COME SURE

2010
annual report

Come Sure Group (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability) Stock Code: 00794

Content

Corporate Information

Executive directors

Mr. CHONG Kam Chau *(Chairman and President)*
Mr. CHONG Wa Pan *(Managing Director)*
Mr. CHONG Wa Ching
Mr. CHONG Wa Lam

Independent non-executive directors

Mr. CHAU On Ta Yuen
Ms. TSUI Pui Man
Mr. LAW Tze Lun

Legal advisers to the Company

As to Hong Kong law:

Loong & Yeung Solicitors
Suites 2201-2203, 22nd Floor
Jardine House
1 Connaught Place
Central
Hong Kong

As to Cayman Islands law:

Appleby
8th Floor, Bank of America Tower
12 Harcourt Road
Central
Hong Kong

As to PRC law:

B&W Partners
1205, Zone A, East Block
Haian Building
Haide Third Street
Nanshan District
Shenzhen, PRC

Auditor

RSM Nelson Wheeler
29th Floor, Caroline Centre
Lee Gardens Two
28 Yun Ping Road
Hong Kong

Property valuers

Grant Sherman Appraisal Limited
Room 1701, 17th Floor
Jubilee Centre
18 Fenwick Street
Wanchai
Hong Kong

Registered office

Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

Head office and principal place of business in Hong Kong

Units 8-10, 8th Floor
Cornell Centre
50 Wing Tai Road
Chai Wan
Hong Kong

Company website address

www.comesure.com

Company secretary

Mr. HUNG Man Yuk, Dicson *CPA*

Compliance adviser

Kingsway Capital Limited
5th Floor, Hutchison House
10 Harcourt Road
Central, Hong Kong

Authorised representatives

Mr. CHONG Wa Ching
Mr. CHONG Wa Lam

Corporate Information

Authorised person to accept service of process and notice under Part XI of the Companies Ordinance

Mr. CHONG Wa Ching

Members of audit committee

Mr. LAW Tze Lun *(Chairman)*
Mr. CHAU On Ta Yuen
Ms. TSUI Pui Man

Members of remuneration committee

Ms. TSUI Pui Man *(Chairman)*
Mr. CHAU On Ta Yuen
Mr. LAW Tze Lun
Mr. CHONG Wa Pan

Members of nomination committee

Ms. TSUI Pui Man *(Chairman)*
Mr. CHAU On Ta Yuen
Mr. LAW Tze Lun
Mr. CHONG Wa Pan

Principal bankers

The Hongkong and Shanghai Banking Corporation Limited
HSBC Main Building
1 Queen's Road Central
Central
Hong Kong

Standard Chartered Bank (Hong Kong) Limited
Standard Chartered Bank Building
4–4A Dex Voeux Road
Central
Hong Kong

Hang Seng Bank Limited
83 Des Voeux Road Central
Central
Hong Kong

DBS Bank (Hong Kong) Limited
16th Floor, The Centre
99 Queen's Road Central
Hong Kong

Bank of China (Hong Kong) Limited
Bank of China Tower
1 Garden Road
Hong Kong

Principal share registrar and transfer agent

Appleby Trust (Cayman) Ltd.
Clifton House
75 Fort Street
PO Box 1350
Grand Cayman
KY1-1108
Cayman Islands

Hong Kong branch share registrar and transfer office

Tricor Investor Services Limited
26/F Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Financial Summary

Results	2006 HKD'000	2007* HKD'000	2008* HKD'000	2009 HKD'000	**2010 HKD'000**
			Year ended 31 March		
Turnover	574,871	643,198	665,667	614,780	**478,436**
Cost of goods sold	(466,293)	(517,840)	(524,737)	(499,094)	**(393,290)**
Gross Profit	108,578	125,358	140,930	115,686	**85,146**
Other income	2,966	1,761	3,147	2,678	**1,434**
Selling and distribution expenses	(18,422)	(21,377)	(19,078)	(22,381)	**(19,063)**
Administrative expenses	(35,619)	(38,816)	(48,934)	(49,654)	**(54,561)**
Other operating expenses	(2,439)	(4,599)	(1,392)	(6,014)	**(166)**
Profit from operations	55,064	62,327	74,673	40,315	**12,790**
Finance costs	(7,361)	(9,982)	(6,841)	(4,166)	**(896)**
Gain on disposal of subsidiaries	–	–	–	–	**15,989**
Profit before tax	47,703	52,345	67,832	36,149	**27,883**
Income tax expense	(1,648)	(3,201)	(5,908)	(3,628)	**(2,974)**
Profit for the year	46,055	49,144	61,924	32,521	**24,909**

