THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Ford Glory Group Holdings Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

This circular appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities in Ford Glory Group Holdings Limited.

FORD GLORY GROUP HOLDINGS LIMITED

福 源 集 團 控 股 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1682)

(1) ACQUISITION OF SHARES BY UNITECH ENTERPRISES;
(2) GROUP REORGANISATION;
(3) SHARE PREMIUM CANCELLATION;
(4) SPECIAL CASH DIVIDEND;
(5) VERY SUBSTANTIAL DISPOSAL, CONNECTED TRANSACTION AND SPECIAL DEAL IN RELATION TO THE DISPOSAL;
(6) EXEMPT CONTINUING CONNECTED TRANSACTIONS AND SPECIAL DEAL IN RELATION TO THE HK LEASE AGREEMENT;
(7) SPECIAL DEAL IN RELATION TO THE RETAINED EMPLOYEES ARRANGEMENT; AND
(8) PROPOSED CHANGE OF COMPANY NAME

Financial adviser to
Ford Glory Group Holdings Limited

CROSBY
Crosby Securities Limited

Independent financial adviser to
the Independent Board Committee and the Independent Shareholders

SWS

Shenyin Wanguo Capital (H.K.) Limited

A letter from the Board is set out on pages 12 to 45 of this circular. A letter from the Independent Board Committee is set out on pages 46 to 47 of this circular. A letter from Shenyin Wanguo containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 48 to 66 of this circular.

A notice convening the SGM is set out on pages SGM-1 to SGM-4 of this circular. Whether or not you are able to attend and/or vote at the SGM in person, you are requested to complete the enclosed form of proxy and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

* *For identification purposes only*

18 June 2014

CONTENTS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"acting in concert"	has the meaning ascribed thereto in the Takeovers Code
"associate"	has the meaning ascribed thereto in the Takeovers Code or the Listing Rules (as appropriate)
"Best Keen"	Best Keen International Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
"Board"	the board of Directors
"Business Day"	any day (other than Saturday or Sunday and days on which a tropical cyclone warning No. 8 or above or a "black rainstorm warning signal" is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for general banking business
"BVI"	the British Virgin Islands
"CIT"	The CIT Group/Commercial Services, Inc., an independent third party to the Group
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
"Company" or "FGG"	Ford Glory Group Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1682)
"Director(s)"	director(s) of the Company from time to time
"DBS"	DBS Bank (Hong Kong) Limited or DBS (Hong Kong) Limited, Macau Branch (as the case may be)
"Disposal"	the sale of the Disposal Shares by the Company to Sure Strategy pursuant to the Disposal Agreement
"Disposal Agreement"	the conditional agreement dated 14 March 2014 entered into between the Company and Sure Strategy in relation to the sale and purchase of the Disposal Shares

“Disposal Group”	FG Holdings and its subsidiaries, but excluding Top Value and the HK Garment Sourcing Business and its related assets and liabilities
“Disposal Group Entities”	the entities of the Group except for the Remaining Group Entities including FG Holdings, FG International, Brilliant Fashion Inc., Ford Glory (Cambodia) Manufacturing Limited, Ford Glory Inc. (a company which the Company is interested in as to 51%), Global Trend Investments Limited, Glory Time Limited (a company which the Company is interested in as to 70%), Gojifashion Inc. (a company which the Company is interested in as to 50%), Green Expert Global Limited (a company which the Company is interested in as to 51%), Happy Noble Holdings Limited (a company which the Company is interested in as to 70%), Jerash Garments & Fashions Manufacturing Company Ltd., Jiangmen V-Apparel Manufacturing Ltd. (江門冠暉制衣有限公司), Just Perfect Holdings Limited, Major Time Limited (a company which the Company is interested in as to 51%), MT Studio Inc. (a company which the Company is interested in as to 51%), One Sino Limited, PT. Victory Apparel Semarang, Rocwide Limited, Sky Winner Investment Limited (a company which the Company is interested in as to 70%), Surefaith Limited, Talent Partner Holdings Limited (a company which the Company is interested in as to 51%), 藝田貿易(上海)有限公司 (Teelocker Limited*) (a company which the Company is interested in as to 70%), Value Plus, Victory Apparel (Jordan) Manufacturing Company Limited, Wealth Choice Limited, 福之源貿易(上海)有限公司 (Ford Glory Trading (Shanghai) Limited*), 福源創業信息咨詢服務(深圳)有限公司 (Ford Glory (Shenzhen) International Limited*) and Mayer Apparel Limited (a company which the Company is interested in as to 51%)
“Disposal Shares”	the entire issued share capital of FG Holdings
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates

* *For identification purposes only*

"FG Holdings"	Ford Glory Holdings Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
"FG Holdings Group"	FG Holdings and its subsidiaries as at the Latest Practicable Date
"FG International"	Ford Glory International Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of FG Holdings as at the Latest Practicable Date
"Garment Sourcing Business"	the principal business to be carried by the Remaining Group upon completion of the Group Reorganisation and the Disposal, which mainly comprises the comprehensive range of sourcing management services and expertise, including product design and product development, sampling, product offering, garment sourcing, sub-contractor outsourcing, logistics and delivery and overseas sales capabilities, which are currently carried out by FG International and Top Value
"Group"	the Company and its subsidiaries
"Group Reorganisation"	the proposed reorganisation of the Group, details of which are set out in the section headed "B. Group Reorganisation" in the Letter from the Board of this circular
"Highlight Vision PRC"	高銳視訊有限公司 (Highlight Vision Co., Ltd.*), an indirect subsidiary of the Offeror
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HK Garment Sourcing Business"	the comprehensive range of sourcing management services and expertise, including product design and product development, sampling, product offering, garment sourcing, sub-contractor outsourcing, logistics and delivery and overseas sales capabilities, which are currently carried out by FG International in Hong Kong
"HK Lease Agreement"	the lease agreement to be entered into between FG International and United Gainer for the lease of the Office Premises

* *For identification purposes only*

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee of the Board, comprising all independent non-executive Directors, formed to advise the Independent Shareholders in respect of the Offers, the Special Deals and the respective transactions contemplated thereunder (given the respective interests in the Company held by the non-executive Directors, namely Mr. Chen and Mr. Li, each of them is deemed to have material interests in the Disposal Agreement and the HK Lease Agreement and hence are excluded from the Independent Board Committee)
"Independent Financial Adviser" or "Shenyin Wanguo"	Shenyin Wanguo Capital (H.K.) Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
"Independent Shareholders"	Shareholders, other than the Offeror, Sure Strategy, VC, Mr. Choi, Mr. Chen, Mr. Li, Mr. Ng, the Retained Employees, any Shareholders who are involved in or interested in the Special Deals or the transactions contemplated thereunder and their respective associates and parties acting in concert with them
"IoT"	Internet of Things, refers to the technology in connecting the devices, systems or services together, allowing them to gather information in their own means and exchange information among themselves in the absence of human interactions. Internet of Things can be widely adopted in different aspects, such as video surveillance system to alert for any potential thefts, or traffic monitoring system to provide messages and diversions according to the physical situation
"Joint Announcement"	the joint announcement of the Company, VC and the Offeror dated 7 May 2014 in relation to, among other things, the Share Sale and the Special Deals
"Kingston CF"	Kingston Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror in respect of the Offers

"Kingston Securities"	Kingston Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO which shall make the Offers on behalf of the Offeror
"Last Trading Date"	14 March 2014, being the last full trading day immediately prior to suspension of trading in the Shares pending the release of the Joint Announcement
"Latest Practicable Date"	13 June 2014, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	30 June 2014 (or such later date as the Offeror and the Vendors may agree in writing)
"Manufacturing Business"	the principal business to be carried out by the Disposal Group upon completion of the Group Reorganisation and the Disposal, which mainly comprises the manufacturing and sales of garment products by the Disposal Group's self-owned factories in the PRC and Jordan, and leased factories in Indonesia and Cambodia based on design and specifications provided by customers
"Merlotte Enterprise"	Merlotte Enterprise Limited, a company incorporated in BVI with limited liability and wholly-owned by Mr. Choi as at the Latest Practicable Date
"MOU"	the non-legally binding memorandum of understanding entered into between Sure Strategy and the Offeror on 18 December 2013
"Mr. Chen"	Mr. Chen Tien Tui, a non-executive Director, the chief executive officer of VC, an executive director of VC, and an ultimate beneficial owner of 3,821,080 Shares as at the Latest Practicable Date
"Mr. Choi"	Mr. Choi Lin Hung, the chairman and chief executive officer of the Company, an executive Director, an executive director of VC, and a beneficial owner of the entire issued share capital of Merlotte Enterprise and 49% interest in Sure Strategy as at the Latest Practicable Date

"Mr. Li"	Mr. Li Ming Hung, a non-executive Director, the chairman of VC, an executive director of VC, and an ultimate beneficial owner of 3,789,440 Shares as at the Latest Practicable Date
"Mr. Ng"	Mr. Ng Tsze Lun, an employee of the Group, a brother of Mr. Ng Tze On (an executive Director), and a beneficial owner of 53,341,000 Shares as at the Latest Practicable Date
"Offer Document"	the offer and response document (in either composite or separate form) together with (i) the form of acceptance and transfer; and (ii) the form of acceptance of cancellation to be despatched to the Shareholders pursuant to the Offers
"Offer Share(s)"	188,832,000 Shares as at the Latest Practicable Date and 199,777,000 Shares assuming all outstanding Share Options have been exercised that are subject to the Share Offer and "Offer Share" means any of them
"Offeror" or "Unitech Enterprises"	Unitech Enterprises Group Limited（卓科企業集團有限公司）, a company incorporated in BVI with limited liability
"Offers"	the Share Offer and the Option Offer
"Office Premises"	the office premises of the Remaining Group, which is a portion of the property located at 19/F., Ford Glory Plaza, 37-39 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong with a total gross floor area of approximately 3,900 square feet
"Optionholder(s)"	holder(s) of the Share Options
"Option Offer"	the possible mandatory unconditional cash offer to be made by Kingston Securities on behalf of the Offeror for the cancellation of all outstanding Share Options in accordance with the Takeovers Code
"Option Offer Price(s)"	the respective offer prices for cancellation of each outstanding Share Option as stated under the paragraph headed "The Option Offer" in the section headed "H. Possible Mandatory Unconditional Cash Offers" in the Letter from the Board of this circular
"Option Share(s)"	10,945,000 new Shares to be issued upon exercise of the outstanding Share Options

"Option Undertaking"	the irrevocable undertaking given by Mr. Ng on 14 March 2014 to (i) exercise no less than 2,261,740 Share Options granted to him at an exercise price of HK$0.600 per Option Share into Shares; and (ii) accept the Share Offer to be made by the Offeror in respect of such number of his Shares
"Overseas Shareholder(s)"	Shareholder(s) whose registered addresses, as shown on the register of members of the Company at the close of business on the Record Date, are outside Hong Kong
"PRC"	the People's Republic of China (for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan)
"Preliminary Announcement"	the joint announcement issued by the Company and VC dated 24 July 2013 pursuant to Rule 3.2 and Rule 3.7 of the Takeovers Code and Rule 13.09 of the Listing Rules and Inside Information Provisions under Part XIVA of the SFO
"Proposed Change of Name"	the proposal by the Board to change the English name of the Company from "Ford Glory Group Holdings Limited" to "Highlight China IoT International Limited" and to adopt the Chinese name of "高銳中國物聯網國際有限公司" as the secondary name to replace "福源集團控股有限公司" which has been used for identification purposes only
"Qualifying Shareholders"	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date
"Record Date"	the record date to determine entitlements of the Shareholders to the Special Cash Dividend, which is expected to be on or around 16 July
"Remaining Group"	the Group excluding the Disposal Group
"Remaining Group Entities"	FGG, Best Keen, United Gainer and Top Value
"Retained Employees"	being Ms. Cheng Sylvia, Ms. Ching Chor Bik and Mr. Yick Chong San, all of whom are employees of the Group as at the Latest Practicable Date

"Retained Employees Arrangement"	the appointment of the Retained Employees by the Remaining Group for a period of not less than one year from the Share Sale Completion Date
"Sale Share(s)"	320,000,000 Shares to be acquired by the Offeror from the Vendors pursuant to the Share Sale Agreement, which represents approximately 71.07% of the entire issued share capital of the Company as at the date of the Share Sale Agreement, and "Sale Share" means any of them
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	a special general meeting of the Company to be convened to seek the approval of the Shareholders in respect of, amongst other things, the Share Premium Cancellation, the Special Cash Dividend and the Proposed Change of Name, and the approval of the Independent Shareholders in respect of the Special Deals and the transactions contemplated thereunder
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Share Offer"	the possible mandatory unconditional cash offer to be made by Kingston Securities on behalf of the Offeror, to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and in accordance with the Takeovers Code
"Share Offer Price"	the price at which the Share Offer will be made, being HK$0.808 per Share
"Share Option(s)"	option(s) granted under the share option scheme of the Company adopted by the shareholders of the Company on 2 June 2010
"Share Premium Cancellation"	the proposed cancellation of the entire amount standing to the credit of the share premium account of the Company

"Share Sale"	acquisition of the Sale Shares by the Offeror from the Vendors in accordance with the terms and conditions of the Share Sale Agreement
"Share Sale Agreement"	the conditional agreement dated 14 March 2014 entered into between the Offeror and the Vendors in relation to the sale and purchase of the Sale Shares
"Share Sale Completion"	completion of the Share Sale Agreement in accordance with the terms and conditions thereof
"Share Sale Completion Date"	the date on which all the conditions precedent to the Share Sale Agreement have been fulfilled or effectively waived or such other later date as the Offeror and the Vendors may agree in writing
"Special Cash Dividend"	subject to, among other things, and following completion of the Disposal, the proposed cash dividend of HK$0.720 per Share totaling HK$366,359,040 based on 508,832,000 Shares in issue at the Latest Practicable Date by the Company to be declared and distributed to the Qualifying Shareholders on a pro rata basis
"Special Deals"	collectively, the Disposal Agreement, the HK Lease Agreement and the Retained Employees Arrangement, which will constitute special deals for the Company under Rule 25 of the Takeovers Code
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Sure Strategy"	Sure Strategy Limited, a company incorporated in BVI with limited liability and beneficially owned as to 51% by Victory City Investments and 49% by Merlotte Enterprise
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Top Value"	Top Value Inc., a company incorporated in the U.S. with limited liability and a wholly-owned subsidiary of FG Holdings as at the Latest Practicable Date
"Tri-Network Integration"	integration of telecommunication network, broadcasting network and the internet
"U.S."	United States of America

"United Gainer"	United Gainer Investment Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
"USD" or "US$"	US dollars
"Value Plus"	Value Plus (Macao Commercial Offshore Limited), a company incorporated in Macau and an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date
"VC"	Victory City International Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 539) and the ultimate holding company of the Company as at the Latest Practicable Date
"VC Board"	the board of directors of VC
"VC Group"	VC and its subsidiaries
"VC SGM"	a special general meeting of VC to be convened to seek the approval of the independent shareholders of VC in respect of Share Sale, the Disposal, the VC's proposed connected transactions and the transactions contemplated thereunder
"VC Shareholders"	shareholders of VC
"Vendors"	Sure Strategy, Merlotte Enterprise and Victory City Investments, being the vendors of the Sale Shares pursuant to the Share Sale Agreement
"Victory City Investments"	Victory City Investments Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of VC

The expected timetable set out below is indicative only and subject to change. Further announcement(s) will be made by the Company as and when appropriate.

	2014
Latest time for lodging form of proxy in respect of the SGM *(Note 1)*	8 July
SGM	10 July
Assuming all the resolutions proposed at the SGM are passed:	
Effective date of Share Premium Cancellation	10 July
Last day of dealings in the Shares cum-entitlement to the proposed Special Cash Dividend *(Note 2)*	11 July
First day of dealings in the Shares ex-entitlement to the proposed Special Cash Dividend *(Note 2)*	14 July
Latest time for lodging transfers of the Shares with the Company's Hong Kong branch share registrar ("HK Registrar") in order to be qualified for the proposed Special Cash Dividend	15 July
Closure of the register of members of the Company for determining the entitlements of the Qualifying Shareholders to the proposed Special Cash Dividend	16 July
Record Date for determining the entitlements of the Qualifying Shareholders to the Special Cash Dividend	16 July
Expected date of despatch of the cash cheques for the proposed Special Cash Dividend to the Qualifying Shareholders	22 July

Notes:

1. The form of proxy should be lodged with the HK Registrar as soon as possible and in any event not later than the time and date stated above. Completion and return of a form of proxy for the SGM will not preclude a Shareholder from attending and voting in person at the SGM if he or she so wishes. In such event, the returned form of proxy will be deemed to have been revoked.

2. The distribution of the proposed Special Cash Dividend is subject to the Disposal completion and the Share Premium Cancellation becoming effective.

FORD GLORY GROUP HOLDINGS LIMITED
福 源 集 團 控 股 有 限 公 司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 1682)

Executive Directors:
Choi Lin Hung
(Chairman and Chief Executive Officer)
Lau Kwok Wa, Stanley
Ng Tze On

Non-executive Directors:
Chen Tien Tui
Li Ming Hung

Independent non-executive Directors:
Lau Chi Kit
Mak Chi Yan
Wong Wai Kit, Louis
Yuen Kin Kei

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business in Hong Kong:
19/F, Ford Glory Plaza
37-39 Wing Hong Street
Cheung Sha Wan
Kowloon
Hong Kong

18 June 2014

To the Shareholders

Dear Sir or Madam,

**(1) ACQUISITION OF SHARES BY UNITECH ENTERPRISES;
(2) GROUP REORGANISATION;
(3) SHARE PREMIUM CANCELLATION;
(4) SPECIAL CASH DIVIDEND;
(5) VERY SUBSTANTIAL DISPOSAL, CONNECTED TRANSACTION AND SPECIAL DEAL IN RELATION TO THE DISPOSAL;
(6) EXEMPT CONTINUING CONNECTED TRANSACTIONS AND SPECIAL DEAL IN RELATION TO THE HK LEASE AGREEMENT;
(7) SPECIAL DEAL IN RELATION TO THE RETAINED EMPLOYEES ARRANGEMENT; AND
(8) PROPOSED CHANGE OF COMPANY NAME**

INTRODUCTION

Reference is made to the Joint Announcement. On 14 March 2014, Sure Strategy, Merlotte Enterprise, Victory City Investments and the Offeror entered into the Share Sale Agreement, pursuant to which the Vendors have conditionally agreed to sell and the Offeror

* *For identification purposes only*

has conditionally agreed to purchase the Sale Shares, being the aggregate interest of 320,000,000 Shares held by the Vendors, representing approximately 62.89% of the entire issued share capital of the Company as at the Latest Practicable Date, at an aggregate consideration of HK$258,560,000, representing HK$0.808 per Sale Share. The Share Sale Agreement is conditional upon, among other things, completion of the Group Reorganisation and completion of the Disposal.

The Group Reorganisation, which is crucial for the Group in achieving the structure desired by the Offeror, allows the Garment Sourcing Business and the Manufacturing Business to be divided into the Remaining Group and the Disposal Group, respectively, which then facilitates the Disposal (i.e. the disposal of the Manufacturing Business to Sure Strategy) and is necessary to give effect to the Share Sale. On 14 March 2014, the Company and Sure Strategy entered into the Disposal Agreement pursuant to which Sure Strategy conditionally agreed to acquire and the Company conditionally agreed to dispose of the Disposal Shares, which represent the entire issued share capital of FG Holdings, at the consideration of HK$270,000,000.

In addition, pursuant to the Share Sale Agreement, the Vendors shall procure the Retained Employees to be engaged and appointed, and the Offeror shall procure the Remaining Group to engage and appoint the Retained Employees, as employees of the Remaining Group, for a period of not less than one year from Share Sale Completion Date.

Upon Share Sale Completion, the Offeror and parties acting in concert with it will own in aggregate 320,000,000 Shares, representing approximately 62.89% of the entire issued share capital of the Company as at the Latest Practicable Date. It is stated in the Joint Announcement that subject to Share Sale Completion, Kingston Securities will, on behalf of the Offeror and pursuant to the Takeovers Code, make the Offers, which are unconditional mandatory cash offers to acquire all the issued Shares not already owned and/or agreed to be acquired by it and/or parties acting in concert with it and to cancel all the outstanding Share Options. The offer price of the Share Offer will be HK$0.808 per Offer Share, and the offer price of the Option Offer will be HK$0.208 and HK$0.0001 for cancellation of each Share Option with an exercise price of HK$0.600 and HK$0.844 per Option Share, respectively. Details of the Offers were set out in the Joint Announcement and will be set out in the Offer Document. The Offeror and the Company are required to issue and despatch the Offer Document to the Shareholders and the Optionholders in accordance with the Takeovers Code.

Furthermore, the Board proposes to effect the Share Premium Cancellation, pursuant to which the entire amount standing to the credit of the share premium account of the Company will be cancelled and the credit arising from the Share Premium Cancellation will be transferred to the contributed surplus account of the Company for the payment of part of the Special Cash Dividend. Subject to and upon completion of the Disposal and the Share Premium Cancellation becoming effective, the proposed Special Cash Dividend of HK$0.720 per Share will be paid to the Qualifying Shareholders whose names appear on the register of members of the Company on the Record Date. Based on 508,832,000 Shares in issue as at the Latest Practicable Date, the total amount of the proposed Special Cash Dividend will be HK$366,359,040. Details of the Share Premium Cancellation and the Special Cash Dividend are set out on pages 21 and 22 of this circular.

Upon completion of the Disposal, FG International (as the landlord), being a direct wholly-owned subsidiary of FG Holdings, and United Gainer (as the tenant), being an indirect wholly-owned subsidiary of the Company, will enter into the HK Lease Agreement in relation to the leasing of the Office Premises for a period of one year (with an option to renew for one year) at a monthly rental rate of HK$70,000.

The Board also proposes to change the English name of the Company from “Ford Glory Group Holdings Limited” to “Highlight China IoT International Limited” and to adopt the Chinese name of “高銳中國物聯網國際有限公司” as the secondary name to replace “福源集團控股有限公司” which has been used for identification purposes only.

The purpose of this circular is to provide you with, among other things, (i) details of the Share Sale Agreement, the Disposal Agreement, the Retained Employees Arrangement and the HK Lease Agreement; (ii) further information on the Group Reorganisation, the Share Premium Cancellation, the payment of the Special Cash Dividend, the Proposed Change of Name and the Special Deals; (iii) financial information of each of the Group and the Disposal Group; (iv) pro forma financial information of the Remaining Group; (v) the letter of confirmation from Crosby Securities Limited (vi) the letter of recommendation from the Independent Board Committee and the letter of advice from Shenyin Wanguo to the Independent Board Committee and the Independent Shareholders in respect of the Special Deals, the Offers and the respective transactions contemplated thereunder; and (vii) a notice convening the SGM together with the proxy form and other information as required under the Listing Rules.

A. THE SHARE SALE AGREEMENT

Date:

14 March 2014 (after trading hours)

Parties:

Vendors : (i) Sure Strategy, which is the beneficial owner of 315,200,000 Shares, representing approximately 61.95% of the entire issued share capital of the Company as at the Latest Practicable Date

(ii) Merlotte Enterprise, which is the beneficial owner of 2,352,000 Shares, representing approximately 0.46% of the entire issued share capital of the Company as at the Latest Practicable Date

(iii) Victory City Investments, which is the beneficial owner of 2,448,000 Shares, representing approximately 0.48% of the entire issued share capital of the Company as at the Latest Practicable Date

Purchaser : Unitech Enterprises

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Offeror, its ultimate beneficial owners and parties acting in concert with them is a third party independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

The Sale Shares

The Sale Shares comprise a total of 320,000,000 Shares, representing approximately 62.89% of the entire issued share capital of the Company as at the Latest Practicable Date. The Sale Shares will be acquired by the Offeror free from all encumbrances and together with all rights attached to the Sale Shares with effect from the Share Sale Completion Date, including but not limited to the right to all dividends and distributions paid or declared, on and from such date (but excluding any entitlements to the Special Cash Dividend).

Consideration and payment terms

The total consideration for the Sale Shares pursuant to the Share Sale Agreement is HK$258,560,000 (equivalent to HK$0.808 per Sale Share) and shall be satisfied by the Offeror in the following manner:

(a) a deposit of HK$20,000,000 (the "**Deposit**") has been paid to Sure Strategy upon signing of the Share Sale Agreement. For this purpose, the earnest money previously paid by the Offeror under the MOU had been treated as the Deposit paid under the Share Sale Agreement (the Deposit (but not including interest accrued on the Deposit) had been deemed to be applied towards satisfaction of part of the consideration payable to Sure Strategy); and

(b) the remaining balance of HK$238,560,000 shall be paid by the Offeror to the respective Vendors upon Share Sale Completion, by delivering a cashier order issued by a licensed bank in Hong Kong to each of the Vendors (or as they may direct in writing) or such other payment method as the respective Vendors and the Offeror may agree in writing at least two Business Days prior to Share Sale Completion.

As at the Latest Practicable Date, the Deposit has been paid by the Offeror to Sure Strategy.

For the avoidance of doubt, there shall be no adjustment to the consideration for the Sale Shares.

The consideration for the Sale Shares was agreed between the Offeror and the Vendors after arm's length negotiations, taking into account (i) the consolidated net asset value of the Group as at the Share Sale Completion Date of no less than HK$40,000,000 as warranted by the Vendors under the Share Sale Agreement; (ii) the financial performance and business outlook of the Remaining Group (including its profit-making track record (after the exclusion of non-recurring items) and its major top customers which have been and are expected to be recurring in nature); (iii) the then prevailing market prices of the Shares as at the time of negotiation of consideration of the Sale Shares between the Offeror and the Vendors around the end of November 2013; (iv) the Special Deals; and (v) the fact that the Offeror will be able to exercise statutory control over the Company upon Share Sale Completion.

All the above factors were taken into consideration collectively to determine the consideration for the Sale Shares.

Specific warranties

The Vendors have provided certain representations and warranties to the Offeror, including that the net asset value of the Remaining Group as at the Share Sale Completion Date will not be less than HK$40,000,000 (including not less than HK$20,000,000 in cash and a specified list of fixed assets with agreed adjustments made therein (representing an adjusted aggregate value of approximately HK$977,000)) (the "**Warranted NAV**").

Sure Strategy and Victory City Investments jointly and Merlotte Enterprise severally from Sure Strategy and Victory City Investments undertake to fully indemnify the Offeror and keep the Offeror indemnified from and against any and all losses, damages or liabilities or any interest, reasonable cost or expense (including legal expense) suffered or incurred by the Offeror or any member of the Remaining Group arising from any agreement or arrangement entered into or any act or omission other than in its ordinary course of business (i) by the Remaining Group prior to the Share Sale Completion Date; or (ii) any member of the Disposal Group whether before or after the Share Sale Completion Date, including but not limited to any liability for taxation resulting from or by reference to any income, profits or gains earned, accrued or received (or deemed to be so earned, accrued or received) on or before the Share Sale Completion Date or otherwise in relation to the Group Reorgnisation and/or the Disposal, provided that in respect of liability for taxation claim, the Vendors shall only be liable if such taxation claim (as finally determined by the relevant tax authority after expiry of all rights of appeal) shall exceed HK$1,200,000.

The Vendors jointly and severally undertake to take all reasonable steps to procure all necessary and appropriate management and other resources shall remain with the Remaining Group immediately after Share Sale Completion to facilitate continuity of the management of the business and operations of the Remaining Group in substantially the same manner as prior to Share Sale Completion. The Vendors shall procure the

Retained Employees to be engaged and appointed, and the Offeror shall procure the Remaining Group to engage and appoint the Retained Employees, as employees of the Remaining Group, for a period of not less than one year from the Share Sale Completion Date. The aggregate annual remuneration of the Retained Employees shall not exceed HK$2,400,000.

The Vendors jointly and severally undertake to procure that for a period of 12 months from the date of completion of the Disposal, the Disposal Group shall not be engaged in, directly or indirectly, any apparel products trading business, within the U.S. or Hong Kong, with a specified list of customers.

Other arrangement

The Vendors shall procure Mr. Ng, an employee of the Group, to, prior to the closing date of the Offers as set out in the Offer Document, (i) exercise not less than 2,261,740 Share Options with an exercise price of HK$0.600 per Option Share, and (ii) accept the Share Offer in respect of such numbers of his Shares.

Conditions precedent

Share Sale Completion is conditional upon the satisfaction of the following conditions:

(i) the passing of the necessary resolutions by the independent shareholders of VC at the VC SGM approving the Share Sale Agreement and the transactions contemplated thereby pursuant to the requirements of the Listing Rules;

(ii) the passing of the necessary resolutions by the Independent Shareholders and the independent shareholders of VC at each of the SGM and VC SGM, respectively, approving the Disposal Agreement and the transactions contemplated thereby and the arrangement relating to the Retained Employees pursuant to the requirements of the Companies Ordinance, the Takeovers Code and the Listing Rules;

(iii) the Group Reorganisation having been completed in accordance with applicable laws, the Takeovers Code and the Listing Rules and the obtaining of the Executive's consent to the Special Deals pursuant to Rule 25 and/or Note 4 to Rule 25 of the Takeovers Code (with evidence provided by the Vendors to the Offeror to its satisfaction, acting reasonably);

(iv) completion of the Disposal and other transactions contemplated in the Disposal Agreement in accordance with its terms with evidence provided by the Vendors to the Offeror to its satisfaction, acting reasonably;

(v) the Share Premium Cancellation having been effective pursuant to applicable laws;

(vi) all guarantees, securities and indemnities given by, and all liabilities or obligations of, the Remaining Group (other than receivables and payables or obligations incurred by the Remaining Group in the ordinary course of business) (except for the obligations of the Remaining Group under the amended and restated factoring agreement between Top Value and CIT dated 13 June 2009, the corporate guarantee provided by the Company to CIT dated 13 July 2011 and the inventory security agreement dated 13 June 2009 entered into between Top Value and CIT) and all receivables and payables between the Remaining Group and the Disposal Group having been released or discharged by such party or parties in whose favour such guarantees, securities and indemnities have been given and to whom such obligations are owned, and the evidence of such release and discharge having been provided to the Offeror to its satisfaction, acting reasonably;

(vii) all guarantees, securities and indemnities given by the Remaining Group in respect of the liabilities or obligations of the Disposal Group or the Vendors or any of their associates (as defined in the Listing Rules) having been released or discharged by such party or parties in whose favour such guarantees, securities and indemnities have been given and the evidence of such release and discharge having been provided to the Offeror to its satisfaction, acting reasonably;

(viii) the trading of the Shares on the Stock Exchange not having been suspended for a period longer than 20 consecutive trading days, save for (a) any temporary suspension required by relevant regulatory authorities for approving the announcements and circulars in connection with the transactions contemplated under the Share Sale Agreement or the Disposal Agreement; or (b) suspension due to any act or omission on the part of the Offeror;

(ix) the listing of the Shares not having been cancelled or withdrawn prior to Share Sale Completion;

(x) neither the Stock Exchange nor the SFC having indicated that the trading of the Shares on the Stock Exchange will be suspended, cancelled or withdrawn after Share Sale Completion, whether or not for reasons related to or arising from the transactions contemplated under the Share Sale Agreement;

(xi) the representation and warranties given by the Vendors under the Share Sale Agreement remaining true, accurate and not misleading throughout the period from the date of the Share Sale Agreement to the Share Sale Completion Date;

(xii) no events having occurred which caused, causes or may cause a (a) material adverse effect on the financial position, business, assets or operations of the Remaining Group as a whole (other than the events disclosed in the Share

Sale Agreement); or (b) material adverse effect on the ability of the Vendors to perform or comply with their respective obligations, undertakings or covenants under the Share Sale Agreement;

(xiii) there being no applicable laws which shall, or which shall reasonably be expected to, forbid, restrict or impose conditions or restrictions on completion of the transactions contemplated under the Share Sale Agreement; and

(xiv) there being no ongoing, pending or threatened legal proceedings which shall with reasonable grounds forbid, restrict or impose conditions or restrictions on or in any way challenge the transactions contemplated under the Share Sale Agreement.

The Offeror shall be entitled to waive the above conditions (except conditions (i), (ii), (iii), (iv) and (v) are incapable of being waived) by serving a written notice to the Vendors at or before 12:00 noon (Hong Kong time) on the Long Stop Date. As at the Latest Practicable Date, none of the above conditions to the Share Sale has been waived or fulfilled. In the event that any of the above conditions shall not have been fulfilled (or waived by the Offeror in whole or in part in accordance with the terms of the Share Sale Agreement) at or before 12:00 noon (Hong Kong time) on the Long Stop Date (or such later date as the Vendors and the Offeror may agree in writing), the Share Sale Agreement shall lapse and be of no further effect.

If any of the conditions above is not waived (if waivable) or fulfilled at or before 12:00 noon (Hong Kong time) on the Long Stop Date or Share Sale Completion does not take place on the Share Sale Completion Date otherwise than as a result of the default or failure of the Offeror, the Deposit (excluding any interest thereon) shall be refunded to the Offeror, in which case the Vendors shall, within three (3) Business Days after the Long Stop Date or the Share Sale Completion Date (as the case may be), deliver a cashier order issued by a licensed bank in Hong Kong to the Offeror.

If any one or more of the Vendors shall, as a result of its or their (as the case may be) default, fail to complete the Share Sale on the Share Sale Completion Date or the Long Stop Date after all the conditions above shall have been fulfilled (or waived by the Offeror in accordance the terms and conditions of the Share Sale Agreement), upon termination or rescission of the Share Sale Agreement, in addition to the Deposit (excluding interest thereon) to be refunded to the Offeror as stated above, the Vendors shall pay to the Offeror HK$20,000,000 as and for liquidated damages.

If the Offeror shall, as a result of its default, fail to complete the Share Sale on the Share Sale Completion Date or the Long Stop Date after all the conditions above shall have been fulfilled (or waived by the Offeror in accordance the terms and conditions of the Share Sale Agreement), upon termination of the Share Sale Agreement, the Deposit (excluding any interest thereon) shall be forfeited to the Vendors absolutely as and for liquidated damages.

Completion

Share Sale Completion shall take place at or before 4:00 p.m. (Hong Kong time) on the Share Sale Completion Date simultaneously with completion of the Disposal Agreement after all the conditions precedent to the Share Sale Agreement are fulfilled or effectively waived or such other later date as the Offeror and the Vendors may agree in writing.

An announcement will be made upon Share Sale Completion in relation to the Offers in accordance with Rule 3.6 of the Takeovers Code.

As at the Latest Practicable Date, Sure Strategy and Victory City Investments, being subsidiaries of VC, were interested in approximately 61.95% and 0.48% of the entire issued capital of the Company, respectively. Merlotte Enterprise was interested in approximately 0.46% of the entire issued capital of the Company. Upon Share Sale Completion, the VC Group will cease to have any interest in the Shares and the Company will cease to be a subsidiary of VC.

B. GROUP REORGANISATION

Pursuant to the Group Reorganisation, among other things:

(i) Best Keen, a direct wholly-owned subsidiary of the Company, which acts as the intermediate holding company of the Remaining Group; and United Gainer, a direct wholly-owned subsidiary of Best Keen, were established;

(ii) FG International will transfer the HK Garment Sourcing Business and its related assets and liabilities to United Gainer;

(iii) FG Holdings will transfer the entire issued share capital of Top Value to Best Keen;

(iv) the Remaining Group will consist of the Remaining Group Entities, and the Remaining Group will be principally engaged in the Garment Sourcing Business upon completion of the Group Reorganisation;

(v) the Disposal Group will consist of the Disposal Group Entities, and the Disposal Group will be principally engaged in the Manufacturing Business upon completion of the Group Reorganisation;

(vi) the outstanding intra-group balances between the Remaining Group and the Disposal Group will be settled before completion of the Disposal (save for the trade receivables and payables for the provision of apparel goods to the Remaining Group by the Disposal Group in the ordinary course of business); and

(vii) all guarantees, securities and indemnities given by, and all liabilities or obligations of, the Remaining Group (other than receivables and payables or obligations incurred by the Remaining Group in the ordinary course of business) (except for the obligations of the Remaining Group under the amended and restated factoring agreement between Top Value and CIT dated 13 June 2009, the corporate guarantee provided by the Company to CIT dated 13 July 2011 and the inventory security agreement dated 13 June 2009 entered into between Top Value and CIT) and all receivables and payables between the Remaining Group and the Disposal Group having been released or discharged by such party or parties whose favour such guarantees, securities and indemnities have been given and to whom such obligations are owned.

Upon completion of the Group Reorganisation, the Remaining Group will be principally engaged in the Garment Sourcing Business, and the Disposal Group will be principally engaged in the Manufacturing Business.

C. SHARE PREMIUM CANCELLATION

The Board proposes to effect the Share Premium Cancellation, pursuant to which the entire amount standing to the credit of the share premium account of the Company will be cancelled and the credit arising from the Share Premium Cancellation will be transferred to the contributed surplus account of the Company for the payment of part of the Special Cash Dividend. Each of Mr. Choi (being the 49% shareholder of Sure Strategy), Mr. Chen and Mr. Li (being substantial shareholders of VC) is deemed to have material interests in the Share Premium Cancellation. Accordingly, Mr. Choi, Mr. Chen, Mr. Li and Mr. Ng Tze On (a brother of Mr. Ng, who provided the Option Undertaking, and hence his associate) had been abstained from voting at the Board meeting approving the Share Premium Cancellation. The Share Premium Cancellation is conditional upon, inter alia, the approval of the Shareholders by way of a special resolution at the SGM.

The amount standing to the credit of the share premium account of the Company as at 30 September 2013 amounted to approximately HK$65,200,000 as set out in the Company's published interim report for the six months ended 30 September 2013.

D. SPECIAL CASH DIVIDEND

The Board proposes that, subject to and upon completion of the Disposal and the Share Premium Cancellation becoming effective, the proposed Special Cash Dividend of HK$0.720 per Share will be paid to the Qualifying Shareholders whose names appear on the register of members of the Company on the Record Date. The amount is determined with reference to the net proceeds received by the Company from the Disposal of approximately HK$259,660,000. The net asset value of the Remaining Group as at Share Sale Completion Date will not be less than the Warranted NAV after the payment of the Special Cash Dividend. Based on 508,832,000 Shares in issue as at the Latest Practicable Date, the proposed Special Cash Dividend will be HK$0.720 per Share, totaling HK$366,359,040. The proposed Special Cash Dividend will be paid in cash out of the Company's reserves as contributed by the net proceeds to be received from the Disposal as to approximately HK$259,660,000 and the remaining balance from the then contributed surplus account of the Company which shall include the credit arising from the Share Premium Cancellation if it has become unconditional. An ordinary resolution will be put forward at the SGM for declaration and payment of the Special Cash Dividend.

Each of Mr. Choi (being the 49% shareholder of Sure Strategy), Mr. Chen and Mr. Li (being substantial shareholders of VC) is deemed to have material interests in the Special Cash Dividend. Accordingly, Mr. Choi, Mr. Chen, Mr. Li and Mr. Ng Tze On (a brother of Mr. Ng, who provided the Option Undertaking, and hence his associate) had abstained from voting at the Board meeting approving the declaration and payment of the Special Cash Dividend.

Conditions to the Special Cash Dividend

The payment of the Special Cash Dividend is conditional upon:

(i) completion of the Group Reorganisation;

(ii) the Share Premium Cancellation becoming effective;

(iii) Share Sale Completion;

(iv) the consent of the Executive in relation to the Special Deals having been obtained and not revoked prior to completion of the Disposal;

(v) there being no reasonable grounds for believing that (a) the Company is, or would after the payment of the Special Cash Dividend be, unable to pay its liabilities as they become due; or (b) the realisable value of the Company's assets would thereby be less than its liabilities; and

(vi) the passing of an ordinary resolution by the Shareholders at the SGM to approve the declaration and payment of the Special Cash Dividend.

None of the above conditions can be waived. Completion of the payment of the Special Cash Dividend will not take place unless all the above conditions precedent to the payment of the Special Cash Dividend have been fulfilled. As at the Latest Practicable Date, none of the above conditions to the Special Cash Dividend had been waived or fulfilled.

Subject to the Special Cash Dividend having become unconditional, the expected date for the despatch of the cash cheque for the Special Cash Dividend to the Qualifying Shareholders will be 22 July 2014.

E. VERY SUBSTANTIAL DISPOSAL, CONNECTED TRANSACTION AND SPECIAL DEAL IN RELATION TO THE DISPOSAL

The Disposal Agreement

Date:

14 March 2014 (after trading hours)

Parties:

Vendor : The Company

Purchaser : Sure Strategy

Sure Strategy is an investment holding company with limited liability incorporated in BVI, which is owned as to 51% by Victory City Investments and 49% by Merlotte Enterprise as at the Latest Practicable Date. Merlotte Enterprise is an investment holding company with limited liability incorporated in BVI, which was wholly-owned by Mr. Choi as at the Latest Practicable Date. Victory City Investments is an investment holding company with limited liability incorporated in BVI and a direct wholly-owned subsidiary of VC.

As at the Latest Practicable Date, Sure Strategy was interested in 315,200,000 Shares, representing approximately 61.95% of the entire issued share capital of the Company, and was a substantial shareholder of the Company. Accordingly, Sure Strategy is a connected person of the Company.

Given the respective interest of each of Mr. Choi, Mr. Chen and Mr. Li in the Company, each of them is deemed to have material interests in the Disposal Agreement. Accordingly, Mr. Choi, Mr. Chen, Mr. Li and Mr. Ng Tze On (a brother of Mr. Ng, who provided the Option Undertaking, and hence his associate) abstained from voting at the Board meeting approving the Disposal Agreement. Apart from Mr. Choi, Mr. Chen, Mr. Li and Mr. Ng Tze On, no other Directors are required to be abstained from voting at the Board meeting approving the Disposal Agreement.

Assets to be disposed of

Pursuant to the Disposal Agreement, Sure Strategy conditionally agreed to acquire and the Company conditionally agreed to dispose of the Disposal Shares, which represent the entire issued share capital of FG Holdings. FG Holdings is an investment holding company. Following completion of the Group Reorganisation, FG Holdings will hold the Disposal Group Entities which will be engaged in the Manufacturing Business. Financial information of the Disposal Group is set out in note 3 of Appendix II of this circular on pages II-10 to II-21.

As at the Latest Practicable Date, FG Holdings was a direct wholly-owned subsidiary of the Company. Upon completion of the Disposal, FG Holdings will cease to be a subsidiary of the Company and the Company will cease to have any interest in the Disposal Group.

