				
Inventories		180,593	132,565	132,335
Trade and bills receivables	7	116,800	130,900	110,780
Deposits, prepayments and other receivables		81,794	55,340	71,998
Prepaid lease payments		99	99	99
Derivative financial instruments		3,705	1,640	1,225
Tax recoverable		183	466	3,659
Bank balances and cash		46,298	142,491	104,230
		429,472	463,501	424,326
Current liabilities				
Trade and bills payables	8	48,477	69,295	71,402
Other payables and accruals		31,229	23,257	35,829
Amounts due to related companies		4,144	2,063	15,319
Derivative financial instruments		306	132	1,957
Tax payable		15,381	16,360	8,479
Bank borrowings		111,206	157,178	96,613
		210,743	268,285	229,599
Net current assets		218,729	195,216	194,727
Total assets less current liabilities		382,060	364,309	343,546

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – CONTINUED*At 31 March 2014*

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i> (restated)	2012 <i>HK\$'000</i> (restated)
Capital and reserves			
Share capital	4,502	4,381	4,380
Reserves	375,476	350,232	327,302
	<hr/>	<hr/>	<hr/>
Equity attributable to owners of the Company	379,978	354,613	331,682
Non-controlling interests	(1,718)	5,663	9,557
	<hr/>	<hr/>	<hr/>
Total equity	378,260	360,276	341,239
	<hr/>	<hr/>	<hr/>
Non-current liabilities			
Defined benefit obligations	1,494	1,841	721
Deferred tax liabilities	2,306	2,192	1,586
	<hr/>	<hr/>	<hr/>
	3,800	4,033	2,307
	<hr/>	<hr/>	<hr/>
	382,060	364,309	343,546
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes:

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

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

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

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

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

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

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

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

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 “Consolidated and Separate Financial Statements” that deal with consolidated financial statements and HK(SIC)-Int 12 Consolidation-Special Purpose Entities. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

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

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

Impact of the application of HKFRS 10 – Continued

The Directors made an assessment as at the date of initial application of HKFRS 10 (i.e. 1 April 2013) as to whether or not the Group has control over its group companies in accordance with the new definition of control and the related guidance set out in HKFRS 10. The Directors concluded that the Company has had control over its subsidiaries since the Company has ability to use its power over the subsidiaries, rights to variable returns from its involvement with the subsidiaries and to affect the return of the subsidiaries. The Directors also concluded that no additional investee ought to be consolidated under HKFRS 10. Accordingly, the application of HKFRS 10 has had no impact to the Group.

Impact of the application of HKFRS 11

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

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

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

Impact of the application of HKFRS 12

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

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

HKFRS 13 Fair Value Measurement

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

The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions.

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

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

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

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, the Group’s statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis-the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

HKAS 19 Employee Benefits (as revised in 2011)

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

HKAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets.

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

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

Under the previous accounting policy, cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each financial year end date. Actuarial gains and losses which exceed 10 per cent of the greater of the present value of the Group’s defined benefit obligations and the fair value of plan assets at the end of the previous reporting period are amortised over the expected average remaining working lives of the participating employees.

The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the ‘corridor approach’ permitted under the previous version of HKAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a ‘net interest’ amount under HKAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset.

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

Summary of the effect of changes in accounting policy in relation to HKAS 19

The effect of the change in accounting policy in relation to HKAS 19 (as revised in 2011) described above on the results for the current and prior years by line items are as follows:

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

	31 March 2013 (originally stated) <i>HK\$’000</i>	Adjustment <i>HK\$’000</i>	31 March 2013 (restated) <i>HK\$’000</i>
Defined benefit obligations	1,416	425	1,841
Retained profits	270,524	(425)	270,099
	<u> </u>	<u> </u>	<u> </u>

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

	1 April 2012 (originally stated) <i>HK\$’000</i>	Adjustment <i>HK\$’000</i>	1 April 2012 (restated) <i>HK\$’000</i>
Defined benefit obligations	1,141	(420)	721
Retained profits	259,118	420	259,538
	<u> </u>	<u> </u>	<u> </u>

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

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

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

New and revised HKFRSs issued but not yet effective

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

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

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

² Effective for annual periods beginning on or after 1 July 2014.

³ Available for application-the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

⁴ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

⁵ Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

⁶ Effective for annual periods beginning on or after 1 January 2016.