Financial Summary

Assets and Liabilities	2006 HKD'000	2007* HKD'000	2008* HKD'000	2009 HKD'000	**2010 HKD'000**
	Year ended 31 March				
Non-current assets	130,868	136,717	136,978	146,917	**135,792**
Current assets	306,927	281,807	348,057	298,393	**368,858**
Total assets	437,795	418,524	485,035	445,310	**504,650**
Non-current liabilities	4,840	8,776	10,721	5,536	**2,497**
Current liabilities	280,117	195,581	231,687	92,445	**88,156**
Total liabilities	284,957	204,357	242,408	97,981	**90,653**
Equity attributable to the owners of the Company	152,838	214,167	242,627	347,329	**413,997**

* the figures for the years ended and as at 31 March 2007 and 2008 have been restated to consolidate the results of Century Shiny Investment Limited, which was acquired by the Group on 2 February 2009.

STRONG COMPANY

The market may be weak, but our Group is strong. The Group has HK$164 million cash position to cope with the tough market environment & capture expansion opportunities.


Chairman's Statement

Dear our valued shareholders,

On behalf of our board of directors ("the Board"), I am pleased to present the annual results of Come Sure Group (Holdings) Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 March 2010 ("Year 2010").

Overview

After the financial tsunami, Year 2010 was still a difficult year. During the year, turnover of HK$478 million was recorded, representing a 22% decrease over the HK$615 million reported last year. Profit before tax was HK$28 million, as compared to HK$36 million reported in 2009.

The demand for consumer products has not fully picked up after the financial crisis and thus the demand for paper-based packaging products had negative impact inevitably. Moreover, both the unit prices of corrugated paper board and paper-based packaging product dropped in Year 2010.

The economy of the People's Republic of China (the "PRC") is believed to outperform most of other countries. The Group will focus more on the PRC domestic market as we believe the local demand will have a strong growth. As we have pointed out last year, the Group has started to identify merger and acquisition opportunities in PRC. The proportion of sales to the PRC domestic market has already reached near 50% of our total sales. The management believes achieving a higher proportion of PRC domestic sales can also help to mitigate the impact of the appreciation of Renminbi.

At the same time, we will continue to expand the paper-based packaging products market in Hong Kong. We believe the Hong Kong market will continue to enjoy an impressive profit margin and contribute stable income to the Group. In terms of product, we will focus more on paper-based packaging product, which requires certain structured design work and therefore the Group can achieve a higher unit price and profit margin.

The market may be weak, but our Group is strong. We have completed the placing of two tranches of 42,000,000 new shares in total under the general mandate at a price of HK$1.2 per share. As a result, the Company has raised HK$49 million net proceeds for general working capital and future investment opportunities. Our financial position is strong, the Group has HK$164 million cash position, with a bank borrowing of HK$30 million only. We have sufficient resources to cope with the tough market environment and the capability to capture expansion opportunities.

Chairman's Statement

Prospect

Our new production plant in Huidong County, Huizhou ("Come Sure Huizhou") is in the completion stage and expected to commence trial operation before the end of 2010. The production capacity of Come Sure Huizhou will enable the Group to meet the future demand, especially the increasing demand within the domestic market of PRC for corrugated paper boards and paper-based packing products in Huidong and the surrounding areas. As our usual practice, we will continue to implement the total cost control and prudent financial management and conduct reviews to ensure our operations are cost effective.

Moreover, the Group acquired a new subsidiary Rising Sun Paper (Jiangxi) Co., Limited in Year 2010. It is principally engaged in the manufacturing and processing of paper boards, paper boxes and high-class packaging paper. This acquisition can expand our business and production capacity in the PRC. Given our strong financial position, we will keep looking for similar acquisition opportunities to increase our shareholder value.

Despite our confidence in the Group's future development, we will continue to exercise caution. As a manufacturer based in PRC, there are still a lot of challenges. The global economy has just started to recover from the financial crisis and both the overseas and domestic markets are uncertain. Manufacturers are still facing increasing material costs, labour costs and Renminbi appreciation. To cope with these challenges, we will focus on our high end products which have a higher profit margin and keep improving our efficiency to achieve cost control.