Consideration

The consideration for the Disposal is HK$270,000,000 and shall be satisfied in cash at completion of the Disposal. The consideration for the Disposal is determined after arm's length negotiations between the Company and Sure Strategy taking into account the unaudited net asset value of the Disposal Group as at 30 September 2013 of approximately HK$279,000,000 and the fact that FG Holdings, which will hold the Disposal Group Entities upon completion of the Group Reorganisation, is already a subsidiary of Sure Strategy (i.e. Sure Strategy is acquiring entities which are already consolidated in its financial statements). The market values of the properties held by the Disposal Group were not taken into account when determining the consideration for the Disposal as the properties held by the Disposal Group are already consolidated into the VC Group (since FG Holdings is already a subsidiary of VC).

The net proceeds from the Disposal (after deducting expenses directly attributable thereto) are estimated to be approximately HK$259,660,000 and will be used towards the payment of the Special Cash Dividend.

The Board considers that the terms of the Disposal Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion of the Disposal is conditional upon the satisfaction of the following conditions, among others:

(i) the Share Sale Agreement having become unconditional (other than the fulfillment of any condition(s) in the Share Sale Agreement requiring completion of the Disposal Agreement and other transactions contemplated in the Disposal Agreement (including but not limited to the arrangements with respect to the HK Lease Agreement subject to the provisions and as referred therein)) and not being terminated in accordance with its terms and conditions;

(ii) the passing by the Independent Shareholders of an ordinary resolution approving the Disposal Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules and the Takeovers Code;

(iii) the passing by the independent shareholders of VC of an ordinary resolution approving the Disposal Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules and the Takeovers Code;

(iv) the consent of the Executive in relation to the Disposal Agreement and the transactions contemplated thereunder as a special deal under Rule 25 of the Takeovers Code having been obtained and not revoked prior to completion of the Disposal;

(v) the Share Premium Cancellation becoming effective;

(vi) the passing by the Independent Shareholders of an ordinary resolution approving the declaration of the Special Cash Dividend in accordance with the requirements of the Listing Rules and the Takeovers Code;

(vii) completion of the Group Reorganisation; and

(viii) the execution of the HK Lease Agreement.

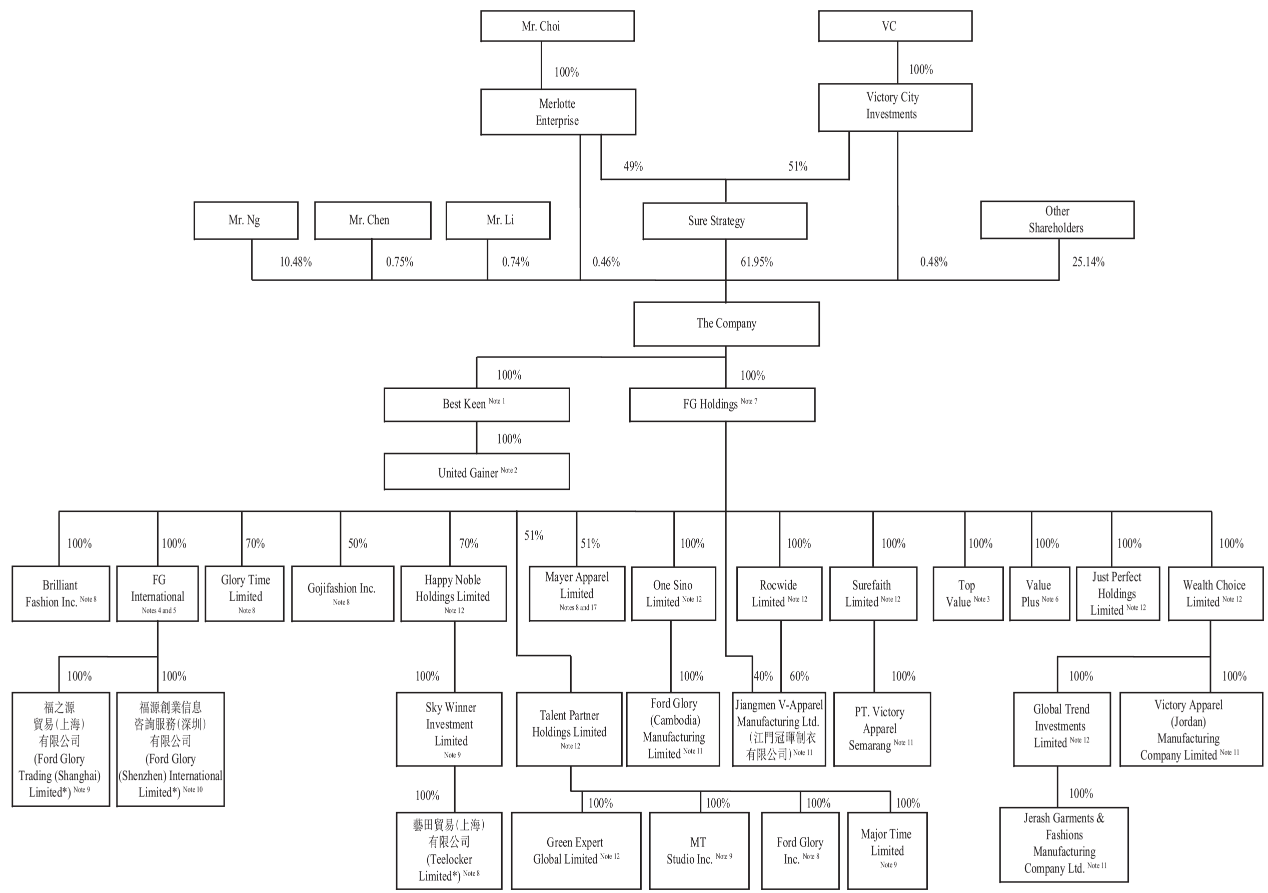
None of the above conditions can be waived. As at the Latest Practicable Date, none of the above conditions to the Disposal had been waived or fulfilled. In the event that any of the above conditions shall not have been fulfilled on or before 30 June 2014 (or such later date as the Company and Sure Strategy may agree in writing), the Disposal Agreement shall lapse and be of no further effect.

Completion

Completion of the Disposal shall take place on the Share Sale Completion Date simultaneously with or immediately before Share Sale Completion.

Group structure before the Group Reorganisation, the Disposal and the Share Sale

The chart below shows the simplified group structure of the Group as at the Latest Practicable Date and immediately before completion of the Group Reorganisation, completion of the Disposal and Share Sale Completion (assuming that there are no other changes in the shareholding structure of the Company since the Latest Practicable Date):



Notes:

1. Best Keen is an investment holding company as at the Latest Practicable Date.

2. United Gainer is an investment holding company as at the Latest Practicable Date.

3. Top Value is principally engaged in the trading of garment products as at the Latest Practicable Date.

4. FG International is principally engaged in the trading and sale of garment products and accessories as at the Latest Practicable Date.

5. Pursuant to the Group Reorganisation, the HK Garment Sourcing Business of FG International will be transferred to the Remaining Group.

6. Value Plus is principally engaged in the provision of quality inspection services and procurement of fabric as at the Latest Practicable Date.

7. FG Holdings is an investment holding company as at the Latest Practicable Date.

8. Each of Glory Time Limited, Mayer Apparel Limited, 藝田貿易(上海)有限公司 (Teelocker Limited*), Ford Glory Inc. and Brilliant Fashion Inc. and Gojifashion Inc. is principally engaged in the sale of garment products; and each a Disposal Group Entity;

9. Each of 福之源貿易(上海)有限公司 (Ford Glory Trading (Shanghai) Limited*), Sky Winner Investment Limited, MT Studio Inc. and Major Time Limited is principally engaged in the sale of garment products and accessories; and each a Disposal Group Entity;

10. 福源創業信息諮詢服務(深圳)有限公司 (Ford Glory (Shenzhen) International Limited*) is principally engaged in the provision of procurement services; and a Disposal Group Entity;

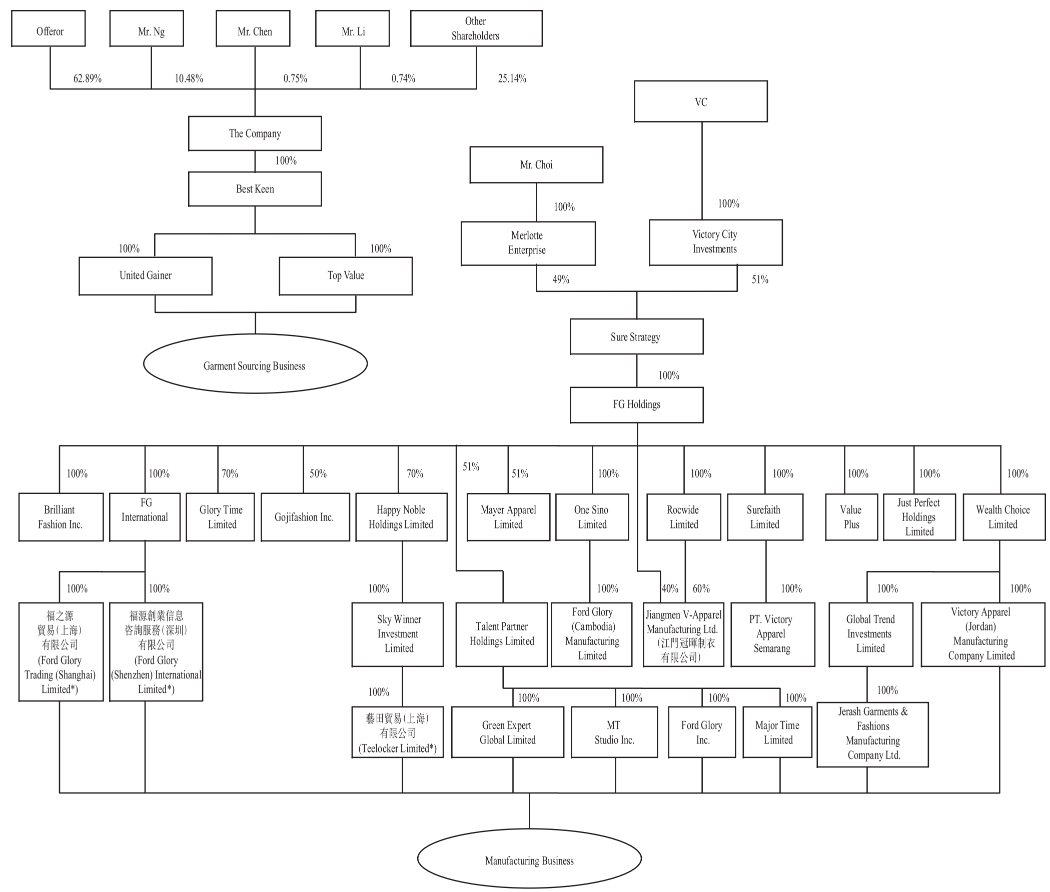
11. Each of Jiangmen V-Apparel Manufacturing Ltd.(江門冠暉制衣有限公司), PT. Victory Apparel Semarang, Victory Apparel (Jordan) Manufacturing Company Limited, Jerash Garments & Fashions Manufacturing Company Ltd. and Ford Glory (Cambodia) Manufacturing Limited is principally engaged in the manufacture of garment products; and each a Disposal Group Entity; and

12. Each of Happy Noble Holdings Limited, One Sino Limited, Rocwide Limited, Surefaith Limited, Just Perfect Holdings Limited, Wealth Choice Limited, Talent Partner Holdings Limited, Global Trend Investments Limited and Green Expert Global Limited is an investment holding company; and each a Disposal Group Entity.

* *For identification purposes only*

Group structure after the Group Reorganisation, the Disposal and the Share Sale

The charts below show the respective simplified group structure of the Remaining Group and the Disposal Group immediately after completion of the Group Reorganisation, the Disposal and Share Sale Completion, but before the commencement of the Offers (assuming that there are no other changes in the shareholding structure of the Company during this period):



Reasons for the Group Reorganisation, the Disposal, the Special Cash Dividend and the Share Sale and benefits which are expected to accrue to the Company

The Group Reorganisation

Prior to the Group Reorganisation, the Group is principally engaged in both the Garment Sourcing Business and the Manufacturing Business. In order for the two distinct businesses to be delineated into two separate groups of entities for the purpose of facilitating the Disposal (i.e. the disposal of the Manufacturing Business to Sure Strategy), the Board has proposed the Group Reorganisation, which involves the reorganisation of the Garment Sourcing Business into the Remaining Group and the Manufacturing Business into the Disposal Group. The Group Reorganisation therefore represents a crucial step in facilitating the Disposal and achieving an organisational structure desired by both the Company and the Offeror (the reasons for and benefits of the Disposal are described below).

The Disposal

During the negotiations between the parties to the Share Sale Agreement, the Offeror has expressed that it is not interested in the Manufacturing Business as the Offeror prefers to operate a less asset-intensive business. Apart from the Offeror preferring to operate a less asset-intensive business, the Board also considers that as the Disposal would allow the Group to only operate the Garment Sourcing Business, this could reduce the capital and commitment on production facilities which the Manufacturing Business would place on the Group. Despite the profit-making track record of the Manufacturing Business, from an operational standpoint, disposing of the Manufacturing Business would free up resources which were originally focused on managing the stringent quality control of Group's in-house factories and in turn place such resources and time on developing the less asset-intensive Garment Sourcing Business by focusing on enhancing its product offering and design capabilities, and soliciting new customers and garment sub-contractors in order for the Garment Sourcing Business to experience continuous growth in the future.

In addition to the above operational considerations, the Board also considers the consideration of the Disposal to be of reasonable valuation with reference to the net asset value of the Disposal Group. Furthermore, the Disposal would also allow investors to partially realise their investments in the Group in cash form as the net proceeds from the Disposal would be distributed to the Shareholders as part of the Special Cash Dividend.

FG Holdings, a company incorporated in BVI with limited liability and directly wholly-owned by the Company, will be the holding company of the Disposal Group. Upon completion of the Group Reorganisation, the Disposal Group will comprise the Disposal Group Entities. The Disposal Group will be principally engaged in the Manufacturing Business. As the VC Group (excluding the Group) is principally engaged in the production and sale of knitted fabric and dyed yarn, the Manufacturing Business complements well with the existing operations of the subsidiaries of VC as the senior management of the VC Group, through its many years of experience in the manufacturing and production industry, will be able to make use of its manufacturing industry know-how and expertise to assist in the future development of the Manufacturing Business.

Taking into account the above, the Board considers that the Group Reorganisation and the Disposal are in the interests of the Company and the Shareholders as a whole.

The Special Cash Dividend

As disclosed above, the net proceeds from the Disposal would be distributed to the Shareholders as part of the Special Cash Dividend. The remainder of the Special Cash Dividend would be funded by the net proceeds and release of share options reserve from the exercise of Share Options by Optionholders. The Special Cash Dividend therefore represents an opportunity for the Shareholders to realise part of their investments in the Company in cash form.

As disclosed in the sub-paragraph headed "Specific warranties" under section headed "A. The Share Sale Agreement" above, as part of the Share Sale Agreement, the Vendors have warranted to the Offeror that the net asset value of the Remaining Group as at the Share Sale Completion Date will not be less than the HK$40 million i.e. the Warranted NAV. The Special Cash Dividend of HK$0.720 per Share was therefore determined by the Board taking into account such warranty and hence, the net asset value of the Remaining Group as at Share Sale Completion and after the distribution of the Special Cash Dividend will not be less than HK$40 million.

Completion of the Group Reorganisation, the Disposal, and the payment of the Special Cash Dividend are all conditions precedent to Share Sale Completion.

The Share Sale and Offers

As the consideration of the Share Sale represents a premium over the Warranted NAV, and the proceeds from the Share Sale received by the VC Group, along with the proceeds from the Special Cash Dividend, can be used towards funding the Disposal (which is expected to complement VC Group's existing business), the VC Board considers the Share Sale to be in the interests of VC and the VC Shareholders as a whole. Upon Share Sale Completion, the Offeror will become a controlling Shareholder and is obliged to make the Offers, which are unconditional mandatory cash offers, to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and the parties acting in concert with it) at HK$0.808 per Offer Share, and to cancel all the outstanding Share Options with an exercise price of HK$0.600 per Option Share at HK$0.208 per Share Option in cash and all outstanding Share Options with an exercise price of HK$0.844 per Option Share at a nominal value of HK$0.0001 per Share Option in cash. As mentioned above, as (i) the Group Reorganisation is a crucial step in reorganising the Garment Sourcing Business into the Remaining Group and the Manufacturing Business into the Disposal Group; (ii) the Disposal allows the Company to operate only the Garment Sourcing Business; and (iii) completion of the Group Reorganisation and completion of the Disposal are conditions precedent to Share Sale Completion, which in turn will ultimately lead to the Offers, the Board therefore considers that each of the Group Reorganisation, the Disposal, the Special Cash Dividend and the Offers forms part of a parcel of transactions which will allow the Company to unlock and realise the value of the assets of the the Group, including but not limited to, the Manufacturing Business and the Garment Sourcing Business. This in turn will provide an opportunity for Shareholders to receive the Special Cash Dividend from the Company and a cash exit opportunity to any Shareholder who wishes to realise all or part of his/her/its interests in the Company through the Share Offer.

Despite the fact that the combined consideration under the Share Offer and the Special Cash Dividend is at a discount to the closing prices of the Shares, from the date of the Joint Announcement up until the Latest Practicable Date, the Board considers that the Company's Share prices fluctuate from time to time and there is no certainty that the Company's Share prices will stay at the current level. Furthermore, the fluctuation in the Company's Share prices from the date of the Joint Announcement to the Latest Practicable Date may be a result of market speculation due to the identity of the Offeror and the expectations that Shareholders may have over the potential opportunities the Offeror, along with its expertise in the IoT industry, can bring to the Company. Due to such uncertainty in the prices of the Company's Shares, the Board considers that the Special Cash Dividend and the Offers are in the interests of the Shareholders as a whole as they provide a cash exit opportunity to Shareholders.

The Offers are possible mandatory unconditional cash offers and will only be made if, among other things, Share Sale Completion takes place, which is conditional upon, among others, completion of the Group Reorganisation, completion of the Disposal and the Share Premium Cancellation having become effective. Accordingly, Share Sale Completion may or may not take place and the Offers may or may not proceed. The Shareholders, the Optionholders and potential investors of the Company are advised to exercise caution in dealing in the Shares.

Financial Information of the FG Holdings Group

The unaudited profit figures of the FG Holdings Group set out below are extracted from Appendix II of this circular on page II-1.

	For the year ended			**For the nine months ended**
	31 March 2011	**31 March 2012**	**31 March 2013**	**31 December 2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Profit before income tax	39,179	20,491	27,728	24,569
Profit after income tax	31,526	17,414	17,550	19,057

The unaudited profit figures of the FG Holdings Group have been prepared by the Directors based on the unaudited consolidated management accounts of FG Holdings and its subsidiaries for each of the three years ended 31 March 2013 and the nine months ended 31 December 2013, which have been prepared on the basis consistent in all material respects with the accounting policies adopted by the Directors and used in the preparation of the condensed consolidated financial statements of the Company and its subsidiaries for the six months ended 30 September 2013 (being the latest published financial statements of the Group). As the profit figures are for periods already ended, no assumption is involved in computing them.

The above unaudited consolidated profit before and after tax of the FG Holdings Group for the three years ended 31 March 2011, 2012 and 2013 as well as for the nine months ended on 31 December 2013 are required to be reported on under Rule 10 of the Takeovers Code.

Financial Information of the Disposal Group

The unaudited profit figures of the Disposal Group set out below are extracted from note 3 of Appendix II of this circular on pages II-10 to II-13.

	For the year ended			For the nine months ended
	31 March 2011	**31 March 2012**	**31 March 2013**	**31 December 2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Profit before income tax	28,351	9,326	14,262	17,669
Profit after income tax	22,406	8,588	6,409	13,367

The unaudited profit figures of the Disposal Group have been prepared by the Directors based on the unaudited consolidated management accounts of FG Holdings and its subsidiaries for each of the three years ended 31 March 2013 and the nine months ended 31 December 2013, which have been prepared on the basis consistent in all material respects with the accounting policies adopted by the Directors and used in the preparation of the condensed consolidated financial statements of the Company and its subsidiaries for the six months ended 30 September 2013 (being the latest published financial statements of the Group), after adjustments to exclude the results of Top Value and the results of the HK Garment Sourcing Business. As the profit figures are for periods already ended, no assumption is involved in computing them.

The above unaudited consolidated profit before and after tax of the Disposal Group for the three years ended 31 March 2011, 2012 and 2013 as well as for the nine months ended on 31 December 2013 are required to be reported on under Rule 10 of the Takeovers Code.

In relation to the above compliance with Rule 10 of the Takeovers Code, please refer to Appendix IV and Appendix V of this circular for the letters from the reporting accountants of the Company and the financial adviser of the Company, respectively.

As at 31 December 2013, the Disposal Group recorded unaudited net assets of approximately HK$278.0 million.

Financial effects of the Disposal

Upon completion of the Disposal, FG Holdings will cease to be a subsidiary of the Company and the Company will cease to have any interest in the Disposal Group. Accordingly, the financial results of the Disposal Group will no longer be consolidated into the financial statements of the Company.

As the Disposal is a transaction between the Company and Sure Strategy, which is a substantial Shareholder, the transaction is accounted for as a transaction with equity participant and therefore, the difference between the consideration and the net asset value of the Disposal Group is adjusted to equity as deemed distribution or contribution, as appropriate. Based on the unaudited pro forma statement of financial position of the Remaining Group as set out in Appendix III of this circular, assuming the Disposal has been completed on 30 September 2013, the Group would recognise a shareholders' distribution of approximately HK$9.0 million, which represents the difference between the Disposal Consideration of HK$270.0 million and the carrying value of the Group's interest in the net assets of the Disposal Group of approximately HK$281.3 million less the non-controlling interests of approximately HK$2.3 million.

Based on the unaudited pro forma statement of comprehensive income of the Remaining Group as set out in Appendix III of this circular, assuming the Disposal and the Special Cash Dividend took place on 1 April 2012, the Group would have recorded loss attributable to Shareholders of approximately HK$8.9 million for the year ended 31 March 2013 as a result of mainly (i) the estimated expenses directly attributable to the Disposal; and (ii) the share-based payment expenses of approximately HK$12.1 million which are borne by the Remaining Group.

Based on the unaudited pro forma statement of financial position of the Remaining Group as set out in Appendix III of this circular, assuming the Disposal and the Special Cash Dividend took place on 30 September 2013, the total assets of the Group as at 30 September 2013 would decrease by approximately HK$556.6 million, the total liabilities of the Group would decrease by approximately HK$213.4 million.

Shareholders should note that the actual amount of deemed Shareholders' distribution or contribution arising from the Disposal will depend on the financial position of the Disposal Group as at Share Sale Completion.

Information on the Remaining Group

Principal business of the Remaining Group

The Company, incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange, is principally engaged in investment holding and is the holding company of the Remaining Group.

Upon completion of the Group Reorganisation, the Remaining Group will comprise the Company's 100% interest in the Remaining Group Entities, which will be principally engaged in the Garment Sourcing Business.

The Garment Sourcing Business covers a comprehensive range of sourcing management services and expertise, including product design and product development, sampling, product offering, garment sourcing, sub-contractor outsourcing, logistics and delivery and overseas sales capabilities. The principal business of the Garment Sourcing Business is different from the principal business of the Manufacturing Business such that the Garment Sourcing Business mainly provides, among other things, sourcing management, product design and product development, garment sourcing and/or sub-contractor outsourcing services to its customers whereas the Manufacturing Business mainly manufactures and sells garment products through the factories of the Disposal Group Entities, or other sub-contractors with the customer's consent to outsource based on design and specifications provided by customers. Due to the differences in the business nature of and the services provided by the Garment Sourcing Business and the Manufacturing Business, the Garment Sourcing Business and the Manufacturing Business have separate and distinct sales and merchandising, and other supporting and administrative departments (please refer to "Personnel and departments" below for more details).

Financial performance

The Remaining Group recorded revenue of approximately HK$191.1 million and HK$233.6 million for the nine months ended 31 December 2013 and 2012, respectively, and approximately HK$315.3 million, HK$339.2 million and HK$284.3 million for the three years ended 31 March 2013, 2012 and 2011, respectively. For further details on the historical financial performance of the Remaining Group, please refer to the section headed "Management discussion and analysis of the Remaining Group" as set out in Appendix I of this circular. As at the Latest Practicable Date, the Remaining Group has secured sales orders from customers with shipments made or to be made during the year ending 31 March 2015 of approximately HK$208.0 million. With the appropriate marketing plans and strategies in place (for further details, please refer to the section headed "Financial and trading prospects of the Remaining Group" as set out in Appendix I of this circular) and the current trading position of the Remaining Group, the Board is confident of the business prospects and development of the Remaining Group.

Value-add and strengths

Despite the absence of long-term contracts and the availability of alternative garment sourcing service providers in the market, the top customers of the Remaining Group (which most of them are either international brand names or nationwide large department stores) have been recurring in nature. The Board attributes this repeated support from top customers to the fact that not only does the Garment Sourcing Business perform its one-stop sourcing functions diligently, including (i) the innovation abilities of its design and product development team; (ii) the in-depth knowledge of raw materials and production costs from its merchandising team; (iii) the stringent quality control measures from its personnel; and (iv) the flexibility in U.S. custom clearance services provided by its shipping team, but more importantly, the Remaining Group has established a mutual understanding with these top customers and such mutual understanding leads to increased familiarity with customers' needs and requirements, which ultimately save immense time and cost for these customers. The track record of the Remaining Group, together with its team of experienced managers and staff, has proven that the Remaining Group can function independently.

Sourcing of customers

Historically, market reputation and proven track record of the Group led to referrals from customers and suppliers, as well as direct approach from new customers. Leveraging on the strengths of the Remaining Group, Ms. Cheng Sylvia (one of the Retained Employees) and key members of her sales and merchandising team have historically been the key staff in sourcing and managing the major customers for the Garment Sourcing Business. Given the experience of the Remaining Group's sales and merchandising department in sourcing and managing customers, going forward, the Board considers that Mr. Choi and other executive Directors' resignations will not have an adverse impact on the Remaining Group's sourcing and managing of customers.

Personnel and departments

Although the Offeror may or may not appoint new Directors who has experience or expertise in the garment industry upon Share Sale Completion, subject to the review on the Remaining Group to be conducted by the Offeror, it is expected that upon Share Sale Completion, the Remaining Group will have a total headcount of 21, with 20 staff situated in Hong Kong and one staff situated in the U.S.. The operations of the Remaining Group will therefore be run by experienced managers and staff who have been working in the Remaining Group for a number of years. The Remaining Group will mainly comprise five departments, each with its distinct functions: (i) the sales and merchandising department (mainly in charge of client solicitation, placing orders to selected garment suppliers worldwide, quality assurance and product designs); (ii) the personnel and administration department (mainly in charge of human resources); (iii) the shipping department (mainly in charge of product shipping and custom clearance and logistics management in the U.S.); (iv) the accounting and finance department (mainly in charge of finances); and (v) the system administration department (mainly in charge of information technology infrastructure).

Out of the above five departments, the sales and merchandising department is the largest department and will be led by Ms. Cheng Sylvia (one of the Retained Employees) who has extensive experience in the garment sourcing industry.

Furthermore, the Vendors have undertaken with the Offeror to take all commercially reasonable steps to procure sufficient manpower to remain with the Remaining Group to facilitate continuity of the operations and the management of the members of the Remaining Group. The Vendors shall procure the Retained Employees to be engaged and appointed, and the Offeror shall procure the Remaining Group to engage and appoint the Retained Employees, as employees of the Remaining Group, for a period of not less than one year from the Share Sale Completion Date.

Sufficient operations

After considering (i) the proven track record and historical financial performance of the Remaining Group; (ii) the future prospects of and business outlook of the Remaining Group; (iii) the recurring nature of the Remaining Group's top customers; (iv) the net asset value of the Remaining Group will not be less than the Warranted NAV as at Share Sale Completion; and (v) the expected level of staffing of the Remaining Group after Share Sale Completion to continue the operations of the Garment Sourcing Business, the Board is of the view that the Remaining Group will have sufficient level of operations and sufficient value/assets to warrant the continued listing of the Company under Rule 13.24 of the Listing Rules.

F. EXEMPT CONTINUING CONNECTED TRANSACTIONS AND SPECIAL DEAL IN RELATION TO THE HK LEASE AGREEMENT

HK LEASE AGREEMENT

FG International (as the landlord), being a direct wholly-owned subsidiary of FG Holdings; and United Gainer (as the tenant), being an indirect wholly-owned subsidiary of the Company, will enter into the HK Lease Agreement in relation to the leasing of the Office Premises for a period of one year (with an option to renew for one year) at a monthly rental rate of HK$70,000 upon completion of the Disposal. The rental rate of the Office Premises is determined on a fair and reasonable basis which is comparable to the prevailing market rents for similar premises in similar location as at the Latest Practicable Date.

The HK Lease Agreement constitutes a special deal for the Company under Rule 25 of the Takeovers Code by virtue of the fact that such agreement will be entered into by United Gainer (as the tenant), being one of the Remaining Group Entities, and FG International (as the landlord), being one of the Disposal Group Entities, and would be interested by Merlotte Enterprise as to 49% and Victory City Investments as to 51% after completion of the Disposal, which are not extended to all Shareholders. The HK Lease Agreement, which constitutes a special deal for the Company under Rule 25 of the Takeovers Code, requires consent from the Executive.

The Board considers that the terms of the HK Lease Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Each of Mr. Choi (being the 49% shareholder of Sure Strategy), Mr. Chen and Mr. Li (being substantial shareholders of VC) is deemed to have material interests in the HK Lease Agreement. Accordingly, Mr. Choi, Mr. Chen, Mr. Li and Mr. Ng Tze On (a brother of Mr. Ng, who provided the Option Undertaking, and hence his associate) abstained from voting at the Board meeting approving the HK Lease Agreement. Apart from Mr. Choi, Mr. Chen, Mr. Li and Mr. Ng Tze On, no other Directors are required to abstain from voting at the Board meeting approving the HK Lease Agreement.

Reasons for and benefits of the HK Lease Agreement

The Office Premises have been the Company's administrative and operational headquarters since 2009. To ensure the least disruption in terms of business operations and costs brought about by any office relocations, the Offeror intends to keep the Office Premises for the business operations of the Remaining Group. The Board therefore considers that the entering into of the HK Lease Agreement is in the interests of the Shareholders as a whole.

G. SPECIAL DEAL IN RELATION TO THE RETAINED EMPLOYEES ARRANGEMENT

Pursuant to the Share Sale Agreement, the Vendors shall procure the Retained Employees to be engaged and appointed, and the Offeror shall procure the Remaining Group to engage and appoint the Retained Employees, as employees of the Remaining Group, for a period of not less than one year from the Share Sale Completion Date. The aggregate annual remuneration of the Retained Employees shall not exceed HK$2,400,000.

The Retained Employees comprise Ms. Cheng Sylvia, Ms. Ching Chor Bik and Mr. Yick Chong San, all of whom are employees of the Group as at the Latest Practicable Date. Each of Ms. Cheng Sylvia, Ms. Ching Chor Bik and Mr. Yick Chong San holds senior position in merchandising, shipping and accounting functions, respectively. It is expected that the Retained Employees will continue to perform the same job functions in the Remaining Group after Share Sale Completion.

After Share Sale Completion, each of the Retained Employees will enter into a new employment contract with the Remaining Group, pursuant to which the identity of the employer will be changed from FG International to United Gainer and there will be an additional clause of an employment period of not less than one year from Share Sale Completion Date. Apart from the aforesaid, no change is expected to be made to the current employment terms and remuneration of the Retained Employees.

As at the Latest Practicable Date, Ms. Cheng Sylvia, being a Retained Employee, held 920,000 Shares, and Mr. Yick Chong San, being a Retained Employee, held 128,000 Shares. The Retained Employees Arrangement constitutes a special deal for the Company under Rule 25 of the Takeovers Code by virtue of the fact that such arrangement will be made to the Retained Employees by the Remaining Group which are not extended to all Shareholders. The Retained Employees Arrangement, which constitutes a special deal for the Company under Rule 25 of the Takeovers Code, requires consent from the Executive.

The Board considers that the terms of the Retained Employees Arrangement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Each of Mr. Choi (being the 49% shareholder of Sure Strategy), Mr. Chen and Mr. Li (being substantial shareholders of VC) is deemed to have material interests in the Retained Employees Arrangement. Accordingly, Mr. Choi, Mr. Chen, Mr. Li and Mr. Ng Tze On (a brother of Mr. Ng, who provided the Option Undertaking, and hence his associate) abstained from voting at the Board meeting approving the Retained Employees Arrangement. Apart from Mr. Choi, Mr. Chen, Mr. Li and Mr. Ng Tze On, no other Directors are required to abstain from voting at the Board meeting approving the Retained Employees Arrangement.

Reasons for and benefits of the Retained Employees Arrangement

Pursuant to the Share Sale Agreement, in order to facilitate continuity of the management of the business and operations of the Remaining Group in substantially the same manner as prior to Share Sale Completion, the Vendors undertake to take all reasonable steps to procure all necessary and appropriate management to remain with the Remaining Group. The Retained Employees are identified by the Vendors as key management staff of the Garment Sourcing Business and hence have agreed to be retained as employees of the Remaining Group for a period of not less than one year from the Share Sale Completion Date to ensure smooth transition of the business operations of the Remaining Group.

H. POSSIBLE MANDATORY UNCONDITIONAL CASH OFFERS

As at the Latest Practicable Date, the Offeror and parties acting in concert with it are not interested in the share capital or voting rights of the Company. Upon Share Sale Completion, the Offeror and parties acting in concert with it will hold in aggregate 320,000,000 Shares, representing approximately 62.89% of the entire issued share capital of the Company as at the Latest Practicable Date. The Offeror will therefore, upon Share Sale Completion, be required under Rules 13.5 and 26.1 of the Takeovers Code to make mandatory unconditional cash offers for all the issued Shares which are not already owned or agreed to be acquired by it and parties acting in concert with it and to cancel all the outstanding Share Options. The Offers comprising the Share Offer and the Option Offer, when made, will be unconditional in all respects.

As at the Latest Practicable Date, there were 508,832,000 Shares in issue and outstanding Share Options conferring the rights to the Optionholders to subscribe for an aggregate of 10,850,000 Option Shares at HK$0.600 per Option Share and 95,000 Option Shares at HK$0.844 per Option Share. All the Share Options are currently exercisable. If the Share Options are exercised in full, the Company will have to issue 10,945,000 new Shares, representing approximately 2.15% of the existing issued share capital of the Company as enlarged by the allotment and issue of the aforesaid new Shares.

As at the Latest Practicable Date, save for the outstanding Share Options to subscribe for 10,945,000 Option Shares under the share option scheme of the Company adopted on 2 June 2010, the Company has no other outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

Principal terms of the Offers

Subject to Share Sale Completion, Kingston Securities will, on behalf of the Offeror, and in compliance of the Takeovers Code, make the Offers on the following basis:

The Share Offer

For each Offer Share . . . . HK$0.808 in cash

The Share Offer Price is the same as the purchase price per Sale Share under the Share Sale Agreement, which was arrived after arm's length negotiations between the Offeror and the Vendors.

The Share Offer will extend to all Shares in issue on the date on which the Share Offer is made, being the date of despatch of the Offer Document, and to any further Shares which are unconditionally allotted or issued on the exercise of the Share Options, other than those Shares held by the Offeror and persons acting in concert with it.

The Option Offer

(i) For cancellation of each Share Option with an exercise price of HK$0.600 per Option Share . . . . . HK$0.208 in cash

(ii) For cancellation of each such Share Option with an exercise price of HK$0.844 per Option Share . . . . HK$0.0001 in cash

The Option Offer will extend to all Share Options in issue on the date on which the Option Offer is made, being the date of despatch of the Offer Document, and to any further Share Options issued, other than those Share Options held by the Offeror and persons acting in concert with it. As at the Latest Practicable Date, the Offeror and parties acting in concert with it do not hold any Share Options.

Option Undertaking

Mr. Ng has provided an irrevocable undertaking to the Vendors in respect of the Share Options pursuant to his Option Undertaking to, prior to the closing of the Offers as set out in the Offer Document, (i) exercise no less than 2,261,740 Share Options granted to him at an exercise price of HK$0.600 per Option Share; and (ii) accept the Share Offer to be made by the Offeror in respect of such number of his Shares. Reference is made to the Company's announcement dated 23 May 2014. On 23 May 2014, an aggregate of 58,000,000 Shares were issued by the Company upon exercise of 21,000,000 Share Options and 37,000,000 Share Options held by Mr. Ng at exercise prices of HK$0.600 per Option Share and HK$0.844 per Option Share, respectively. As at the Latest Practicable Date, Mr. Ng no longer holds any Share Options. Upon Share Sale Completion and pursuant to the Option Undertaking on which Mr. Ng will accept the Share Offer to be made by the Offeror in respect of his 2,261,740 Shares, the

Offeror will hold approximately 62.00% interest in the Company on a fully-diluted basis (assuming all outstanding Share Options have been exercised) before any other acceptance by any Shareholder under the Share Offer.

Save for the aforesaid, the Offeror has not received any indication or irrevocable commitment from any Shareholder or Optionholder that he/she/it will accept or reject the Offers as at the Latest Practicable Date.

Total consideration for the Offers

On the basis of the Share Offer price of HK$0.808 per Offer Share and 508,832,000 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company was valued at HK$411,136,256.

In the event that no outstanding Share Options have been exercised, and assuming full acceptance of the Share Offer, the value of the Share Offer and the Option Offer will amount to HK$152,576,256 and HK$2,256,809.50 respectively.

In the event that all outstanding Share Options have been exercised in full, 199,777,000 Shares will be subject to the Share Offer and the Share Offer will be valued at HK$161,419,816.

Other arrangements

The Offeror, save as disclosed in this circular, confirms that as at the Latest Practicable Date:

(i) neither the Offeror, its ultimate beneficial owner, its directors nor any person acting in concert with any of them owned or had control or direction over any voting rights or rights over the Shares or convertible securities, warrants, options of the Company or any derivatives in respect of such securities;

(ii) there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offers;

(iii) there is no arrangement that the subsidiaries of the Company or the pension funds of the Company and/or its subsidiaries, or any fund managed on a discretionary basis by any fund manager connected with the Company owned or controlled any Shares, warrants, options or derivatives of the Company or had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;

(iv) there is no agreement or arrangement to which the Offeror or its ultimate beneficial owner is a party which relates to circumstances in which it may or may not seek to invoke a pre-condition or a condition to the Offers;

(v) neither the Offeror, its ultimate beneficial owner nor any person acting in concert with any of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;

(vi) neither the Offeror, its ultimate beneficial owner nor any person acting in concert with any of them has received any irrevocable commitment to accept the Offers; and

(vii) there is no outstanding derivative in respect of the securities in the Company entered into by the Offeror, its ultimate beneficial owner nor any person acting in concert with any of them.

The Offers are possible mandatory unconditional cash offers and will only be made if, among other things, Share Sale Completion takes place, which is conditional upon satisfaction of the conditions set out in the sub-paragraph headed "Conditions precedent" in the paragraph headed "A. The Share Sale Agreement" above which include, but are not limited to, completion of the Group Reorganisation, completion of the Disposal and the Share Premium Cancellation having become effective pursuant to applicable laws. Accordingly, Share Sale Completion may or may not take place and the Offers may or may not proceed. Shareholders, the Optionholders and potential investors of the Company are advised to exercise caution in dealing in the Shares.

Detailed terms of the Offers were set out in the Joint Announcement and will be set out in the Offer Document.

I. PROPOSED CHANGE OF NAME

The Board proposes to change the English name of the Company from "Ford Glory Group Holdings Limited" to "Highlight China IoT International Limited" and to adopt the Chinese name of "高銳中國物聯網國際有限公司" as the secondary name to replace "福源集團控股有限公司" which has been used for identification purposes only.

The Board believes that the new English name and new Chinese secondary name of the Company can provide the Company with fresh corporate identity which may reflect the change in controlling shareholder of the Company. The Board is of the opinion that the Proposed Change of Name is in the best interests of the Company and the Shareholders as a whole.

Conditions to the Proposed Change of Name

The Proposed Change of Name is conditional upon:

(i) Share Sale Completion;

(ii) the passing of a special resolution by the Shareholders at the SGM to approve the Proposed Change of Name; and

(iii) the Registrar of Companies in Bermuda granting approval for the use of the proposed new English name and the adoption of the proposed new Chinese name as the secondary name by the Company.

As at the Latest Practicable Date, none of the above conditions to the Proposed Change of Name has been waived or fulfilled.

Effect of the Proposed Change of Name

Subject to the satisfaction of the conditions set out above, the Proposed Change of Name will take effect from the date of entry of the new names on the register maintained by the Registrar of Companies in Bermuda. The Company will then carry out all necessary filing procedures with the Companies Registry in Hong Kong.

The Proposed Change of Name will not affect any rights of the Shareholders or the Company's daily business operation and its financial position. All existing share certificates of the Company in issue bearing the present name of "Ford Glory Group Holdings Limited" shall, after the Proposed Change of Name becoming effective, continue to be evidence of title to the Shares and will continue to be valid for trading, settlement, registration and delivery for the same number of Shares in the new name of the Company. As such, no arrangement will be made for the exchange of the existing share certificates of the Company for the new share certificates bearing the Company's new name as a result of the Proposed Change of Name.

Once the Proposed Change of Name has become effective, any new share certificates of the Company will be issued only in the new name of the Company and the securities of the Company will be traded on the Stock Exchange.

IMPLICATIONS OF THE TAKEOVERS CODE AND THE LISTING RULES

The Disposal Agreement

As each of the assets ratio and the profits ratio ratios under Rule 14.07 of the Listing Rules in respect of the Disposal Agreement is over 75% for the Company, the Disposal constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, Sure Strategy is interested in 315,200,000 Shares, representing approximately 61.95% of the entire issued share capital of the Company, and is a substantial shareholder of the Company. Accordingly, Sure Strategy is a connected person of the Company.

The Disposal, being a very substantial disposal and connected transaction for the Company, is therefore subject to the reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules.

The Disposal Agreement also constitutes a special deal under the Takeovers Code and requires the consent of the Executive. Such consent, if granted, will be subject to the Independent Financial Adviser's opinion that the terms of the Disposal Agreement are fair and reasonable and the approval of the Independent Shareholders voting by way of poll at the SGM.