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

2. SEGMENT INFORMATION

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

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

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

Year ended 31 March 2014

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

2. SEGMENT INFORMATION – Continued

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)	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
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					<u>(3,370)</u>
Profit before tax					<u>17,776</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, loss on dissolution of a subsidiary, central administration costs and finance costs. This is the measure reported to the executive Directors for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

Segment assets and liabilities

At 31 March 2014

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

2. SEGMENT INFORMATION – Continued

Segment assets and liabilities – Continued

At 31 March 2013

	Segment A HK\$'000	Segment B HK\$'000	Consolidated total HK\$'000 (restated)
ASSETS			
Segment assets	184,038	302,088	486,126
Unallocated assets			146,468
Consolidated total assets			<u>632,594</u>
LIABILITIES			
Segment liabilities	45,943	49,667	95,610
Unallocated liabilities			176,708
Consolidated total liabilities			<u>272,318</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 corporate assets are allocated to operating segments; and
- all liabilities other than current and deferred tax liabilities, derivative financial instruments, bank borrowings and corporate liabilities are allocated to operating segments.

Other segment information

At 31 March 2014

	Segment A HK\$'000	Segment B HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Consolidated total HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Addition to non-current assets (<i>note</i>)	1,360	14,712	16,072	–	16,072
Depreciation	3,873	16,880	20,753	–	20,753
Release of prepaid lease payment	–	99	99	–	99
Write-down of inventories	1,834	–	1,834	–	1,834
	<u>1,360</u>	<u>14,712</u>	<u>16,072</u>	<u>–</u>	<u>16,072</u>
	<u>3,873</u>	<u>16,880</u>	<u>20,753</u>	<u>–</u>	<u>20,753</u>
	<u>–</u>	<u>99</u>	<u>99</u>	<u>–</u>	<u>99</u>
	<u>1,834</u>	<u>–</u>	<u>1,834</u>	<u>–</u>	<u>1,834</u>

2. SEGMENT INFORMATION – Continued

Other segment information – Continued

At 31 March 2013

	Segment A	Segment B	Segment total	Unallocated	Consolidated total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Addition to non-current assets (<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> </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	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	10,811	2,126	29,884	32,417
PRC	20,791	107,785	86,702	95,750
USA	566,200	724,224	90	103
Canada	106,409	85,109	–	–
Europe	105,532	88,873	–	–
Cambodia	4,537	2,085	27,778	23,071
Indonesia	2,124	659	2,298	4,802
Jordan	24,013	30,274	14,239	10,685
Others	96,658	30,027	11	430
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	937,075	1,071,162	161,002	167,258

3. OTHER GAINS AND LOSSES

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

4. INCOME TAX EXPENSE

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

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

6. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company for the year is based on the following data:

	2014 <i>HK\$'000</i>	2013 <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>18,961</u>	<u>11,178</u>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	445,058,499	438,005,129
Effect of dilutive potential ordinary shares in respect of share options	<u>41,966,467</u>	<u>15,782,715</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>487,024,966</u>	<u>453,787,844</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:

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

8. TRADE AND BILLS PAYABLES

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0-60 days	41,087	61,471
61-90 days	6,314	6,108
Over 90 days	<u>1,076</u>	<u>1,716</u>
	<u>48,477</u>	<u>69,295</u>

BUSINESS REVIEW

During the year ended 31 March 2014, China's garment industry continued to operate in a challenging environment and the global garment market presented a mixed picture. On one hand, the economy of the US has gradually shown a soft rebound. According to the U.S. International Trade Administration, import value of apparel products to the US in the first quarter of 2014 has increased to approximately US\$80,409 million from approximately US\$77,362 million, representing a growth of approximately 3.9% year-on-year. In addition, the key data issued by The European Apparel and Textile Confederation also estimated that clothing import of the Eurozone reached approximately Euro 67.0 billion in 2013 (2012: Euro 65.9 billion), showing a modest uptrend. Domestically, retail sales growth in the PRC has been decelerating gradually in recent years. In 2013, despite that the growth rate of total retail sales of consumer goods was a respectable 13.1% year-on-year, it was the lowest since 2007 according to the National Bureau of Statistics of China. This moderation in retail sales growth has seen buyers and merchandisers slowing their order placing in the year. Nonetheless, the Group's strategic view and advanced planning to branch out its production and sourcing network to offshore countries that started a few years ago is now paying off, the Group was able to counterbalance the impact from weakened domestic need. In contrast, preparing for the revival in demand from the US and the Eurozone, and maximising the import duty privileges that the Group enjoys due to its production bases located in Cambodia and Jordan, the Group is optimistic that the garment business remains solid and it is ready to seize the opportunities arising from the rebound in the international market.