Social responsibility

The Group always works hard at reinforcing its position as a "one-stop green packaging partner". We understand the increasingly demanding environmental protection requirements our customers have to meet, making us a preferred partner of our customers. Customers need cost effective packaging products that are also environmental friendly by international standards. We have invested in different equipment to ensure our products comply with the environmental protection standards including the European Restrictions of Hazardous Substances (RoHS) and Waste Electrical and Electronic Equipment (WEEE) in the European Union and the United States. In addition to having the ISO 14001 Environmental Management System in place, the Group adopted a Hazardous Substance Process Management System (有害物質管理體系) since 2009 and obtained QC08000:2005 certification during the year. All these initiatives are testimony of the dedication of the Group in operating its business and providing products that are conducive to environmental protection. We are ready to work with our customers as their green packaging partner.

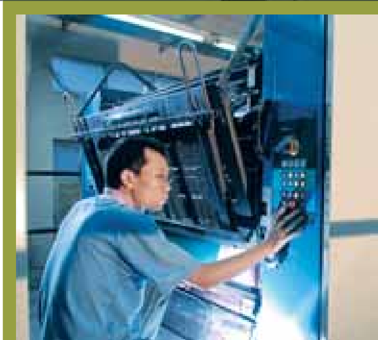
Acknowledgement

On behalf of the Board, I would like to express my sincere gratitude to our shareholders, customers and business partners for their supports. My thanks also go to all staff members of the Group for their contributions and commitment to the continuous success of the Group.

CHONG Kam Chau
Chairman
23 July 2010

GOOD PROSPECTS

The impact of financial crisis is diminishing. The difficult time of the Group has passed and with the expanding sales network in the PRC, we have confidence in the results of future years.



Management
Discussion and Analysis

Business Review

The financial year ended 2010 was challenging. The world was recovering from the global financial crisis. Overseas demand in consumer products had not fully picked up. As a result, the demand of paper-based packaging products was still lower than the pre-crisis level. In addition, the increasing labour cost, appreciation of Renminbi, and the sharp increase of raw paper materials cost in the second half of the financial year altogether created a difficult operating environment for paper-based packaging manufacturers in the PRC.

At the time of economic uncertainties, the Group had completed a placing of new shares to strengthen the financial position. The Group also adopted a set of prudent business strategies, including stringent inventories control and credit control policy, as well as a conservative financial management and low gearing policy, which had minimised the liquidity risk of the Group effectively, and retained sufficient capital for future development. The Group's current ratio and gearing ratio were improved to approximately 4.2 and 6.0% respectively as at 31 March 2010 (2009: approximately 3.2 and 10.2%).

Result of Operation

	2009/10		2008/09	
	HKD'000	**(%)**	HKD'000	(%)
Domestic delivery export sales	**234,804**	**49.1**	371,655	60.5
PRC domestic sales	**218,188**	**45.6**	221,890	36.1
Direct export sales	**25,444**	**5.3**	21,235	3.4
Total sales	**478,436**	**100**	614,780	100
Gross profit ratio		**17.8**		18.8
Net profit ratio		**5.2**		5.3

Turnover Percentage by Market 2009/10

Turnover Percentage by Market 2008/09

Management
Discussion and Analysis

Revenue

The revenue decreased by approximately 22.2% from approximately HK$614.8 million in last year to approximately HK$478.4 million for the year under review, the segment revenue of corrugated products and offset printed products decreased by approximately 18.9% and 22.8% respectively. It was mainly due to the downturn of economy of the United States and Europe after the financial crisis, which led to a substantial drop in export demand of paper-based packaging products.

To cope with the decrease in export demand, the Group strove to develop the PRC domestic market. During the year under review, the PRC domestic sales volume increased by approximately 13.1% as compared to last year, and the PRC domestic sales accounted for approximately 45.6% of the Group's total revenue (2009: approximately 36.1%). However, the decline in average selling price adversely affected the revenue from PRC domestic sales, which resulted in a slightly decrease by approximately 1.7% from approximately HK$221.9 million for the year ended 31 March 2009 to approximately HK$218.2 million for the year ended 31 March 2010.

The direct export to Hong Kong market increased from approximately HK$21.2 million in 2009 to approximately HK$25.4 million, representing approximately 5.3% of the Group's total revenue in 2010 (2009: approximately 3.4%). The Group understands the potential of Hong Kong market, and continues to consider it as one of the core markets of the Group. It is expected that the Hong Kong market will continue to develop and contribute a commendable income stream with impressive profit margin.

Gross Profit

During the year under review, the Group secured an increasing portion of Renminbi domestic sales to mitigate the effect of appreciation of Renminbi in PRC factory production overhead.