The HK Lease Agreement

The transactions contemplated under the HK Lease Agreement will, upon completion of the Disposal, constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules by virtue of FG International being an associate of Mr. Choi and thus a connected person of the Company under the Listing Rules. As each of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the continuing connected transactions contemplated under the HK Lease Agreement is less than 5% and the annual consideration is less than HK$1,000,000, the HK Lease Agreement and the transactions contemplated thereunder are exempt from the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Notwithstanding the requirements of the Listing Rule, as stated above, the HK Lease Agreement constitutes a special deal under the Takeovers Code and requires the consent of the Executive. Such consent, if granted, will be subject to the Independent Financial Adviser's opinion that the terms of the HK Lease Agreement are fair and reasonable and the approval of the Independent Shareholders voting by way of poll at the SGM.

The Retained Employees Arrangement

The Retained Employees Arrangement constitutes a special deal under the Takeovers Code and requires the consent of the Executive. Such consent, if granted, will be subject to the Independent Financial Adviser's opinion that the terms of the Retained Employees Arrangement are fair and reasonable and the approval of the Independent Shareholders voting by way of poll at the SGM.

The Special Deals

Since the transactions contemplated under the Special Deals has conditions favourable to Sure Strategy, VC, Mr. Choi, Mr. Chen, Mr. Li, Mr. Ng and the Retained Employees (as the case may be) (in particular, the Disposal falls under Note 4 to Rule 25 of the Takeovers Code) and are not capable of being extended to all Shareholders, each of the Special Deals constitutes a special deal under Rule 25 of the Takeovers Code, which requires the consent of the Executive and such consent, if granted, will normally be conditional upon the Independent Financial Adviser publicly stating in its opinion that the terms of the Special Deals are fair and reasonable and the approval of the Independent Shareholders voting by way of a poll at the SGM. An application will be made to the Executive for consent to proceed with the Special Deals under Rule 25 of the Takeovers Code. Shareholders should note that such consent may or may not be granted by the Executive and, if such consent is not granted, the Special Deals will not proceed. As the obtaining of such consent is a condition to Share Sale Completion and the making of the Offers by the Offeror, the Offers will not be made if such consent is not obtained on or before the Long Stop Date.

GENERAL

As at the Latest Practicable Date, Mr. Chen and Mr. Li are substantial shareholders of VC. Further, each of Sure Strategy (as purchaser of the Disposal Agreement) and FG International (as landlord of the HK Lease Agreement) is a subsidiary of VC. Given Mr. Chen and Mr. Li's interests in the Company, each of them is deemed to have material interests in the Disposal Agreement and the HK Lease Agreement and hence will be excluded from the Independent Board Committee. The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Lau Chi Kit, Mr. Mak Chi Yan, Mr. Wong Wai Kit, Louis and Mr. Yuen Kin Kei, has been formed to advise the Independent Shareholders in respect of the Special Deals, the Offers and the respective transactions contemplated thereunder.

Shareholders including (i) VC, its associates and parties acting in concert with any of them, including Sure Strategy, Mr. Choi, Mr. Chen and Mr. Li; (ii) Mr. Ng who has provided the Option Undertaking; (iii) the Retained Employees; and (iv) any Shareholders who are involved in or interested in the Special Deals or the transactions contemplated thereunder shall abstain from voting on all the resolutions approving the Special Deals at the SGM.

So far as the Directors are aware, no Shareholders are required to abstain from voting on any of the resolutions approving the Share Premium Cancellation and Special Cash Dividend at the SGM.

SGM

A notice convening the SGM to be held at Unit D, 3rd Floor, Winfield Industrial Building, 3 Kin Kwan Street, Tuen Mun, New Territories, Hong Kong on Thursday, 10 July 2014 at 10:00 a.m. is set out on pages SGM-1 to pages SGM-4 of this circular. Ordinary resolutions will be proposed at the SGM to consider, and if thought fit, to approve the Special Cash Dividend and Special Deals by way of poll. Special resolutions will be proposed at the SGM to consider, and if thought fit, to approve the Share Premium Cancellation and the Proposed Change of Name by way of poll.

Whether or not you are able to attend the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong but in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. The completion and return of the enclosed form of proxy will not preclude you from attending and voting at the SGM or any adjournment should you so wish. In that event, the form of proxy will be deemed to have been revoked.

RECOMMENDATIONS

The Directors consider that the terms of the Special Deals are on normal commercial terms; and the Special Deals, the Special Cash Dividend, the Share Premium Cancellation and the Proposed Change of Name are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Special Deals; the Shareholders to vote in favour of the ordinary resolution to approve the Special Cash Dividend; and the Shareholders to vote in favour of the special resolutions to approve the Share Premium Cancellation and the Proposed Change of Name, to be proposed at the SGM.

The Independent Board Committee, having considered the advice of Shenyin Wanguo, is of the opinion that (i) the Disposal, which is not in the ordinary and usual course of business of the Group, are on normal commercial terms; (ii) the terms of the Special Deals including the Disposal are fair and reasonable; and (iii) the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Special Deals. You are advised to read carefully the letter from the Independent Board Committee set out on pages 46 to 47 of this circular. You are also advised to read carefully the letter from Shenyin Wanguo on pages 48 to 66 of this circular which contains advice to the Independent Board Committee and the Independent Shareholders in respect of the Special Deals.

ADDITIONAL INFORMATION

Your attention is drawn to the letters from the Independent Board Committee and from the Independent Financial Adviser which are respectively set out on pages 46 to 47 and 48 to 66 of this circular. Additional information is also set out in the appendices to this circular.

By order of the board of
Ford Glory Group Holdings Limited
Choi Lin Hung
Chairman and Executive Director

FORD GLORY GROUP HOLDINGS LIMITED
福源集團控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 1682)

18 June 2014

To the Independent Shareholders

Dear Sir or Madam,

SPECIAL DEALS (COLLECTIVELY, THE DISPOSAL AGREEMENT, THE HK LEASE AGREEMENT AND THE RETAINED EMPLOYEES ARRANGEMENT)

We refer to the circular dated 18 June 2014 issued by the Company (the "**Circular**") of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider the Special Deals and the respective transactions contemplated thereunder and to advise the Independent Shareholders as to the fairness and reasonableness of the same. Shenyin Wanguo, the appointment of which has been approved by the Independent Board Committee, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

RECOMMENDATION

We wish to draw your attention to the letter from the Board, as set out on pages 12 to 45 of the Circular, and the letter from Shenyin Wanguo which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the Special Deals and the respective transactions contemplated thereunder as set out on pages 48 to 66 of the Circular.

* *For identification purposes only*

After taking into consideration the advice from Shenyin Wanguo, we concur with the views of Shenyin Wanguo and consider that (i) the Disposal, which is not in the ordinary and usual course of business of the Group, are on normal commercial terms; (ii) the terms of the Special Deals including the Disposal are fair and reasonable; and (iii) the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed in the SGM to approve the Special Deals.

Yours faithfully,
For and behalf of the Independent Board Committee of
Ford Glory Group Holdings Limited

Lau Chi Kit	**Mak Chi Yan**	**Wong Wai Kit, Louis**	**Yuen Kin Kei**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of the letter of independent advice from Shenyin Wanguo Capital (H.K.) Limited for the purpose of inclusion in the Circular.

Shenyin Wanguo Capital (H.K.) Limited
Level 19
28 Hennessy Road
Hong Kong

18 June 2014

To The Independent Board Committee and
the Independent Shareholders of
Ford Glory Group Holdings Limited

Dear Sir or Madam,

THE SPECIAL DEALS: (1) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION; (2) THE HK LEASE AGREEMENT; AND (3) THE RETAINED EMPLOYEES ARRANGEMENT

INTRODUCTION

We refer to the circular of Ford Glory Group Holdings Limited dated 18 June 2014 (the "**Circular**"), of which this letter forms part, regarding a series of transactions (referred to as the "**Transactions**" hereinafter) including the Special Deals (comprising the Disposal, the entering into of the HK Lease Agreement and the Retained Employees Arrangement). Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Circular.

Each of the Disposal, the entering into of the HK Lease Agreement and the Retained Employees Arrangement constitutes a special deal for the Company under Rule 25 of the Takeovers Code. Each of the Special Deals requires the consent of the Executive. Such consent, if granted, will be subject to our opinion that the terms of each of the Special Deals are fair and reasonable as well as the approval of the Independent Shareholders for each of the Special Deals at the SGM by way of poll. Under Chapter 14 of the Listing Rules, the Disposal constitutes a very substantial disposal for the Company. Since Sure Strategy as purchaser is a connected person of the Company, the Disposal also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Therefore, the Disposal is subject to the approval of the Independent Shareholders at the SGM by way of poll. Details regarding the SGM are set out in the Circular.

We, Shenyin Wanguo Capital (H.K.) Limited, have been appointed as the independent financial adviser to advise you on the Special Deals including the Disposal, details of which are set out in the Circular. In this letter, we will make recommendations to you as to whether the Disposal is on normal commercial terms and in the ordinary and usual course of business of the Group, whether the terms of the Special Deals including the Disposal are fair and reasonable and whether the Disposal is in the interests of the Company and the Shareholders as a whole as well as we will advise the Independent Shareholders on how to vote at the SGM in respect of the Special Deals.

The Independent Board Committee, comprising all the four independent non-executive Directors, namely Mr. LAU Chi Kit, Mr. MAK Chi Yan, Mr. WONG Wai Kit, Louis and Mr. YUEN Kin Kei, has been established to advise the Independent Shareholders, taking into account our recommendations set out in this letter, as to whether the terms of the Special Deals including the Disposal are fair and reasonable and whether the Disposal is in the interests of the Company and the Shareholders as a whole as well as to advise the Independent Shareholders on how to vote at the SGM in respect of the Special Deals. The advice of the Independent Board Committee as regards the Special Deals including the Disposal is contained in its letter included in the Circular.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information and statements supplied, opinions and representations expressed by the Company and the Directors and have assumed that all such information and statements supplied, opinions and representations expressed to us were true, accurate and complete in all materials aspects at the time they were provided and continue to be true up to the date of the SGM. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information and statements supplied as well as opinions and representations expressed to us.

We consider that we have been provided with sufficient information to enable us to reach our advice and recommendations as set out in this letter and to justify our reliance on the accuracy of such information. We have no reason to suspect that any material facts or information (which are known to the Company) have been omitted or withheld from the information or statements supplied, or opinions or representations expressed to us nor to doubt the truth and accuracy of the information and statements supplied, or the reasonableness of the opinions and representations expressed to us. We have not, however, carried out any independent verification on the information provided to us by the Company and the Directors, nor have we conducted an independent in-depth investigation into the business or affairs or future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

We have taken into account the following principal factors and reasons in arriving at our recommendations with regard to the Special Deals including the Disposal:

1. Background of the Transactions

1.1 The Share Sale and the Offers

On 14 March 2014, the Vendors (including Sure Strategy) and the Offeror entered into the Share Sale Agreement, pursuant to which the Vendors have conditionally agreed to sell and the Offeror has conditionally agreed to purchase the Sale Shares, being the aggregate interest of 320,000,000 Shares held by the Vendors, representing approximately 62.89% of the entire issued share capital of the Company as at the Latest Practicable Date and approximately 61.56% of the entire issued share capital of the Company on a fully-diluted basis (assuming all outstanding Share Options have been exercised), at an aggregate cash consideration of HK$258,560,000, representing HK$0.808 per Sale Share. Share Sale Completion is conditional upon, *inter alia*, completion of the Group Reorganisation and the Disposal.

Upon Share Sale Completion, the Offeror and parties acting in concert with it will own more than 30% of the entire issued share capital of the Company and the Offeror is therefore obliged to make mandatory unconditional cash offers under Rules 13.5 and 26.1 of the Takeovers Code for all the issued Shares which are not already owned or agreed to be acquired by it and parties acting in concert with it and to cancel all the outstanding Share Options. The Offers comprising the Share Offer and the Option Offer, when made, will be unconditional in all respects. Subject to Share Sale Completion, Kingston Securities will, on behalf of the Offeror, make the Offers on the basis of (i) HK$0.808 in cash for each Offer Share; (ii) HK$0.208 in cash for cancellation of each Share Option with an exercise price of HK$0.600 per Option Share; and (iii) HK$0.0001 in cash for cancellation of each Share Option with an exercise price of HK$0.844 per Option Share.

The Share Offer Price of HK$0.808 per Share represents a premium of approximately 1,017.6% over the unaudited pro forma net asset value of the Remaining Group of approximately HK$0.0723 per Share based on the unaudited pro forma net asset value of the Remaining Group of HK$36.8 million as at 30 September 2013 as disclosed in Appendix III to the Circular and 508,832,000 issued Shares as at the Latest Practicable Date.

1.2 The Group Reorganisation

Upon completion of the Group Reorganisation, the Remaining Group will be principally engaged in the Garment Sourcing Business while the Disposal Group will be principally engaged in the Manufacturing Business.

1.3 The Share Premium Cancellation

The Board has proposed to effect the Share Premium Cancellation, pursuant to which the entire amount standing to the credit of the share premium account of the Company will be cancelled and the credit arising from the Share Premium Cancellation will be transferred to the contributed surplus account of the Company for the payment of part of the Special Cash Dividend. The Share Premium Cancellation is conditional upon, *inter alia*, the approval of the Shareholders by way of a special resolution at the SGM.

1.4 The Special Cash Dividend

The Board has proposed that, subject to, *inter alia*, completion of the Disposal and the Share Premium Cancellation becoming effective, the Special Cash Dividend of HK$0.72 per Share will be paid to the Qualifying Shareholders whose names appear on the register of members of the Company on the Record Date (being a date falling before the Share Sale Completion Date).

1.5 The Disposal

On 14 March 2014, the Company and Sure Strategy entered into the Disposal Agreement pursuant to which Sure Strategy has conditionally agreed to acquire and the Company has conditionally agreed to dispose of the Disposal Shares, which represent the entire issued share capital of FG Holdings. Following the Disposal, the Remaining Group will no longer operate the Manufacturing Business. The consideration for the Disposal (the "**Disposal Consideration**") is HK$270,000,000 and shall be satisfied in cash at completion of the Disposal. Completion of the Disposal is conditional upon, *inter alia*, the Share Sale Agreement having become unconditional, completion of the Group Reorganisation and the approval of the Independent Shareholders for the declaration of the Special Cash Dividend.

1.6 The entering into of the HK Lease Agreement

Upon completion of the Disposal, FG International as landlord, being a direct wholly-owned subsidiary of FG Holdings, and United Gainer as tenant, being an indirect wholly-owned subsidiary of the Company, will enter into the HK Lease Agreement in relation to the leasing of the Office Premises for a period of one year (with an option to renew for one year) at a monthly rental rate of HK$70,000.

1.7 The Retained Employees Arrangement

Pursuant to the Share Sale Agreement, the Vendors shall procure the Retained Employees to be engaged and appointed, and the Offeror shall procure the Remaining Group to engage and appoint the Retained Employees, as employees of the Remaining Group, for a period of not less than one year from the Share Sale Completion Date for an aggregate annual remuneration not exceeding HK$2,400,000.

1.8 The Proposed Change of Name

The Board has proposed to change the English name of the Company from "Ford Glory Group Holdings Limited" to "Highlight China IoT International Limited" and to adopt the Chinese name of "高銳中國物聯網國際有限公司" as the secondary name to replace "福源集團控股有限公司" which has been used for identification purposes only. The Proposed Change of Name is conditional upon, *inter alia*, Share Sale Completion and the passing of a special resolution by the Shareholders at the SGM to approve such change.

2. Background of and financial information on the Group

2.1 Background of the Group

The Group is principally engaged in the Manufacturing Business and the Garment Sourcing Business with the scope of services ranging from fabric sourcing and development to garment production and export. Whilst its core products include cut and sewn knits, the Group also produces sweaters and woven garments in its four factories in China, Cambodia, Indonesia and Jordan. The Group's products are sold to major brand name customers in the U.S., Canada, Europe and China. The Shares have been listed on the Stock Exchange since 5 October 2010.

2.2 Financial information on the Group

Set out below is the financial information extracted from the Company's annual reports for the three years ended 31 March 2013 and its interim report for the six months ended 30 September 2013:

	Six months ended 30 September	**Year ended 31 March**		
	2013	**2013**	**2012**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	*(Audited)*	*(Audited)*	*(Audited)*
Revenue	549,876	1,071,162	909,908	902,878
Profit attributable to Shareholders	15,180	11,178	7,256	17,225
Earnings per Share – Basic *(HK cent)*	3.4	2.6	1.7	4.6
Earnings per Share – Diluted *(HK cent)*	3.3	2.5	1.6	4.5
Dividend per Share *(HK cent)*	1.0	Nil	1.0	Nil

	30 September	**31 March**		
	2013	**2013**	**2012**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	*(Restated)*	*(Audited)*	*(Audited)*
Total assets	644,304	632,594	573,145	557,537
Total liabilities	264,280	272,318	232,326	230,933
Net assets	380,024	360,276	340,819	326,604

For the six months ended 30 September 2013

The Group's revenue decreased by approximately 6.7% on a period-on-period basis to approximately HK$549.9 million (2012: HK$589.2 million). The decrease was mainly attributable to a drop in demand in the PRC market. Gross profit for the period decreased by approximately 4.6% to approximately HK$92.8 million (2012: HK$97.4 million) with the gross profit margin improved from approximately 16.5% to approximately 16.9%. Profit attributable to Shareholders reached approximately HK$15.2 million, representing an approximately 188.5% increase on a period-on-period basis (2012: HK$5.3 million). Profit for the period included share-based payment expenses of approximately HK$1.0 million, whilst profit for the same period in 2012 included share-based payment expenses of approximately HK$6.0 million. Should the share-based payment expenses be excluded, profit attributable to Shareholders for the period would be approximately HK$16.2 million, representing an increase of approximately 43.2% on a period-on-period basis (2012: HK$11.3 million).

The Group maintained cash and cash equivalents amounted to approximately HK$105.6 million as at 30 September 2013. Total bank borrowings of the Group as at 30 September 2013 was approximately HK$126.5 million including a mortgage loan of approximately HK$16.0 million of which approximately HK$14.6 million was repayable after one year, all the remaining bank borrowings of approximately HK$111.9 million were repayable within one year. As at 30 September 2013, the Group's gearing ratio (defined as net debt divided by total equity) was approximately 5.5% (31 March 2013: 4.1%). The Group's current ratio was approximately 1.8 times (31 March 2013: 1.7 times).

For the year ended 31 March 2013

The Group's revenue was approximately HK$1,071 million for the year (2012: HK$910 million). Gross profit for the year was approximately HK$172 million, representing a gross margin of approximately 16.1% (2012: 15.7%). Profit attributable to Shareholders was approximately HK$11 million, representing an approximately 54.1% increase as compared to that of 2012 (2012: HK$7 million). This was mainly attributable to the contribution of the Group's new production base in Jordan and the expansion of the Group's production base in Cambodia that enhanced the Group's competitiveness with lower labour costs and duty saving privilege. Profit for the year included share-based payment expenses of approximately HK$12 million, whilst profit for year 2012 included share-based payment expenses of approximately HK$11 million. Should the share-based payment expenses be excluded, profit attributable to Shareholders for the year would be approximately HK$23 million, representing an improvement of approximately 26.2% as compared with 2012 (2012: HK$18 million).

The Group's 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 was repayable after one year, all the remaining bank borrowings of approximately HK$142 million were repayable within one year. As at 31 March 2013, the Group's gearing ratio (defined as net debt divided by total equity) was approximately 4.1% (2012: no gearing). The Group's current ratio was approximately 1.7 times (2012: 1.8 times).

For the year ended 31 March 2012

The Group's revenue for the year was approximately HK$910 million (2011: HK$903 million). Gross profit for the year was approximately HK$143 million, representing a gross margin of approximately 15.7% (2011: 17.1%). Profit attributable to Shareholders was approximately HK$7 million, representing an approximately 57.9% decrease as compared to that of 2011 (2011: HK$17 million). This was mainly attributable to (i) the provision made for the share options granted by the Company under its share option scheme during the year; (ii) the decrease in average selling price and profit margin due to macroeconomic downturn; and (iii) the increase in preliminary operating expenses associated with the launching of new production facilities in Cambodia. Profit for the year included share-based payment expenses of approximately HK$11 million, whilst profit for year 2011 included listing expenses of approximately HK$13 million and share-based payment expenses of approximately HK$8 million. Should the share-based payment expenses and the listing expenses be excluded, profit attributable to Shareholders for the year would be approximately HK$18 million, representing a drop of approximately 52.2% as compared with 2011 (2011: HK$39 million).

The Group maintained cash and cash equivalents amounted to approximately HK$104 million as at 31 March 2012. Total bank borrowings as at 31 March 2012 was approximately HK$97 million including a mortgage loan of approximately HK$18 million of which approximately HK$17 million was repayable after one year, all the remaining bank borrowings of approximately HK$80 million were repayable within one year. Gearing ratio is defined as net debt divided by total equity. As at 31 March 2012, the Group's cash and cash equivalents of approximately HK$104 million exceeded its total bank borrowings of approximately HK$97 million, so no gearing was resulted. The Group's current ratio was approximately 1.8 times (2011: 1.9 times).

For the year ended 31 March 2011

The Group's revenue was approximately HK$903 million for the year (2010: HK$894 million). Gross profit for the year was approximately HK$154 million, representing a gross profit margin of approximately 17.1% (2010: 17.7%). Profit attributable to Shareholders was approximately HK$17 million, representing a drop of approximately 51.5% as compared to that of 2010 (2010: HK$35 million). The drop was mainly due to listing expenses, share-based payment expenses and donation amounted to approximately HK$22 million in total. Should these one-off expenses be excluded, profit attributable to Shareholders for the year would be approximately HK$39 million, representing an increase of approximately 11.4% as compared with 2010. This was mainly due to the tighter cost control over administrative and general expenses implemented by the Group during the year.

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

3. The Disposal

3.1 Principal terms of the Disposal Agreement

Assets to be disposed of

Pursuant to the Disposal Agreement, Sure Strategy has conditionally agreed to acquire and the Company has conditionally agreed to dispose of the Disposal Shares, which represent the entire issued share capital of FG Holdings.

The Disposal Consideration

The Disposal Consideration is HK$270,000,000, which shall be satisfied in cash at completion of the Disposal.

Conditions precedent

Completion of the Disposal is conditional upon the satisfaction of the following conditions, among others:

(i) the Share Sale Agreement having become unconditional;

(ii) the approval of the Independent Shareholders for the Disposal;

(iii) the approval of the VC independent shareholders for the Disposal;

(iv) the consent of the Executive in relation to the Disposal Agreement and the transactions contemplated thereunder as a special deal under Rule 25 of the Takeovers Code;

(v) the Share Premium Cancellation becoming effective;

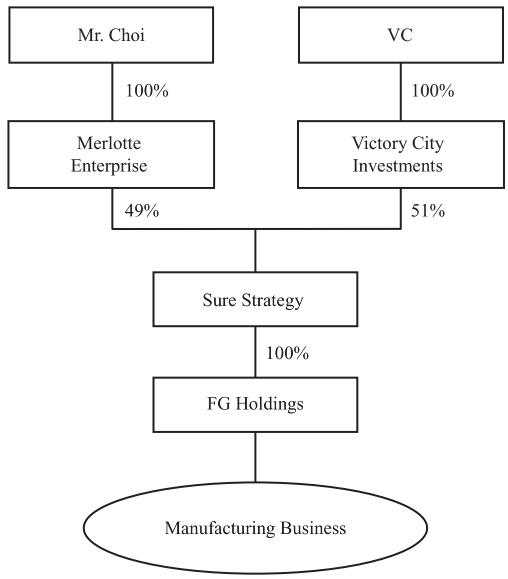
(vi) the approval of the Independent Shareholders for the declaration of the Special Cash Dividend;

(vii) completion of the Group Reorganisation; and

(viii) the execution of the HK Lease Agreement.

3.2 The Disposal Group

Upon completion of the Group Reorganisation, the Disposal Group will be principally engaged in the Manufacturing Business in China, Cambodia, Indonesia and Jordan. Set out below is the Disposal Group structure after completion of the Group Reorganisation and the Disposal:



3.3 Financial information on the Disposal Group

Set out below is the unaudited financial information of the Disposal Group extracted from Appendix II to the Circular:

	Nine months ended 31 December	**Year ended 31 March**		
	2013	**2013**	**2012**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	587,232	755,856	570,704	618,623
Gross profit	118,278	145,327	118,269	130,525
Profit before tax	17,669	14,262	9,326	28,351
Profit for the period/year	13,367	6,409	8,588	22,406
Non-controlling interests	(5,976)	(3,909)	464	3,967
Profit attributable to shareholders	19,343	10,318	8,124	18,439

	31 December 2013	31 March 2013	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	550,815	598,678	541,390	500,278
Total liabilities	272,807	323,349	287,147	262,625
Net assets	278,008	275,329	254,243	237,653

For the nine months ended 31 December 2013

Revenue for the nine months ended 31 December 2013 amounted to approximately HK$587.2 million, representing approximately 77.7% of the revenue for the year ended 31 March 2013. Gross profit for the nine months ended 31 December 2013 amounted to approximately HK$118.3 million, representing approximately 81.4% of the gross profit for the year ended 31 March 2013. Net profit attributable to shareholders for the nine months ended 31 December 2013 amounted to approximately HK$19.3 million, representing approximately 1.9 times of the same for the year ended 31 March 2013.

For the year ended 31 March 2013

Revenue increased by approximately 32.4% to approximately HK$755.9 million for year 2013 which was mainly attributable to the contribution from a new joint venture and the contribution from the factory in Jordan which commenced its operations during the year. Gross profit margin was approximately 19.2% as compared to approximately 20.7% for year 2012, representing a drop of approximately 1.5% which was partly caused by the lower gross margin from the aforesaid new joint venture. Net profit dropped by approximately 25.4% to approximately HK$6.4 million primarily attributable to (i) the loss made by the aforesaid new joint venture; and (ii) an increase in selling and distribution costs and administrative expenses by approximately HK$14.3 million mainly as a result of the expansion of the retail business and the operations of the factory in Jordan. Net profit margin for year 2013 was approximately 0.8% as compared to approximately 1.5% for year 2012. After accounting for non-controlling interests, profit attributable to shareholders for 2013 was approximately HK$10.3 million as compared to approximately HK$8.1 million for year 2012.

For the year ended 31 March 2012

Revenue decreased by approximately 7.7% to approximately HK$570.7 million which was mainly attributable to the change in the strategy to focus on customers with higher growth potential. Gross profit margin was approximately 20.7% as compared to approximately 21.1% for year 2011, representing a drop of 0.4%. Net profit dropped by approximately 61.7% to approximately HK$8.6 million which was mainly caused by an increase in selling and distribution costs and administrative expenses by approximately HK$12.8 million, mainly due to the commencement of operations of the factory in Cambodia and the full year operations of the T-shirt product line branded "teelocker". Net profit margin for year 2012 was approximately 1.5% as compared to approximately 3.6% for year 2011. After accounting for non-controlling interests, profit attributable to shareholders for 2012 was approximately HK$8.1 million as compared to approximately HK$18.4 million for year 2011.

3.4 Rationale for the Disposal

(i) The Disposal forms an integral part of the Transactions

The Disposal is an integral part of the Transactions which facilitate, *inter alia*, the Offeror to obtain over 60% control of the Company without it having to acquire the Manufacturing Business. As part of the Transactions, the Board has proposed to liquidate the Manufacturing Business by disposing of the Disposal Group to Sure Strategy (the existing controlling Shareholder) and use the proceeds from the Disposal to finance part of the Special Cash Dividend.

(ii) All Qualifying Shareholders will be entitled to enjoy all of the proceeds from the Disposal by way of the Special Cash Dividend

All Qualifying Shareholders will be entitled to the Special Cash Dividend if the relevant Transactions including the Disposal are approved by the Independent Shareholders at the SGM. As the Special Cash Dividend exceeds the Disposal Consideration, all Qualifying Shareholders will be entitled to enjoy all of the proceeds from the Disposal by way of the Special Cash Dividend.

(iii) Dealing with an independent buyer as an alternative will take a longer period of time with no assurance on the ultimate success of reaching an agreement

For so long as the terms of the Disposal are fair and reasonable, we concur with the Directors that it is easier, faster and more efficient for the Company to strike a deal with Sure Strategy (the existing controlling Shareholder) as opposed to identifying and then negotiating with an independent buyer, without assurance on the ultimate success of reaching an agreement, who will inevitably require a longer period of time performing buyer's due diligence on the Disposal Group and agreeing on terms, representations and warranties, etc. in the end.

3.5 Evaluation of the Disposal Consideration

The Directors have advised that the Disposal Consideration was determined primarily with reference to the net asset value of the Disposal Group as at 30 September 2013. The Disposal Consideration of HK$270,000,000 implies a price-earnings ratio ("**PE**") of approximately 26.17 times with reference to the profit attributable to the shareholders of the Disposal Group for the year ended 31 March 2013 of approximately HK$10.3 million and a price-to-book ratio ("**PB**") of 0.91 time with reference to the net asset value attributable to the shareholders of the Disposal Group as at 30 September 2013, adjusted by the market value of its properties over their book value, of approximately HK$296.3 million.

In assessing the fairness and reasonableness of the Disposal Consideration, we have identified all garment manufacturers operating a business similar to that of the Disposal Group listed on the Main Board of the Stock Exchange as at the Latest Practicable Date (the "**Comparable Companies**"), which (i) are primarily run as manufacturing sub-contractors or original equipment manufacturers as opposed to brand name operators who derive their income substantially from their own brands; (ii) manufacture garment products; and (iii) are profit making with positive net asset values, as follows:

Comparable Companies (Stock code)	**Garment manufacturing business**	**Market capitalisation** *(HK$ million)*	**Revenue** *(HK$ million)*	**PE** *(Note 1)* *(times)*	**PB** *(Note 2)* *(times)*
Shenzhou International Group Holdings Limited (2313)	Manufactures and processes textiles; and produces, dyes, finishes, prints, embroiders, cuts, and sews knit wear.	37,283.4	12,559.0	16.54	**2.89**
Luen Thai Holdings Limited (311)	Manufactures apparel, primarily knit wear and woven wear, on an original equipment manufacturing ("**OEM**") basis.	2,357.8	9,583.8	6.27	0.80
Tristate Holdings Limited (458)	Manufactures and sells garments.	823.2	3,599.9	**18.95**	0.57
China Ting Group Holdings Limited (3398)	Produces silk or silk-blended women's clothing for export to the U.S. and Europe, and women's clothing for sale in China.	1,018.4	2,406.8	6.73	0.34
High Fashion International Limited (608)	Manufactures, trades and retails garments.	885.7	2,806.7	**4.55**	**0.33**
Addchance Holdings Limited (3344)	Produces dyed yarns and knitted sweaters.	516.3	1,401.7	8.68	0.47
Yangtzekiang Garment Limited (294)	Manufactures and sells garments and textiles.	554.1	1,333.1	10.44	0.44
Eagle Nice (International) Holdings Limited (2368)	Original equipment manufacturer for men, women and children sportswear.	604.6	1,444.0	8.29	0.53
Win Hanverky Holdings Limited (3322)	An integrated sportswear manufacturer, distributor and retailer for various top-tier international sportswear brands and diversified into fashion retail business.	1,344.5	3,032.4	8.89	0.60

Comparable Companies (Stock code)	Garment manufacturing business	Market capitalisation *(HK$ million)*	Revenue *(HK$ million)*	PE *(Note 1)* *(times)*	PB *(Note 2)* *(times)*
Speedy Global Holdings Limited (540)	Provides apparel supply chain services including product design and development, fashion trend ascertaining and sampling, raw material sourcing, production order and merchandise sourcing management, quality control, packaging, inventory management and logistics management.	210.0	1,185.5	10.13	1.13
			Maximum	**18.95**	**2.89**
			Minimum	**4.55**	**0.33**
			Average	**9.95**	**0.81**
The Disposal Consideration				**26.17**	**0.91**

Source: The Stock Exchange's website

Notes:

1. PE represents the latest published annual profit attributable to the shareholders of the Comparable Companies divided by their market capitalisation as at the Latest Practicable Date.

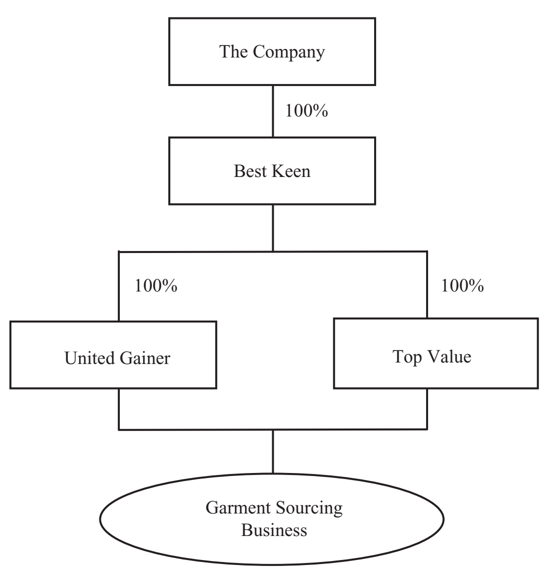
2. PB represents the latest published net asset value attributable to the shareholders of the Comparable Companies divided by their market capitalisation as at the Latest Practicable Date.

As at the Latest Practicable Date, the PEs and the PBs of the Comparable Companies were in the vicinities of 4.55 times to 18.95 times and 0.33 time and 2.89 times with averages of 9.95 times and 0.81 time, respectively. The implied PE of the Disposal Consideration of 26.17 times is higher than the maximum and the average PEs of the Comparable Companies of 18.95 times and 9.95 times respectively in our analysis. The implied PB of the Disposal Consideration of 0.91 time falls within the range of the PBs of the Comparable Companies of 0.33 time and 2.89 times, and stays above the average of the PBs of the Comparable Companies of 0.81 time in our analysis. Therefore, we consider that the Disposal Consideration is fair and reasonable notwithstanding that it represents a discount to the adjusted net asset value attributable to the shareholders of the Disposal Group of approximately HK$296.3 million.

4. The Remaining Group

Upon completion of the Group Reorganisation, the Remaining Group will be principally engaged in the Garment Sourcing Business, which covers a comprehensive range of sourcing management services and expertise, including product design and product development, sampling, product offering, garment sourcing, sub-contractor outsourcing, logistics and delivery and overseas sales capabilities. The strength in design and development allows the Remaining Group's in-house sample development capabilities to continuously innovate and provide new and up-to-date designs to customers in order to cater for their changing needs and requirements. The Remaining Group also has established quality assurance and control teams to oversee the performance of its manufacturing sub-contractors to ensure quality of all outsourced garment products. As a result of the Remaining Group's sourcing capabilities and proven track record in successfully meeting the sourcing requirements of its customers, the Remaining Group has established long and solid relationships with the top customers of the Garment Sourcing Business. Customers of the Garment Sourcing Business mainly comprise direct customers, which are mostly overseas brand owners, megastores, department stores, supermarket chains and importers. The Directors have advised that going forward, subject to the review to be conducted by the Offeror on the Remaining Group, the Remaining Group will continue to undertake strategies to enhance its competitiveness in the market, 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.

Set out below is the Remaining Group structure after completion of the Group Reorganisation and the Disposal:



5. Financial effects of the Disposal

Upon completion of the Disposal, the Disposal Group will be deconsolidated from the financial statements of the Group. The Directors anticipate that the professional fees and expenses and the capital gain taxes (collectively, the "**One-off Expenses and Taxes**") incurred by the Company in connection with the Disposal are approximately HK$5.7 million and HK$4.6 million respectively. Set out below is the unaudited pro forma financial information of the Remaining Group (the "**Unaudited Pro forma Financial Information**") extracted from Appendix III to the Circular:

	Year ended 31 March 2013
	HK$'000
Revenue	315,306
Gross profit	26,817
Loss before tax	1,649
Loss for the year	8,928

	30 September 2013
	HK$'000
Total assets	87,689
Total liabilities	50,925
Net assets	36,764

5.1 Earnings

According to the Unaudited Pro forma Financial Information, the Remaining Group would have recorded a loss for the year of approximately HK$8.9 million assuming the Disposal had been completed on 1 April 2012. Included therein are the One-off Expenses and Taxes of HK$10.3 million in total and the share-based payment expenses of HK$12.1 million which are expected to disappear as a result of the Option Offer to cancel all the outstanding Share Options. As a result, it is expected that the Remaining Group would record positive results from its operations in the future.

5.2 Net asset value

Upon completion of the Disposal, the Group's asset base would have inevitably shrunk rather significantly. Nonetheless, the Remaining Group would contain a much higher level of liquid assets in its net asset value of approximately HK$36.8 million, primarily represented by a cash balance of HK$42 million and bank borrowings of HK$18.4 million. According to the Unaudited Pro forma Financial Information, the decrease in the Group's net asset value attributable to Shareholders by approximately HK$340.9 million is as a result of (i) the loss on Disposal or the deemed distribution to a shareholder of HK$9 million as referred to therein; (ii) the One-off Expenses and Taxes of HK$10.3 million in total; and (iii) the distribution of the Special Cash Dividend of HK$321.6 million. Since the loss on Disposal is inevitable as the Disposal Consideration, which is considered fair and reasonable in this letter, has been valued at a PB less than 1 time, and both the One-off Expenses and Taxes and the Special Cash Dividend are not expected to recur in the future, we consider that the decrease in the Group's net asset value as a result of the Disposal does not influence our assessment on the fairness and reasonableness of the Disposal.

5.3 Gearing

Upon completion of the Disposal, the Remaining Group would have a minimal level of bank borrowings of approximately HK$18.4 million and its gearing ratio (defined as net debt divided by total equity) would be reduced to zero due to its net cash position then.

5.4 Cash flow

According to the Unaudited Pro forma Financial Information, the Remaining Group would have recorded net operating cash outflow for the year of approximately HK$3.1 million assuming the Disposal had been completed on 1 April 2012. Included therein are the professional fees and expenses in connection with the Disposal of HK$5.7 million. As a result, it is expected that the Remaining Group would record positive cash flow from its operations in the future.

6. The entering into of the HK Lease Agreement

Upon completion of the Disposal, FG International as landlord, being a direct wholly-owned subsidiary of FG Holdings, and United Gainer as tenant, being an indirect wholly-owned subsidiary of the Company, will enter into the HK Lease Agreement in relation to the leasing of the Office Premises for a period of one year (with an option to renew for one year) at a monthly rental rate of HK$70,000.

The Office Premises have been the Company's administrative and operational headquarters since 2009. To ensure the least disruption in terms of business operations and costs brought about by any office relocations, the Offeror intends to keep the Office Premises for the business operations of the Remaining Group. We concur with the Directors that the entering into of the HK Lease Agreement is in the interests of the Company and the Shareholders as a whole.

We discussed with Grant Sherman Appraisal Limited, an independent property valuer, who had carried out inspections, made relevant enquiries and researches and taken into account the rental rates of similar units in nearby commercial buildings in Cheung Sha Wan to opine that the rental rate of the Office Premises inclusive of management fee, rates and government rents but exclusive of other operating outgoings is fair and reasonable and comparable to the prevailing market rents for similar premises in similar location. On this basis, we concur with the Directors that the terms of the HK Lease Agreement are fair and reasonable.

7. The Retained Employees Arrangement

Pursuant to the Share Sale Agreement, the Vendors have undertaken to take all reasonable steps to procure all necessary and appropriate management shall remain with the Remaining Group in order to facilitate continuity of the management of the business and operations of the Remaining Group in substantially the same manner as prior to Share Sale Completion.

Each of the Retained Employees, namely Ms. CHENG Sylvia, Ms. CHING Chor Bik and Mr. YICK Chong San, holds a senior position in merchandising, shipping and accounting functions of the Group respectively, and is expected to perform the same job functions in the Remaining Group after Share Sale Completion. As at the Latest Practicable Date, Ms. CHENG Sylvia held 920,000 Shares and Mr. YICK Chong San held 128,000 Shares.

In this connection, the Vendors shall procure the Retained Employees to be engaged and appointed, and the Offeror shall procure the Remaining Group to engage and appoint the Retained Employees, as employees of the Remaining Group, for a period of not less than one year from the Share Sale Completion Date for an aggregate annual remuneration not exceeding HK$2,400,000. After Share Sale Completion, each of the Retained Employees will enter into a new employment contract with the Remaining Group, pursuant to which the identity of the employer will be changed from FG International to United Gainer and there will be an additional clause of an employment period of not less than one year from Share Sale Completion Date. Apart from the aforesaid, no change is expected be made to the current employment terms and remuneration of the Retained Employees. On this basis, we concur with the Directors that the terms of the Retained Employees Arrangement are fair and reasonable.

DISCUSSION AND ANALYSIS

The Board has proposed to change the English name of the Company from "Ford Glory Group Holdings Limited" to "Highlight China IoT International Limited" and to adopt the Chinese name of "高銳中國物聯網國際有限公司" as the secondary name to replace "福源集團控股有限公司" which has been used for identification purposes only. The Proposed Change of Name is believed to provide the Company with a fresh corporate identity which may reflect the change in the controlling Shareholder.

The Disposal is an integral part of the Transactions which facilitate (i) the Offeror to obtain over 60% control of the Company without it having to acquire the Manufacturing Business; (ii) the Company to liquidate the Manufacturing Business by disposing of the Disposal Group to Sure Strategy (the existing controlling Shareholder); and (iii) the distribution of the Special Cash Dividend to all Qualifying Shareholders which exceeds the Disposal Consideration. All Qualifying Shareholders will be entitled to the Special Cash Dividend if the relevant Transactions including the Disposal are approved by the Independent Shareholders at the SGM.

The Disposal Group as a garment manufacturer operates factories in China, Cambodia, Indonesia and Jordan which has contributed positively to the Group in terms of revenue and profitability in the past. Nonetheless, taking into account (i) the relatively significant premium of the Share Offer Price over the net asset value of the Remaining Group as discussed in this letter; (ii) the Disposal Consideration of HK$270,000,000 having an implied PE of 26.17 times and an implied PB of 0.91 time (i.e. the Disposal Consideration is less than the adjusted net asset value attributable to the shareholders of the Disposal Group) which is considered fair and reasonable with reference to the Comparable Companies as discussed in this letter; and (iii) the fact that all Qualifying Shareholders will be entitled to enjoy all of the proceeds from the Disposal by way of the Special Cash Dividend, we consider that the Transactions including the Disposal (which is an integral part thereof) are fair and reasonable insofar as the Independent Shareholders are concerned.