For the year ended 31 March 2014, the Group's revenue decreased by approximately 12.5% year-on-year, to approximately HK\$937 million (2013: HK\$1,071 million). This was mainly attributable to (i) downsizing of the factory in the PRC due to slowdown in the PRC domestic market and higher operating cost; and (ii) the slowdown in business of a joint venture between the Group and a denim casual wear brand in the US. After two years of under-performance of the joint venture, the Group decided to stop the collaboration in order to contain losses.

Gross profit decreased by approximately 3.1% to approximately HK\$167 million (2013: HK\$172 million) whilst gross profit margin improved to approximately 17.8% (2013: 16.1%). This was attributable to the stable growth of the Group's higher-margin garment manufacturing business from brand-name customers. Profit attributable to owners of the Company amounted to approximately HK\$19.0 million, representing an increase of approximately 69.6%. Profit for the year was approximately HK\$11.6 million representing an increase of approximately 59.3% from last year (2013: HK\$7.3 million).

Garment Manufacturing Business

Revenue of the Group's manufacturing segment decreased by approximately 10.4% to approximately HK\$484 million, which accounted for approximately 51.6% of the Group's revenue. This was mainly attributable to the decrease in sales to PRC domestic customers due to a weak PRC market.

The Group has four production bases around the globe, located namely in the PRC, Cambodia, Indonesia and Jordan. The Group's plant in Cambodia enjoys preferential tariff from the European Union and Canada while the one in Jordan entitles to free import duty to the US. Together with the plants in the PRC and Indonesia, the Group's geographically diversified production network enables us to tackle macro volatility as well as being strategically flexible in receiving orders. This allows the Group to exploit the respective competitive advantages of each production base and thus enhance efficiency and profitability.

During the year ended 31 March 2014, the Group's order books remained solid, with a steady inflow of orders from brand-name customers. Amongst all, the production base in Jordan recorded the most noticeable growth. The duty-free privilege of the plant in Jordan has drawn in a good amount of orders, coupled with the expanded capacity during the second half of the year, facilitated its revenue to increase steadily. The plant in Indonesia has also attracted a satisfactory volume of orders from the US by capturing the pricing advantage from Indonesian Rupiah's depreciation against the US Dollar. The increasingly sophisticated workmanship of these plants helped the Group in retaining reputable brand-name customers.

The aforementioned joint venture and garment sourcing business accounted for approximately 47% of the Group's turnover for the year ended 31 March 2014.

The Group acts as a one-stop sourcing management supplier to customers worldwide, providing a comprehensive range of sourcing management services and expertise including product design and product development, sampling, product offering, sourcing, outsourcing, logistics and delivery and overseas sales. Customers of our garment sourcing business mainly comprise overseas brand owners, megastores, department stores, supermarket chains and importers. During the year ended 31 March 2014, the Group continued in innovating and providing up-to-date designs, and maintaining stringent quality control in order to cater for our customers' changing needs and requirements.

Retail Business

The Group started a retail business in Hong Kong and the PRC by launching the T-shirt brand "teelocker" in 2010. "teelocker" is a brand that features personality and creativity, targeting the new generation with strong spending power. During the year ended 31 March 2014, the Group has decided to adjust teelocker's operational strategy with a goal to concentrate resources on its online platform. The Group believes that the new focus on virtual channels is more cost-effective and will facilitate "teelocker" in extending its global reach. Even though a short-term loss was recorded in the segment, the Group envisaged that profitability of the retail business will gradually rise as the new strategy rolls out and reaches scale.

Major Movement

On 14 March 2014, the Company's major shareholders, namely Sure Strategy Limited ("Sure Strategy", a beneficially-owned subsidiary of Victory City International Holdings Limited ("VC")), Merlotte Enterprise Limited and Victory City Investments Limited (a direct wholly-owned subsidiary of VC) had conditionally agreed to sell the aggregate interest of 320,000,000 shares of the Company (approximately 61.56% of the entire issued share capital on a fully-diluted basis), to Unitech Enterprises Group Limited ("Unitech") at an aggregate consideration of HK\$258,560,000 or HK\$0.808 per share (the "Share Sale"). This constitutes a discloseable and connected transaction for VC and is subject to the independent shareholders' approval of VC.