At the same time, the Group continue to manage the raw materials cost and inventories level by signing bi-monthly and quarterly contracts with major PRC domestic suppliers and expanding the sourcing networks from different countries in order to ensure a timely and stable supply of raw materials at a competitive price.

Despite the efforts above, the selling price of some products could not fully match with the sharp increase of raw paper materials cost during the last few months before the year ended 31 March 2010 and therefore, the gross profit ratio slightly dropped from approximately 18.8% as at 31 March 2009 to approximately 17.8% as at 31 March 2010.

Selling and Distribution Expenses and Administrative Expenses

The selling and distribution expenses decreased by approximately 14.7% from approximately HK$22.4 million in 2009 to approximately HK$19.1 million in 2010. The decrease was mainly caused by the decrease of delivery expenses, which were charged against the invoice amounts.

The administrative expenses increased by approximately 9.9% from approximately HK$49.7 million in 2009 to approximately HK$54.6 million in 2010. It was mainly represented by the increase of salaries and allowances, and operating lease payments for the Group's factory premises.

Other Operating Expenses

The other operating expenses decreased significantly from approximately HK$6.0 million in 2009 to approximately HK$166,000 in 2010. The decrease was mainly due to the non-recurring listing expenses incurred in last year.

Management Discussion and Analysis

Finance Costs

The finance costs significantly decreased by approximately 78.6% from approximately HK$4.2 million in 2009 to approximately HK$0.9 million in 2010. The decrease was mainly contributed by the Group's maintaining of sufficient funds and the decrease in average bank borrowings during the year under review.

Net Profit and Dividends

The net profit attributable to the owners of the Company decreased by approximately 23.4% from approximately HK$32.5 million in 2009 to approximately HK$24.9 million in 2010, and the net profit ratio slightly decreased from approximately 5.3% as at 31 March 2009 to approximately 5.2% as at 31 March 2010. To keep up the Group dividend policy, the Board recommended a payment of final dividend of HK2.5 cents per ordinary share.

Working Capital

	Turnover days	
	2009/10	2008/09
Trade receivables	**69**	75
Trade payables	**25**	34
Inventories	**58**	47

The trade receivables were approximately HK$92.0 million as at 31 March 2010, slightly increased by approximately 3.4% as compared to approximately HK$89.0 million as at 31 March 2009. The trade receivables turnover days were 69 days for the year ended 31 March 2010 as compared with 75 days in 2009. Such decrease was mainly contributed by the credit control measure adopted by the Group. During the year under review, the Group continued to monitor the creditworthiness and past collection history of its customers in order to reduce the credit risk.

The trade payables were approximately HK$27.6 million as at 31 March 2010, increased by approximately 9.5% as compared to approximately HK$25.2 million as at 31 March 2009. The trade payables turnover days were 25 days for the year ended 31 March 2010 as compared to 34 days in 2009. Such decrease was mainly due to the raw materials purchase amount dropped in line with the turnover amount during the year under review.

The raw paper materials cost significantly stepped up during the last few months just before the year end date. Therefore the inventories increased by approximately 47.3% from approximately HK$50.9 million as at 31 March 2009 to approximately HK$75.0 million as at 31 March 2010, and thus the inventories turnover days increased by 11 days to 58 days during the year under review (2009: 47 days).

Liquidity and Financial Resources

	2009/10	2008/09
Current ratio (current assets divided by current liabilities)	**4.2**	3.2
Gearing ratio (total bank borrowings divided by total assets)	**6.0%**	10.2%

The principal sources of working capital of the Group for the year under review were the cash flow from operating activities, bank borrowings, and the proceeds from placing of new shares.

During the year under review, the net cash inflow from operating activities decreased by approximately 78.4% from approximately HK$118.2 million in 2009 to approximately HK$25.5 million in 2010. It was mainly caused by the increase in inventories and trade receivables. The bank and cash balances were approximately HK$163.9 million (2009: approximately HK$112.5 million), excluding the pledged deposits of approximately HK$25.5 million, and the unused banking facilities was approximately HK$428.5 million.

Management
Discussion and Analysis

As at 31 March 2010, the total shareholders' fund increased from approximately HK$347.3 million as at 31 March 2009 to approximately HK$414.0 million. The current assets increased from approximately HK$298.4 million as at 31 March 2009 to approximately HK$368.9 million as at 31 March 2010. The current liabilities decreased from approximately HK$92.4 million as at 31 March 2009 to approximately HK$88.2 million as at 31 March 2010, and the current ratio improved from approximately 3.2 as at 31 March 2009 to approximately 4.2 as at 31 March 2010.