We concur with the Directors that it is easier, faster and more efficient for the Company to strike a deal with Sure Strategy (the existing controlling Shareholder) as opposed to identifying and then negotiating with an independent buyer, without assurance on the ultimate success of reaching an agreement, who will inevitably require a longer period of time performing buyer's due diligence on the Disposal Group and agreeing on terms, representations and warranties, etc. in the end. On this basis and taking account of the fairness and reasonableness of the Disposal Consideration as discussed in this letter notwithstanding that it represents a discount to the adjusted net asset value attributable to the shareholders of the Disposal Group, we consider that the terms of the Disposal are fair and reasonable.

Upon completion of the Disposal, the Group will be left with the Garment Sourcing Business only, which is considered by the Directors to be able to operate independently with appropriate personnel to serve customers and source sales orders, etc. According to the letter from the Board included in the Circular, the Remaining Group has already secured sales orders worth over HK$200 million for the year ending 31 March 2015. Further, the Remaining Group had a revenue of over HK$300 million for the year ended 31 March 2013 according to the Unaudited Pro forma Financial Information, which is higher than the annual revenue of each of at least 300 companies listed on the Main Board of the Stock Exchange as at the Latest Practicable Date. Taking into account its ability to operate on its own, the scale of its secured sales orders, its revenue as compared with other companies with less revenue listed on the Main Board of the Stock Exchange and its profit recorded for the nine months ended 31 December 2013 as noted from the management discussion and analysis in Appendix I to the Circular, we concur with the Directors that the Remaining Group has a sufficient level of operations to warrant the continuing listing of the Shares as required under Rule 13.24 of the Listing Rules upon completion of the Disposal.

To ensure the least disruption in terms of business operations and costs brought about by any office relocations, the Offeror intends to keep the Office Premises for the business operations of the Remaining Group. As discussed in this letter, we concur with the Directors that the terms of the HK Lease Agreement are fair and reasonable.

Each of the three Retained Employees holds a senior position in merchandising, shipping and accounting functions of the Group. In order to facilitate continuity of the management of the business and operations of the Remaining Group in substantially the same manner as prior to Share Sale Completion, the Retained Employees are expected to be engaged and appointed as employees of the Remaining Group for a period of not less than one year from the Share Sale Completion Date for an aggregate annual remuneration not exceeding HK$2,400,000. As discussed in this letter, we concur with the Directors that the terms of the Retained Employees Arrangement are fair and reasonable.

OPINION

Having taken into account the principal factors and reasons set out above, we are of the view that (i) the Disposal, which is not in the ordinary and usual course of business of the Group, are on normal commercial terms; (ii) the terms of the Special Deals including the Disposal are fair and reasonable; and (iii) the Disposal is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Board Committee to advise, and we ourselves advise, the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Special Deals.

Yours faithfully,
for and on behalf of
Shenyin Wanguo Capital (H.K.) Limited
Felix Chan **Sunny Chan**
Managing Director *Director*

1. FINANCIAL INFORMATION OF THE GROUP

Details of the published financial information of the Group for each of the three years ended 31 March 2011, 2012 and 2013 are disclosed in the annual reports of the Company released on 19 July 2011, 27 July 2012 and 26 July 2013 for the three years ended 31 March 2011, 2012 and 2013 respectively. Details of these financial statements have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.fordglory.com.hk).

2. FINANCIAL SUMMARY

The following is a summary of (i) the audited financial results of the Group for each of the three financial years ended 31 March 2011, 2012 and 2013; (ii) the audited assets and liabilities of the Group as at 31 March 2011, 2012 and 2013; (iii) the unaudited financial results of the Group for the six months ended 30 September 2013; and (iv) the unaudited assets and liabilities of the Group as at 30 September 2013 as extracted from the published financial statements of the Group for the relevant years/period.

(i) Consolidated statement of comprehensive income

	For the year ended 31 March			For the six months ended 30 September
	2013	2012	2011	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	1,071,162	909,908	902,878	549,876
Cost of sales	(899,018)	(767,234)	(748,836)	(457,050)
Gross profit	172,144	142,674	154,042	92,826
Other income	1,832	7,636	4,015	2,411
Other gains and losses	4,046	5,362	3,285	457
Selling and distribution costs	(33,586)	(27,999)	(17,550)	(18,525)
Administrative expenses	(111,230)	(102,991)	(89,547)	(60,828)
Listing expenses	–	–	(13,110)	–
Share-based payment expenses	(12,060)	(11,156)	(8,179)	(1,004)
Interest on bank borrowings	(3,370)	(2,429)	(1,711)	(1,461)
Profit before tax	17,776	11,097	31,245	13,876
Income tax expense	(10,507)	(3,377)	(10,053)	(2,044)
Profit for the year/period	7,269	7,720	21,192	11,832
Other comprehensive income				
Exchange difference arising on translation	481	1,973	2,396	435
Remeasurement of defined benefit obligations	–	–	–	324
Release of exchange difference on dissolution of a subsidiary	–	–	–	546
Total comprehensive income for the year/period (net of tax)	7,750	9,693	23,588	13,137
Profit for the year/period attributable to:				
Owners of the Company	11,178	7,256	17,225	15,180
Non-controlling interests	(3,909)	464	3,967	(3,348)
	7,269	7,720	21,192	11,832
Total comprehensive income for the year/period attributable to:				
Owners of the Company	11,644	9,222	19,621	16,479
Non-controlling interests	(3,894)	471	3,967	(3,342)
	7,750	9,693	23,588	13,137
Earnings per Share				
Basic	HK$2.6 cents	HK$1.7 cents	HK$4.6 cents	HK$3.4 cents
Diluted	HK$2.5 cents	HK$1.6 cents	HK$4.5 cents	HK$3.3 cents

(ii) Consolidated statement of financial position

	For the year ended 31 March 2013 HK$'000	2012 HK$'000	2011 HK$'000	For the six months ended 30 September 2013 HK$'000
Non-current assets				
Property, plant and equipment	156,719	136,305	105,313	157,034
Prepaid lease payments	3,569	3,645	3,609	3,542
Goodwill	5,970	5,970	5,541	5,970
Intangible asset	1,000	1,000	1,000	1,000
Deferred tax assets	1,835	1,899	1,518	1,718
	169,093	148,819	116,981	169,264
Current assets				
Inventories	132,565	132,335	107,505	135,701
Trade and bills receivables	130,900	110,780	111,908	155,309
Deposits, prepayments and other receivables	55,340	71,998	84,103	74,728
Amounts due from related companies	–	–	–	–
Prepaid lease payments	99	99	95	99
Derivative financial instruments	1,640	1,225	856	3,373
Tax recoverable	466	3,659	–	189
Bank balances and cash	142,491	104,230	136,089	105,641
	463,501	424,326	440,556	475,040
Current liabilities				
Trade payables	69,295	71,402	62,823	86,102
Other payables and accruals	23,257	36,970	26,081	26,097
Amounts due to related companies	2,063	15,319	1,282	1,228
Bank borrowings	157,178	96,613	127,364	126,541
Tax payable	16,360	8,479	12,149	17,833
Derivative financial instruments	132	1,957	–	2,504
	268,285	230,740	229,699	260,305
Net current assets	195,216	193,586	210,857	214,735
Total assets less current liabilities	364,309	342,405	327,838	383,999
Capital and reserves				
Share capital	4,381	4,380	4,380	4,467
Reserves	350,657	326,882	310,884	373,236
Equity attributable to owners of the Company	355,038	331,262	315,264	377,703
Non-controlling interests	5,663	9,557	11,340	2,321
Total equity	360,701	340,819	326,604	380,024
Non-current liability				
Defined benefit obligations	1,416	–	–	1,760
Deferred tax liability	2,192	1,586	1,234	2,215
	3,608	1,586	1,234	3,975
	364,309	342,405	327,838	383,999

3. AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The following is the full text of the audited financial statements of the Group for the year ended 31 March 2013 as extracted from the annual report of the Company for the year ended 31 March 2013:

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2013

	Notes	**2013** *HK$'000*	**2012** *HK$'000*
Revenue	7	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	9	4,046	5,362
Selling and distribution costs		(33,586)	(27,999)
Administrative expenses		(111,230)	(102,991)
Share-based payment expenses	31	(12,060)	(11,156)
Interest on bank borrowings		(3,370)	(2,429)
Profit before tax		17,776	11,097
Income tax expense	10	(10,507)	(3,377)
Profit for the year	11	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	13		
Basic		HK2.6 cents	HK1.7 cents
Diluted		HK2.5 cents	HK1.6 cents

Consolidated Statement of Financial Position
At 31 March 2013

	Notes	**2013** *HK$'000*	**2012** *HK$'000*
Non-current assets			
Property, plant and equipment	14	156,719	136,305
Prepaid lease payments	15	3,569	3,645
Goodwill	16	5,970	5,970
Intangible asset	17	1,000	1,000
Interest in a jointly controlled entity	18	–	–
Deferred tax assets	29	1,835	1,899
		169,093	148,819
Current assets			
Inventories	19	132,565	132,335
Trade and bills receivables	20	130,900	110,780
Deposits, prepayments and other receivables	21	55,340	71,998
Prepaid lease payments	15	99	99
Derivative financial instruments	27	1,640	1,225
Tax recoverable		466	3,659
Bank balances and cash	23	142,491	104,230
		463,501	424,326
Current liabilities			
Trade and bills payables	24	69,295	71,402
Other payables and accruals	25	23,257	35,829
Amounts due to related companies	22	2,063	15,319
Derivative financial instruments	27	132	1,957
Tax payable		16,360	8,479
Bank borrowings	26	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	28	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	30	1,416	1,141
Deferred tax liabilities	29	2,192	1,586
		3,608	2,727
		364,309	343,546

Consolidated Statement of Changes in Equity
For the year ended 31 March 2013

	Attributable to owners of the Company								
	Share capital	Share premium	Special reserve	Share option reserve	Foreign currency translation reserve	Accumulated profits	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 28)		*(note)*						
At 1 April 2011	4,380	64,626	(22,325)	8,052	4,426	256,105	315,264	11,340	326,604
Profit for the year	–	–	–	–	–	7,256	7,256	464	7,720
Exchange difference arising on translation	–	–	–	–	1,966	–	1,966	7	1,973
Total comprehensive income for the year	–	–	–	–	1,966	7,256	9,222	471	9,693
Dividends paid in cash *(Note 12)*	–	–	–	–	–	(4,380)	(4,380)	–	(4,380)
Dividends paid to non-controlling interest	–	–	–	–	–	–	–	(2,254)	(2,254)
Recognition of equity-settled share-based payments	–	–	–	11,156	–	–	11,156	–	11,156
Release of equity-settled share-based payments upon cancellation of options	–	–	–	(137)	–	137	–	–	–
At 31 March 2012	4,380	64,626	(22,325)	19,071	6,392	259,118	331,262	9,557	340,819
Profit for the year	–	–	–	–	–	11,178	11,178	(3,909)	7,269
Exchange difference arising on translation	–	–	–	–	466	–	466	15	481
Total comprehensive income for the year	–	–	–	–	466	11,178	11,644	(3,894)	7,750
Exercise of share options	1	94	–	(23)	–	–	72	–	72
Recognition of equity-settled share-based payments	–	–	–	12,060	–	–	12,060	–	12,060
Release of equity-settled share-based payments upon cancellation of options	–	–	–	(228)	–	228	–	–	–
At 31 March 2013	4,381	64,720	(22,325)	30,880	6,858	270,524	355,038	5,663	360,701

note: The special reserve represents the reserve arising from group reorganisation completed on 8 September 2010.

Consolidated Statement of Cash Flows
For the year ended 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
OPERATING ACTIVITIES			
Profit before tax		17,776	11,097
Adjustments for:			
Depreciation of property, plant and equipment		18,675	14,427
Loss on disposal of property, plant and equipment and prepaid lease payments		356	158
Write-down of inventories		1,600	1,564
Gain on fair value changes of derivative financial instruments		(3,935)	(281)
Interest income		(656)	(830)
Interest on bank borrowings		3,370	2,429
Recognition of equity-settled share-based payments		12,060	11,156
Release of prepaid lease payments		99	97
Provision for defined benefit obligations		399	301
Operating cash flows before working capital changes		49,744	40,118
Increase in inventories		(1,830)	(26,320)
(Increase) decrease in trade and bills receivables		(19,898)	8,799
Decrease in deposits, prepayments and other receivables		16,424	16,673
(Decrease) increase in trade payables		(2,605)	5,927
Decrease in other payables and accruals and defined benefit obligations		(9,149)	(9,532)
Increase in bank borrowing from discounted bills with recourse		415	387
(Decrease) increase in amounts due to related companies – trade		(13,256)	14,037
Proceeds from and settlement of derivative financial instruments		1,695	1,869
Cash generated from operations		21,540	51,958
Interest paid on bank borrowings		(2,990)	(2,166)
Profits Tax refunded (paid)		1,181	(10,690)
NET CASH FROM OPERATING ACTIVITIES		19,731	39,102
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment and leasehold land		7,651	521
Interest received		656	428
Purchase of property, plant and equipment		(46,563)	(33,610)
Acquisition of subsidiaries	32	–	(1,707)
NET CASH USED IN INVESTING ACTIVITIES		(38,256)	(34,368)

	Note	2013 HK$'000	2012 HK$'000
FINANCING ACTIVITIES			
Acquisition of subsidiaries	32	(3,500)	–
Dividend paid to shareholders		–	(4,380)
Dividend paid to non-controlling interest		–	(2,254)
Proceeds from exercise of share options		72	–
Repayment of mortgage loans		(1,297)	(1,264)
Net import loan and trust receipt loans raised (repaid)		78,840	(47,267)
Bank borrowings raised		–	17,393
Repayment of bank borrowings		(17,393)	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES		56,722	(37,772)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		38,197	(33,038)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		104,230	136,089
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		64	1,179
CASH AND CASH EQUIVALENTS AT END OF THE YEAR representing bank balances and cash		142,491	104,230

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

1. GENERAL

The Company is an exempted company with limited liability incorporated in Bermuda and its shares are listed on the Stock Exchange. The Company's registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its head office and principal place of business are located at 19/F., Ford Glory Plaza, 37-39 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries are principally engaged in the trading and manufacturing of garment products and provision of quality inspection services.

The Company's ultimate holding company is VC, a company incorporated in Bermuda as an exempted company with limited liability under the Companies Act and its shares are listed on the Stock Exchange. The Company's immediate holding company is Sure Strategy Limited, a company incorporated in the British Virgin Islands ("BVI") with limited liability. For the purpose of these financial statements, VC, together with its subsidiaries other than entities comprising the Group, are collectively referred to as the "VC Group".

The functional currency of the Company is US$. The consolidated financial statements are presented in HK$ because the Company's shares are listed on the Stock Exchange and most of its potential investors are located in Hong Kong.

2. 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 HKICPA.

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

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 (see Note 26). The relevant disclosures have been made regarding the transfer of these bills receivables on application of the amendments to HKFRS 7 (see Note 20).

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] 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 recognized financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortized 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 amortized 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 recognized 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.

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 HKFRS 10 and HKFRS 12 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 gudiance, 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.

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. Based on the Directors' preliminary assessment, the amendments to HKAS 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.

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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchanges for goods or services.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value, when applicable, on the basis specified in another standard.

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquirer's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or business first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Goodwill

Goodwill arising on an acquisition of a business other than involving entities under common control is carried at cost less accumulated impairment losses, if any, and is presented separately in consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Cash-generating Units ("CGUs") (or group of CGUs), that is expected to benefit from the synergies of the combination. Each CGU or group of CGUs represent the lowest level within the Group at which goodwill is monitored for internal management purposes and is not larger than an operating segment as defined by HKFRS 8 titled Operating Segments before aggregation.

A CGU or group of CGUs to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU or group of CGUs to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets on a pro rata basis based on the carrying amount of each asset. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill or the amount of goodwill allocated to the unit is included in the determination of the amount of gain or loss on disposal.

Jointly controlled entity

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entity.

The results and assets and liabilities of jointly controlled entity are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investment in a jointly controlled entity is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entity. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

When a group entity transacts with its jointly controlled entity of the Group, profits and losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

Intangible asset

Intangible asset acquired separately

Intangible asset acquired separately and with indefinite useful life is carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amount received or receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Sale of goods is recognised when the goods are delivered and titles have been passed.

Service income is recognised when services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment including leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and any accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of jointly controlled entities that do not result in the Group losing joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in the foreign currency translation reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to the Group's defined contribution retirement benefit plans, Mandatory Provident Fund Scheme and state-managed retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of the reporting period. 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 pervious reporting period are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight line basis over the average period until the amended benefits become vested.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified as financial assets at FVTPL and loans and receivables. The Group's financial assets at FVTPL are derivative financial instruments. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at fair value through profit or loss

Financial assets at FVTPL include financial assets held for trading on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and bills receivables, other receivables and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liabilities are held for trading on initial recognition.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities.

Other financial liabilities

Other financial liabilities including trade payables, other payables, amounts due to related companies and bank borrowings are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated profits.

Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

Key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognised in the consolidated financial statements within the next financial year, are discussed below.

Impairment loss of trade receivables

The assessment of the impairment loss on trade receivables of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness of each customer. If the financial conditions of the Group's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Impairment is made based on the estimation of the future cash flow discounted at the original effective rate to calculate the present value. At 31 March 2013, the carrying amount of trade and bills receivables was approximately HK$130,900,000 (2012: HK$110,780,000) (net of allowance for doubtful debts of approximately HK$878,000 (2012: HK$878,000).

Impairment loss recognised on inventories

Management reviews the inventories at the end of each reporting period, and write-down obsolete and slow-moving inventory items identified that are no longer suitable for use in operation. Allowance was made by reference to the latest market value for those inventories identified. Where the net realisable value is less than expected, a material write down may arise. At 31 March 2013, the carrying amount of inventories was approximately HK$132,565,000 (2012: HK$132,335,000).

Income taxes

As at 31 March 2013, deferred tax asset in relation to unused tax losses of approximately HK$22,322,000 (2012: HK$6,768,000) was not recognised in the consolidated statement of financial position due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the expectation for future profit streams changes, recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such change takes place.

Fair value of structured foreign currency forward contracts

As at 31 March 2013, the Group had outstanding structured foreign currency forward contracts which were stated at fair value. In the absence of quoted market price, the valuation of these contracts was carried out by independent professional valuer using valuation techniques which involve certain inputs and assumptions including spot and forward exchange rates, time to maturity and volatility, etc. Any changes in these inputs and assumptions could have an impact on the fair value of these contracts, details of which are set out in Note 27.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank borrowings disclosed in Note 26, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated profits.

The Directors review the capital structure of the Group on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new Share issues, and Share buy-backs as well as the issue of new debt or the redemption of existing debts.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2013	2012
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	275,297	219,989
Derivative financial instruments	1,640	1,225
Financial liabilities		
Amortised cost	228,536	186,834
Derivative financial instruments	132	1,957

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, other receivables, derivative financial instruments, bank balances, trade and bills payables, other payables, amounts due to related companies and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to risk due to changes in foreign exchange rates. The Group entered into structured currency forward contracts to cover the anticipated foreign currency exposures. These contracts were arranged mainly to hedge the currency fluctuation of RMB against US$, which is the functional currency of the relevant group entities.

At the end of the reporting period, the Group is exposed to foreign currency risk arising from the Group's monetary assets and monetary liabilities that are denominated in currencies other than the functional currency of the relevant group entities are as follows:

	Liabilities		Assets	
	2013	2012	2013	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
HK$	23,981	63,216	10,025	8,835
RMB	–	1	1,392	21,955

The Group is also exposed to foreign currency risk arising from intercompany balances denominated in currencies other than the functional currencies of the relevant group entities. The sensitivity analysis of the balances is disclosed below.

Sensitivity analysis

The Group is mainly exposed to foreign currency risk of US$, HK$ and RMB (2012: US$, HK$ and RMB).

The following table details the Group's sensitivity to a 5% increase and decrease in functional currency of the relevant group entities against the relevant foreign currencies by 5%, and vice versa. A positive number below indicates an increase in Group's profit where functional currency strengthens by 5% against foreign currencies. If functional currency weakens by 5% against foreign currencies, there would be an equal and opposite impact on the profit or loss of the Group. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at year end for a 5% change in foreign currency rates. The sensitivity analysis includes intercompany balances where the denomination of the amount is in a currency other than the functional currency of the relevant group entities. On this basis, there will be an increase/decrease in post-tax profit as follow, where the functional currency of the relevant group entities weaken against the foreign currencies by 5%, and vice versa.

	2013	**2012**
	HK$'000	*HK$'000*
Profit or loss	4,272	4,100

As set out in Note 27, at the end of the reporting period, the Group had outstanding structured foreign currency forward contracts which also expose the Group to currency fluctuation risks.

For the structured currency forward contracts outstanding at 31 March 2013, if US$ was strengthened against RMB by 5%, the profit for the year ended 31 March 2013 would decrease by approximately HK$28,464,000 (2012: HK$32,266,000); if US$ was weakened against RMB by 5%, the profit for the year ended 31 March 2013 would increase by approximately HK$2,438,000 (2012: HK$5,787,000).

In 2012, the Group had outstanding non-structured foreign currency forward contracts which also exposed the Group to currency risks. The contracts matured prior to 31 March 2013. No sensitivity analysis is presented for the outstanding non-structured foreign currency forward contracts in 2012 as their impact is insignificant.

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rates on its bank balances and floating rate bank borrowings. Most of the Group's bank borrowings carry interest based on HIBOR or LIBOR plus a spread. The management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

In the opinion of the Directors, no sensitivity analysis is prepared for the interest rate risk for variable-rate bank balances since the impact to the Group's results for both years was not significant.

The sensitivity analyses below have been determined based on the exposure to floating rate of bank borrowings at the end of the reporting period. The analysis is prepared assuming the amount of bank borrowings outstanding at the end of the reporting period date was outstanding for the whole year. A 25 basis point (2012: 25) increase or decrease in interest rate is used when reporting interest rate risk internally to key management personnel and represents the management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points (2012: 25) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 March 2013 would decrease/increase by approximately HK$328,000 (2012: HK$202,000)

Credit risk

As at 31 March 2013, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise its credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

At 31 March 2013, the Group had a concentration of credit risk as the top 5 trade debtors accounted for approximately 41% of its total trade debt balance (2012: 51%). In view of this, senior management members regularly visit these customers to understand their business operations and cash flows position. In this regard, management considers that this credit concentration risk has been significantly mitigated.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

In management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management considers that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

	Weighted average effective interest rate	On demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total undiscounted cash flows	Carrying amount at 31 March 2013
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2013							
Non-derivative							
Trade and bills payables	–	38,938	25,602	4,755	–	69,295	69,295
Amounts due to related companies	–	2,063	–	–	–	2,063	2,063
Bank borrowings	2.27	157,178	–	–	–	157,178	157,178
		198,179	25,602	4,755	–	228,536	228,536
Derivative – net settlement							
– structured currency forward contracts	–	(262)	(534)	(1,151)	407	(1,540)	(1,508)

	Weighted average effective interest rate	On demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total undiscounted cash flows	Carrying amount at 31 March 2012
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2012							
Non-derivative							
Trade and bills payables	–	27,092	43,713	597	–	71,402	71,402
Other payables	–	3,500	–	–	–	3,500	3,500
Amounts due to related companies	–	15,319	–	–	–	15,319	15,319
Bank borrowings	1.70	96,613	–	–	–	96,613	96,613
		142,524	43,713	597	–	186,834	186,834
Derivative – net settlement							
– structured currency forward contracts	–	(266)	(525)	(1,807)	3,097	499	478
– foreign currency forward contracts	–	–	271	(17)	–	254	254
		(266)	(254)	(1,824)	3,097	753	732

Bank borrowings with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 31 March 2013 and 31 March 2012, the aggregate carrying amounts of these bank borrowings amounted to approximately HK$157,178,000 and HK$96,613,000 respectively. Taking into account the Group's financial position, the Directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The Directors believe that such bank borrowings will be fully repaid in accordance with the scheduled repayment dates set out in the loan agreements, as follows. However, in accordance with Hong Kong Interpretation 5 Presentation of Financial Statements Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause, all such bank loans have been classified as current liabilities.

The following table discloses the maturity analysis in accordance with scheduled repayment dates set out in facility letters.

	Weighted average effective interest rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2013								
Bank borrowings	2.27	65,997	70,788	5,696	6,307	12,171	160,959	157,178
2012								
Bank borrowings	1.70	23,014	53,393	4,004	6,128	13,077	99,616	96,613

The amounts included above for variable interest rate instruments are subject to change of interest rates differ to those determined at the end of the reporting dates.

(c) Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of the foreign currency forward contracts were determined by using the Covered Interest Rate Parity Model; and

- the fair values of the structured currency forward contracts are determined based on the Monte Carlo Simulation Method; and

- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

Fair value measurement recognised in the consolidated statement of financial position

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Level 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) on active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2013			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at FVTPL				
Derivative financial instruments	–	–	1,640	1,640
Financial liabilities at FVTPL				
Derivative financial instruments	–	–	132	132

	2012			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at FVTPL				
Derivative financial instruments	–	17	1,208	1,225
Financial liabilities at FVTPL				
Derivative financial instruments	–	271	1,686	1,957

There was no transfer between Level 2 and 3 in current and prior years.

Reconciliation of Level 3 fair value measurement of financial assets and financial liabilities

	Structured currency forward contracts
	HK$'000
At 1 April 2011	856
Premium received on contract dates	(1,552)
Net settlement	(317)
Fair value (loss) gain credited to profit or loss	
– realised	(539)
– unrealised	1,074
At 31 March 2012	(478)
Net settlement	(1,949)
Fair value gain credited to profit or loss	
– realised	2,427
– unrealised	1,508
At 31 March 2013	1,508

The total gain of approximately HK$1,508,000 for the year included in profit or loss represent the total fair value gain related to structured currency forward contracts held at the end of the reporting period (2012: HK$1,074,000) that are included in "Other gains and losses".

7. REVENUE

The Group's revenue represents the amounts received and receivables for trading and manufacturing of garment products and provision of quality inspection services, less sales related taxes, returns and allowances. It is analysed as follows:

	2013	2012
	HK$'000	*HK$'000*
Production and sale of garment products	1,066,826	903,194
Provision of quality inspection services	4,336	6,714
	1,071,162	909,908

8. 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 US, Canada, Europe, 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 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	Segment B	Segment total	Eliminations	Consolidated total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE					
External sales	930,314	140,848	1,071,162	–	1,071,162
Inter-segment sales	–	398,845	398,845	(398,845)	–
Total	930,314	539,693	1,470,007	(398,845)	1,071,162
RESULTS					
Segment results	7,077	24,301	31,378		31,378
Unallocated income					5,081
Unallocated expenses					(15,313)
Interest expense					(3,370)
Profit before tax					17,776

Year ended 31 March 2012

	Segment A	Segment B	Segment total	Eliminations	Consolidated total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE					
External sales	827,125	82,783	909,908	–	909,908
Inter-segment sales	–	327,010	327,010	(327,010)	–
Total	827,125	409,793	1,236,918	(327,010)	909,908
RESULTS					
Segment results	16,184	6,161	22,345		22,345
Unallocated income					6,867
Unallocated expenses					(15,686)
Interest expense					(2,429)
Profit before tax					11,097

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

At 31 March 2012

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

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 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 (note)	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

At 31 March 2012

	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 (note)	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

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
	1,071,162	909,908	167,258	146,920

Information about major customers

Revenue from customers contributing to over 10% of the Group's total annual revenue are as follows:

	2013	2012
	HK$'000	*HK$'000*
Customer A	182,010	175,024
Customer B	134,109	147,287

note: Revenue from the above customers all fall under Segment A.

Information about products and services

The Group's revenue represents sale of garment products and provision of quality inspection services (see Note 7 for details).

9. OTHER GAINS AND LOSSES

	2013	2012
	HK$'000	*HK$'000*
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
	4,046	5,362

10. INCOME TAX EXPENSE

	2013	2012
	HK$'000	*HK$'000*
The tax charge comprises:		
Current tax:		
Hong Kong Profits Tax		
– current year	3,988	1,905
– underprovision in respect of prior years	36	39
	4,024	1,944
Enterprise income tax ("EIT") in the PRC attributable to subsidiaries	5,563	1,383
Overseas income tax		
– current year	258	–
– underprovision in respect of prior years	–	86
	258	86
Deferred taxation *(Note 29)*	662	(36)
	10,507	3,377

Hong Kong

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

PRC

The Group's PRC subsidiaries are subject to PRC EIT at the statutory tax rate of 25% for both years.

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 the rates prevailing in the respective jurisdictions.

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of comprehensive income as follows:

	2013	2012
	HK$'000	*HK$'000*
Profit before tax	17,776	11,097
Tax at the domestic income tax rate of 16.5%	2,933	1,831
Tax effect of expenses that are not deductible for tax purpose	4,275	3,226
Tax effect of income not taxable for tax purpose	(593)	(262)
Tax effect of utilisation of tax losses previously not recognised	(238)	(940)
Tax effect of tax losses not recognised	2,804	688
Income tax on tax exemption	–	(1,101)
Effect of different tax rates of subsidiaries operating in other jurisdictions	566	(332)
Underprovision in respect of prior years	36	125
Deferred tax relating to dividend withholding tax	724	142
Tax charge for the year	10,507	3,377

Details of deferred taxation are set out in Note 29.

11. PROFIT FOR THE YEAR

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

Included in the other staff costs is an aggregate amount of approximately HK$7,792,000 and HK$441,000 (2012: HK$5,444,000 and HK$302,000) in respect of defined contribution pension scheme and defined benefit obligation made by the Group (Note 30).

The cost of inventories recognised as an expense approximates the cost of sales as disclosed in the consolidated statement of comprehensive income for both years.

notes:

(i) Information regarding Directors' and employees' emoluments

Directors

The emoluments paid or payable to each of the nine Directors were as follows:

	Choi Lin Hung	Lau Kwok Wa, Stanley	Ng Tze On	Chen Tien Tui	Li Ming Hung	Lau Chi Kit	Mak Chi Yan	Wong Wai Kit, Louis	Yuen Kin Kei	Total
	HK$'000 *(note)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2013										
Fees	1,170	711	226	–	–	180	180	180	180	2,827
Salaries and other benefits	1,170	59	270	–	–	–	–	–	–	1,499
Contribution to retirement benefits scheme	15	15	11	–	–	–	–	–	–	41
Total emoluments	2,355	785	507	–	–	180	180	180	180	4,367
2012										
Fees	990	652	346	–	–	180	180	180	180	2,708
Salaries and other benefits	1,120	84	267	–	–	–	–	–	–	1,471
Contribution to retirement benefits scheme	12	12	11	–	–	–	–	–	–	35
Total emoluments	2,122	748	624	–	–	180	180	180	180	4,214

note: Choi Lin Hung is the chief executive officer of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive officer.

Employees

The five highest paid individuals of the Group for both years included two (2012: two) Directors, details of whose emoluments are set out above. The emoluments of the remaining three (2012: three) individuals of the Group, not being Directors, are as follows:

	2013	**2012**
	HK$'000	*HK$'000*
Salaries and other benefits	3,809	3,091
Contributions to retirement benefits scheme	43	36
Equity-settled share-based payment expense	10,833	9,931
	14,685	13,058

Their emoluments were within the following bands:

	2013	**2012**
HK$nil to HK$1,000,000	2	2
HK$11,000,001 to HK$11,500,000	–	1
HK$12,500,001 to HK$13,000,000	1	–

During each of the two years ended 31 March 2013, (i) no emoluments were paid by the Group to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office and (ii) none of the Directors waived any emoluments.

12. DISTRIBUTIONS

No final dividend was paid or proposed for the year ended 31 March 2013, nor has any dividend been proposed since the end of the reporting period (2012: Nil). An interim dividend of HK1.0 cent per ordinary share amounting to HK$4,380,000 was paid to the Shareholders for the year ended 31 March 2012.

13. 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	**2012**
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	11,178	7,256
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	15,782,715	19,019,155
Weighted average number of ordinary shares for the purposes of diluted earnings per share	453,787,844	457,019,155

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Total HK$'000
COST						
At 1 April 2011	65,905	18,779	17,059	5,575	70,445	177,763
Exchange realignment	1,341	447	313	55	1,257	3,413
Additions	13,671	9,117	3,299	1,808	5,715	33,610
Acquired on acquisition of subsidiaries *(Note 32)*	–	68	197	621	9,340	10,226
Disposals	–	(1,546)	(1,763)	(1,245)	(13,221)	(17,775)
At 31 March 2012	80,917	26,865	19,105	6,814	73,536	207,237
Exchange realignment	426	94	60	8	212	800
Additions	27,430	4,273	9,972	936	3,952	46,563
Disposals	(5,566)	(91)	(60)	(764)	(5,253)	(11,734)
At 31 March 2013	103,207	31,141	29,077	6,994	72,447	242,866
DEPRECIATION						
At 1 April 2011	4,764	12,600	9,627	2,639	42,820	72,450
Exchange realignment	76	197	195	38	645	1,151
Provided for the year	2,850	2,484	2,392	1,034	5,667	14,427
Eliminated on disposals	–	(1,509)	(1,403)	(1,045)	(13,139)	(17,096)
At 31 March 2012	7,690	13,772	10,811	2,666	35,993	70,932
Exchange realignment	36	49	47	6	129	267
Provided for the year	3,531	3,451	2,783	1,196	7,714	18,675
Eliminated on disposals	(167)	(75)	(40)	(608)	(2,837)	(3,727)
At 31 March 2013	11,090	17,197	13,601	3,260	40,999	86,147
CARRYING VALUE						
At 31 March 2013	92,117	13,944	15,476	3,734	31,448	156,719
At 31 March 2012	73,227	13,093	8,294	4,148	37,543	136,305

Taking into account the residual values, the above items of property, plant and equipment are depreciated using the straight-line method at the following rates per annum:

Leasehold land and buildings	4% per annum or over the shorter of the term of the lease
Furniture, fixtures and equipment	15%–25%
Leasehold improvements	5 to 10 years or over the term of the relevant leases, if shorter
Motor vehicles	20%
Plant and machinery	$6^{2}/_{3}$%–25%

The Group's leasehold land and buildings comprise:

	2013	**2012**
	HK$'000	*HK$'000*
Buildings and leasehold land with medium-term lease located in:		
– Hong Kong	26,702	27,717
– the PRC	63,124	42,994
– Jordan	2,291	2,516
	92,117	73,227

15. PREPAID LEASE PAYMENTS

	2013	**2012**
	HK$'000	*HK$'000*
Prepaid lease payments comprise:		
Leasehold land in the PRC:		
Medium-term lease	3,668	3,744
Analysed for reporting purposes as:		
Current asset	99	99
Non-current asset	3,569	3,645
	3,668	3,744

16. GOODWILL

	HK$'000
COST	
At 1 April 2011	5,541
Arising on acquisition of subsidiaries *(Note 32)*	429
At 31 March 2012 and 31 March 2013	5,970

As explained in Note 8, the Group has two operating segments. For the purposes of impairment testing, goodwill was allocated to a group of CGUs, which are included in the production and sale of garment products segment (i.e. segment B in Note 8). The segment represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount of these units have been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and a discount rate of 10% (2012: 10%). The cash flows beyond the 5-year period are extrapolated using zero growth rate (2012: zero growth rate). The key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. The management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount to exceed the recoverable amount.

17. INTANGIBLE ASSET

	HK$'000
COST	
At 1 April 2011, 31 March 2012 and 31 March 2013	1,000

The intangible asset represents a trademark acquired for segment A in Note 8. While the trademark has a registered life of 7 years, the Directors are of the opinion that it can be renewed at minimal cost upon expiration of its registration and practically has indefinite useful life. Accordingly, no amortisation is provided on the trademark while impairment testing will be performed at least annually.

The trademark has been allocated to a CGU, which is included in the sale of garment products segment (i.e. segment A in Note 8). During the year ended 31 March 2013 and the year ended 31 March 2012, the management determine that there is no impairment of trademark.

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and a discount rate of 10% (2012: 10%). The cash flows beyond the 5-year period are extrapolated using zero growth rate (2012: zero growth rate). This growth rate is based on the management forecast. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. The management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount to exceed the recoverable amount.

18. INTEREST IN A JOINTLY CONTROLLED ENTITY

	2013 HK$'000	2012 HK$'000
Cost of unlisted investment in a jointly controlled entity	1,340	1,340
Share of post-acquisition loss	(1,340)	(1,340)
	–	–

As at 31 March 2013 and 31 March 2012, the Group had interest in the following jointly controlled entity:

Name of entity	Form of business structure	Place of incorporation	Principal place of operation	Proportion of nominal value of issued capital held by the Group	Principal activity
Gojifashion Inc.	Incorporation	Canada	Canada	50%	Inactive

The jointly controlled entity is inactive and has insignificant assets and liabilities. The Group has discontinued recognition of its share of losses of the jointly controlled entity. The amounts of income, expenses and unrecognised share of the jointly controlled entity, both for the year and cumulatively, are insignificant.

19. INVENTORIES

	2013 HK$'000	2012 HK$'000
Raw materials	73,309	65,669
Work in progress	40,206	43,451
Finished goods	19,050	23,215
	132,565	132,335

20. TRADE AND BILLS RECEIVABLES

	2013 HK$'000	2012 HK$'000
Trade and bills receivables	131,778	111,658
Less: Allowance for doubtful debts	(878)	(878)
	130,900	110,780

The Group allows its trade customers a credit period of 30 to 150 days.

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	**2012**
	HK$'000	*HK$'000*
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
	130,900	110,780

The Group's trade and bills receivables that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2013	**2012**
	HK$'000	*HK$'000*
HK$	423	182
RMB	–	596

Before accepting any new customer, the Group assesses and understands the potential customer's credit quality. The management reviews each customers credit quality regularly. All trade receivables that are neither past due nor impaired have good credit quality after taking into account the repayment history of the trade customers. The Group has not identified any credit risk on these trade receivables.

Included in the Group's trade receivable balance are debtors that were outstanding for more than 120 days with an aggregate carrying amount of approximately HK$3,579,000 (2012: HK$2,260,000) which were past due at the reporting date but for which the Group has not provided for impairment loss.

The Group did not hold any collateral against the above amounts. However, management believes that these amounts are still recoverable because there has not been an adverse change in the relevant entities' credit quality. The Group has assessed the credit quality of the trade receivables by using internal assessment, taking into account the repayment history and financial background of the trade customers and has not identified any credit risk on these trade receivables.

The Group has provided fully for all receivables over 365 days because historical experience is such that receivables that are past due beyond 365 days are generally not recoverable.

Movement in the allowance for doubtful debts

	2013	**2012**
	HK$'000	*HK$'000*
Balance at beginning of the year	878	848
Exchange difference	–	30
Balance at end of the year	878	878

The impairment losses recognised were related to customers that were in financial difficulties.

Transfer of financial assets

The following were the Group's bills receivables as at 31 March 2013 that were transferred to banks by discounting those bills receivables on a full recourse basis. 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 bills receivables and has recognised the cash received on the transfer as an unsecured borrowing (see Note 26). These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

	2013	2012
	HK\$'000	*HK\$'000*
Carry amount of bills receivables	1,198	783
Carry amount of associated liabilities	(1,198)	(783)

During the year ended 31 March 2013, the Group discounted bills receivables with recourse in an aggregate amount of approximately HK\$26,260,000 (2012: HK\$783,000) to banks for short term financing. In the opinion of the Directors, the receipts from the bills discounting are in substance from trade customers and are presented as operating cash flow in the consolidated statement of cash flows.

21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2013	2012
	HK\$'000	*HK\$'000*
Deposits paid for purchases of raw materials and garment products	36,869	55,308
Other deposits and prepayments	12,676	8,924
Others	5,795	7,766
	55,340	71,998

22. AMOUNTS DUE TO RELATED COMPANIES

Details of the balances with related companies are as follows:

	2013	2012
	HK\$'000	*HK\$'000*
Amounts due to fellow subsidiaries	2,063	15,113
Amount due to ultimate holding company	–	206
	2,063	15,319

All the above balances are trade in nature. They are unsecured, interest-free and repayable on demand.

An aged analysis of the amounts due to related companies at the end of each reporting period, presented based on the invoice date is as follows:

	2013	2012
	HK$'000	*HK$'000*
0-30 days	2,063	8,342
31-60 days	–	2,979
61-90 days	–	3,998
	2,063	15,319

The amounts due to related companies that are denominated in a currency other than the functional currency of the relevant group entities are as follows:

	2013	2012
	HK$'000	*HK$'000*
HK$		
Amounts due to fellow subsidiaries	2,061	9,988
Amount due to ultimate holding company	–	206
	2,061	10,194

23. BANK BALANCES AND CASH

These represent bank balances, cash and short-term bank deposits with original maturity less than three months held by the Group. Bank balances carry interest at market rates ranging from 0.001% to 2.65% (2012: from 0.001% to 2.65%) per annum.

The Group's bank balances and cash that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2013	2012
	HK$'000	*HK$'000*
HK$	9,496	8,653
RMB	201	21,359

24. 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	2012
	HK$'000	*HK$'000*
0-60 days	61,471	63,392
61-90 days	6,108	3,683
Over 90 days	1,716	4,327
	69,295	71,402

The average credit period for purchase of goods is 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit periods granted.

The Group's trade and bills payables that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2013	2012
	HK$'000	*HK$'000*
HK$	4,114	8,136
RMB	–	1

25. OTHER PAYABLES AND ACCRUALS

	2013	2012
	HK$'000	*HK$'000*
Accruals for operating expenses	23,257	32,329
Consideration payable for acquisition of subsidiaries	–	3,500
	23,257	35,829

26. BANK BORROWINGS

	2013	2012
	HK$'000	*HK$'000*
Import loans and trust receipts loans	35,191	39,286
Export loans	104,157	21,222
Mortgage loan	16,632	17,929
Bank loan	–	17,393
Advances drawn on bills receivables discounted with recourse	1,198	783
	157,178	96,613
Analysed as:		
– secured	16,632	17,929
– unsecured	140,546	78,684
	157,178	96,613
Carrying amount of bank loans that contain a repayable on demand clause and repayable*:		
Within one year	141,885	79,977
In more than one year but not more than two years	1,375	1,331
In more than two years but not more than three years	1,412	1,369
In more than three years but not more than four years	1,452	1,407
In more than four years but not more than five years	1,492	1,449
In more than five years	9,562	11,080
Total (shown under current liabilities)	157,178	96,613

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

All the Group's bank borrowings carry interest rates which fall within the range of HIBOR or LIBOR plus 1.25% to HIBOR plus 2.50% per annum (2012: HIBOR or LIBOR plus 0.85% to HIBOR plus 2.50% per annum). The range of effective interest rates of the Group's bank borrowings are 1.45% to 2.80% per annum (2012: 1.45% to 2.95% per annum).