To fulfill one of the conditions precedent for the Share Sale that Unitech would only take over the garment sourcing business of the Company, the Company agreed to dispose of and Sure Strategy agreed to acquire the garment manufacturing business of the Company for HK\$270,000,000 in cash (the "Disposal"). Since Sure Strategy is owned as to 51% by VC, VC will be able to retain the garment manufacturing business to complement its existing textile business upon completion. This constitutes a very substantial disposal for the Company and a discloseable and connected transaction for VC. Therefore, the Disposal is subject to the approval of the Company's independent shareholders and VC's independent shareholders.

With the net proceeds to be received from the Disposal and the credit arising from the proposed cancellation of the entire amount standing to the credit of the share premium account of the Company, the Board proposed a special cash dividend of HK\$0.72 per share to shareholders of the Company. This is subject to the approval of the shareholders of the Company.

Subject to completion of the Share Sale, Unitech will make mandatory unconditional cash offers (i) to acquire all the issued shares of the Company not already owned and/or agreed to be acquired by it and/or parties acting in concert with it at HK\$0.808 in cash per share; and (ii) to cancel all the outstanding share options of the Company ("Share Options", and each share to be issued upon exercise of the outstanding Share Options, an "Option Share") at HK\$0.208 and HK\$0.0001 in cash for each Share Option with an exercise price of HK\$0.600 and HK\$0.844 per Option Share, respectively.

Subject to the approval for the shareholders of the Company and completion of the Share Sale, the name of the Company is expected to be changed to "Highlight China IoT International Limited" (「高銳中國物聯網國際有限公司」).

Prospect

Subject to completion of the Share Sale and the Disposal, the Company will be principally engaged in the garment sourcing business and will develop a sustainable corporate strategy to broaden its income stream.

The Company's garment sourcing business has established long and solid relationships with the top customers of the garment sourcing business. Going forward, the Company will continue to undertake strategies to enhance the competitiveness of its garment sourcing business, which include, but are not limited to, expanding its product range, keeping abreast with global trends and identifying new consumer preferences, and improving quality assurance and control in order to enhance relationship with existing customers, as well as soliciting potential new customers.

Also, subject to completion of the Share Sale and the Disposal, the management of the Group may explore new business opportunities relating to the internet, IoT ("Internet of Things"), Tri-Network Integration and new media industries by utilising its experience and resources, including but not limited to acquisition or investment through joint ventures to be established with third parties in the PRC and/or overseas.

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\$46 million as at 31 March 2014. Total bank borrowings of the Group as at 31 March 2014 was approximately HK\$111 million including a mortgage loan of approximately HK\$15 million of which approximately HK\$14 million is repayable after one year, all the remaining bank borrowings of approximately HK\$97 million are repayable within one year.

As at 31 March 2014, 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 17.1% (2013: 4.1%). The Group's current ratio was approximately 2.0 (2013: 1.7).

For the year under review and as at 31 March 2014, the Group's bank borrowings were in Hong Kong dollars ("HK\$") and US dollars ("US\$"), and 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 Renminbi ("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 foreign exchange rate of 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 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 year, the Group invested approximately HK\$16 million (2013: HK\$47 million) on additions to property, plant and equipment.

As at 31 March 2014, the Group had no commitments (as at 31 March 2013: Nil) in respect of acquisition of new machineries and improvements on rented factory plant.

Charges on Assets

As at 31 March 2014, certain properties of the Group with net book value of approximately HK\$26 million (2013: HK\$27 million) were pledged to a bank to secure banking facilities granted.

Employee Information

As at 31 March 2014, the Group had a total workforce of 4,511 of whom 969 were in Indonesia; 732 were based in the PRC; 1,575 were in Jordan; 1,165 were in Cambodia; and 70 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 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 2014.

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 2014.

CORPORATE GOVERNANCE CODE

Save as the deviations discussed below, the Company had complied with all the code provisions (the "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 2014.

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.

In respect of Code Provision A.6.7, an independent non-executive Director did not attend the special general meeting of the Company held on 2 April 2013 due to his 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 annual financial statements of the Group for the year ended 31 March 2014.

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 2014.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my heartfelt gratitude to our management team and employees for their commitments and loyalty to the Group all these years. I am also extending my deepest thanks to our customers, bankers, business partners and shareholders of the Company for their continual support.

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

Hong Kong, 27 June 2014

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.