The Group's bank borrowings that are denominated in a currency other than the functional currency of the relevant group entities are set out below:

	2013	2012
	HK$'000	*HK$'000*
HK$	17,806	41,114

27. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives settled in net (not under hedge accounting):

		Assets		Liabilities	
		2013	**2012**	**2013**	**2012**
	notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Structured currency forward contracts	*(i)*	1,640	1,208	132	1,686
Foreign currency forward contract	*(ii)*	–	17	–	–
Foreign currency forward contract	*(iii)*	–	–	–	271
		1,640	1,225	132	1,957

notes:

(i) The Group has entered into certain contracts with financial institutions to hedge against an increase in RMB/US$ exchange rate for certain agreed periods of time. The Group and the respective financial institutions would settle on a net basis with reference to the fluctuation of the RMB/US$ exchange rate against the pre-determined exchange rate on a monthly basis over the contract periods. Some of these contracts contain knock-out features that will automatically terminate the contracts in certain scenarios. As at 31 March 2013, the maximum aggregate notional amount of the outstanding structured currency forward contracts for the calculation of the monthly net-settled amounts is US$5,000,000 (2012: US$6,000,000), of which US$3,000,000 (2012: US$4,000,000) is related to contracts with knockout provision. The pre-determined exchange rates specified in the contracts range from 6.335 to 6.520 (2012: 6.335 to 6.630). The maturity dates of these contracts range from 15 August 2014 to 12 December 2014 (2012: 15 May 2013 to 12 December 2014) subject to knockout provision.

(ii) The Group entered into a US$/Euro Dollar ("EURO") foreign currency forward contract on 27 February 2012 which required the Group to sell EURO and to buy US$ at an exchange rate of 1.340: 1. As at 31 March 2012, the notional amount of the outstanding foreign currency forward contract was EURO240,000. The contract matured prior to 31 March 2013.

(iii) The Group entered into a HK$/RMB foreign currency forward contract on 31 May 2011 which required the Group to sell RMB and to buy HK$ at an exchange rate of 1.2108: 1. As at 31 March 2012, the notional amount of the outstanding foreign currency forward contract was approximately HK$17,708,000. The contract matured prior to 31 March 2013.

The fair values of the structured currency forward contracts are determined by using the Monte Carlo Simulation Method and the fair values of the foreign currency forward contracts were determined by using the Covered Interest Rate Parity Model.

28. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
As at 1 April 2011, 31 March 2012 and 31 March 2013	900,000,000	9,000
Issued and fully paid:		
As at 1 April 2011 and 31 March 2012	438,000,000	4,380
Exercise of share options	120,000	1
As at 31 March 2013	438,120,000	4,381

The new Shares rank pari passu with the then existing Shares in all respects.

29. DEFERRED TAXATION

The following is the analysis of the deferred tax balances for financial reporting purpose:

	2013	2012
	HK$'000	*HK$'000*
Deferred tax assets	1,835	1,899
Deferred tax liabilities	(2,192)	(1,586)
	(357)	313

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

	Accelerated tax and accounting depreciation	Tax losses	Dividend withholding tax	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2011	734	300	(966)	216	284
(Charge) credit to profit or loss	21	(300)	(142)	457	36
Exchange difference	–	–	(7)	–	(7)
At 31 March 2012	755	–	(1,115)	673	313
(Charge) credit to profit or loss	331	–	(724)	(269)	(662)
Exchange difference	–	–	(8)	–	(8)
At 31 March 2013	1,086	–	(1,847)	404	(357)

At the end of the reporting period, the Group had unused tax losses of approximately HK$22,322,000 (2012: HK$6,768,000) available for offset against future profits. Losses of approximately HK$18,629,000 expired during the year ended 31 March 2012. No deferred tax asset has been recognised in relation to such losses due to the unpredictability of future profit streams (2012: Nil). The remaining unused tax losses may be carried forward indefinitely.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has been fully provided for in respect of the undistributed profits from these PRC subsidiaries in the consolidated financial statements.

30. RETIREMENT BENEFIT PLANS

(i) Defined contribution plan

The Group has operated a defined contribution retirement benefit scheme for all qualifying employees in Hong Kong since 1 April 1995. The assets of the scheme are held separately from those of the Group in a provident fund managed by an independent trustee. The retirement benefits scheme contributions represent contributions payable to the fund by the Group at rates specified in the rules of the scheme. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions. According to the Mandatory Provident Fund ("MPF") legislation regulated by the Mandatory Provident Fund Schemes Authority in Hong Kong, with effect from 1 December 2000, the Group is also required to participate in an MPF scheme operated by approved trustees in Hong Kong and to make contributions for its eligible employees. The contributions borne by the Group are calculated at 5% of the salaries and wages (monthly contribution is limited to 5% of HK$25,000 (HK$20,000 prior to 1 June 2012) for each eligible employee) as calculated under the MPF legislation.

Both the defined contribution retirement benefits scheme and the MPF scheme co-existed within the Group in both years.

As at 31 March 2013 and 2012, there were no forfeited contributions available to offset future employers' contributions to the scheme.

The Company's subsidiaries in the PRC are members of the state-managed retirement benefits scheme operated by the government of the PRC. The retirement scheme contributions, which are based on certain percentage of the salaries of the relevant subsidiaries' employees, are charged to the statement of comprehensive income in the period to which they relate and represent the amount of contributions payable by these subsidiaries to the scheme.

In addition, certain overseas subsidiaries of the Company are required to contribute amounts based on employees' salaries to the retirement benefit schemes as stipulated by relevant local authorities. The employees are entitled to these subsidiaries' contributions subject to the regulations of the relevant local authorities.

(ii) Defined benefit plan

A subsidiary of the Company in Indonesia operates an unfunded defined benefit plan (the "Plan") for qualifying employees who were recruited by the subsidiary. Under the Plan, the employees are entitled to retirement benefits varying between nil and 100 per cent of final salary on attainment of a retirement age of 55. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 31 March 2013 by Padma Radya Aktuaria, Fellow of the Society of Actuaries of Indonesia. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2013	**2012**
Discount rate	5.50%	6.00%
Expected rate of salary increase	8.00%	3.00%
Mortality rate *(note)*	Indonesia Mortality Table 2011 ("TMI3")	Indonesia Mortality Table 1999 ("TMI2")
Morbidity rate	5% TMI3	5% TMI2
Early resignation rate	15% up to age 30, reducing to 0% at age 55	15% up to age 30, reducing to 0% at age 55

note: The TMI2 and TMI3 are issued by the Insurance Council of Indonesia.

Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

	2013	**2012**
	HK$'000	*HK$'000*
Current service cost	362	234
Interest on obligations	79	68
Actuarial gains recognised	(42)	–
Total	399	302

The charge for the year is included in the employee benefit expenses in the profit or loss.

The amount included in the consolidated statement of financial position arising from the Group's obligations in respect of the Plan is as follows:

	2013	**2012**
	HK$'000	*HK$'000*
Present value of unfunded defined benefit obligations	1,841	721
Net actuarial (losses) gains not recognised	(425)	420
Net liability arising from defined benefit obligations	1,416	1,141

Movements in the present value of the unfunded defined benefit obligations in the current year were as follows:

	2013	2012
	HK$'000	*HK$'000*
At 1 April	721	889
Current service cost	362	234
Interest cost	79	68
Actuarial losses (gains)	779	(443)
Exchange differences on foreign plans	(44)	(27)
Benefits paid	(56)	–
At 31 March	1,841	721

31. SHARE-BASED PAYMENT TRANSACTIONS

Share Option Scheme of the Company

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 Employees. The Share Option Scheme will remain in force for a period of ten years from the date of its adoption.

The maximum number of Shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the issued share capital of the Company from time to time. The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue on the date of the adoption of the Share Option Scheme. Such 10% limit may be refreshed, subject to specific approval by the Shareholders from time to time with reference to the issued share capital of the Company for the time being. Subject to specific approval by the Shareholders, the total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

Options granted must be taken up within 21 days from the date of grant, upon payment of HK$1 per grant of option(s). Options may, subject to the black-out periods under the Model Code, generally be exercised at any time from the date of grant to the 10th anniversary of the date of grant. In each grant of options, the Board may at its discretion determine the specific exercise period and exercise price. The exercise price shall not be less than the highest of (i) the closing price of Shares on the Stock Exchange on the date of the offer of grant; (ii) the average closing price of Shares on the Stock Exchange for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of a Share.

The following table discloses movements in the Company's share options during the current and prior years:

Category	Grant date	Vesting period	Exercise price *HK$*	Exercisable period	Number of share options: Outstanding at 1.4.2011	Granted during the year	Cancelled during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.3.2012	Granted during the year	Cancelled during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.3.2013
Directors															
Mr. Lau Kwok Wa, Stanley	2.6.2010	5.10.2010-4.10.2012	0.6	5.10.2012-31.5.2020	5,350,000	–	–	–	–	5,350,000	–	–	–	–	5,350,000
Mr. Ng Tze On	2.6.2010	5.10.2010-4.10.2012	0.6	5.10.2012-31.5.2020	5,350,000	–	–	–	–	5,350,000	–	–	–	–	5,350,000
Employees															
Mr. Ng Tsze Lun *(note i)*	2.6.2010	5.10.2010-4.10.2012	0.6	5.10.2012-31.5.2020	21,000,000	–	–	–	–	21,000,000	–	–	–	–	21,000,000
	27.4.2011	27.4.2011-26.4.2013	0.844	27.4.2013-26.4.2016	–	37,000,000	–	–	–	37,000,000	–	–	–	–	37,000,000
Other employees *(note ii)*	2.6.2010	5.10.2010-4.10.2012	0.6	5.10.2012-31.5.2020	9,550,000	–	–	–	(700,000)	8,850,000	–	–	(120,000)	(650,000)	8,080,000
	27.4.2011	27.4.2011-26.4.2013	0.844	27.4.2013-26.4.2016	–	5,920,000	–	–	(455,000)	5,465,000	–	–	–	(385,000)	5,080,000
					41,250,000	42,920,000	–	–	(1,155,000)	83,015,000	–	–	(120,000)	(1,035,000)	81,860,000
Exercisable at the end of the year					–					–					39,780,000

notes:

(i) The grant of the share options to Mr. Ng Tsze Lun, which exceeded the individual limit as set out in note to Rule 17.03(4) of the Listing Rules, was approved by Shareholders in a special general meeting of the Company held on 27 April 2011.

(ii) Other employees include employees of the Group (other than the Directors) working under employment contracts with the Group which are regarded as "continuous contracts" for the purpose of the Employment Ordinance (Chapter 57 of the laws of Hong Kong).

(iii) In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK$0.788.

(iv) On 2 June 2010, the Company granted 41,900,000 share options to Eligible Employees. This grant was conditional upon the listing of the Company's shares on the Stock Exchange and the Eligible Employees remaining employed by the Group. Subsequent to the grant, on 5 October 2010, the Company and all the Eligible Employees have agreed to impose a vesting period of two years and to revise the exercisable period of the options granted (the "Modification"). As the Modification increased the vesting period and was not beneficial to Eligible Employees, the Company only considered the vesting conditions imposed on grant date in determining the time period as to when the awards should be expensed in profit or loss (i.e. the share options were considered fully vested to Eligible Employees upon listing for accounting purpose).

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 average closing price of the Company's Shares for the five trading days immediately before the date of the offer of grant was HK$0.844 and the closing price of the Company's Shares immediately before the date of grant was HK$1.10 and on the date of the offer of grant was HK$0.81. These options have a vesting period of two years and are exercisable for the period up to the 5th anniversary of the date of grant.

The fair value of these options was determined using the Binomial Model. The variables and assumptions used in computing the fair value of the options are based on the Director's best estimate. The value of a share option varies with different variables of certain subjective assumptions.

The following assumptions were used to calculate the fair values of the share options:

	Date of Grant 27.4.2011
Share price at date of grant	HK$1.13
Exercise price	HK$0.844
Suboptimal exercise factor	1.8
Expected volatility	64%
Expected life	5 years
Expected dividend yield	2%
Risk free rate	1.74%

The fair value of the grant was approximately HK$24,600,000. The Group recognised a share-based payment expense of approximately HK$12,060,000 for the year ended 31 March 2013 with reference to the vesting period (2012: HK$11,156,000).

32. ACQUISITION OF SUBSIDIARIES

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

Global Trend owns the entire equity interest in Jerash which is a company incorporated in Jordan and engaged in the manufacture of garment products.

In the opinion of the Directors, the Acquisition provides the Group an opportunity to expand its production capacity.

Details of the consideration transferred, assets acquired and liabilities assumed in respect of the Acquisition are as follows:

	notes	*HK$'000*
Consideration transferred		
Cash consideration		7,500
Fair value of assets and liabilities recognised at the date of Acquisition		
Non-current asset		
Property, plant and equipment		10,226
Current assets		
Inventory		74
Bank balance and cash		2,293
Trade receivables	*(i)*	6,038
Deposits, prepayments and other receivables		4,166
Current liabilities		
Amount due to the Group		(11,687)
Trade payables		(1,869)
Other payables and accruals		(2,170)
		7,071
Goodwill arising on Acquisition	*(ii)*	429

Net cash outflow arising on Acquisition

	2013	2012
	HK$'000	*HK$'000*
Cash consideration paid	3,500	4,000
Less: Cash and cash equivalents acquired	–	(2,293)
	3,500	1,707

notes:

(i) The fair value of the trade receivables approximate to their carrying value as the contracted gross cash flows are expected to be fully collectible.

(ii) The goodwill is attributable to the potential benefits to be derived from an additional offshore manufacturing outlet.

(iii) The revenue and loss for the year ended 31 March 2012 attributable to Global Trend and its subsidiary are neglectable. Had the Acquisition been effected on 1 April 2011, the revenue of the Group for the year would have been approximately HK$934,389,000, and the loss for the year would have been approximately HK$1,500,000. This pro forma information is for illustration purpose only and is not necessarily an indication of the Group's revenue and results of operations that would actually have been achieved had the Acquisition been completed on 1 April 2011, nor is intended to be a projection of future results. In determining the above pro forma revenue and results of the Group, the Directors calculated depreciation of property, plant and equipment based of the recognised amounts of property, plant and equipment at the date of the Acquisition.

(iv) Acquisition-related costs of approximately HK$19,000 were excluded from the cost of acquisition and were recognised directly as an expense in the year ended 31 March 2012 and included in the "administrative expenses" line item in the consolidated statement of comprehensive income.

33. PLEDGE OF ASSETS

The Group has pledged property, plant and equipment with carrying amount of approximately HK$26,702,000 (2012: HK$27,717,000) to secure credit facilities granted to the Group.

34. COMMITMENTS

(i) Capital commitments

	2013	**2012**
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided in the consolidated statement of financial position in respect of:		
– Acquisition of property, plant and equipment	–	668

(ii) Operating lease commitments

The Group as lessee

	2013	**2012**
	HK$'000	*HK$'000*
Minimum lease payments paid under operating leases in respect of premises and warehouses during the year	9,118	5,825

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises and warehouses which fall due as follows:

	2013	**2012**
	HK$'000	*HK$'000*
Within one year	10,763	5,438
In the second to fifth year inclusive	12,780	13,484
	23,543	18,922

Leases are negotiated for terms ranging from one to five years and rental is fixed throughout the lease period.

35. CONDENSED STATEMENT OF FINANCIAL POSITION OF THE COMPANY

The following is a condensed statement of financial position of the Company as at 31 March 2013 and 31 March 2012:

	2013	2012
	HK$'000	*HK$'000*
ASSETS		
Investment in a subsidiary, unlisted	89,405	89,405
Amounts due from a subsidiary	88,119	83,583
Tax recoverable	–	1,500
Others	572	850
	178,096	175,338
LIABILITIES		
Tax payable	59	–
Other payables	847	–
	906	–
	177,190	175,338
Capital and reserves		
Share capital	4,381	4,380
Reserves *(note a)*	172,809	170,958
	177,190	175,338

note:

(a) Reserves

	Share premium and other reserves *(note (b))* *HK$'000*	Accumulated profits (loss) *HK$'000*	Total *HK$'000*
At 31 March 2011	157,083	(10,207)	146,876
Profit for the year	–	17,306	17,306
Dividend paid in cash	–	(4,380)	(4,380)
Recognition of equity-settled share-based payments	11,156	–	11,156
Release of equity-settled share-based payments upon cancellation of options	(137)	137	–
At 31 March 2012	168,102	2,856	170,958
Loss for the year	–	(10,281)	(10,281)
Exercise of share options	72	–	72
Recognition of equity-settled share-based payments	12,060	–	12,060
Release of equity-settled share-based payments upon cancellation of options	(228)	228	–
At 31 March 2013	180,006	(7,197)	172,809

(b) Other reserves consist of share option reserve and contributed surplus of the Company.

36. RELATED PARTY DISCLOSURES

(i) Transactions

The Group had the following transactions with related parties:

	notes	2013 *HK$'000*	2012 *HK$'000*
VC Group			
Purchase of fabrics	*(a)*	79,889	101,657
Purchase of yarn	*(a)*	753	4,458
Utility expenses paid		3,713	4,131
Rental income received		489	483
Other related party			
Purchase of apparel	*(b)*	94,856	75,385

notes:

(a) During the year, the Group purchased fabrics and yarn from the VC Group. As at 31 March 2013, the Group also placed an amount of approximately HK$20,400,000 (2012: HK$38,188,000) at the VC Group as a purchase deposit.

(b) During the year, the Group purchased apparel from Kimberley. As at 31 March 2013, the Group also placed an amount of approximately HK$11,877,000 (2012: HK$13,276,000) at Kimberley as a purchase deposit.

Kimberley is controlled by a Director and is deemed to be a connected person to the Group under the Listing Rules.

In addition, the VC Group has leased certain land from, and provided waste water treatment services to the Group at no cost, as set out in the section headed "Exempted continuing connected transactions" in the prospectus published by the Company dated 17 September 2010.

(ii) Balances

Details of balances with the VC Group are set out in Note 22.

(iii) Compensation of key management personnel

The Directors and the employees of the Group included in the five highest paid individuals (Note 11) are identified as key management members of the Group. Their compensation during both years are set out in Note 11.

No Directors' emoluments were paid or payable by the Group to certain Directors during the year ended 31 March 2013 as they are also directors of the VC Group and the remuneration of these Directors was mainly borne by the VC Group. It is not practicable to allocate the Director's entitlements among the services to individual companies. The relevant Directors are of the opinion that the services provided to the Group only occupy an insignificant amount of their time as they mainly involve in strategy formulation and overall direction of the Group during the year ended 31 March 2013 and therefore it is concluded that they are not remunerated.

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 March 2013 and 2012 are as follows:

Name of subsidiary	Place of incorporation or registration/ operation	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company Directly 2013 %	Directly 2012 %	Indirectly 2013 %	Indirectly 2012 %	Principal activities
Ford Glory Holdings Limited	BVI	Ordinary US$100	100	100	–	–	Investment holding
Ford Glory Inc.	USA	Ordinary US$0.01	–	–	51	–	Trading of garment products
Ford Glory International Limited	Hong Kong ("HK")	Ordinary HK$5,000,000	–	–	100	100	Trading of garment products
Global Trend Investments Limited *(note i)*	BVI	Ordinary US$1,100,000	–	–	100	100	Investment holding
Glory Time Limited	HK	Ordinary HK$100	–	–	70	70	Trading of garment products
Jerash Garments and Fashions Manufacturing Company Limited *(note i)*	Jordan	Ordinary JD50,000	–	–	100	100	Manufacture of garment products
Major Time Limited	HK	Ordinary HK$1	–	–	51	–	Trading of garment products and accessories
Mayer Apparel Limited	HK	Ordinary HK$100	–	–	51	51	Trading of garment products
MT Studio Inc.	USA	Common stock US$1	–	–	51	–	Trading of garment products and accessories
PT. Victory Apparel Semarang	Indonesia	Ordinary US$300,000	–	–	100	100	Manufacture of garment products
Sky Winner Investment Limited	HK	Ordinary HK$100	–	–	70	70	Trading of garment products and accessories
Top Value Inc.	USA	Common stock US$1,000	–	–	100	100	Trading of garment products
Value Plus (Macao Commercial Offshore) Limited	Macau	Quota capital MOP100,000	–	–	100	100	Provision of quality inspection services
Victory Apparel (Jordan) Manufacturing Company Limited	Jordan	Ordinary JD50,000	–	–	100	100	Manufacture of garment products

Name of subsidiary	Place of incorporation or registration/ operation	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company Directly 2013	Directly 2012	Indirectly 2013	Indirectly 2012	Principal activities
			%	%	%	%	
Jiangmen V-Apparel Manufacturing LTD. *(note ii)*	PRC	Registered capital HK$31,260,000	–	–	100	100	Manufacture of garment products
Teelocker Limited *(note ii)*	PRC	Registered capital HK$5,000,000	–	–	70	70	Trading of garment products
福之源貿易(上海)有限公司 *(note ii)*	PRC	Registered capital RMB1,000,000	–	–	100	100	Trading of garment products and accessories
福源創業信息諮詢服務(深圳)有限公司 *(note ii)*	PRC	Registered capital HK$3,000,000	–	–	100	100	Provision of procurement services

notes:

(i) These companies were acquired in 2012.

(ii) These companies are registered in the form of wholly foreign owned enterprise.

None of the subsidiaries had any debt securities subsisting at 31 March 2013 or at any time during the year.

The above table only listed those subsidiaries of the Company, which in the opinion of the Directors, principally affected the results or net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

4. UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The following is the full text of the unaudited financial statements of the Group for the six months ended 30 September 2013 as extracted from the interim report of the Company for the six months ended 30 September 2013:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the six months ended 30 September 2013

		Six months ended 30 September	
		2013	**2012**
	Notes	*HK$'000*	*HK$'000*
		(unaudited)	*(restated)*
Revenue	3	549,876	589,153
Cost of sales		(457,050)	(491,801)
Gross profit		92,826	97,352
Other income		2,411	1,154
Other gains and losses	4	457	(6,737)
Selling and distribution costs		(18,525)	(16,092)
Administrative expenses		(60,828)	(59,232)
Share-based payment expenses	6	(1,004)	(6,043)
Interest on bank borrowings		(1,461)	(1,651)
Profit before tax		13,876	8,751
Income tax expense	5	(2,044)	(4,952)
Profit for the period	7	11,832	3,799
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligations		324	–
Item that may be subsequently reclassified to profit or loss:			
Exchange difference arising on translation		435	31
Reclassification adjustment:			
Release of exchange difference on dissolution of a subsidiary		546	–
		1,305	31
Total comprehensive income for the period		13,137	3,830

	Notes	Six months ended 30 September 2013 HK$'000 (unaudited)	2012 HK$'000 (restated)
Profit for the period attributable to:			
Owners of the Company		15,180	5,262
Non-controlling interests		(3,348)	(1,463)
		11,832	3,799
Total comprehensive income attributable to:			
Owners of the Company		16,479	5,284
Non-controlling interests		(3,342)	(1,454)
		13,137	3,830
Earnings per share	9		
Basic		HK3.4 cents	HK1.2 cents
Diluted		HK3.3 cents	HK1.2 cents

Condensed Consolidated Statement of Financial Position
At 30 September 2013

	Notes	30 September 2013 HK$'000 (unaudited)	31 March 2013 HK$'000 (restated)
Non-current assets			
Property, plant and equipment	10	157,034	156,719
Prepaid lease payments		3,542	3,569
Goodwill		5,970	5,970
Intangible asset		1,000	1,000
Deferred tax assets		1,718	1,835
		169,264	169,093
Current assets			
Inventories		135,701	132,565
Trade and bills receivables	11	155,309	130,900
Deposits, prepayments and other receivables		74,728	55,340
Prepaid lease payments		99	99
Derivative financial instruments	12	3,373	1,640
Tax recoverable		189	466
Bank balances and cash		105,641	142,491
		475,040	463,501
Current liabilities			
Trade and bills payables	13	86,102	69,295
Other payables and accruals		26,097	23,257
Amounts due to related companies	16	1,228	2,063
Derivative financial instruments	12	2,504	132
Tax payable		17,833	16,360
Bank borrowings	14	126,541	157,178
		260,305	268,285
Net current assets		214,735	195,216
Total assets less current liabilities		383,999	364,309

	Notes	30 September 2013 HK$'000 (unaudited)	31 March 2013 HK$'000 (restated)
Capital and reserves			
Share capital	15	4,467	4,381
Reserves		373,236	350,232
Equity attributable to owners of the Company		377,703	354,613
Non-controlling interests		2,321	5,663
Total equity		380,024	360,276
Non-current liabilities			
Defined benefit obligations		1,760	1,841
Deferred tax liabilities		2,215	2,192
		3,975	4,033
		383,999	364,309

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 September 2013

	Attributable to owners of the Company								
	Share capital	Share premium	Special reserve	Share option reserve	Foreign currency translation reserve	Accumulated profits	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2012 (audited and originally stated)	4,380	64,626	(22,325)	19,071	6,392	259,118	331,262	9,557	340,819
Adjustment *(Note 2)*	–	–	–	–	–	420	420	–	420
At 1 April 2012 (restated)	4,380	64,626	(22,325)	19,071	6,392	259,538	331,682	9,557	341,239
Profit for the period	–	–	–	–	–	5,262	5,262	(1,463)	3,799
Exchange differences arising on translation	–	–	–	–	22	–	22	9	31
Total comprehensive income for the period (restated)	–	–	–	–	22	5,262	5,284	(1,454)	3,830
Recognition of equity-settled share-based payments	–	–	–	6,043	–	–	6,043	–	6,043
Release of equity-settled share-based payments upon cancellation/lapse of options	–	–	–	(184)	–	184	–	–	–
At 30 September 2012 (unaudited and restated)	4,380	64,626	(22,325)	24,930	6,414	264,984	343,009	8,103	351,112

	Attributable to owners of the Company								
	Share capital *HK$'000*	Share premium *HK$'000*	Special reserve *HK$'000*	Share option reserve *HK$'000*	Foreign currency translation reserve *HK$'000*	Accumulated profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1 April 2013 (audited and originally stated)	4,381	64,720	(22,325)	30,880	6,858	270,524	355,038	5,663	360,701
Adjustment *(Note 2)*	–	–	–	–	–	(425)	(425)	–	(425)
At 1 April 2013 (restated)	4,381	64,720	(22,325)	30,880	6,858	270,099	354,613	5,663	360,276
Profit for the period	–	–	–	–	–	15,180	15,180	(3,348)	11,832
Remeasurement of defined benefit obligations	–	–	–	–	–	324	324	–	324
Exchange differences arising on translation	–	–	–	–	429	–	429	6	435
Release of exchange difference on dissolution of a subsidiary	–	–	–	–	546	–	546	–	546
Total comprehensive income for the period	–	–	–	–	975	15,504	16,479	(3,342)	13,137
Exercise of share options	86	7,914	–	(2,393)	–	–	5,607	–	5,607
Recognition of equity-settled share-based payments									
Release of equity-settled share-based payments upon	–	–	–	1,004	–	–	1,004	–	1,004
cancellation/lapse of options	–	–	–	(74)	–	74	–	–	–
At 30 September 2013 (unaudited)	**4,467**	**72,634**	**(22,325)**	**29,417**	**7,833**	**285,677**	**377,703**	**2,321**	**380,024**

Note: The special reserve represents the reserve arising from group reorganization completed in 2010.

Condensed Consolidated Statement of Cash Flows
For the six months ended 30 September 2013

	Six months ended 30 September 2013	2012
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Net cash used in operating activities	(978)	(9,454)
Net cash used in investing activities:		
Purchase of property, plant and equipment	(11,393)	(24,050)
Proceeds from disposal of property, plant and equipment	552	1,414
Acquisition of intangible assets	–	(155)
Other investing cash flows	45	615
	(10,796)	(22,176)
Net cash used in financing activities:		
Net bills discounted with recourse and debts factored with recourse, import loans, export loans and trust receipt loans raised	(29,974)	73,165
Repayment of other bank loan	–	(17,393)
Repayment of mortgage loans	(663)	(642)
Proceeds from exercise of share options	5,607	–
	(25,030)	55,130
Net (decrease) increase in cash and cash equivalents	(36,804)	23,500
Cash and cash equivalents at beginning of the period	142,491	104,230
Effect of foreign exchange rate changes	(46)	–
Cash and cash equivalents at end of the period, represented by bank balances and cash	105,641	127,730

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

1. GENERAL

Ford Glory Group Holdings Limited is an exempted company with limited liability incorporated in Bermuda and its shares are listed on the Stock Exchange. The Company's registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its head office and principal place of business are located at 19/F., Ford Glory Plaza, 37-39 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries are principally engaged in the trading and manufacturing of garment products and provision of quality inspection services.

The Company's ultimate holding company is VC, a company incorporated in Bermuda as an exempted company with limited liability under The Companies Act 1981 of Bermuda (as amended) and its shares are listed on the Stock Exchange. The Company's immediate holding company is Sure Strategy, a company incorporated in the British Virgin Islands with limited liability. For the purpose of this report, VC, together with its subsidiaries other than entities comprising the Group, are collectively referred to as the "VC Group".

The functional currency of the Company is US$. The condensed consolidated financial statements are presented in HK$ because the Company's shares are listed on the Stock Exchange and most of its potential investors are located in Hong Kong.

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

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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2013.

In the current interim period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

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

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. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

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.

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.

Amendments to HKAS 34 Interim Financial Reporting

(as part of the Annual Improvements to HKFRSs 2009-2011 Cycle)

The Group has applied the amendments to HKAS 34 Interim Financial Reporting as part of the Annual Improvements to HKFRSs 2009-2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision makers and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment. Since there has no material change from the amounts disclosed in the last Annual Report, the Group has not included total assets and total liabilities information as part of segment information.

HKAS 19 Employee Benefits (as revised in 2011)

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.

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 amortized 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.

The Group has applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis. The application of this new accounting policy has insignificant impact to the Group's profit or loss, other comprehensive income and earnings per share for the six months ended 30 September 2012. Accordingly, the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2012 are not significantly restated. The impacts on the condensed 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 described above on the financial positions of the Group as at the end of the immediately preceding financial year, i.e. 31 March 2013, is as follows:

	31 March 2013 (originally stated)	**Adjustment**	**31 March 2013 (restated)**
	HK$'000	*HK$'000*	*HK$'000*
Defined benefit obligations	1,416	425	1,841
Retained profits	270,524	(425)	270,099

The effect of the change in accounting policy in relation to HKAS 19 described above on the financial positions of the Group as at the beginning of the comparative period, i.e. 1 April 2012, is as follows:

	1 April 2012 (originally stated)	**Adjustment**	**1 April 2012 (restated)**
	HK$'000	*HK$'000*	*HK$'000*
Defined benefit obligations	1,141	(420)	721
Retained profits	259,118	420	259,538

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

3. SEGMENT INFORMATION

The Group's operating segments based on information reported to the chief operating decision makers (i.e. 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 mainly trade garment products to the US, Canada, Europe, 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 for the periods under review:

Six months ended 30 September 2013

	Segment A	Segment B	Segment Total	Elimination	Consolidated Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE					
External sales	516,609	33,267	549,876	–	549,876
Inter-segment sales	26,736	247,629	274,365	(274,365)	–
Total	543,345	280,896	824,241	(274,365)	549,876
RESULTS					
Segment results	4,672	11,329	16,001		16,001
Unallocated income					2,489
Unallocated expenses					(3,153)
Interest expenses					(1,461)
Profit before tax					13,876

Six months ended 30 September 2012

	Segment A	Segment B	Segment Total	Elimination	Consolidated Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE					
External sales	512,123	77,030	589,153	–	589,153
Inter-segment sales	–	228,609	228,609	(228,609)	–
Total	512,123	305,639	817,762	(228,609)	589,153
RESULTS					
Segment results	12,874	10,928	23,802		23,802
Unallocated income					860
Unallocated expenses					(14,260)
Interest expenses					(1,651)
Profit before tax					8,751

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 (loss) 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

	Six months ended 30 September 2013	2012
	HK$'000	*HK$'000*
Net gain (loss) on fair value changes of derivative financial instruments	2,198	(6,397)
Loss on dissolution of a subsidiary	(546)	–
Net loss on disposal of property, plant and equipment	(871)	(765)
Net foreign exchange (loss) gain	(324)	425
	457	(6,737)

5. INCOME TAX EXPENSE

	Six months ended 30 September 2013 HK$'000	2012 HK$'000
Current tax:		
Hong Kong Profits Tax	1,799	2,020
Enterprise Income Tax in the PRC attributable to subsidiaries	47	2,588
Overseas income tax	66	5
	1,912	4,613
Deferred tax:		
Current period	132	339
	2,044	4,952

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% for both periods.

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. SHARE-BASED PAYMENT TRANSACTIONS

The Company operates the Share Option Scheme. The movements of the share options in the Period under the Share Option Scheme was as follows:

	Number of share options
Outstanding as at 1 April 2013	81,860,000
Exercised during the Period	(8,572,000)
Lapsed during the Period	(200,000)
Outstanding as at 30 September 2013	73,088,000

The Company granted 42,920,000 share options to the Group's employees at an exercise price of HK$0.844 per share on 27 April 2011. During the Period, the Group recognised a total expense of approximately HK$1,004,000 (2012: HK$6,043,000) in relation to these share options.

7. PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2013	**2012**
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	10,165	9,198
Release of prepaid lease payments	49	49
Bank interest income	(45)	(615)

8. DIVIDEND

The Board has determined that an interim dividend of approximately HK$4,488,000, representing HK1.0 cent per Share for the six months ended 30 September 2013 (for the six months ended 30 September 2012: Nil) to be paid to the Shareholders.

9. 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:

	Six months ended 30 September 2013 *HK$'000*	2012 *HK$'000*
Earnings		
Profit for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share	15,180	5,262
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	441,088,546	438,000,000
Effect of dilutive potential shares: – Share options of the Company	21,387,630	13,114,983
Weighted average number of ordinary shares for the purpose of diluted earnings per share	462,476,176	451,114,983

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group incurred approximately HK$11,393,000 (six months ended 30 September 2012: HK$24,050,000) on additions to property, plant and equipment.

11. TRADE AND BILLS RECEIVABLES

The Group allows its trade customers a credit period ranging between 30 to 150 days.

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

	30 September 2013 *HK$'000*	31 March 2013 *HK$'000*
0-30 days	89,960	63,981
31-60 days	34,916	34,890
61-90 days	14,471	10,622
91-120 days	12,512	17,828
Over 120 days	3,450	3,579
	155,309	130,900

12. DERIVATIVE FINANCIAL INSTRUMENTS

The Group has entered into certain contracts with financial institutions to hedge against an increase in RMB/US$ exchange rate for certain agreed periods of time. The Group and the respective financial institutions would settle on a net basis with reference to the fluctuation of the RMB/US$ exchange rate against the pre-determined exchange rate on a monthly basis over the contract periods. Certain of these contracts include knock-out provision whereby the contracts will automatically be terminated in certain scenarios.

The fair values of the structured currency forward contracts were determined by using the Monte Carlo Simulation Method.

13. TRADE AND BILLS PAYABLES

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

	30 September 2013	**31 March 2013**
	HK$'000	*HK$'000*
0-60 days	74,452	61,471
61-90 days	4,298	6,108
Over 90 days	7,352	1,716
	86,102	69,295

14. BANK BORROWINGS

	30 September 2013	**31 March 2013**
	HK$'000	*HK$'000*
Import loans and trust receipts loans	43,061	35,191
Export loans	67,512	104,157
Mortgage loan	15,968	16,632
Advances drawn on bills receivables discounted with recourse	–	1,198
	126,541	157,178

All the Group's bank borrowings carry interest rates which fall within the range of HIBOR or LIBOR plus 1.25% to HIBOR plus 2.50% per annum (six months ended 30 September 2012: HIBOR or LIBOR plus 1.25% to HIBOR plus 2.50% per annum). The range of effective interest rates of the Group's bank borrowings are 1.68% to 2.71% per annum (six months ended 30 September 2012: 1.72% to 2.80% per annum).

15. SHARE CAPITAL

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
As at 1 April 2012, 31 March 2013 and 30 September 2013	900,000,000	9,000
Issued and fully paid:		
As at 1 April 2012	438,000,000	4,380
Exercise of share options	120,000	1
As at 31 March 2013	438,120,000	4,381
Exercise of share options	8,572,000	86
As at 30 September 2013	446,692,000	4,467

All shares issued during the Period ranked pari passu in all respects with the then existing shares.

16. RELATED PARTY DISCLOSURES

(I) Transactions

During the periods under review, the Group had the following transactions with related parties:

	Six months ended 30 September 2013 HK$'000	2012 HK$'000
VC Group		
Purchase of fabrics *(note 1)*	20,998	58,311
Purchase of yarn *(note 1)*	11	701
Utility expenses paid	2,009	2,381
Rental income received	246	244
Other related party		
Purchase of apparel *(note 2)*	30,257	41,879

note 1: During the periods, the Group purchased fabrics and yarn from the VC Group. The Group also placed an amount of approximately HK$27,676,000 (as at 31 March 2013: HK$20,400,000) at the VC Group as a purchase deposit.

note 2: During the periods, the Group purchased apparel products from 加美(清遠)製衣有限公司 Kimberley (Qing Yuan) Garment Limited ("Kimberley"). Kimberley is controlled by a Director. The Director also has significant influence in the Company. The Group also placed deposits with Kimberley in the amount of approximately HK$15,473,000 (as at 31 March 2013: HK$11,877,000) (included in deposits, prepayments and other receivables) as at 30 September 2013.

(II) Balances

Amounts due to related companies are balances with the VC Group which are disclosed in the condensed consolidated statement of financial position on page 22. They are unsecured, interest-free and repayable according to credit terms. The following is an aged analysis of the amounts due to related companies based on invoice date at the end of each reporting period:

	At 30 September 2013	At 31 March 2013
	HK$'000	*HK$'000*
0-30 days	1,193	2,063
31-60 days	6	–
61-90 days	29	–
	1,228	2,063

(III) Compensation of key management personnel

The remuneration of Directors and other members of key management during the Period was as follows:

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
Directors fees	1,360	1,360
Basic salaries and allowances	1,754	1,753
Retirement benefit scheme contributions	26	26
Share-based payment	884	5,302
	4,024	8,441

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The Group's derivative financial instruments are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets/ financial liabilities	**Fair value as at 30 September 2013**	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
Structured foreign currency contracts classified as derivative financial instruments in the condensed consolidated statement of financial position (note 1)	Assets – HK$3,373,000 Liabilities – HK$2,504,000 (Both not designated for hedging)	Level 3	Monte Carlo Simulation Method. The key inputs are spot exchange rate on the date of valuation, strike rate, time to maturity, notional amount, payout amount for each settlement, risk-free rate of US$ and RMB and the average implied volatility of the exchange rate as at valuation date.

note 1: This valuation techniques use only observable inputs or unobservable inputs that are not significant to the overall valuation. Therefore, relationship of unobservable inputs to fair value is not disclosed. Sensitivity of the fair value measurement to changes in unobservable inputs in the valuation models is not presented as changes in the unobservable inputs lead to asymmetric changes in the fair values.

Reconciliation of Level 3 fair value measurements of financial assets and financial liabilities

	Structured foreign currency forward contracts
	HK$'000
At 1 April 2013	1,508
Premium received on contract date	(428)
Net settlement	(2,409)
Fair value gains *(note)*:	
– realised	1,329
– unrealised	869
At 30 September 2013	869

note: The amount is included in net gain on fair value changes of derivative financial instruments of "other gains and losses" in Note 4.

5. INDEBTEDNESS STATEMENT

Borrowings

At the close of business on 30 April 2014, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Circular, the Group had outstanding bank borrowings of approximately HK$120,104,000 including (i) a mortgage loan of approximately HK$15,180,000, secured by a first legal charge over properties with carrying amount of HK$25,603,000 owned by the Group; (ii) unsecured import and trust receipt loans, export loans, advances drawn on bills receivable discounted with recourse totalling approximately HK$99,996,000; and (iii) an unsecured bank overdraft of approximately HK$4,928,000.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have outstanding at the close of business on 30 April 2014 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

Contingent liabilities

As at the close of business on 30 April 2014, the Group did not have any material contingent liabilities.

Save as aforesaid above, and apart from intra-group liabilities and normal trade and other payables, as at the close of business on 30 April 2014, the Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans, debt securities or other similar indebtedness, liabilities under acceptance or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees or other material contingent liabilities.

6. WORKING CAPITAL SUFFICIENCY

The Directors are of the opinion that, after taking into account the (i) present available financial resources, (ii) the available banking facilities of approximately HK$603 million as at 30 April 2014; (iii) the proceeds of approximately HK$270,000,000 from the Disposal, (iv) the payment of Special Cash Dividend of HK$366,359,040; (v) and the warranties made by the Vendors that the net asset value of the Remaining Group will not be less than HK$40 million (including not less than HK$20 million in cash) upon Share Sale Completion, the Group will have sufficient working capital for its business for the next twelve months from the date of this circular.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2013, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Set out below are the management discussion and analysis on the Remaining Group (i.e. the Group excluding the Disposal Group as at the Latest Practicable Date) for the nine months ended 31 December 2013 and for each of the three years ended 31 March 2013.

(a) For the nine months ended 31 December 2013

Operating results

For the nine months ended 31 December 2013, the Remaining Group recorded revenue of approximately HK$191.1 million, gross profit of approximately HK$17.7 million (representing gross profit margin of approximately 9.3%), and profit after tax (excluding the expenses of FGG) of approximately HK$5.7 million. The expenses of FGG mainly consist of Group expenses that are borne by the listed company, which include share-based payment expenses, which are non-recurring in nature, ongoing legal and professional fees, and salaries paid to Directors. These expenses amounted to approximately HK$2.8 million for the nine months ended 31 December 2013. The revenue of approximately HK$191.1 million of the Remaining Group for the nine months ended 31 December 2013 represented an approximately 18.2% decrease from the nine months ended 31 December 2012 of approximately HK$233.6 million mainly as a result of a decrease in sales from an importer with lower gross profit margin.

In relation to the share-based payment expenses which amounted to approximately HK$1.0 million for the nine months ended 31 December 2013, approximately HK$972,000 was attributable to Share Options granted to employees of the Disposal Group, and approximately HK$32,000 was attributable to Share Options granted to employees of the Remaining Group. As the share-based payment expenses relate to the grant of Share Options from the share option scheme of the Company, the management of the Company considers such expenses to be borne by the Company and hence, has allocated all related expenses to the Company (which is part of the Remaining Group).

The following shows the detailed breakdown of share-based payment expenses:

		Total number of Share Options granted *(exercise price of HK$0.844)*	Share-based payment expenses *HK$*
Employees of the Disposal Group			
Employees	Mr. Ng Tsze Lun	37,000,000	883,683
	Other employees of the Disposal Group	4,595,000	88,488
	Total for the Disposal Group	**41,595,000**	**972,171**
Employees of the Remaining Group			
Retained Employees	Ms. Sylvia Cheng	400,000	9,553
	Ms. Ching Chor Bik	200,000	4,777
	Mr. Yick Chong San	300,000	7,165
		900,000	**21,495**
Employees	Other employees of the Remaining Group	425,000	10,150
	Total for the Remaining Group	**1,325,000**	**31,645**
	Total for the Group	**42,920,000**	**1,003,816**

Business review

During the period under review, the Remaining Group's customized sourcing management capabilities enabled it to stay competitive in gaining orders from customers in an environment full of challenges and opportunities. As the debt crisis in the Eurozone weighed heavily on consumer confidence and led to persistently low demand, the Remaining Group continued its focus on customers in the US and South America. The Remaining Group had also strengthened business ties with certain major retailers in Canada to provide another steady flow of customer orders for the Remaining Group. Furthermore, during the period under review, the Remaining Group had enhanced its in-house design and product development by adding manpower with specific experience and qualification, in order to provide better services to customers.

Treasury Policies

The Remaining Group generally financed its operation with internally generated resources and equity and/or debt financing activities. All financing methods will be considered so long as such methods are suitable and beneficial to the Remaining Group. Cash and bank deposits of the Remaining Group are in HK$ and USD.

Liquidity and Financial Resources

As at 31 December 2013, the Remaining Group had cash and cash equivalents of approximately HK$4.7 million, which comprised of approximately HK$1.3 million and USD0.4 million (approximately HK$3.4 million). Total liabilities of the Remaining Group of approximately HK$14.1 million mainly comprises of interest-bearing bank borrowings of approximately HK$3.8 million, trade and bills payable of approximately HK$8.2 million, other payables and accruals of approximately HK$1.9 million. As at 31 December 2013, the Remaining Group's gearing ratio was approximately 3.2%, which was calculated as total borrowings over the total assets of the Remaining Group.

Foreign Exchange Exposure

During the period, the Remaining Group mainly earned revenue in USD. Although the Remaining Group currently does not have any foreign exchange hedging policies, it does not foresee any significant currency exposure in the near future.

Pledge of Assets

As at 31 December 2013, the Remaining Group did not pledge any of its assets for bank credits. Also, the Remaining Group was not subject to any responsibilities in accordance with any bank credit documents, save for the corporate guarantees provided for certain Disposal Group Entities.

Material acquisition, disposals, significant investment and future plans of material investments

For the nine months ended 31 December 2013, the Remaining Group did not have material acquisition, disposals, significant investment and future plans of material investments.

Capital Commitments and Contingent Liabilities

As at 31 December 2013, the Remaining Group had no material capital commitments and contingent liabilities.

Employees and Remuneration Policy

As at 31 December 2013, the total number of employees (excluding Directors) who were principally engaged in the Garment Sourcing Business was 21. The remunerations offered by the Group were determined in accordance with the relevant policies in Hong Kong and with reference to the industry and market trend, as well as performance of the staff. The Remaining Group also adopted certain bonus programs, medical and personal accident insurance and other employee welfare and benefit programs for its employees. The Remaining Group also organizes training sessions for the benefit of its employees to upgrade their skills.

(b) For the year ended 31 March 2013

Operating results

Revenue decreased by approximately 7.0% from approximately HK$339.2 million for the year ended 31 March 2012 to approximately HK$315.3 million for the year ended 31 March 2013, which was mainly attributable to the decrease in orders from a customer with lower gross profit margin that also resulted in an increase in average gross profit margin from approximately 7.2% to 8.5%. Gross profit of the Remaining Group rose by approximately 9.8% from approximately HK$24.4 million to approximately HK$26.8 million for the year ended 31 March 2013. Selling and distribution costs increased by approximately 18.2% to approximately HK$2.5 million due to the expansion in business from 15 customers to 19 customers. Profit after tax amounted to approximately HK$0.9 million for the year ended 31 March 2013. If share-based payment expenses which amounted to approximately HK$12.1 million were excluded in the year ended 31 March 2013, the Remaining Group would have recorded profit after tax of approximately HK$12.9 million.

In relation to the share-based payment expenses which amounted to approximately HK$12.1 million for the year ended 31 March 2013, approximately HK$11.7 million was attributable to Share Options granted to employees of the Disposal Group, and approximately HK$0.4 million was attributable to Share Options granted to employees of the Remaining Group. As the share-based payment expenses relate to the grant of Share Options from the share option scheme of the Company, the management of the Company considers such expenses to be borne by the Company and hence, has allocated all related expenses to the Company (which is part of the Remaining Group).

The following shows the detailed breakdown of share-based payment expenses:

		Total number of Share Options granted *(exercise price of HK$0.844)*	Share-based payment expenses *HK$*
Employees of the Disposal Group			
Employees	Mr. Ng Tsze Lun	37,000,000	10,604,200
	Other employees of the Disposal Group	4,595,000	1,076,183
	Total for the Disposal Group	**41,595,000**	**11,680,383**
Employees of the Remaining Group			
Retained Employees	Ms. Sylvia Cheng	400,000	114,640
	Ms. Ching Chor Bik	200,000	57,320
	Mr. Yick Chong San	300,000	85,980
		900,000	**257,940**
Employees	Other employees of the Remaining Group	425,000	121,805
	Total for the Remaining Group	**1,325,000**	**379,745**
	Total for the Group	**42,920,000**	**12,060,128**

Business review

During the year under review, the Remaining Group continued to provide a platform and function as a one-stop sourcing management supplier to customers, providing value-added services ranging from product design and development, sampling to logistic management which helped the Remaining Group navigate through the global macroeconomic pressure and overcome the intensified worldwide competition in the garment industry.

During the year, the Remaining Group focused more on customers with higher gross profit margins, including brand owners, retailers and wholesalers, and managed to achieve business growth with them. The Remaining Group's garment supplier network with production bases in locations including Cambodia, Bangladesh, the PRC, that provided flexibility and cost effectiveness, enabled the Remaining Group to further develop business with such customers.

Treasury Policies

The Remaining Group generally financed its operation with internally generated resources and equity and/or debt financing activities. All financing methods will be considered so long as such methods are suitable and beneficial to the Remaining Group. Cash and bank deposits of the Remaining Group are in HK$ and USD.

Liquidity and Financial Resources

As at 31 March 2013, the Remaining Group had cash and cash equivalents of approximately HK$12.7 million, which comprised of approximately HK$0.4 million and USD1.6 million (approximately HK$12.3 million). Total liabilities of the Remaining Group of approximately HK$51.62 million mainly comprises of interest-bearing bank borrowings of approximately HK$23.3 million, trade and bills payable of approximately HK$13.3 million and amount due to group companies of approximately HK$14.5 million. As at 31 March 2013, the Remaining Group's gearing ratio was 17.0%, which was calculated as total borrowings over the total assets of the Remaining Group.

Foreign Exchange Exposure

During the year, the Remaining Group mainly earned revenue in USD. Although the Remaining Group currently does not have any foreign exchange hedging policies, it does not foresee any significant currency exposure in the near future.

Pledge of Assets

As at 31 March 2013, the Remaining Group did not pledge any of its assets for bank credits. Also, the Remaining Group was not subject to any responsibilities in accordance with any bank credit documents, save for the corporate guarantees provided for certain Disposal Group Entities.

Material acquisition, disposals, significant investment and future plans of material investments

For the year ended 31 March 2013, the Remaining Group did not have material acquisition, disposals, significant investment and future plans of material investments.

Capital Commitments and Contingent Liabilities

As at 31 March 2013, the Remaining Group had no material capital commitments and contingent liabilities.

Employees and Remuneration Policy

As at 31 March 2013, the total number of employees (excluding Directors) who were principally engaged in the Garment Sourcing Business was 21. The remunerations offered by the Group were determined in accordance with the relevant policies in Hong Kong and with reference to the industry and market trend, as well as performance of the staff. The Remaining Group also adopted certain bonus programs, medical and personal accident insurance and other employee welfare and benefit programs for its employees. The Remaining Group also organizes training sessions for the benefit of its employees to upgrade their skills.

(c) For the year ended 31 March 2012

Operating results

For the year ended 31 March 2012, revenue increased by approximately 19.3% to approximately HK$339.2 million, as compared to approximately HK$284.3 million for the year ended 31 March 2011. The increase was mainly attributable to the increase in orders from some major customers and the development of some new customers. Gross profit rose by approximately 3.8% from approximately HK$23.5 million in 2011 to approximately HK$24.4 million for the year ended 31 March 2012. Gross profit margin decreased by approximately 1.1% from 8.3% for the year ended 31 March 2011 to 7.2% for the year ended 31 March 2012, which was mainly caused by the increase in orders from a customer with lower gross profit margin. Selling and distribution expenses amounted to approximately HK$2.1 million for the year ended 31 March 2012, which represented a slight increase of approximately 7.5% as compared to the year ended 31 March 2011. Loss after tax amounted to approximately HK$0.9 million for the year ended 31 March 2012, as compared to the loss after tax of approximately HK$1.2 million in the previous year. If share-based payment expenses which amounted to approximately HK$11.2 million were excluded in the year ended 31 March 2012, the Remaining Group would have recorded a profit after tax of approximately HK$10.3 million.

In relation to the share-based payment expenses which amounted to approximately HK$11.2 million for the year ended 31 March 2012, approximately HK$10.8 million was attributable to Share Options granted to employees of the Disposal Group, and approximately HK$0.4 million was attributable to Share Options granted to employees of the Remaining Group. As the share-based payment expenses relate to the grant of Share Options from the share option scheme of the Company, the management of the Company considers such expenses to be borne by the Company and hence, has allocated all related expenses to the Company (which is part of the Remaining Group).

The following shows the detailed breakdown of share-based payment expenses:

		Total number of Share Options granted *(exercise price of HK$0.844)*	Share-based payment expenses *HK$*
Employees of the Disposal Group			
Employees	Mr. Ng Tsze Lun	37,000,000	9,720,517
	Other employees of the Disposal Group	4,595,000	1,087,647
	Total for the Disposal Group	**41,595,000**	10,808,163
Employees of the Remaining Group			
Retained Employees	Ms. Sylvia Cheng	400,000	105,087
	Ms. Ching Chor Bik	200,000	52,543
	Mr. Yick Chong San	300,000	78,815
		900,000	**236,445**
Employees	Other employees of the Remaining Group	425,000	111,655
	Total for the Remaining Group	**1,325,000**	**348,100**
	Total for the Group	**42,920,000**	**11,156,263**

Business review

During the year under review, the fragile economic environment hindered by the European debt crisis and the slow recovery of the US market continued to dampen the overall garment industry as retailers and wholesalers were cautious in procurement. In response to the difficult operating environment, the Remaining Group strengthened its focus on reinforcing long term relationships with its existing customers to support its growth, whilst it still managed to attain new customers through the extensive business networks of the general merchandising management and the expanding garment supplier base.

Treasury Policies

The Remaining Group generally financed its operation with internally generated resources and equity and/or debt financing activities. All financing methods will be considered so long as such methods are suitable and beneficial to the Remaining Group. Cash and bank deposits of the Remaining Group are in HK$ and USD.

Liquidity and Financial Resources

As at 31 March 2012, the Remaining Group had cash and cash equivalents of approximately HK$11.9 million, which comprised of approximately HK$0.7 million, and USD1.4 million (approximately HK$11.2 million). Total liabilities of the Remaining Group of approximately HK$41.0 million mainly comprises of interest-bearing bank borrowings of approximately HK$20.5 million, trade and bills payable of approximately HK$7.0 million and amount due to group companies of approximately HK$12.7 million. As at 31 March 2012, the Remaining Group's gearing ratio was 16.0%, which was calculated as total borrowings over the total assets of the Remaining Group.

Foreign Exchange Exposure

During the year, the Remaining Group mainly earned revenue in USD. Although the Remaining Group currently does not have any foreign exchange hedging policies, it does not foresee any significant currency exposure in the near future.

Pledge of Assets

As at 31 March 2012, the Remaining Group did not pledge any of its assets for bank credits. Also, the Remaining Group was not subject to any responsibilities in accordance with any bank credit documents, save for the corporate guarantees provided for certain Disposal Group Entities.

Material acquisition, disposals, significant investment and future plans of material investments

For the year ended 31 March 2012, the Remaining Group did not have material acquisition, disposals, significant investment and future plans of material investments.

Capital Commitments and Contingent Liabilities

As at 31 March 2012, the Remaining Group had no material capital commitments and contingent liabilities.

Employees and Remuneration Policy

As at 31 March 2012, the total number of employees (excluding Directors) who were principally engaged in the Garment Sourcing Business was 15. The remunerations offered by the Group were determined in accordance with the relevant policies in Hong Kong and with reference to the industry and market trend, as well as performance of the staff. The Remaining Group also adopted certain bonus programs, medical and personal accident insurance and other employee welfare and benefit programs for its employees. The Remaining Group also organizes training sessions for the benefit of its employees to upgrade their skills.

(d) For the year ended 31 March 2011

Operating results

For the year ended 31 March 2011, the Remaining Group recorded revenue of approximately HK$284.3 million and loss after tax of approximately HK$1.2 million. If share-based payment expenses which amounted to approximately HK$8.2 million were excluded in the year ended 31 March 2011, the Remaining Group would have recorded a profit after tax of approximately HK$7.0 million.

In relation to the share-based payment expenses which amounted to approximately HK$8.2 million for the year ended 31 March 2011, approximately HK$7.8 million was attributable to share options granted to employees of the Disposal Group, and approximately HK$0.4 million was attributable to share options granted to employees of the Remaining Group. As the share-based payment expenses relate to the grant of share options from the share option scheme of the Company, the management of the Company considers such expenses to be borne by the Company and hence, has allocated all related expenses to the Company (which is part of the Remaining Group).

Business review

The year ended 31 March 2011 was a challenging year for the overall garment industry. The industry was confronted with tremendous operating pressures due to the slow pace of economic recovery in the European and the US markets, continued upsurge in cotton, yarn and fabric prices the rapid appreciation of the Renminbi currency and general inflation including rising labour costs which resulted from the quantitative easing and expansionary policy adopted by many countries following the financial crisis in 2008. The Remaining Group, with its value added services ranging from sourcing, product design, product development, sampling to logistic management continued to strengthen its foundation to look forward to growth in the next financial year.

The following shows the detailed breakdown of share-based payment expenses:

		Total number of Share Options granted *(exercise price of HK$0.600)*	Share-based payment expenses *HK$*
Employees of the Disposal Group			
Employees	Mr. Ng Tsze Lun	21,000,000	4,099,200
	Other employees of the Disposal Group	18,850,000	3,679,520
	Total for the Disposal Group	**39,850,000**	**7,778,720**
Employees of the Remaining Group			
Retained Employees	Ms. Sylvia Cheng	800,000	156,160
	Ms. Ching Chor Bik	400,000	78,080
	Mr. Yick Chong San	–	–
		1,200,000	**234,240**
Employees	Other employees of the Remaining Group	850,000	165,920
	Total for the Remaining Group	**2,050,000**	**400,160**
	Total for the Group	**41,900,000**	**8,178,880**

Note: Share Options with exercise price of HK$0.600 had no vesting period and hence, all related expenses were recorded in the year ended 31 March 2011.

Treasury Policies

The Remaining Group generally financed its operation with internally generated resources and equity and/or debt financing activities. All financing methods will be considered so long as such methods are suitable and beneficial to the Remaining Group. Cash and bank deposits of the Remaining Group are in HK$ and USD.

Liquidity and Financial Resources

As at 31 March 2011, the Remaining Group had cash and cash equivalents of approximately HK$18.3 million, which comprised of approximately HK$31,000 and USD2.3 million (approximately HK$18.2 million). Total liabilities of the Remaining Group of approximately HK$40.0 million mainly comprises of interest-bearing bank borrowings of approximately HK$22.4 million, trade and bills payable of approximately HK$5.6 million, and income tax payable of approximately HK$2.4 million. As at 31 March 2011, the Remaining Group's gearing ratio was approximately 17.4%, which was calculated as total borrowings over the total assets of the Remaining Group.

Foreign Exchange Exposure

During the year, the Remaining Group mainly earned revenue in USD. Although the Remaining Group currently does not have any foreign exchange hedging policies, it does not foresee any significant currency exposure in the near future.

Pledge of Assets

As at 31 March 2011, the Remaining Group did not pledge any of its assets for bank credits. Also, the Remaining Group was not subject to any responsibilities in accordance with any bank credit documents, save for the corporate guarantees provided for certain Disposal Group Entities.

Material acquisition, disposals, significant investment and future plans of material investments

For the year ended 31 March 2011, the Remaining Group did not have material acquisition, disposals, significant investment and future plans of material investments.

Capital Commitments and Contingent Liabilities

As at 31 March 2011, the Remaining Group had no material capital commitments and contingent liabilities.

Employees and Remuneration Policy

As at 31 March 2011, the total number of employees (excluding Directors) who were principally engaged in the Garment Sourcing Business was 15. The remunerations offered by the Group were determined in accordance with the relevant policies in Hong Kong and with reference to the industry and market trend, as well as performance of the staff. The Remaining Group also adopted certain bonus programs, medical and personal accident insurance and other employee welfare and benefit programs for its employees. The Remaining Group also organizes training sessions for the benefit of its employees to upgrade their skills.

9. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

Upon Share Sale Completion, the Offeror intends to continue the businesses of the Remaining Group and the Offeror has no intention to (i) dispose, terminate or downsize the existing businesses; (ii) redeploy the fixed assets; and (iii) terminate any employees of the Group or make significant changes to any employment (except for the proposed changes to the members of the Board as detailed in the sub-paragraph headed "Proposed change of the Board" in the Joint Announcement). The Remaining Group will continue its Garment Sourcing Business which integrates the entire supply chain functions of garment product sourcing, including product offering, sub-contractor outsourcing, product design, product development, sampling, quality checking and assurance, logistics and delivery and overseas sales capabilities, thus enabling the Remaining Group to provide a comprehensive range of sourcing management services to its customers.

Going forward, the Remaining Group will undertake plans and marketing strategies in order to enhance its competitiveness in the market. These include i) expanding its product range, in particular its woven wears product line in addition to the current cut and sewn knitwears and sweaters; (ii) organizing international sampling sourcing trips periodically to obtain first hand garment products samples to keep abreast with global fashion trends and plans for future designs; (iii) visit department stores and boutiques in various countries to identify new consumer preferences; (iv) identifying new suppliers in cost effective countries such as Myanmar and Vietnam; (v) improving quality assurance and control by closely monitoring the different stages of sub-contractors' manufacturing process to ensure the quality of garment products; and (vi) further enhancing the relationship with existing customers and soliciting potential new customers through experienced staff members who have proven track records in the garment sourcing industry and maximizing the potential of the Remaining Group's merchandising management team. As at the Latest Practicable Date, the Remaining Group has secured sales orders from customers with shipments made or to be made during the year ending 31 March 2015 of approximately HK$208.0 million. With the abovementioned marketing plans and strategies in place and the current trading position of the Remaining Group, the Board is confident of the business prospects and development of the Remaining Group.

As disclosed in the Joint Announcement, the Offeror will, following completion of the Offers, conduct a detailed review of the operations of the Remaining Group and formulate feasible business strategies with a view to developing a sustainable corporate strategy to broaden its income stream, which may include rebalancing the resources of the Remaining Group should appropriate opportunities arise. For the future development of the Remaining Group with the aim of protecting the Shareholders in a responsible manner, subject to a detailed review to be performed by the Offeror on the availability of sufficient resources to finance new business opportunities by the Remaining Group, the Offeror intends to explore new business opportunities relating to the internet, IoT, 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 by the Offeror with third parties in the PRC and/or overseas in compliance with applicable laws and regulations. As at the Latest Practicable Date, there is no concrete timetable for executing the aforesaid business opportunities. Any such acquisition or investment, once materialised, will be announced by the Company as and when necessary pursuant to the requirements of the Listing Rules.

In order to strengthen the capital base of the Group, the Offeror may, as and when it considers appropriate following the close of the Offers and after conducting a detailed review of the financial position of the Remaining Group, advise the Board to consider fund-raising exercises in the form of equity, equity-related and/or debt financing. As at the Latest Practicable Date, the Offeror was not involved in any negotiation and had not entered into any agreement, arrangement, undertaking or understanding in relation to any equity fund-raising activities of the Company. Should such activities materialise, further announcement(s) will be made by the Company as and when required in accordance with the Listing Rules.

Upon completion of the Group Reorganisation, FG Holdings and its then subsidiaries will become the Disposal Group and engage in the Manufacturing Business. Set out below are the unaudited financial information of the FG Holdings Limited and its subsidiaries for each of the three years ended 31 March 2011, 2012 and 2013 and for the nine months ended 31 December 2013 and explanatory notes (collectively the "Financial Information of the FG Holdings Group"), which has been prepared by the Directors in accordance with Rule 14.68(2)(a)(i) of the Listing Rules. Financial information of the Disposal Group is set out in note 3 on pages II-10 to II-21.

The reporting accountants of the Company, Deloitte Touche Tohmatsu, has reviewed the Financial Information of the FG Holdings Group as set out below in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants.

UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR EACH OF THE THREE YEARS ENDED 31 MARCH 2013 AND THE NINE MONTHS ENDED 31 DECEMBER 2013

	Years ended 31 March			Nine months ended 31 December	
	2011	**2012**	**2013**	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	902,878	909,908	1,071,162	833,900	778,375
Cost of sales	(748,836)	(767,234)	(899,018)	(704,332)	(642,437)
Gross profit	154,042	142,674	172,144	129,568	135,938
Other income	4,015	7,636	1,832	1,463	2,993
Other gains and losses	3,285	5,362	4,046	(1,452)	4,534
Selling and distribution costs	(17,550)	(27,999)	(33,586)	(22,877)	(26,326)
Administration expenses	(102,902)	(104,753)	(113,338)	(87,254)	(90,370)
Interest on bank borrowings	(1,711)	(2,429)	(3,370)	(2,457)	(2,200)
Profit before tax	39,179	20,491	27,728	16,991	24,569
Income tax expense	(7,653)	(3,077)	(10,178)	(4,343)	(5,512)
Profit for the year/period	31,526	17,414	17,550	12,648	19,057
Other comprehensive income					
Item that will not be reclassified to profit or loss:					
Remeasurement of defined benefit obligations	–	420	(845)	(634)	486
Item that may be subsequently reclassified to profit or loss:					
Exchange difference arising on translation	2,396	1,973	481	30	440
Reclassification adjustment:					
Release of exchange difference on dissolution of a subsidiary	–	–	–	–	546
	2,396	2,393	(364)	(604)	1,472

	Years ended 31 March			Nine months ended 31 December	
	2011	**2012**	**2013**	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total comprehensive income for the year/period	33,922	19,807	17,186	12,044	20,529
Profit for the year/period attributable to:					
Owners of Company	27,559	16,950	21,459	14,123	25,033
Non-controlling interests	3,967	464	(3,909)	(1,475)	(5,976)
	31,526	17,414	17,550	12,648	19,057
Total comprehensive income attributable to:					
Owners of Company	29,955	19,336	21,080	13,510	26,500
Non-controlling interest	3,967	471	(3,894)	(1,466)	(5,971)
	33,922	19,807	17,186	12,044	20,529

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2011, 2012, 2013 AND 31 DECEMBER 2013

	As at 31 March			As at 31 December
	2011	2012	2013	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets				
Property, plant and equipment	105,266	136,268	156,692	152,159
Prepaid lease payments	3,609	3,645	3,569	3,515
Goodwill	5,541	5,970	5,970	5,970
Intangible asset	1,000	1,000	1,000	1,000
Deferred tax assets	1,518	1,899	1,835	1,771
	116,934	148,782	169,066	164,415
Current assets				
Inventories	107,505	132,335	132,565	115,925
Amounts due from related companies	–	–	–	19,306
Trade and bills receivables	111,908	110,780	130,900	152,761
Deposits, prepayments and other receivables	83,994	71,889	55,233	82,022
Prepaid lease payments	95	99	99	99
Derivative financial instruments	856	1,225	1,640	5,309
Tax recoverable	–	2,159	466	56
Bank balances and cash	136,037	103,526	142,054	39,072
	440,395	422,013	462,957	414,550
Current liabilities				
Trade and bills payables	62,823	71,402	69,295	45,365
Amount due to immediate holding company	64,043	83,583	88,119	89,306
Other payables and accruals	26,081	35,829	22,410	28,740
Amounts due to related companies	1,282	15,319	2,063	7,547
Derivative financial instruments	–	1,957	132	–
Tax payable	9,749	8,479	16,301	21,443
Bank borrowings	127,364	96,613	157,178	89,745
	291,342	313,182	355,498	282,146
Net current assets	149,053	108,831	107,459	132,404
Total assets less current liabilities	265,987	257,613	276,525	296,819

	As at 31 March			As at 31 December
	2011	2012	2013	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Capital and reserves				
Share capital	1	1	1	1
Reserves	253,412	245,748	266,828	293,328
Equity attributable to owners of the Company	253,413	245,749	266,829	293,329
Non-controlling interests	11,340	9,557	5,663	(308)
Total Equity	264,753	255,306	272,492	293,021
Non-current liabilities				
Defined benefit obligations	–	721	1,841	1,598
Deferred tax liabilities	1,234	1,586	2,192	2,200
	1,234	2,307	4,033	3,798
	265,987	257,613	276,525	296,819

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR EACH OF THE THREE YEARS ENDED 31 MARCH 2013 AND THE NINE MONTHS ENDED 31 DECEMBER 2013

	Attributable to owners of FG Holdings							
	Share capital	Share premium	Special reserve	Foreign currency translation reserve	Accumulated profits	Total	Non-controlling interest	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2010	1	4,999	(46,039)	2,030	268,753	229,744	6,875	236,619
Profit for the year	–	–	–	–	27,559	27,559	3,967	31,526
Exchange difference arising on translation	–	–	–	2,396	–	2,396	–	2,396
Total comprehensive income for the year	–	–	–	2,396	27,559	29,955	3,967	33,922
Arising upon completion of group reorganisation	–	–	23,714	–	–	23,714	–	23,714
Dividend paid in cash	–	–	–	–	(30,000)	(30,000)	–	(30,000)
Capital contributed by a non-controlling interest	–	–	–	–	–	–	498	498
At 31 March 2011	1	4,999	(22,325)	4,426	266,312	253,413	11,340	264,753
Profit for the year	–	–	–	–	16,950	16,950	464	17,414
Exchange difference arising on translation	–	–	–	1,966	–	1,966	7	1,973
Remeasurement of defined benefit obligation	–	–	–	–	420	420	–	420
Total comprehensive income for the year	–	–	–	1,966	17,370	19,336	471	19,807
Dividend paid to non-controlling interest	–	–	–	–	–	–	(2,254)	(2,254)
Dividend paid in cash	–	–	–	–	(27,000)	(27,000)	–	(27,000)
At 31 March 2012	1	4,999	(22,325)	6,392	256,682	245,749	9,557	255,306
Profit for the year	–	–	–	–	21,459	21,459	(3,909)	17,550
Exchange difference arising on translation	–	–	–	466	–	466	15	481
Remeasurement of defined benefit obligation	–	–	–	–	(845)	(845)	–	(845)
Total comprehensive income for the year	–	–	–	466	20,614	21,080	(3,894)	17,186
At 31 March 2013	1	4,999	(22,325)	6,858	277,296	266,829	5,663	272,492
Profit for the period	–	–	–	–	25,033	25,033	(5,976)	19,057
Remeasurement of defined benefit obligation	–	–	–	–	486	486	–	486
Exchange difference arising on translation	–	–	–	435	–	435	5	440
Release of exchange difference on dissolution of a subsidiary	–	–	–	546	–	546	–	546
Total comprehensive income for the period	–	–	–	981	25,519	26,500	(5,971)	20,529
At 31 December 2013	1	4,999	(22,325)	7,839	302,815	293,329	(308)	293,021

	Attributable to owners of FG Holdings							
	Share capital	**Share premium**	**Special reserve**	**Foreign currency translation reserve**	**Accumulated profits**	**Total**	**Non-controlling interest**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2012	1	4,999	(22,325)	6,392	256,682	245,749	9,557	255,306
Profit for the period	–	–	–	–	14,123	14,123	(1,475)	12,648
Exchange difference arising on translation	–	–	–	21	–	21	9	30
Remeasurement of defined benefit obligation	–	–	–	–	(634)	(634)	–	(634)
Total comprehensive income for the period	–	–	–	21	13,489	13,510	(1,466)	12,044
At 31 December 2012	1	4,999	(22,325)	6,413	270,171	259,259	8,091	267,350

The special reserve represents the reserve arising from a previous group reorganisation.

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR EACH OF THE THREE YEARS ENDED 31 MARCH 2013 AND THE NINE MONTHS ENDED 31 DECEMBER 2013

	Years ended 31 March			Nine months ended 31 December	
	2011	2012	2013	2012	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Operating activities					
Profit before tax	39,179	20,491	27,728	16,991	24,569
Adjustments for:					
Depreciation of property, plant and equipment	15,363	14,417	18,665	13,569	15,406
(Gain) loss on disposal of property, plant and equipment and prepaid lease payments	(508)	158	356	757	999
Write-down of inventories	–	1,564	1,600	–	–
(Gain) loss on fair value changes of derivative financial instruments	(856)	(281)	(3,935)	612	(8,159)
Interest income	(96)	(830)	(656)	(651)	(72)
Interest on bank borrowings	1,711	2,429	3,370	2,457	2,200
Release of prepaid lease payments	92	97	99	74	75
Loss on dissolution of a subsidiary	–	–	–	–	546
Provision for defined benefit obligations	–	301	399	–	246
Operating cash flows before working capital changes	54,885	38,346	47,626	33,809	35,810
(Increase) decrease in inventories	(51,024)	(26,320)	(1,830)	212	16,640
Decrease (increase) in trade and bills receivables	12,724	8,799	(19,898)	(58,932)	(21,861)
(Increase) decrease in deposits, prepayments and other receivables	(61,361)	16,673	16,423	9,394	(26,789)
(Decrease) increase in trade payables	(35,059)	5,927	(2,225)	(4,917)	(23,930)
(Decrease) increase in other payables and accruals and defined benefit obligations	(637)	(9,532)	(10,377)	(12,982)	6,330
(Decrease) increase in bank borrowing from discounted bills with recourse	(1,746)	387	415	1,772	(471)
(Decrease) increase in amounts due from (to) related companies – trade	(762)	14,037	(13,256)	16,074	(13,822)
Proceeds from and settlement of derivative financial instruments	–	1,869	1,695	909	4,358
Cash generated from operations	(82,980)	50,186	18,573	(14,661)	(23,735)
Interest on bank borrowings	(1,711)	(2,166)	(2,990)	(2,457)	(2,200)
Income tax (paid) refunded	(7,480)	(6,490)	(49)	(78)	110
Net cash (used in) from operating activities	(92,171)	41,530	15,534	(17,196)	(25,825)

	Years ended 31 March			Nine months ended 31 December	
	2011	2012	2013	2012	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Investing activities					
Purchase of property, plant and equipment	(9,072)	(33,610)	(46,563)	(25,509)	(12,335)
Acquisition of trademark	–	–	–	(155)	–
Proceeds from disposal of property, plant and equipment	25,915	521	7,651	1,714	1,003
Acquisition of intangible assets	(502)	–	–	–	–
Interest received	96	428	656	651	72
Acquisition of a subsidiary	–	(1,707)	(3,500)	–	–
Repayment from related companies	27,866	–	–	–	–
Net cash from (used in) investing activities	44,303	(34,368)	(41,756)	(23,299)	(11,260)
Financing activities					
Net import loans and trust receipt loans raised (repaid)	43,460	(47,267)	78,840	32,013	(65,963)
Dividend paid	(30,000)	(27,000)	–	–	–
Repayment of other bank loan	–	–	(17,393)	(17,393)	–
Repayment of mortgage loan	(20,618)	(1,264)	(1,297)	(967)	(999)
Dividend paid to non-controlling interest	–	(2,254)	–	–	–
Drawdown of other bank loan	–	17,393	–	–	–
(Repayment to) advance from related companies	(2,202)	–	–	–	–
Advance from (repayment to) immediate holding company	64,043	19,540	4,536	(1,293)	1,187
Net cash from (used in) financing activities	54,683	(40,852)	64,686	12,360	(65,775)
Net increase (decrease) in cash and cash equivalents	6,815	(33,690)	38,464	(28,135)	(102,860)
Cash and cash equivalents at the beginning of the year/period	128,404	136,037	103,526	103,526	142,054
Effect of foreign exchange rate changes	818	1,179	64	34	(122)
Cash and cash equivalents at the end of the year, represented by bank balances and cash	136,037	103,526	142,054	75,425	39,072

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION FOR EACH OF THE THREE YEARS ENDED 31 MARCH 2013 AND THE NINE MONTHS ENDED 31 DECEMBER 2013

1. GENERAL

Ford Glory Holdings Limited ("FG Holdings") was incorporated in the British Virgin Islands with limited liability.

On 14 March 2014, Ford Glory Group Holdings Limited ("FGG"), the immediate holding company of FG Holdings, entered into a sale and purchase agreement (the "Disposal Agreement") with Sure Strategy Limited (the "Purchaser"), immediate holding company of FGG. Pursuant to the Disposal Agreement, FGG conditionally agreed to dispose of its entire equity interest in FG Holdings for a consideration of HK$270,000,000 which will be settled in cash (the "Disposal").

2. BASIS OF PREPARATION OF THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

The unaudited consolidated financial information has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purpose of inclusion in the circular to be issued by FGG in connection with, among other things, the Disposal.

The amounts included in the unaudited consolidated financial information for each of the three years ended 31 March 2013 and the nine months ended 31 December 2013 have been prepared using the same accounting policies FGG used in the preparation of the condensed consolidated financial statements of FGG and its subsidiaries for the six months ended 30 September 2013, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The unaudited consolidated financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard ("HKAS") 1 "Presentation of Financial Statements" nor an interim report as defined in HKAS 34 "Interim Financial Reporting" issued by the HKICPA.

Both Top Value Inc. ("Top Value") and Ford Glory International Limited ("FG international") described below are wholly owned subsidiaries of FG Holdings.

The unaudited consolidated financial information includes the results and financial position of FG Holdings and its subsidiaries (collectively referred to as the "FG Holdings Group") for each of the three years ended 31 March 2013 and the nine months ended 31 December 2013. The FG Holdings Group, excluding Top Value and the assets, liabilities and results of the garment sourcing business of FG International (the "HK Garment Sourcing Business Assets", "HK Garment Sourcing Business Liabilities" and "Results of HK Garment Sourcing Business", respectively) are hereinafter collectively referred to as the "Disposal Group".

The business of Top Value and the garment sourcing business of FG International (the "HK Garment Sourcing Business") are thereafter collectively referred to as the Garment Sourcing Business.

Information of the Disposal Group is set out in Note 3 to the financial information.

3. FINANCIAL INFORMATION OF THE DISPOSAL GROUP

Results of the FG Holdings Group and the Disposal Group for the year ended 31 March 2011

		Garment Sourcing Business				
	FG Holdings Group	**Top Value**	**Results of HK Garment Sourcing Business**	**Elimination of transactions between Top Value and HK Garment Sourcing Business**	**Subtotal**	**Disposal Group**
	HK$'000	*HK$'000*	*HK$'000* *(note i)*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	902,878	193,885	267,854	(177,484)	284,255	618,623
Cost of sales	(748,836)	(190,754)	(246,476)	176,492	(260,738)	(488,098)
Gross profit	154,042	3,131	21,378	(992)	23,517	130,525
Other income	4,015	11	–	–	11	4,004
Other gains and losses	3,285	–	–	639	639	2,646
Selling and distribution costs	(17,550)	–	(1,957)	–	(1,957)	(15,593)
Administrative expenses	(102,902)	(2,982)	(8,040)	–	(11,022)	(91,880)
Interest on bank borrowings	(1,711)	–	(360)	–	(360)	(1,351)
Profit before tax	39,179	160	11,021	(353)	10,828	28,351
Income tax expense	(7,653)	–	(1,708)	–	(1,708)	(5,945)
Profit for the year	31,526	160	9,313	(353)	9,120	22,406
Other comprehensive income						
Item that may be subsequently reclassified to profit or loss:						
Exchange difference arising on translation	2,396	–	–	–	–	2,396
Total comprehensive income for the year	33,922	160	9,313	(353)	9,120	24,802
Profit for the year attributable to:						
Owners of Company	27,559	160	9,313	(353)	9,120	18,439
Non-controlling interests	3,967	–	–	–	–	3,967
	31,526	160	9,313	(353)	9,120	22,406
Total comprehensive income attributable to:						
Owners of Company	29,955	160	9,313	(353)	9,120	20,835
Non-controlling interest	3,967	–	–	–	–	3,967
	33,922	160	9,313	(353)	9,120	24,802

Results of the FG Holdings Group and the Disposal Group for the year ended 31 March 2012

		Garment Sourcing Business				
	FG Holdings Group	**Top Value**	**Results of HK Garment Sourcing Business**	**Elimination of transactions between Top Value and HK Garment Sourcing Business**	**Subtotal**	**Disposal Group**
	HK$'000	*HK$'000*	*HK$'000* *(note i)*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	909,908	237,456	303,149	(201,401)	339,204	570,704
Cost of sales	(767,234)	(235,368)	(281,104)	201,673	(314,799)	(452,435)
Gross profit	142,674	2,088	22,045	272	24,405	118,269
Other income	7,636	–	–	–	–	7,636
Other gains and losses	5,362	–	–	–	–	5,362
Selling and distribution costs	(27,999)	–	(2,104)	–	(2,104)	(25,895)
Administrative expenses	(104,753)	(1,977)	(8,433)	–	(10,410)	(94,343)
Interest on bank borrowings	(2,429)	–	(726)	–	(726)	(1,703)
Profit before tax	20,491	111	10,782	272	11,165	9,326
Income tax expense	(3,077)	–	(2,339)	–	(2,339)	(738)
Profit for the year	17,414	111	8,443	272	8,826	8,588
Other comprehensive income						
Item that will not be reclassified to profit or loss:						
Remeasurement of defined benefit obligations	420	–	–	–	–	420
Item that may be subsequently reclassified to profit or loss:						
Exchange difference arising on translation	1,973	–	–	–	–	1,973
	2,393	–	–	–	–	2,393
Total comprehensive income for the year	19,807	111	8,443	272	8,826	10,981
Profit for the year attributable to:						
Owners of Company	16,950	111	8,443	272	8,826	8,124
Non-controlling interests	464	–	–	–	–	464
	17,414	111	8,443	272	8,826	8,588
Total comprehensive income attributable to:						
Owners of Company	19,336	111	8,443	272	8,826	10,510
Non-controlling interest	471	–	–	–	–	471
	19,807	111	8,443	272	8,826	10,981

Results of the FG Holdings Group and the Disposal Group for the year ended 31 March 2013

		Garment Sourcing Business				
	FG Holdings Group *HK$'000*	**Top Value** *HK$'000*	**Results of HK Garment Sourcing Business** *HK$'000* *(note i)*	**Elimination of transactions between Top Value and HK Garment Sourcing Business** *HK$'000*	**Subtotal** *HK$'000*	**Disposal Group** *HK$'000*
Revenue	1,071,162	194,507	303,901	(183,102)	315,306	755,856
Cost of sales	(899,018)	(193,357)	(278,357)	183,225	(288,489)	(610,529)
Gross profit	172,144	1,150	25,544	123	26,817	145,327
Other income	1,832	–	–	–	–	1,832
Other gains and losses	4,046	–	–	–	–	4,046
Selling and distribution costs	(33,586)	–	(2,486)	–	(2,486)	(31,100)
Administrative expenses	(113,338)	(1,093)	(8,794)	–	(9,887)	(103,451)
Interest on bank borrowings	(3,370)	–	(978)	–	(978)	(2,392)
Profit before tax	27,728	57	13,286	123	13,466	14,262
Income tax expense	(10,178)	–	(2,325)	–	(2,325)	(7,853)
Profit for the year	17,550	57	10,961	123	11,141	6,409
Other comprehensive income						
Item that will not be reclassified to profit or loss:						
Remeasurement of defined benefit obligations	(845)	–	–	–	–	(845)
Item that may be subsequently reclassified to profit or loss:						
Exchange difference arising on translation	481	–	–	–	–	481
	(364)	–	–	–	–	(364)
Total comprehensive income for the year	17,186	57	10,961	123	11,141	6,045
Profit for the year attributable to:						
Owners of Company	21,459	57	10,961	123	11,141	10,318
Non-controlling interests	(3,909)	–	–	–	–	(3,909)
	17,550	57	10,961	123	11,141	6,409
Total comprehensive income attributable to:						
Owners of Company	21,080	57	10,961	123	11,141	9,939
Non-controlling interests	(3,894)	–	–	–	–	(3,894)
	17,186	57	10,961	123	11,141	6,045

Results of the FG Holdings Group and the Disposal Group for the nine months ended 31 December 2013

	FG Holdings Group	Garment sourcing Business				Disposal Group
		Top Value	Results of HK Garment Sourcing Business	Elimination of transactions between Top Value and HK Garment Sourcing Business	Subtotal	
	HK$'000	*HK$'000*	*HK$'000* *(note i)*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	778,375	80,678	186,977	(76,512)	191,143	587,232
Cost of sales	(642,437)	(79,958)	(169,802)	76,277	(173,483)	(468,954)
Gross profit	135,938	720	17,175	(235)	17,660	118,278
Other income	2,993	–	–	–	–	2,993
Other gains and losses	4,534	–	–	–	–	4,534
Selling and distribution costs	(26,326)	–	(1,771)	–	(1,771)	(24,555)
Administrative expenses	(90,370)	(920)	(7,622)	–	(8,542)	(81,828)
Interest on bank borrowings	(2,200)	–	(447)	–	(447)	(1,753)
Profit before tax	24,569	(200)	7,335	(235)	6,900	17,669
Income tax expense	(5,512)	–	(1,210)	–	(1,210)	(4,302)
Profit for the period	19,057	(200)	6,125	(235)	5,690	13,367
Other comprehensive income						
Item that will not be reclassified to profit or loss:						
Remeasurement of defined benefit obligations	486	–	–	–	–	486
Item that may be subsequently reclassified to profit or loss:						
Exchange difference arising on translation	440	–	–	–	–	440
Reclassification adjustment:						
Release of exchange difference on dissolution of a subsidiary	546	–	–	–	–	546
	1,472	–	–	–	–	1,472
Total comprehensive income for the period	20,529	(200)	6,125	(235)	5,690	14,839
Profit for the period attributable to:						
Owners of Company	25,033	(200)	6,125	(235)	5,690	19,343
Non-controlling interests	(5,976)	–	–	–	–	(5,976)
	19,057	(200)	6,125	(235)	5,690	13,367
Total comprehensive income attributable to:						
Owners of Company	26,500	(200)	6,125	(235)	5,690	20,810
Non-controlling interest	(5,971)	–	–	–	–	(5,971)
	20,529	(200)	6,125	(235)	5,690	14,839

Assets and liabilities of the FG Holdings Group and the Disposal Group as at 31 March 2011

		Garment Sourcing Business					
	FG Holdings Group *HK$'000*	Top Value *HK$'000*	HK Garment Sourcing Business Assets and HK Garment Sourcing Business Liabilities *HK$'000* *(note ii)*	Elimination of balances between Top Value and HK Garment Sourcing Business *HK$'000*	Subtotal *HK$'000*	Reclassification *HK$'000*	Disposal Group *HK$'000*
Non-current assets							
Property, plant and equipment	105,266	102	610	–	712	–	104,554
Prepaid lease payments	3,609	–	–	–	–	–	3,609
Goodwill	5,541	–	–	–	–	–	5,541
Intangible assets	1,000	–	–	–	–	–	1,000
Deferred tax assets	1,518	–	–	–	–	–	1,518
	116,934	102	610	–	712	–	116,222
Current assets							
Inventories	107,505	24,214	–	(760)	23,454	–	84,051
Amount due from a fellow subsidiary	–	–	44,668	(44,668)	–	–	–
Amount due from Garment Sourcing Business	–	–	–	–	–	7,679	7,679
Trade and bill receivables	111,908	8,797	13,311	–	22,108	–	89,800
Deposit, prepayments and other receivable	83,994	250	–	–	250	–	83,744
Prepaid lease payments	95	–	–	–	–	–	95
Derivative financial instruments	856	–	–	–	–	–	856
Bank and cash	136,037	18,206	–	–	18,206	–	117,831
	440,395	51,467	57,979	(45,428)	64,018	7,679	384,056
Current liabilities							
Trade and bills payables	62,823	–	5,562	–	5,562	–	57,261
Amount due to immediate holding company	64,043	–	–	–	–	–	64,043
Amount due to Disposal Group	–	7,679	–	–	7,679	7,679	–
Amount due to a fellow subsidiary	–	44,668	–	(44,668)	–	–	–
Other payables and accruals	26,081	210	1,766	–	1,976	–	24,105
Amount due to related companies	1,282	–	–	–	–	–	1,282
Derivative financial instruments	–	–	–	–	–	–	–
Tax payables	9,749	–	–	–	–	–	9,749
Bank borrowings	127,364	–	22,413	–	22,413	–	104,951
	291,342	52,557	29,741	(44,668)	37,630	7,679	261,391
Net current assets (liabilities)	149,053	(1,090)	28,238	(760)	26,388	–	122,665
Total assets less current liabilities	265,987	(988)	28,848	(760)	27,100	–	238,887
Non-current liabilities							
Defined benefit obligations	–	–	–	–	–	–	–
Deferred tax liabilities	1,234	–	–	–	–	–	1,234
	1,234	–	–	–	–	–	1,234
Net assets	264,753	(988)	28,848	(760)	27,100	–	237,653

Assets and liabilities of the FG Holdings Group and the Disposal Group as at 31 March 2012

		Garment Sourcing Business					
	FG Holdings Group	Top Value	HK Garment Sourcing Business Assets and HK Garment Sourcing Business Liabilities	Elimination of balances between Top Value and HK Garment Sourcing Business	Subtotal	Reclassification	Disposal Group
	HK$'000	*HK$'000*	*HK$'000* *(note ii)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets							
Property, plant and equipment	136,268	2	397	–	399	–	135,869
Prepaid lease payments	3,645	–	–	–	–	–	3,645
Goodwill	5,970	–	–	–	–	–	5,970
Intangible assets	1,000	–	–	–	–	–	1,000
Deferred tax assets	1,899	–	–	–	–	–	1,899
	148,782	2	397	–	399	–	148,383
Current assets							
Inventories	132,335	9,751	–	(488)	9,263	–	123,072
Amount due from a fellow subsidiary	–	–	19,945	(19,945)	–	–	–
Amount due from Garment Sourcing Business	–	–	–	–	–	12,703	12,703
Trade and bill receivables	110,780	6,141	15,092	–	21,233	–	89,547
Deposit, prepayments and other receivable	71,889	35	–	–	35	–	71,854
Prepaid lease payments	99	–	–	–	–	–	99
Derivative financial instruments	1,225	–	–	–	–	–	1,225
Tax recoverables	2,159	–	–	–	–	–	2,159
Bank and cash	103,526	11,178	–	–	11,178	–	92,348
	422,013	27,105	35,037	(20,433)	41,709	12,703	393,007
Current liabilities							
Trade and bills payables	71,402	343	6,624	–	6,967	–	64,435
Amount due to immediate holding company	83,583	–	–	–	–	–	83,583
Amount due to a fellow subsidiary	–	19,945	–	(19,945)	–	–	–
Amount due to Disposal Group	–	7,677	5,026	–	12,703	12,703	–
Other payables and accruals	35,829	19	880	–	899	–	34,930
Amount due to related companies	15,319	–	–	–	–	–	15,319
Derivative financial instruments	1,957	–	–	–	–	–	1,957
Tax payables	8,479	–	–	–	–	–	8,479
Bank borrowings	96,613	–	20,476	–	20,476	–	76,137
	313,182	27,984	33,006	(19,945)	41,045	12,703	284,840
Net current assets (liabilities)	108,831	(879)	2,031	(488)	664	–	108,167
Total assets less current liabilities	257,613	(877)	2,428	(488)	1,063	–	256,550
Non-current liabilities							
Defined benefit obligations	721	–	–	–	–	–	721
Deferred tax liabilities	1,586	–	–	–	–	–	1,586
	2,307	–	–	–	–	–	2,307
Net assets	255,306	(877)	2,428	(488)	1,063	–	254,243

Assets and liabilities of the FG Holdings Group and the Disposal Group as at 31 March 2013

	FG Holdings Group	Garment Sourcing Business				Reclassification	Disposal Group
		Top Value	HK Garment Sourcing Business Assets and HK Garment Sourcing Business Liabilities	Elimination of balances between Top Value and HK Garment Sourcing Business	Subtotal		
	HK$'000	*HK$'000*	*HK$'000* *(note ii)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets							
Property, plant and equipment	156,692	–	394	–	394	–	156,298
Prepaid lease payments	3,569	–	–	–	–	–	3,569
Goodwill	5,970	–	–	–	–	–	5,970
Intangible assets	1,000	–	–	–	–	–	1,000
Deferred tax assets	1,835	–	–	–	–	–	1,835
	169,066	–	394	–	394	–	168,672
Current assets							
Inventories	132,565	7,303	–	(365)	6,938	–	125,627
Amounts due from a fellow subsidiary	–	–	22,984	(22,984)	–	–	–
Amount due from Garment Sourcing Business	–	–	–	–	–	14,547	14,547
Trade and bill receivables	130,900	9,560	18,661	–	28,221	–	102,679
Deposit, prepayments and other receivable	55,233	37	–	–	37	–	55,196
Prepaid lease payments	99	–	–	–	–	–	99
Derivative financial instruments	1,640	–	–	–	–	–	1,640
Tax recoverables	466	–	–	–	–	–	466
Bank and cash	142,054	12,302	–	–	12,302	–	129,752
	462,957	29,202	41,645	(23,349)	47,498	14,547	430,006
Current liabilities							
Trade and bills payables	69,295	123	12,536	–	12,659	–	56,636
Amount due to immediate holding company	88,119	–	–	–	–	–	88,119
Amount due to a fellow subsidiary	–	22,984	–	(22,984)	–	–	–
Amount due to Disposal Group	–	6,882	7,665	–	14,547	14,547	–
Other payables and accruals	22,410	33	202	–	235	–	22,175
Amount due to related companies	2,063	–	–	–	–	–	2,063
Derivative financial instruments	132	–	–	–	–	–	132
Tax payables	16,301	–	–	–	–	–	16,301
Bank borrowings	157,178	–	23,288	–	23,288	–	133,890
	355,498	30,022	43,691	(22,984)	50,729	14,547	319,316
Net current assets (liabilities)	107,459	(820)	(2,046)	(365)	(3,231)	–	110,690
Total assets less current liabilities	276,525	(820)	(1,652)	(365)	(2,837)	–	279,362
Non-current liabilities							
Defined benefit obligations	1,841	–	–	–	–	–	1,841
Deferred tax liabilities	2,192	–	–	–	–	–	2,192
	4,033	–	–	–	–	–	4,033
Net assets	272,492	(820)	(1,652)	(365)	(2,837)	–	275,329

Assets and liabilities of the FG Holdings Group and the Disposal Group as at 31 December 2013

		Garment Sourcing Business					
	FG Holdings Group *HK$'000*	Top Value *HK$'000*	HK Garment Sourcing Business Assets and HK Garment Sourcing Business Liabilities *HK$'000* *(note ii)*	Elimination of balances between Top Value and HK Garment Sourcing Business *HK$'000*	Subtotal *HK$'000*	Reclassification *HK$'000*	Disposal Group *HK$'000*
Non-current assets							
Property, plant and equipment	152,159	–	250	–	250	–	151,909
Prepaid lease payments	3,515	–	–	–	–	–	3,515
Goodwill	5,970	–	–	–	–	–	5,970
Intangible assets	1,000	–	–	–	–	–	1,000
Deferred tax assets	1,771	–	–	–	–	–	1,771
	164,415	–	250	–	250	–	164,165
Current assets							
Inventories	115,925	3,950	–	(601)	3,349	–	112,576
Amount due from related companies	19,306	–	–	–	–	–	19,306
Amount due from a fellow subsidiary	–	–	14,955	(14,955)	–	–	–
Amount due from Garment Sourcing Business	–	–	–	–	–	6,881	6,881
Trade and bill receivables	152,761	7,022	21,049	–	28,071	–	124,690
Deposit, prepayments and other receivable	82,022	36	–	–	36	–	81,986
Prepaid lease payments	99	–	–	–	–	–	99
Derivative financial instruments	5,309	–	–	–	–	–	5,309
Tax recoverables	56	–	–	–	–	–	56
Bank and cash	39,072	3,325	–	–	3,325	–	35,747
	414,550	14,333	36,004	(15,556)	34,781	6,881	386,650
Current liabilities							
Trade and bills payables	45,365	47	8,157	–	8,204	–	37,161
Amount due to immediate holding company	89,306	–	–	–	–	–	89,306
Amount due to a fellow subsidiary	–	14,955	–	(14,955)	–	–	–
Amount due to Disposal Group	–	–	6,881	–	6,881	6,881	–
Other payables and accruals	28,740	351	785	–	1,136	–	27,604
Amount due to related companies	7,547	–	–	–	–	–	7,547
Tax payables	21,443	–	–	–	–	–	21,443
Bank borrowings	89,745	–	3,797	–	3,797	–	85,948
	282,146	15,353	19,620	(14,955)	20,018	6,881	269,009
Net current assets (liabilities)	132,404	(1,020)	16,384	(601)	14,763	–	117,641
Total assets less current liabilities	296,819	(1,020)	16,634	(601)	15,013	–	281,806
Non-current liabilities							
Defined benefit obligations	1,598	–	–	–	–	–	1,598
Deferred tax liabilities	2,200	–	–	–	–	–	2,200
	3,798	–	–	–	–	–	3,798
Net assets	293,021	(1,020)	16,634	(601)	15,013	–	278,008

Movement of share capital and reserves of the Disposal Group

	Attributable to the Disposal Group								
	Share capital	Share premium	Special reserve	Other reserve	Foreign currency translation reserve	Accumulated profits	Total	Non-controlling interest	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2010	1	4,999	(46,039)	21,998	2,030	268,753	251,742	6,875	258,617
Profit for the year	–	–	–	–	–	18,439	18,439	3,967	22,406
Exchange difference arising on translation	–	–	–	–	2,396	–	2,396	–	2,396
Total comprehensive income for the year	–	–	–	–	2,396	18,439	20,835	3,967	24,802
Arising upon completion of group reorganisation	–	–	23,714	–	–	–	23,714	–	23,714
Dividend paid in cash	–	–	–	–	–	(30,000)	(30,000)	–	(30,000)
Capital contributed by a non-controlling interest	–	–	–	–	–	–	–	498	498
Net movement in relation to the Garment Sourcing Business *(Note)*	–	–	–	(39,978)	–	–	(39,978)	–	(39,978)
At 31 March 2011	1	4,999	(22,325)	(17,980)	4,426	257,192	226,313	11,340	237,653
Profit for the year	–	–	–	–	–	8,124	8,124	464	8,588
Exchange differences arising on translation	–	–	–	–	1,966	–	1,966	7	1,973
Remeasurement of defined benefit obligation	–	–	–	–	–	420	420	–	420
Total comprehensive income for the year	–	–	–	–	1,966	8,544	10,510	471	10,981
Dividend paid to non-controlling interest	–	–	–	–	–	–	–	(2,254)	(2,254)
Dividend paid in cash	–	–	–	–	–	(27,000)	(27,000)	–	(27,000)
Net movement in relation to the Garment Sourcing Business *(Note)*	–	–	–	34,863	–	–	34,863	–	34,863
At 31 March 2012	1	4,999	(22,325)	16,883	6,392	238,736	244,686	9,557	254,243
Profit for the year	–	–	–	–	–	10,318	10,318	(3,909)	6,409
Exchange differences arising on translation	–	–	–	–	466	–	466	15	481
Remeasurement of defined benefit obligation	–	–	–	–	–	(845)	(845)	–	(845)
Total comprehensive income for the year	–	–	–	–	466	9,473	9,939	(3,894)	6,045
Net movement in relation to the Garment Sourcing Business *(Note)*	–	–	–	15.041	–	–	15,041	–	15,041
At 31 March 2013	1	4,999	(22,325)	31,924	6,858	248,209	269,666	5,663	275,329
Profit for the period	–	–	–	–	–	19,343	19,343	(5,976)	13,367
Remeasurement of defined benefit obligation	–	–	–	–	–	486	486	–	486
Exchange differences arising on translation	–	–	–	–	435	–	435	5	440
Release of exchange difference on dissolution of a subsidiary	–	–	–	–	546	–	546	–	546
Total comprehensive income for the period	–	–	–	–	981	19,829	20,810	(5,971)	14,839
Net movement in relation to the Garment Sourcing Business *(Note)*	–	–	–	(12,160)	–	–	(12,160)	–	(12,160)
At 31 December 2013	1	4,999	(22,325)	19,764	7,839	268,038	278,316	(308)	278,008

Note: Net movement in relation to the Garment Sourcing Business represents the difference between (i) changes in carrying amount of the net assets attributable to the Garment Sourcing Business and (ii) the profit of the Garment Sourcing Business for the year/period.

For the purpose of the presentation of the financial information of the Disposal Group, profit of the Garment Sourcing Business for the periods before 1 April 2010 is not segregated from the results of FG International. Accordingly, as at 1 April 2010, the accumulated profits presented above represent the accumulated profits of FG Holdings while the other reserve presented above represents the carrying amount of the net assets of Top Value and the HK Garment Sourcing Business to be transferred pursuant to the Business Transfer Agreement (as defined in note 3 (ii)).

Cash flows of the Disposal Group

	Years ended 31 March 2011 HK$'000	2012 HK$'000	2013 HK$'000	Nine months ended 31 December 2013 HK$'000
Operating activities				
Profit before tax	28,351	9,326	14,262	17,669
Adjustments for:				
Depreciation of property, plant and equipment	14,996	14,104	18,476	15,263
(Gain) loss on disposal of property, plant and equipment and prepaid lease payments	(508)	158	356	999
Write-down of inventories	–	1,564	1,600	–
Gain on fair value changes of derivative financial instruments	(856)	(281)	(3,935)	(8,159)
Interest income	(96)	(830)	(656)	(72)
Interest on bank borrowings	1,351	1,703	2,392	1,753
Release of prepaid lease payments	92	97	99	75
Loss on dissolution of a subsidiary	–	–	–	546
Provision for defined benefit obligations	–	301	399	246
Operating cash flows before working capital changes	43,330	26,142	32,993	28,320
(Increase) decrease in inventories	(41,067)	(40,511)	(4,155)	13,051
(Increase) decrease in trade and bills receivables	(2,370)	7,924	12,355	(22,011)
(Increase) decrease in deposits, prepayments and other receivables	(61,347)	16,458	16,424	(26,789)
(Decrease) increase in trade payables	(6,867)	4,522	(15,499)	(19,475)
(Decrease) increase in other payables and accruals and defined benefit obligations	(1,333)	(8,455)	(9,996)	5,429
(Decrease) increase in bank borrowing from discounted bills with recourse	(1,746)	387	415	(471)
(Decrease) increase in amounts due from (to) related companies – trade	(762)	14,037	(13,256)	(13,822)
Increase (decrease) in amount due from Garment Sourcing Business	6,033	(5,024)	(10,011)	7,666
Proceeds from and settlement of derivative financial instruments	–	1,869	1,695	4,358
Cash (used in) from operations	(66,129)	17,349	10,965	(23,744)
Interest on bank borrowings	(1,351)	(1,440)	(2,012)	(1,753)
Income tax (paid) refunded	(5,772)	(4,151)	2,276	1,321
Net cash (used in) from operating activities	(73,252)	11,758	11,229	(24,176)

	Years ended 31 March			Nine months ended 31 December
	2011	2012	2013	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Investing activities				
Purchase of property, plant and equipment	(8,946)	(33,610)	(46,379)	(12,335)
Acquisition of intangible assets	(502)	–	–	–
Proceeds from disposal of property, plant and equipment	25,915	521	7,651	1,003
Interest received	96	428	656	72
Acquisition of a subsidiary	–	(1,707)	(3,500)	–
Repayment from related companies	27,866	–	–	–
Net cash from (used in) investing activities	44,429	(34,368)	(41,572)	(11,260)
Financing activities				
Net import loans and trust receipt loans raised (repaid)	52,899	(45,330)	76,028	(46,472)
Dividend paid *(Note iii)*	(30,000)	(27,000)	–	–
Repayment of other bank loan	–	–	(17,393)	–
Repayment of mortgage loans	(20,618)	(1,264)	(1,297)	(999)
Dividend paid to non-controlling interest	–	(2,254)	–	–
Drawdown of other bank loan	–	17,393	–	–
Repayment to related companies	(2,202)	–	–	–
Advance from immediate holding company *(Note iii)*	64,043	19,540	4,536	1,187
Net cash from (used in) financing activities	64,122	(38,915)	61,874	(46,284)
Net increase (decrease) in cash and cash equivalents	35,299	(61,525)	31,531	(81,720)

notes:

(i) Allocation of expenses and income tax expense related to the HK Garment Sourcing Business

Staff costs (included in selling and distribution costs and administrative expenses) included in the Results of HK Garment Sourcing Business represent salaries and allowances paid to employees who directly worked for the HK Garment Sourcing Business.

Other selling and distribution costs included in the Results of HK Garment Sourcing Business are segregated from the results of FG International based on the proportion of revenue generated from the HK Garment Sourcing Business.

General office expenses (included in administrative expenses) mainly represent utilities, courier and telecommunication expenses, are segregated from the results of FG International based on ratio of number of staff directly worked for the HK Garment Sourcing Business to total number of staff of FG International.

The management fees paid to FGG by FG International during the years ended 31 March 2011, 2012 and 2013 of HK$16,400,000, HK$5,000,000 and HK$5,000,000 respectively, are included in the Disposal Group because they cannot be allocated on a rational basis.

Income tax expense is allocated to the HK Garment Sourcing Business based on the effective tax rate of FG International.

Other than above items, all items included in Results of HK Garment Sourcing Business are attributed based on specific identification method.

(ii) Allocation of assets and liabilities

The HK Garment Sourcing Business Assets and HK Garment Sourcing Business Liabilities represent the assets to be transferred from FG International to United Gainer Limited ("United Gainer") and the liabilities to be assumed by United Gainer upon the completion of the transfer of the HK Garment Sourcing Business pursuant to an agreement for the transfer of the HK Garment Sourcing Business entered into between FG International and United Gainer dated 22 May 2014 (the "Business Transfer Agreement"). United Gainer is a wholly owned subsidiary of FGG.

(iii) Distribution to and advance from immediate holding company

Dividend of HK$30,000,000 and HK$27,000,000 paid by FG Holdings during the years ended 31 March 2011 and 2012, respectively, are presented as distribution by the Disposal Group because they cannot be allocated on a rational basis to the Garment Sourcing Business.

Advance from immediate holding company of HK$64,043,000, HK$19,540,000, HK$4,536,000 and HK$1,187,000 for the years ended 31 March 2011, 2012 and 2013 and for the nine months ended 31 December 2013, respectively, are presented as financing from the immediate holding company to the Disposal Group because they cannot be allocated on a rational basis to the Garment Sourcing Business.

The following are the unaudited pro forma financial information of the Remaining Group and the text of the accountants' report thereon from the reporting accountants Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, prepared for the purpose of inclusion in this circular.

Deloitte.
德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF FORD GLORY GROUP HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Ford Glory Group Holdings Limited (incorporated in Bermuda, the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the pro forma consolidated statement of financial position as at 30 September 2013, the pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2013, the pro forma consolidated statement of cash flows for the year ended 31 March 2013 and related notes as set out on pages III-6 to III-12 of the circular issued by the Company dated 18 June 2014 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages III-4 to III-5 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the very substantial disposal of Ford Glory Holdings Limited (incorporated in the British Virgin Islands) and certain of its subsidiaries (the "Disposal") on the Group's financial position as at 30 September 2013 and the Group's financial performance and cash flows for the year ended 31 March 2013 as if the Disposal had taken place at 30 September 2013 and 1 April 2012 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's financial statements for the year ended 31 March 2013 and for the six months ended 30 September 2013, on which an audit report and a review report, respectively, has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2013 or 1 April 2012 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, 18 June 2014

A. Introduction

Pursuant to the Disposal Agreement, the Company has conditionally agreed to dispose of its entire equity interest in FG Holdings at the cash consideration of HK$270,000,000 (the "Disposal") to Sure Strategy, a substantial shareholder of the Company. The Disposal is conditional upon, among other matters, the completion of the Group Reorganisation and the execution of the HK Lease Agreement. In addition, the Board proposed, subject to and upon completion of, among other matters, the Disposal, the payment of Special Cash Dividend of HK$0.720 per share. The accompanying unaudited pro forma financial information of the Company has been prepared to illustrate the effect of the Disposal and the payment of the Special Cash Dividend. The Disposal and the payment of Special Cash Dividend are hereinafter collectively referred to as the "Transactions".

As part of the Group Reorganisation, FG Holdings will transfer the entire issued share capital of Top Value to Best Keen and FG International will transfer the HK Garment Sourcing Business and its related assets and liabilities to United Gainer. In addition, the outstanding intra-group balances between the Remaining Group and the Disposal Group will be settled before the completion of Disposal. Detailed listings of the assets and liabilities to be transferred are set out in the agreement dated 22 May 2014 entered into between FG International and United Gainer in relation to the transfer of the HK Garment Sourcing Business.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Remaining Group for the year ended 31 March 2013 are prepared based on the audited consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 March 2013, as extracted from the annual report of the Company, after making pro forma adjustments relating to the Transactions, as if the Transactions had been completed on 1 April 2012.

The unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 September 2013 is prepared based on the unaudited consolidated statement of financial position of the Group as at 30 September 2013, as extracted from the interim report of the Company for the six months then ended, after making pro forma adjustments relating to the Transactions, as if the Transactions had been completed on 30 September 2013.

Accordingly, the assets and liabilities of the Disposal Group represent the assets and liabilities of FG Holdings Group as at 30 September 2013, excluding the assets and liabilities of Top Value to be transferred to Best Keen and the assets and liabilities to be transferred from FG International to United Gainer, assuming the transfers had taken place on 30 September, 2013. While the unaudited result and cash flows of the Disposal Group represent the unaudited result and cash flows of FG Holdings Group for the year ended 31 March 2013, excluding the unaudited results and cash flows of Top Value and the HK Garment Sourcing Business for the year ended 31 March 2013, assuming the transfer of Top Value to Best Keen and the transfer of HK Garment Sourcing Business to United Gainer had taken place on 1 April 2012.

The unaudited pro forma financial information is based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes. Narrative description of the pro forma adjustments that are (i) directly attributable to the Disposal and (ii) factually supportable is summarised in the accompanying notes.

The unaudited pro forma financial information is prepared by the directors of the Company for illustrative purposes only and is based on a number of assumptions, estimates, uncertainties and currently available information. Because of its hypothetical nature, it does not purport to present what the financial position or the results or cash flows of the Remaining Group would have been upon the completion of the Transactions.

B. Unaudited Pro forma Consolidated Statement of Financial Position of the Remaining Group

	The Group as at 30 September 2013	Pro Forma Adjustments					Pro Forma Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(a)	*(b)*	*(c)*	*(d)*	*(e)*	
NON-CURRENT ASSETS							
Property, plant and equipment	157,034	(156,718)					316
Prepaid lease payment	3,542	(3,542)					–
Goodwill	5,970	(5,970)					–
Intangible asset	1,000	(1,000)					–
Deferred tax assets	1,718	(1,718)					–
	169,264						316
CURRENT ASSETS							
Inventories	135,701	(132,600)					3,101
Trade and bills receivables	155,309	(113,072)					42,237
Deposits, prepayments and other receivables	74,728	(74,655)					73
Amount due from a Disposal Group Entity	–	(92,306)			92,306		–
Prepaid lease payment	99	(99)					–
Derivative financial instruments	3,373	(3,373)					–
Tax recoverable	189	(189)					–
Bank balances and cash	105,641	(98,652)	270,000	(5,715)	92,306	(321,618)	41,962
	475,040						87,373
CURRENT LIABILITIES							
Trade and bills payables	86,102	(70,377)					15,725
Other payables and accruals	26,097	(25,321)					776
Amount due to Disposal Group Entities	–	11,342					11,342
Amount due to related companies	1,228	(1,228)					–
Derivative financial instruments	2,504	(2,504)					–
Tax payable	17,833	(17,774)		4,625			4,684
Bank borrowings	126,541	(108,143)					18,398
	260,305						50,925
NET CURRENT ASSETS	214,735						36,448
TOTAL ASSETS LESS CURRENT LIABILITIES	383,999						36,764

	The Group as at 30 September 2013	Pro Forma Adjustments					Pro Forma Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(a)	*(b)*	*(c)*	*(d)*	*(e)*	
CAPITAL AND RESERVES							
Share capital	4,467						4,467
Reserves	373,236		(8,981)	(10,340)		(321,618)	32,297
Equity attributable to owners of the Company	377,703						36,764
Non-controlling interests	2,321	(2,321)					–
TOTAL EQUITY	380,024						36,764
NON-CURRENT LIABILITIES							
Defined benefit obligations	1,760	(1,760)					–
Deferred tax liabilities	2,215	(2,215)					–
	3,975						–
	383,999						36,764

C. Unaudited Pro forma Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Remaining Group

	The Group for the year ended 31 March 2013	Pro Forma Adjustments					Pro Forma Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(f)	*(c)*	*(g)*	*(h)*	*(l)*	
Revenue	1,071,162	(755,856)					315,306
Cost of sales	(899,018)	610,529					(288,489)
Gross profit	172,144						26,817
Other income	1,832	(1,832)					–
Other expense			(5,715)				(5,715)
Other gains and losses	4,046	(4,046)		6,392			6,392
Selling and distribution costs	(33,586)	31,100					(2,486)
Administrative expenses	(111,230)	103,451			(5,000)	(840)	(13,619)
Share-based payment expenses	(12,060)						(12,060)
Interest on bank borrowings	(3,370)	2,392					(978)
Profit (loss) before tax	17,776						(1,649)
Income tax expense	(10,507)	7,853	(4,625)				(7,279)
Profit (loss) for the year	7,269						(8,928)
Other comprehensive income							
Remeasurement of defined benefit obligations	(845)	845					–
Exchange difference arising on translation	481	(481)					–
Release of exchange differences accumulated in equity	–			(6,392)			(6,392)
Total comprehensive income (expense) for the year	6,905						(15,320)
Profit (loss) for the year attributable to:							
Owners of the Company	11,178	(10,318)	(10,340)	6,392	(5,000)	(840)	(8,928)
Non-controlling interests	(3,909)	3,909					–
	7,269						(8,928)
Total comprehensive income (expense) attributable to:							
Owners of the Company	10,799	(9,939)	(10,340)	–	(5,000)	(840)	(15,320)
Non-controlling interests	(3,894)	3,894					–
	6,905						(15,320)

D. Unaudited Pro forma Consolidated Statement of Cash Flows of the Remaining Group

	The Group for the year ended 31 March 2013	Pro Forma Adjustments								Pro Forma Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(i)	*(c)*	*(e)*	*(g)*	*(h)*	*(j)*	*(k)*	*(l)*	
OPERATING ACTIVITIES										
Profit (loss) before tax	17,776	(14,262)	(5,715)		6,392	(5,000)			(840)	(1,649)
Adjustments for:										
Depreciation of property, plant and equipment	18,675	(18,476)								199
Loss on disposal of property, plant and equipment and prepaid lease payments	356	(356)								–
Write-down of inventories	1,600	(1,600)								–
Gain on fair value changes of derivative financial instruments	(3,935)	3,935								–
Interest income	(656)	656								–
Interest on bank borrowings	3,370	(2,392)								978
Recognition of equity-settled share-based payments	12,060	–								12,060
Release of prepaid lease payments	99	(99)								–
Provision for defined benefit obligations	399	(399)								–
Reclassification of exchange differences accumulated in equity	–				(6,392)					(6,392)
Operating cashflows before working capital changes	49,744									5,196
(Increase) decrease in inventories	(1,830)	4,155								2,325
Increase in trade and bills receivables	(19,898)	(12,355)								(32,253)
Decrease (increase) in deposits, prepayments and other receivables	16,424	(16,424)								–
(Decrease) increase trade payables	(2,605)	15,499								12,894
(Decrease) increase in other payables and accruals and defined benefit obligations	(9,149)	9,996								847
Increase in bank borrowing from discounted bills with recourse	415	(415)								–
Decrease in amounts due to related companies – trade	(13,256)	13,256								–
Decrease in amount due to Disposal Group-trade	–	10,011								10,011
Proceeds from and settlement of derivative financial instruments	1,695	(1,695)								–
Cash generated from operations	21,540									(980)
Interest paid on bank borrowings	(2,990)	2,012								(978)
Profits tax refunded	1,181	(2,276)								(1,095)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	19,731									(3,053)

D. Unaudited Pro forma Consolidated Statement of Cash Flows of the Remaining Group – Continued

	The Group for the year ended 31 March 2013				Pro Forma Adjustments					Pro Forma Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(i)	*(c)*	*(e)*	*(g)*	*(h)*	*(j)*	*(k)*	*(l)*	
INVESTING ACTIVITIES										
Settlement of amount due from a Disposal Group Entity								83,583		83,583
Acquisition of subsidiaries	(3,500)	3,500								–
Proceeds from disposal of property, plant and equipment and leasehold land	7,651	(7,651)								–
Interest received	656	(656)								–
Purchase of property, plant and equipment	(46,563)	46,379								(184)
NET CASH(USED IN) FROM INVESTING ACTIVITIES	(41,756)									83,399
FINANCING ACTIVITIES										
Dividend paid	–			(315,360)						(315,360)
Proceeds from disposal of subsidiaries	–						177,652			177,652
Proceeds from exercise of share options	72	–								72
Repayment of mortgage loans	(1,297)	1,297								–
Net import loan and trust receipt loans raised	78,840	(76,028)								2,812
Repayment of bank borrowings	(17,393)	17,393								–
NET CASH FROM (USED IN) FINANCING ACTIVITIES	60,222									(134,824)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	38,197									(54,478)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	104,230									104,230
Effect of foreign exchange rate changes	64	(64)								–
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	142,491									49,752

Notes:

(a) The adjustment represents the exclusion of the assets and liabilities of the Disposal Group as at 30 September 2013, assuming the Disposal and the Group Reorganisation had taken place on 30 September 2013.

The assets and liabilities of the Disposal Group represent the assets and liabilities of FG Holdings Group as at 30 September 2013, which are extracted from the unaudited consolidated management accounts of FG Holdings Group as at 30 September 2013, after adjustments to exclude the assets and liabilities of Top Value to be transferred to Best Keen and the assets and liabilities to be transferred from FG International to United Gainer, assuming the transfers had taken place on 30 September 2013.

(b) The adjustment represents (i) the net proceeds from the Disposal of HK$270,000,000 and (ii) the deemed distribution to a shareholder of HK$8,981,000 calculated as the difference between the consideration of HK$270,000,000 and the net asset value of the Disposal Group of HK$281,302,000 less the non-controlling interests of HK$ 2,321,000 assuming that the Disposal had been taken place on 30 September 2013. As the Disposal is a transaction between the Group and Sure Strategy, which is a substantial shareholder of the Company, the Disposal is accounted for as a transaction with an equity participant and therefore, the difference between the consideration and the net asset value of the Disposal Group less the non-controlling interests is adjusted to equity as deemed distribution or contribution, as appropriate.

Since the actual carrying amounts of the assets and liabilities of the Disposal Group upon completion of the Disposal will be different from the amounts used in the preparation of the unaudited pro forma financial information, actual amount of deemed distribution or contribution arising from the Disposal may be significantly different from the estimated amount shown above.

(c) The adjustment represents (i) the estimated legal and professional fees directly attributable to the Disposal of HK$5,715,000; and (ii) the capital gains tax directly attributable to the Disposal of HK$4,625,000.

For the purpose of this unaudited pro forma financial information, the PRC capital gains tax and Indonesian capital gains tax are estimated by the directors of the Company as HK$3,732,000 and HK$893,000, respectively, based on tax rules and regulations in the respective tax jurisdictions. Total amount of the capital gains tax payable is estimated to be HK$4,625,000.

(d) The adjustment represents settlement of the loan to a Disposal Group Entity of HK$92,306,000 at 30 September 2013, assuming the settlement had been taken place on 30 September 2013.

(e) The adjustment represents payment of Special Cash Dividend of HK$0.720 per share totalling approximately HK$321,618,000 and HK$315,360,000, based on 446,692,000 shares and 438,000,000 shares of the Company in issue as at 30 September 2013 and 1 April 2012, respectively, assuming the payment of Special Cash Dividend had been made on these dates.

(f) The adjustment represents the exclusion of the unaudited results of the Disposal Group for the year ended 31 March 2013, which are extracted from note 3 of the unaudited financial information of FG Holdings Group for the year ended 31 March 2013, as set out in in Appendix II to this Circular, assuming the Disposal and the Group Reorganisation had been taken place on 1 April 2012.

(g) The adjustment represents the reclassification of exchange differences accumulated in equity as at 1 April 2012 to profit or loss in respect of foreign operations of the Disposal Group.

(h) The adjustment represents elimination of intra-group management fee charged to FG International by the Company, which is not directly attributable to the HK Garment Sourcing Business of the Remaining Group.

(i) The adjustment represents the exclusion of the unaudited cash flows of the Disposal Group for the year ended 31 March 2013, assuming the Disposal and, the Group Reorganisation had been taken place on 1 April 2012.

The unaudited cash flows of the Disposal Group represent the unaudited cash flows of FG Holdings Group for the year ended 31 March 2013, which are extracted from the unaudited consolidated management accounts of FG Holdings Group for the year ended 31 March 2013, after adjustments to exclude the unaudited cash flows of Top Value and the HK Garment Sourcing Business for the year ended 31 March 2013, assuming the transfer of Top Value to Best Keen and the transfer of assets and liabilities from FG International to United Gainer had been taken place on 1 April 2012.

(j) This represents the net cash receipt arising from (i) proceeds from the Disposal of HK$270,000,000 net of (ii) bank balances and cash of the Disposal Group at 1 April 2012 of HK$92,348,000 being disposed of.

(k) The adjustment represents the settlement of the amount due from FG Holdings, a Disposal Group Entity, of HK$83,583,000 at 1 April 2012, assuming the settlement had been taken place on 1 April 2012.

(l) The adjustment represents the annual rental expenses of HK$840,000 set out in the lease agreement to be entered into between FG International (as the landlord) and United Gainer (as the tenant) for the leasing of an office premise ("HK Lease Agreement"). The Disposal is conditional upon the execution of the HK Lease Agreement.

All adjustments are not expected to have a continuing effect on the Remaining Group, except for the rental arrangement referred to in (l) above.

Deloitte.
德勤

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18 June 2014

The Directors

Ford Glory Group Holdings Limited
19/F, Ford Glory Plaza
37-39 Wing Hong Street
Cheung Sha Wan
Kowloon
Hong Kong

Dear Sirs,

Profit Estimate for each of the three years ended 31 March 2013 and for the nine months ended 31 December 2013

We refer to the following profit estimate as set out in the sections headed "Financial Information of FG Holdings Group" and "Financial Information of the Disposal Group" set out in the Letter from the Board in the circular issued by Ford Glory Group Holdings Limited (the "**Company**") in connection with, among other matters, the very substantial disposal of its entire equity interest in Ford Glory Holdings Limited ("**FG Holdings**") and certain of its subsidiaries dated 18 June 2014 (the "**Circular**"):

"The unaudited profit figures of FG Holding Group set out below are extracted from Appendix II to this circular on page II-1.

	For the year ended			For the nine months ended
	31 March 2011	**31 March 2012**	**31 March 2013**	**31 December 2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Profit before income tax	39,179	20,491	27,728	24,569
Profit after income tax	31,526	17,414	17,550	19,057"

"The unaudited profit figures of the Disposal Group set out below are extracted from note 3 of Appendix II to this Circular on page II-10 to II-13.

	For the year ended			For the nine months ended
	31 March 2011	**31 March 2012**	**31 March 2013**	**31 December 2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Profit before income tax	28,351	9,326	14,262	17,669
Profit after income tax	22,406	8,588	6,409	13,367"

Responsibilities

The profit estimate of FG Holdings Group and the Disposal Group (as defined in this Circular) have been prepared by the directors of the Company, for the sole purpose of compliance with Rule 10 of the Hong Kong Code on Takeovers and Mergers issued by the Securities and Futures Commission. The profit estimate of FG Holdings Group has been prepared based on the unaudited consolidated management accounts of FG Holdings and its subsidiaries for each of the three years ended 31 March 2013 and for the nine months ended 31 December 2013. The profit estimate of the Disposal Group has been prepared based on the profit estimate of FG Holdings Group after adjustments to exclude the results of Top Value Inc., a subsidiary of FG Holdings and the results of the garment sourcing business of Ford Glory International Limited, another subsidiary of FG Holdings, to be transferred to subsidiaries of the Company (the "**Profit Estimate**").

The Company's directors are solely responsible for the Profit Estimate. It is our responsibility to form an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

Basis of opinion

We carried out our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Company and its subsidiaries (collectively referred to as the "**Group**"). Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors as set out on pages 31 and 32 to this Circular and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group and used in the preparation of the condensed consolidated financial statements of the Group for the six months ended 30 September 2013.

Yours faithfully,
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

CONFIRMATION LETTER DATED 18 JUNE 2014 FROM THE FINANCIAL ADVISER ON CERTAIN UNAUDITED FINANCIAL INFORMATION

The following is the text of a letter, prepared for inclusion in this circular, from Crosby Securities Limited, the financial adviser to Ford Glory Group Holdings Limited, in connection with the Financial Information of FG Holdings Group.

CROSBY

18 June 2014

The Board of Directors
Ford Glory Group Holdings Limited
19/F, Ford Glory Plaza
37-39 Wing Hong Street
Cheung Sha Wan
Kowloon
Hong Kong

Dear Sirs,

We refer to the unaudited condensed consolidated financial information of the FG Holdings Group (including the unaudited financial information of the Disposal Group as set out in note form on pages II-10 to II-21) for the three years ended 31 March 2011, 2012 and 2013 as well as for the nine months ended on 31 December 2012 and 31 December 2013 (collectively, the "**Financial Information of the FG Holdings Group**") as set out in Appendix II of the circular of the Company dated 18 June 2014 (the "**Circular**"). Terms used herein shall have the same meanings as those defined in the Circular unless otherwise stated.

The Financial Information of the FG Holdings Group has been prepared by the Directors in accordance with Rule 14.68(2)(a)(i) of the Listing Rules and the basis set out in note 2 to the Financial Information of the FG Holdings Group. The reporting accountants, Deloitte Touche Tohmatsu, has reviewed the Financial Information of the FG Holdings Group in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants.

We have reviewed the Financial Information of the FG Holdings Group as set out in Appendix II to the Circular and discussed with the Directors the basis of preparation set out in note 2 to the Financial Information of the FG Holdings Group. We have reviewed the review report of Deloitte Touche Tohmatsu (the "**Review Report**") on the Financial Information of the FG Holdings Group which stated that its review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. According to the Review Report, nothing has come to reporting accountants' attention that causes them to believe that the Financial Information of the FG Holdings Group is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Financial Information of the FG Holdings Group.

On the basis of the foregoing, the basis of preparation of the Financial Information of the FG Holdings Group by the Directors and our discussion with the Directors thereon, and the accounting policies and calculations adopted by the Directors and reviewed by Deloitte Touche Tohmatsu, we are of the opinion that the Financial Information of the FG Holdings Group, for which the Directors are solely responsible, has been prepared after due care and consideration.

Our opinion has been given for the sole purpose of compliance with Rule 10 of the Takeovers Code and for no other purpose.

Yours faithfully,
For and on behalf of
Crosby Securities Limited
Alex Lau
Managing Director

The following is the text of letter, summary of valuation and valuation certificates, prepared for the purpose of incorporation in this circular, received from Grant Sherman Appraisal Limited, an independent property valuer, in connection with their valuation as at 31 March 2014 of the property interests held by the Group in Hong Kong and the People's Republic of China.

GRANT SHERMAN

Unit 1005, 10/F., AXA Centre,
151 Gloucester Road,
Wanchai,
Hong Kong

18 June 2014

The Directors
Ford Glory Group Holdings Limited
19th Floor,
Ford Glory Plaza,
No. 37 Wing Hong Street,
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the property interests held by Ford Glory Group Holdings Limited (the "Company") and its subsidiaries (together referred to as the "Group") in the People's Republic of China ("the PRC") and the Hong Kong Special Administrative Region of the PRC ("Hong Kong"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interests as at the 31 March 2014 ("date of valuation") for the purpose of incorporation into the circular issued by the Company on the date hereof.

Our valuation is our opinion of the market value of the property interests where we would define market value as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Market Value is understood as the value of a property estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

In valuing the property interest in Group I which is held by the Group for self-occupation in Hong Kong, we have adopted direct comparison approach and made reference to the recent transactions for similar premises in the proximity. Adjustments have been made for the differences in transaction dates, building age, floor area etc. between the comparable properties and the subject property.

In valuing the property interest in Group II which is held by the Group for self-occupation in the PRC, we have adopted a combination of the market and depreciated replacement cost approach in assessing the land portion of the property and the buildings and structures standing on the land respectively. Hence, the sum of the two results represents the market value of the property as a whole. In the valuation of the land portion, reference has been made to the standard land price in Jiangmen City and the sales evidence as available to us in the locality. As the nature of the buildings and structures cannot be valued on the basis of market value, they have therefore been valued on the basis of their depreciated replacement costs. The depreciated replacement cost approach considers the current cost of replacement (reproduction) of the buildings and improvements less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. The depreciated replacement cost approach generally furnishes the most reliable indication of value for property in the absence of a known market based on comparables sales. The approach is subject to adequate potential profitability of the business.

Our valuation has been made on the assumption that the owner sells the property interests on the open market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the values of the property interests. In addition, no forced sale situation in any manner is assumed in our valuation.

In valuing the property interests which are situated in Hong Kong and held under the government leases which will be expired before 30 June 2047, we have taken into account of the statement contained in the Annex III of the Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the question of Hong Kong and the New Territories Leases (Extension) Ordinance 1988 that such leases would have been extended without payment of premium until 30 June 2047 and that an annual rent of three percent of the rateable values of the properties would be charged from the date of extension.

We have caused searches to be made on the title of the properties at the Land Registry in Hong Kong, however, we have not scrutinized the original title documents to verify ownership or to verify any amendments, which may not appear on the copies handed to us.

We have been provided with copies of extracts of title documents relating to the property in the PRC. However, we have not caused title searches to be made for the property interest at the relevant government bureaus in the PRC and we have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which may not appear on the copies handed to us. In undertaking our valuation for the property interest in the PRC, we have relied on the legal opinion ("the PRC legal opinion") provided by the Group's PRC legal adviser, GFE Law Office.

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us by the Group on such matters as planning approvals or statutory notices, easements, tenure, occupancy, lettings, site and floor areas and in the identification of the properties and other relevant matter. We have no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We have also been advised by the Group that no material facts had been concealed or omitted in the information provided to us and have no reason to suspect that any material information has been withheld. All documents have been used for reference only. We consider that we have been provided with sufficient information to reach an informed view.

All dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are approximations only. No on-site measurement has been taken.

We have inspected the exterior, and where possible, the interiors of the properties, in the course of our inspection, we did not note any serious defects. However, we have not carried out a structural survey nor have we inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible and we are therefore unable to report that any such parts of the properties are free from defect though in the course of our inspections we did not note any serious defects. No tests were carried out on any of the services.

We have not carried out investigation to determine the suitability of the ground conditions or the services for any property developments to be erected thereon. Our valuation is on the basis that these aspects are satisfactory and that no extraordinary expense or delay will be incurred during the construction period. Moreover, it is assumed that the utilization of the land and improvements will be within the boundaries of the sites held by the owner or permitted to be occupied by the owner. In addition, we assumed that no encroachment or trespass exits, unless noted in the valuation certificates.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In valuing the property interests, we have fully complied with the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors (HKIS) and the requirements set out in Chapter 5 of and Practice Note 12 to the Rule Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and as advised by the Company, the potential tax liabilities which may arise from the sale of the properties in the PRC include: (i) PRC business tax (equivalent to 5% of sales revenue), (ii) PRC land appreciation tax (equivalent to 30%-60% of the net appreciation amount) and (iii) PRC corporate income tax (25%). It is unlikely that such tax liability will be crystallised in the recent future as the Group has no intention to dispose of or transfer the relevant property interests. According to our established practice, in the course of our valuation, we have neither verified nor taken into account such tax liability. Except for applicable stamp duties, the potential gain arising from the sales of the property in Hong Kong shall be capital in nature and not subject to any taxation.

Unless otherwise stated, all money amounts stated are in Renminbi (RMB). The exchange rate adopted in valuing the property interest in the PRC as at 31 March 2014 was HK$ 1: RMB 0.7942. There has been no significant fluctuation in the exchange rate for this currency against Hong Kong Dollars between that date and the date of this letter.

We enclose herewith our summary of valuation together with the valuation certificates.

Respectfully submitted,
For and on behalf of
GRANT SHERMAN APPRAISAL LIMITED
Lawrence Chan Ka Wah
MRICS MHKIS RPS(GP)MHIREA
Director
Real Estate Group

Note:

Mr. Lawrence Chan Ka Wah is a member of the Royal Institution of Chartered Surveyors, a member of the Hong Kong institute of Surveyors and Registered Professional Surveyors in the General Practice Section, who has over 10 years' experience in the valuation of properties in Hong Kong, Macau, the PRC and the Asian Rim.

SUMMARY OF VALUATION

Group I – Property interests held by the Disposal Group in Hong Kong for self-occupation purpose

	Property	Market Value in existing state as at 31 March 2014	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 31 March 2014
1.	19th Floor, Ford Glory Plaza, No. 37 Wing Hong Street, Kowloon, Hong Kong	HK$21,000,000	100%	HK$21,000,000
2.	Carparking spaces Nos. P21 to P25 on 2nd Floor, Ford Glory Plaza, No. 37 Wing Hong Street, Kowloon, Hong Kong	HK$5,000,000	100%	HK$5,000,000
	Sub-total	**HK$26,000,000**		**HK$26,000,000**

Group II – Property interest held by the Disposal Group in the PRC for self-occupation purpose

3.	The lands and buildings located at No. 54 Yingbin Road East, Jinfeng Industrial Development Zone (formerly known as Gangmei Mountain, Chenchong Villagers' Committee), Luokeng Town, Xinhui District, Jiangmen City, Guangdong Province, the PRC	RMB55,700,000 (equivalent to approximately HK$70,100,000)	100%	RMB55,700,000 (equivalent to approximately HK$70,100,000)
	Total	**HK$96,100,000**		**HK$96,100,000**

VALUATION CERTIFICATE

Group I – Property interests held by the Disposal Group in Hong Kong for self-occupation purpose

	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 March 2014
1.	19th Floor, Ford Glory Plaza, No. 37 Wing Hong Street, Kowloon, Hong Kong 1,038 / 30,000th equal and undivided shares of and in the Remaining Portion of New Kowloon Inland Lot No. 2828, the Remaining Portion of Section A of New Kowloon Inland Lot No. 2828 and the Remaining Portion of Sub-section 2 of Section A of New Kowloon Inland Lot No. 2828	The property comprises the whole on 19th Floor of a 32-storey office building completed in 2008. The total gross floor area of the property is approximately 10,377 sq.ft. The property is held under Conditions of Sale No. UB4152 for a term of 75 years renewable for 24 years commencing on 1 July 1898. Government Rent payable for annum is HK$23,688.	The property was occupied by the Group for office use as at the date of valuation.	HK$ 21,000,000 **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 31 March 2014** HK$ 21,000,000

Notes:

1. Pursuant to the Land Register, the current registered owner of the property is Ford Glory International Limited.

2. The property is subject to a mortgage in favour of DBS Bank (Hong Kong) Limited dated 16 January 2009 vide a memorial no. 09020901960060.

3. The property is subject to an Assignment of Rentals in favour of DBS (Hong Kong) Limited dated 11 June 2009 vide a memorial no. 09070601540124.

4. According to the Cheung Sha Wan Outline Zoning Plan (Plan No. S/K5/35), the land the property situated is zoned for Other Specified Uses.

5. The property was inspected by Ms Erica Zhang (BSc(Surveying), FRM) on 11 February 2014, the external condition of the property is reasonable.

6. The property is situated on the Ford Glory Plaza, Ford Glory Plaza is situated along Wing Hong Street which is a well-developed industrial area, various medium-high rise industrial buildings erected nearby. Lai Chi Kwok MTR Station is about 10-minute walking distance. Ford Glory Plaza is accessible by bus, mini-bus, taxi and MTR.

7. According to the information from Rating and Valuation Department, the average yield of the office property in February 2014 is about 2.9%.

8. As advised by the Company, Ford Glory International Limited is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Ford Glory Holdings Limited as at the Latest Practicable Date.

	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 March 2014
2.	Caparking spaces Nos. P21 to P25 on 2nd Floor, Ford Glory Plaza, No. 37 Wing Hong Street, Kowloon, Hong Kong 55 / 30,000th equal and undivided shares of and in the Remaining Portion of New Kowloon Inland Lot No. 2828, the Remaining Portion of Section A of New Kowloon Inland Lot No. 2828 and the Remaining Portion of Sub-section 2 of Section A of New Kowloon Inland Lot No. 2828	The property comprises 5 carparking spaces on 2nd floor of a 32-storey office building completed in 2008. The property is held under Conditions of Sale No. UB4152 for a term of 75 years renewable for 24 years commencing on 1 July 1898. Government Rent payable for annum is HK$23,688.	The property was occupied by the Group for carparking use as at the date of valuation.	HK$ 5,000,000 **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 31 March 2014** HK$ 5,000,000

Notes:

1. Pursuant to the Land Register, the current registered owner of the property is Ford Glory International Limited.

2. The property is subject to a mortgage in favour of DBS Bank (Hong Kong) Limited dated 16 January 2009 vide a memorial no. 09020901960060.

3. The property is subject to an Assignment of Rentals in favour of DBS (Hong Kong) Limited dated 11 June 2009 vide a memorial no. 09070601540124.

4. According to the Cheung Sha Wan Outline Zoning Plan (Plan No. S/K5/35), the land the property situated is zoned for Other Specified Uses.

5. The property was inspected by Ms Erica Zhang (BSc(Surveying), FRM) on 11 February 2014, the external condition of the property is reasonable.

6. The property is situated on the Ford Glory Plaza, Ford Glory Plaza is situated along Wing Hong Street which is a well-developed industrial area, various medium-high rise industrial buildings erected nearby. Lai Chi Kwok MTR Station is about 10-minute walking distance. Ford Glory Plaza is accessible by bus, mini-bus, taxi and MTR.

7. As advised by the Company, Ford Glory International Limited is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Ford Glory Holdings Limited as at the Latest Practicable Date.

Group II – Property interest held by the Disposal Group for self-occupation purpose in the PRC

	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 March 2014
3.	The lands and buildings located at No. 54 Yingbin Road East, Jinfeng Industrial Development Zone (formerly known as Gangmei Mountain, Chenchong Villagers' Committee), Luokeng Town, Xinhui District, Jiangmen City, Guangdong Province, the PRC	The property comprises 3 parcels of land together with 7 single to 4-storey buildings completed in between 2002 and 2008 erected thereon. The total site area and total gross floor area of the property are approximately 65,677 sq.m. and 37,392 sq.m. respectively. The land use rights of the property were granted for a term of 50 years expiring on 17 July 2050 for industrial use.	Portion of the property was occupied by the Group for industrial and ancillary uses as at the date of valuation. Two parcels of land of the property with a site area of approximately 15,585 sq.m. was leased to a connected party for a term commencing on 1 April 2013 and expiring on 31 March 2014 at a monthly rent of RMB 33,000 exclusive of management fee and other operating outgoings. These two land parcels were occupied by the tenant for industrial and ancillary uses.	RMB 55,700,000 (equivalent to approximately HK$ 70,100,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at 31 March 2014** RMB 55,700,000 (equivalent to approximately HK$ 70,100,000)

Notes:

1. Pursuant to 3 State-owned Land Use Certificates (Document No.: Xin Guo Yong (2007) No. 01102, 01103 and 01104), the land use rights of the property with a total site area of approximately 65,677 sq.m. were granted to Jiangmen V – Apparel Manufacturing Limited for a term of 50 years expiring on 17 July 2050 for industrial use. The particulars are as below:

Lot No.	Approximate Site Area *(sq.m.)*	State-owned Land Use Certificates *(Document No.s)*
045002257	50,092	Xin Guo Yong (2007) No. 01102
045002258	2,750	Xin Guo Yong (2007) No. 01103
045002259	12,835	Xin Guo Yong (2007) No. 01104
Total	**65,677**	

2. Pursuant to 7 Real Estate Ownership Certificates (Document Nos.: Yue Dang Di Zheng Zi Nos.: C7047122 to C7047128), the ownership of 7 buildings with a total gross floor area of approximately 37,392 sq.m. is vested in Jiangmen V – Apparel Manufacturing Limited. The particulars are summarized as below:

Building Names	**Approximate Gross Floor Area** *(sq.m.)*	**Year of completion**	**No. of storey**	**Building Ownership Certificates** *(Document Nos.)*
Workshop C	4,000	2002	1	Yue Fang Di Zheng Zi No. C7047122
Dormitory A	4,623.6	2003	4	Yue Fang Di Zheng Zi No. C7047123
Dormitory B	4,623.6	2003	4	Yue Fang Di Zheng Zi No. C7047124
Electricity Transformer Room	180	2003	1	Yue Fang Di Zheng Zi No. C7047125
Canteen	1,944	2003	1	Yue Fang Di Zheng Zi No. C7047126
Workshop A	3,764.8	2008	1	Yue Fang Di Zheng Zi No. C7047127
Workshop B	18,256	2004	4	Yue Fang Di Zheng Zi No. C7047128
Total	**37,392**			

3. The property was inspected by Mr. Lawrence Chan Ka Wah (MRICS MHKIS RPS(GP) MHIREA) on 13 February 2014, the external condition of the property was reasonable.

4. The property is situated along Yingbin Road East in Jinfeng Industrial Development Zone, various low-rise industrial complexes are found nearby, it is about 30-minute driving distance to Xinhui Town Centre and about 45-minute driving distance to Jiangmen City. Bus and taxi are accessible to the property.

5. The average selling price of the industrial land in the locality is about RMB 252 per sq.m.

6. As confirmed by the Company, the tenant, Victory City Holdings Limited is a connected party.

7. As advised by the Company, Jiangmen V – Apparel Manufacturing Limited is a company incorporated in the PRC and wholly-owned by Ford Glory Holdings Limited as at the Latest Practicable Date.

8. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, GFE Law Office, which contains, inter alia, the following information:

   (a) The current registered owner of the property is Jiangmen V – Apparel Manufacturing Limited, the property is entitled to be occupied, transferred, leased and mortgaged;

   (b) The property is free from any mortgages, charges, orders and other legal encumbrances which may cause adverse effects on the ownership of the property; and

   (c) The tenancy agreement entered into between Jiangmen V – Apparel Manufacturing Limited and the tenant is valid and legally effective.

The following is the text of a report prepared for the purpose of incorporation in this circular received from Roma Appraisals Limited, an independent valuer, in connection with its valuations as at 31 March 2014 of the property.

ROMA

Unit 3806, 38/F, China Resources Building,
26 Harbour Road, Wan Chai, Hong Kong
Tel (852) 2529 6878 Fax (852) 2529 6806
E-mail info@romagroup.com
http://www.romagroup.com

18 June 2014

Ford Glory Group Holdings Limited
19th Floor,
Ford Glory Plaza,
37-39 Wing Hong Street,
Cheung Sha Wan,
Kowloon, Hong Kong

Dear Sir/Madam,

In accordance with your instructions for us to value the property in which Ford Glory Group Holdings Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have interests in Jordan, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 31 March 2014 (the "Date of Valuation") for the purpose of incorporation in the Circular of the Company dated 18 June 2014.

1. BASIS OF VALUATION

Our valuation of the property is our opinion of the market value of the concerned property which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

2. VALUATION METHODOLOGY

Due to the specific purpose for which the buildings and structures of the property have been constructed, there are no readily identifiable market comparables. Thus the buildings and structures have been valued on the basis of their depreciated replacement costs instead of direct comparison method. The depreciated replacement cost approach ("DCR") is based on an estimate of the Market Value for the existing use of the land, plus the current cost of replacement of the existing structures less deductions for physical deterioration and all relevant forms of obsolescence and optimization. In practice, Depreciated Replacement Cost approach may be used as a substitute for the Market Value of specialized property, due to the lack of market comparables available. Our valuation does not necessarily represent the amount that might be realized from the disposition of the property and the DRC is subject to adequate profitability of the concerned business.

3. TITLE INVESTIGATION

We have been provided with extracts of various documents and have been advised by the Group that no further relevant documents have been produced. However, we have not examined the original documents to verify the existing titles to the property or any amendment, which may not appear on the copies handed to us. We do not accept a liability for any interpretation which we have placed on such information which is more properly the sphere of your legal adviser. In the course of our valuation, we have relied upon the advice provided the Group's legal adviser, AL-KHALIL Law Firm information given by the Group regarding the titles of the property. All documents have been used for reference only.

4. VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the property in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of such property. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no allowance has been made for the property to be sold in one lot or to a single purchaser.

5. SOURCE OF INFORMATION

In the course of our valuation, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of property, particulars of occupation, site / floor areas, ages of buildings and all other relevant matters which can affect the value of the property. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

6. VALUATION CONSIDERATION

We have inspected the exterior and, where possible, the interior of certain property. No structural survey has been made in respect of the property. However, in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the site / floor areas of the property under consideration but we have assumed that the site / floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Group and are therefore approximations.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and as advised by the Group and it's Jordan auditor (Certified Public Accountant – Ghosheh & Co.), there is no potential tax liabilities, which include business tax, profits tax and land value appreciation tax, may arise from the sale of the property. As advised by the Group, the likelihood of any potential tax liability being crystalised is remote as the Group has no intention to sell the property.

Our valuation is prepared in compliance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and in accordance with the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors; the RICS Valuation – Professional Standards published by the Royal Institution of Chartered Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

REMARKS

Unless otherwise stated, all monetary amounts stated in our valuation are in Hong Kong Dollar (HK$). Where appropriate, the exchange rates that we have adopted 1 Jordanian Dinar (JOD) to HK$10.991.

Yours faithfully,
For and on behalf of
Roma Appraisals Limited

Dr. Alan W K Lee	**Frank F Wong**
BCom(Property) MFin PhD(BA)	*BA(Business Admin) MSc (Real Estate)*
MHKIS RPS(GP) AAPI CPV CPV(Business)	*MRICS Registered Valuer*
Associate Director	**Associate Director**

Note: Dr. Alan W K Lee is a Registered Professional Surveyor (General Practice), a member of Hong Kong Institute of Surveyors and an Associate of Australian Property Institute. He has over 10 years' valuation experience in Hong Kong, Macau, the PRC, the Asia Pacific Region, European countries and American countries.

Note: Mr. Frank F Wong is a Chartered Surveyor and Registered Valuer who has 15 years' valuation, transaction advisory and project consultancy of properties experience in Hong Kong and 7 years' experience in valuation of properties in the PRC as well as relevant experience in the Asia-Pacific region, Papua New Guinea, France, United States, Abu Dhabi (UAE) and Jordan.

VALUATION CERTIFICATE

Property Interest held by the Disposal Group in Jordan

Property	**Description and Tenure**	**Particulars of Occupancy**	**Market Value in Existing State as at 31 March 2014**
Block F Industrial Building located at plot number 1340 parcel number 3 Al Raqeem Al Tajamouat Industrial City South Amman Jordan	The property comprises a parcel of land with site area of approximately 5,407 sq.m. Erected on the land is a 4-storey industrial building with a gross floor area of approximately 7,815 sq.m. completed in about 2002. There is a later extension of a 2-storey building of gross floor area approximately 1,130 sq.m. The land is held under of Fee Simple Estate.	The property is operated as a garment manufacturing factory.	HK$21,900,000 100% interest attributable to the Group: HK$21,900,000

Notes:

1. Pursuant to a title deed, Jerash Garments & Fashions Manufacturing Company Limited ("Jerash") is the registered owner.

2. Jerash is a wholly-owned subsidiary of the Company.

3. The inspection was performed on 22 March 2014 by Mr. Muhammad Ezzat Mohammad Salameh who is a Licensed Appraiser in Jordan Appraiser Union and licensed by the Department of Land and Survey and Ministry of Industry and Trade, the Hashemite Kingdom of Jordan. He also holds the membership of Amman Chamber of Commerce. He has 25 years' experience in the valuation of properties in the Jordan. Our valuation opinion is reached having regard to the finding by Mr. Muhammad Ezzat Mohammad Salameh.

4. Fee Simple Estate is where the owner is entitled to entire property, with unconditional power of disposition. The estate is unlimited as to duration, disposition, and descendibility.

5. We have been provided with a legal opinion regarding the property interest issued by the Group's legal advisers of relevant jurisdiction, which contains, inter alia, the following:

   a. According to the Title Deed, Jerash Garments & Fashions Manufacturing Company Limited ("Jerash") owns the property;

   b. According to the Jerash's Title Deed, there are no legal encumbrances, such as mortgages or charges on the said immovable property;

   c. The occupancy of the said immovable property complies with prevailing Environmental Protection Regulations;

   d. The title of the said immovable property is the Jerash with free usage; and

   e. The said immovable property is totally owned by the Jerash (freehold). Accordingly, Jerash is the owner of the Assets (Building F, Equipment and Machinery therein) and is entitled to act with it in any legal manner it deems proper.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules and the Takeovers Code for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Information and confirmation relating to Unitech Enterprises, Sure Strategy, Merlotte Enterprise, Victory City Investments and the Offers set out in this circular have been duly extracted from the Joint Announcement or provided by the respective parties. The Directors jointly and severally accept responsibility for the correctness and fairness of reproduction or presentation of such information.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

		HK$
Authorised share capital:		
900,000,000	Shares of HK$0.01 each	9,000,000
Issued and fully paid up:		
508,832,000	Shares of HK$0.01 each	5,088,320

All issued Shares rank equally in all respect, including in particular as to dividend, voting rights and return on capital.

The Shares are listed and traded on the Main Board of the Stock Exchange. None of the Shares is listed, or dealt in, on other stock exchange, nor is any listing of or permission to deal in Shares being, or proposed to be, sought on any other stock exchange.

The Company issued 58,570,000 Shares since 31 March 2014, being the end of the last financial year of the Company, up to the Latest Practicable Date.

3. SHARE OPTIONS

As at the Latest Practicable Date, save for the outstanding Share Options to subscribe for 10,945,000 Option Shares under the share option scheme of the Company approved and adopted by the shareholders of the Company on 2 June 2010, the Company had no other outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

4. DISCLOSURE OF INTERESTS

Directors' interests and chief executive's interests

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Director or chief executive of the Company was taken or is deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "**Model Code**"), to be notified to the Company and the Stock Exchange were as follows:

(i) Directors' and chief executive's interests and short positions in Shares and underlying Shares

Name of Director	Name of Group member/ associated corporation	Capacity/ nature of interests	Number and class of securities	Interest in underlying shares of share options	Approximate percentage of shareholding
Mr. Choi	The Company	Interest of controlled corporation	317,552,000 Shares *(Note 2)*	–	62.41%
	VC	Beneficial owner	8,198,000 ordinary shares of HK$0.01 each of VC ("VC Shares") (L)	–	0.47%
	VC	Beneficial owner	–	12,000,000 VC Shares *(Note 7)*	0.69%
	Victory City Overseas Limited	Beneficial owner	700 redeemable non-voting preference shares of US$1.00 each (L)	–	21.22%
	Sure Strategy	Interest of controlled corporation	49 ordinary shares of US$1.00 each (L) *(Note 3)*	–	49.00%

Name of Director	Name of Group member/ associated corporation	Capacity/ nature of interests	Number and class of securities	Interest in underlying shares of share options	Approximate percentage of shareholding
Mr. Ng Tze On	The Company	Beneficial owner	–	5,350,000 Shares (L) *(Note 4)*	1.05%
Mr. Lau Kwok Wa, Stanley	The Company	Beneficial owner	–	5,350,000 Shares (L) *(Note 4)*	1.05%
	Mayer Apparel Limited	Beneficial owner	49 ordinary shares of HK$1.00 each (L)	–	49.00%
Mr. Li	The Company	Beneficial owner	277,360 Shares (L)	–	0.05%
	The Company	Founder of a trust	3,512,080 Shares (L) *(Note 5)*	–	0.69%
	VC	Founder of a trust	393,612,000 VC Shares (L) *(Note 5)*	–	22.51%
	VC	Beneficial owner	–	1,200,000 VC Shares (L) *(Note 8)*	0.07%
	Victory City Company Limited	Beneficial owner	4,000,000 non-voting deferred shares of HK$1.00 each (L)	–	50.00%
	Victory City Overseas Limited	Beneficial owner	1,300 redeemable non-voting preference shares of US$1.00 each (L)	–	39.39%
Mr. Chen	The Company	Beneficial owner	309,000 Shares (L)	–	0.06%
	The Company	Founder of a trust	3,512,080 Shares (L) *(Note 6)*	–	0.69%
	VC	Beneficial owner	2,070,000 VC Shares (L)	–	0.12%
	VC	Founder of a trust	393,612,000 VC Shares (L) *(Note 6)*	–	22.51%
	VC	Beneficial owner	–	1,200,000 VC Shares (L) *(Note 8)*	0.07%
	Victory City Company Limited	Beneficial owner	4,000,000 non-voting deferred shares of HK$1.00 each (L)	–	50.00%
	Victory City Overseas Limited	Beneficial owner	1,300 redeemable non-voting preference shares of US$1.00 each (L)	–	39.39%

Notes:

(1) The letter "L" denotes the Directors' long position in the shares and underlying shares of the Company or the relevant associated corporation.

(2) These Shares consist of 315,200,000 Shares held by Sure Strategy and 2,352,000 Shares held by Merlotte Enterprise. Sure Strategy was owned as to 51% by Victory City Investments and 49% by Merlotte Enterprise. Merlotte Enterprise was wholly-owned by Mr. Choi.

(3) These shares were held by Merlotte Enterprise, which is wholly-owned by Mr. Choi.

(4) On 2 June 2010, each of Mr. Ng Tze On and Mr. Lau Kwok Wa, Stanley was granted 5,350,000 options under the share option scheme of the Company to subscribe for 5,350,000 Shares. Such options are exercisable at HK$0.600 during a period from 5 October 2012 to 31 May 2020.

(5) These Shares and VC Shares (as the case may be) were held by Pearl Garden Pacific Limited. Pearl Garden Pacific Limited is wholly-owned by Cornice Worldwide Limited, the entire issued share capital of which is held by Fiducia Suisse SA as discretionary trustee for Mr. Li's family members.

(6) These Shares and VC Shares (as the case may be) were held by Madian Star Limited. Madian Star Limited is wholly owned by Yonice Limited, the entire issued capital of which is held by Fiducia Suisse SA as discretionary trustee for Mr. Chen's family members.

(7) On 2 April 2012, Mr. Choi was granted options under the share option scheme of VC to subscribe for 12,000,000 VC Shares, exercisable at a price of HK$0.782 per VC Share during a period from 2 April 2012 to 1 April 2017.

(8) On 2 April 2012, Mr. Li and Mr. Chen were granted options under the share option scheme of VC to subscribe for 1,200,000 VC Shares and 1,200,000 VC Shares respectively, exercisable at a price of HK$0.782 per VC Share during a period from 2 April 2012 to 1 April 2017.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executives of the Company had any interest or short position in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(ii) Substantial Shareholders' interests and short positions in Shares and underlying Shares

As at the Latest Practicable Date, the parties (other than the Directors and the chief executives of the Company) which had interest or short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO, or to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of shareholder	**Capacity/nature of interest**	**Number and class of securities** *(Note 1)*	**Approximate percentage of shareholding**
Sure Strategy	Beneficial owner	315,200,000 Shares (L)	61.95%
Victory City Investments	Beneficial owner	2,448,000 Shares (L)	0.48%
	Interest of controlled corporation	315,200,000 Shares (L) *(Note 2)*	61.95%
VC *(Note 3)*	Interest of controlled corporation	317,648,000 Shares (L)	62.43%
Merlotte Enterprise	Beneficial owner	2,352,000 Shares (L)	0.46%
	Interest of controlled corporation	315,200,000 Shares (L) *(Note 2)*	61.95%
Ms. Chan Lai Fan *(Note 4)*	Interest of spouse	317,552,000 Shares (L)	62.41%
Mr. Ng	Beneficial owner	53,341,000 Shares (L)	10.48%
Ms. Yau Yuk Chun Carole *(Note 5)*	Interest of spouse	53,341,000 Shares (L)	10.48%

Notes:

(1) The letter “L” denotes the individual or corporation’s long position in the Shares and underlying Shares.

(2) These Shares were held by Sure Strategy which was owned as to 51% by Victory City Investments and 49% by Merlotte Enterprise.

(3) Victory City Investments was wholly owned by VC.

(4) Ms. Chan Lai Fan is the wife of Mr. Choi.

(5) Ms. Yau Yuk Chun Carole is the wife of Mr. Ng.

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified by any person (other than a Director or chief executive of the Company) who had any other interest or short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO, or to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO.

5. DIRECTOR'S OTHER INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware of, none of themselves or their respective associates had any interest in a business which competes or may compete with the business of the Group or any other conflicts of interest within the Group.

As at the Latest Practicable Date, none of the Directors had any interest, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2013, being the date to which the latest published audited financial statements of the Company were made up.

Save as disclosed in this circular, there was no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director is materially interested and which is significant to the business of the Group.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance and no litigation or claims of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contract with the Company or any of its subsidiaries or associated companies which:

(i) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the date of the Joint Announcement;

(ii) was a continuous contract with a notice period of 12 months or more;

(iii) was a fixed term contract with more than 12 months to run irrespective of the notice period; or

(iv) was not expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

Mr. Choi Lin Hung, was appointed as an executive Director on 8 April 2010 and entered into a service contract with the Company on 8 September 2010. Mr. Choi is responsible for strategic planning and overseeing the overall operation and general management of the Group.

Mr. Lau Kwok Wa, Stanley, was appointed as an executive Director on 8 April 2010 and entered into a service contract with the Company on 8 September 2010. He is responsible for the overall operation of and marketing for Mayer Apparel Limited, a company incorporated in Hong Kong with limited liability and a subsidiary of FG Holdings (before and after the Group Reorganisation).

Mr. Ng Tze On, was appointed as an executive Director of the Company on 8 April 2010 and entered into a service contract with the Company on 8 September 2010. Mr. Ng Tze On is responsible for the Group's production management.

Pursuant to the Share Sale Agreement, the Directors (including two non-executive Directors and four independent non-executive Directors) will resign from their office immediately after the closing of the Offers (or such other time as permitted by the Takeovers Code).

The Offeror intends to nominate new executive Directors to the Board and such appointments will not take effect earlier than the date of posting of the Offer Document or such other date as permitted under the Takeovers Code. The Offeror is also in the process of seeking suitable candidates as independent non-executive Directors. Details of the aforesaid appointments will be included in the Offer Document.

8. MATERIAL CONTRACT

The following contract, not being contracts entered into in the ordinary course of business, had been entered into by members of the Group after the date falling two years prior to the issue of this circular and up to the Latest Practicable Date and which is or may be material:

(i) the Disposal Agreement.

9. QUALIFICATION AND CONSENT OF EXPERTS

The following is the qualification of the experts who have given opinion or advice contained in this circular:

Name	**Qualification**
Deloitte Touche Tohmatsu	Certified Public Accountants
Grant Sherman Appraisal Limited ("**Grant Sherman**")	Professional property valuer
Roma Appraisals Limited ("**Roma**")	Professional property valuer
Shenyin Wanguo	A licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO

(a) As at the Latest Practicable Date, each of Deloitte Touche Tohmatsu, Grant Sherman, Roma and Shenyin Wanguo had no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group.

(b) As at the Latest Practicable Date, each of Deloitte Touche Tohmatsu, Grant Sherman, Roma and Shenyin Wanguo did not have any interest, direct or indirect, in any assets which have been, since 31 March 2013, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or proposed to be acquired or disposed of by or leased to any member of the Group.

(c) Each of Deloitte Touche Tohmatsu, Grant Sherman, Roma and Shenyin Wanguo has given and has not withdrawn its written consent to the issue of this circular with the inclusion of and references to its name and letter in the form and context in which they respectively appear.

10. MISCELLANEOUS

(i) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

(ii) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(iii) The company secretary of the Company is Lee Chung Shing, who is an associate member of each of the Chartered Institute of Management Accountants and the Hong Kong Institute of Certified Public Accountants.

(iv) The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text in the case of inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the Company's principal place of business in Hong Kong at 19/F, Ford Glory Plaza, 37-39 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong, and will also be available for inspection on the website of the SFC at www.sfc.hk and the website of the Company at www.fordglory.com.hk from the date of this circular up to and including the date of the SGM:

(i) the memorandum of association and the bye-laws of the Company;

(ii) the annual reports of the Company for each of the two financial years ended 31 March 2013;

(iii) the letter from the Board, the text of which is set out in the section headed "Letter from the Board" of this circular;

(iv) the letter of recommendation from the Independent Board Committee, the text of which is set out in the section headed "Letter from the Independent Board Committee" of this circular;

(v) the letter from Shenyin Wanguo, the text of which is set out in the section headed "Letter from Shenyin Wanguo" of this circular;

(vi) the valuation report on the property interests of the Group prepared by Grant Sherman, the text of which are set out in Appendix VI of this circular;

(vii) the valuation report on the property interests of the Group prepared by Roma, the text of which are set out in Appendix VI of this circular;

(viii) the written consents of the experts referred to in the section headed "9. Qualification and consent of experts" in this appendix;

(ix) the material contracts referred to in the section headed "8. Material contracts" in this appendix;

(x) the service contracts referred to in the section headed "7. Directors' service contracts" in this appendix;

(xi) the review report on the FG Holdings Group for the three financial years ended 31 March 2013 and the nine months ended 31 December 2013 referred to under the appendix headed "Financial information of the FG Holdings Group", the text of which is set out in Appendix II of this circular; and

(xii) this circular.

FORD GLORY GROUP HOLDINGS LIMITED

福源集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1682)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the "**Meeting**") of Ford Glory Group Holdings Limited (the "**Company**") will be held at 10:00 a.m. on Thursday, 10 July 2014 at Unit D, 3rd Floor, Winfield Industrial Building, 3 Kin Kwan Street, Tuen Mun, New Territories, Hong Kong for the following purposes:

ORDINARY RESOLUTIONS

1. "**THAT** the Disposal Agreement (as defined in the circular ("**Circular**") dated 18 June 2014 issued by the Company to its shareholders accompanying the notice convening this Meeting of which this resolution forms part) for the disposal of the entire issued share capital of Ford Glory Holdings Limited ("**FG Holdings**") dated 14 March 2014 between the Company as the vendor and Sure Strategy Limited ("**Sure Strategy**") as the purchaser, under which the entire issued share capital of FG Holdings shall be sold by the Company to Sure Strategy at a total cash consideration of HK$270,000,000 subject to the terms and conditions contained therein, and the transactions contemplated under the Disposal Agreement be and are hereby approved, confirmed and ratified; and the directors of the Company be and are hereby authorised to sign, execute and deliver any agreements, deeds, instruments and any other documents (and, where necessary, to affix the seal of the Company on them in accordance with the bye-laws of the Company (the "**Bye-laws**")) in connection with the Disposal Agreement and to do and take all such action, steps, deeds and things in such manner and to sign all documents as they may deem necessary, desirable or appropriate to give effect to the Disposal Agreement and the transactions contemplated under it."

2. "**THAT**, subject to completion of the Share Sale Agreement (as defined in the Circular in accordance with its terms, the engagement of and appointment of Ms. Cheng Sylvia, Ms. Ching Chor Bik and Mr. Yick Chong San as employees of the Remaining Group (as defined in the Circular) on the terms and conditions described in the section headed "G. Special Deal in relation to the Retained Employees Arrangement" of the "Letter from the Board" in the Circular be and is hereby approved; and the directors of the Company be and are hereby authorised to make, sign, execute and deliver any agreements, deeds, instruments and any other documents (and, where necessary, to affix the seal of the Company on them

* *For identification purposes only*

in accordance with the Bye-laws) in connection with such appointment and to do and take all such action, steps, deeds and things in such manner and to sign all documents as they may deem necessary, desirable or appropriate to give effect to it."

3. "**THAT**, the terms and conditions of the lease agreement (the "**HK Lease Agreement**") to be entered into between Ford Glory International Limited and United Gainer Investment Limited for the leasing of the office premises of the Remaining Group, which is a portion of the property located at 19/F., Ford Glory Plaza, 37-39 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong with a total gross floor area of approximately 3,900 square feet are hereby approved; and the directors of the Company be and are hereby authorised to make, sign, execute and deliver any agreements, deeds, instruments and any other documents (and, where necessary, to affix the seal of the Company on them in accordance with the Bye-laws) in connection with the HK Lease Agreement and to do and take all such action, steps, deeds and things in such manner and to sign all documents as they may deem necessary, desirable or appropriate to give effect to it."

4. "**THAT**, subject to the conditions set out in the sub-paragraph headed "Conditions to the Special Cash Dividend" under the paragraph headed "D. Special Cash Dividend" of the "Letter from the Board" in the Circular having been satisfied, the distribution ("**Distribution**") in cash of HK$0.72 per share to the holders of the ordinary shares of HK$0.01 each in the issued share capital of the Company whose names appear on the register of members of the Company as at the close of business on the Record Date (as defined in the Circular) be and is hereby approved; and the directors of the Company be and are hereby authorised to make, sign, execute and deliver any agreements, deeds, instruments and any other documents (and, where necessary, to affix the seal of the Company on them in accordance with the Bye-laws) in connection with the Distribution and to do and take all such action, steps, deeds and things in such manner and to sign all documents as they may deem necessary, desirable or appropriate to give effect to the Distribution, including without limitation to exercise the powers and authorities conferred under the Bye-laws and the applicable law and regulations in Hong Kong in respect of the Distribution."

SPECIAL RESOLUTIONS

5. "**THAT**, conditional on compliance with the relevant legal procedures and requirements under the Companies Act 1981 of Bermuda (as amended) and the Bye-laws to effect the Share Premium Cancellation (as defined below), with effect from the date on which this resolution is passed by shareholders of the Company (the "**Effective Date of Share Premium Cancellation**"):

   (a) all amounts standing to the credit of the share premium account of the Company as at the Effective Date of Share Premium Cancellation be cancelled ("**Share Premium Cancellation**");

(b) the credit arising from the Share Premium Cancellation be transferred to the contributed surplus account of the Company and the directors of the Company be and are hereby authorised to apply the amount then standing in the contributed surplus account of the Company in any manner permitted by the laws of Bermuda and the Bye-laws, including, but not limited to, (i) eliminating or setting off accumulated losses of the Company as may arise from time to time; and/or (ii) paying dividend or making any other distribution (including payment of any part of the Distribution out of the contributed surplus account from time to time without further authorisation from the shareholders of the Company and all such actions in relation thereto be approved, ratified and confirmed; and

(c) the board of directors of the Company be and is hereby authorised to take all actions in connection with the Share Premium Cancellation as the board of directors of the Company shall think necessary or desirable including, without limiting, the generality of the foregoing (i) approving the execution and delivery of any instruments or agreements and the issue of any documents for and on behalf of the Company in connection with or for the purpose of giving effect to the Share Premium Cancellation; and (ii) exercising all the powers of the Company to give effect to the Share Premium Cancellation."

6. "**THAT** subject to and conditional upon (i) completion of the Share Sale Agreement (as defined in the Circular); and (ii) the entry of "Highlight China IoT International Limited" as the new English name and the entry of "高銳中國物聯網國際有限公司" as the new secondary name in Chinese of the Company in the register maintained by the Registrar of Companies in Bermuda and the issue of a certificate of incorporation on change of name and a certificate of secondary name by the Registrar of Companies in Bermuda:

(a) the English name of the Company be and is hereby changed from "Ford Glory Group Holdings Limited'" to "Highlight China IoT International Limited" and the Chinese name of "高銳中國物聯網國際有限公司" be adopted as the new secondary name of the Company, with effect from the date of registration as set out in the certificate of incorporation on change of name and the certificate of secondary name issued by the Registrar of Companies in Bermuda, and that such documents in connection with the change of name of the Company be filed and registered with the Registrar of Companies in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong); and

(b) any one of the directors of the Company be and is hereby authorised to sign, execute and deliver all such documents and take all such actions and steps and do such acts, matters and things as he or she considers necessary, appropriate, desirable or expedient to give full effect to this resolution, and for the purpose of or in connection with the implementation of the change of name of the Company."

By order of the board of
Ford Glory Group Holdings Limited
Choi Lin Hung
Chairman

Hong Kong, 18 June 2014

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
19/F, Ford Glory Plaza
37-39 Wing Hong Street
Cheung Sha Wan
Kowloon
Hong Kong

Notes:

1. A member entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or (if he is the holder of two or more shares) more than one proxy to attend and vote on his behalf. A proxy need not be a member of the Company.

2. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the office of the Company's Hong Kong branch share registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 48 hours before the time of holding this Meeting or any adjourned meeting.

3. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.

4. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she/it were solely entitled thereto to. If more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

5. A form of proxy for use at this Meeting is enclosed with the Company's circular dated 18 June 2014 to the Shareholders.

6. All ordinary and special resolutions set out above will be determined by way of poll.

7. As at the date of this notice, the board of directors of the Company 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.