The total outstanding bank borrowings decreased from approximately HK$45.5 million as at 31 March 2009 to approximately HK$30.2 million as at 31 March 2010. The gearing ratio decreased from approximately 10.2% as at 31 March 2009 to approximately 6.0% as at 31 March 2010, and the Group's bank and cash balances were sufficient to repay all the bank borrowings. The details of interest-bearing bank borrowings as at 31 March 2010 are disclosed in note 22 and 24 to the financial statements.

The Group maintains a sound liquidity position and possesses sufficient cash and banking facilities to meet the working capital requirements and finance future projects.

Foreign Exchange Risk

The Group is exposed to foreign currency risk as some of its business transactions, assets and liabilities were denominated in currencies other than the functional currency of respective members of the Group. To mitigate the exchange risk between HK$ and RMB, the Group increased the RMB sales to match with the Group's PRC subsidiaries operation expenses. At current stage, the Group does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will continue to monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Charge of Assets

As at 31 March 2010, the Group pledged certain assets including bank deposits, prepaid land lease payments and buildings with aggregate net book value of approximately HK$27.0 million (2009: approximately HK$41.1 million) to secure banking facilities granted to the Group.

Capital Commitments and Contingent Liabilities

As at 31 March 2010, the Group's capital expenditure contracted but not provided for regarding to property, plant and equipment was approximately HK$7.4 million (2009: approximately HK$0.4 million).

As at 31 March 2010, the Group had no significant contingent liabilities (2009: Nil).

Significant Investment Held and Material Acquisition and Disposal

There was no significant investment held by the Group as at 31 March 2010.

During the year under review, the Group disposed of the entire interest in Bright Leader Holdings Limited (an indirect wholly-owned subsidiary of the Company) to a company wholly-owned by a director of the Company at a total consideration of HK$15,333,054. For details of the transaction, please refer to the announcement of the Company dated 19 August 2009 and the circular of the Company dated 9 September 2009.

Subsequent to the end of the reporting period, on 20 April 2010, the Group entered into an agreement with independent third parties to acquire 56.05% equity interest in Fully Chance Holdings Limited ("Fully Chance") at a total consideration of HK$18,904,634. The consideration was satisfied by cash payment of HK$9,439,034 and the remaining balance was satisfied by the issue of 6,800,000 ordinary shares of the Company. Fully Chance is the legal and beneficial owner of 91% equity interest in Rising Sun Paper (Jiangxi) Co., Limited ("Rising Sun"), a sino-foreign joint venture enterprise established in the PRC. Rising Sun is principally engaged in the manufacturing and processing of paper boards, paper boxes and high-class packaging paper. For details of the transaction, please refer to the announcement of the Company dated 20 April 2010.

Management Discussion and Analysis

Employees and Remuneration

As at 31 March 2010, the Group and the processing factory employed approximately 600 employees (2009: approximately 880). Total staff cost included directors' emolument amounted to approximately HK$46.1 million (2009: approximately HK$39.5 million). Salaries are reviewed annually based on merit, working performance and the prevailing market condition. Discretionary bonuses were paid on annual basis with reference to individual working performance and the operating results of the Group.

The remuneration and bonuses of executive directors and senior management are reviewed and approved by the remuneration committee of the Company with reference, but not limited to the Group's operating results, individual performance, qualification and competence and the prevailing market condition.

In order to ensure the staff can obtain up-to-date job related knowledge and enhance the quality of work, the Group provided on-the-job training and engaged external professional parties to provide training to the staff.

Prospects

With reference to the latest data from The International Monetary Fund (IMF), the PRC's GDP growth forecast in 2010 has been revised from 10.0% to 10.5%, and 9.6% for year 2011, which rank the top among all economies around the world. In light of the continuing strong economic growth in the PRC, the domestic demand for consumer products will continue to increase and thus the demand for paper-based packaging products. Therefore focusing on the PRC market continues to be employed as our Group's core business strategy.

With a well-developed business network and good reputation, the existing production plants in Shenzhen continue to serve the customers in Shenzhen and Dongguan areas. The construction work of the new production plant at Huidong is on schedule and is expected to commence trial operation at the end of 2010, which will help the Group further capture the market in Huizhou and Chaoshan areas.

Management
Discussion and Analysis

Having secured the foothold in Guangdong Province, the Group's next step is to broaden its sales network outside Guangdong. The newly acquired production plant in Jiangxi Province expanded the Group's sales network in Jiangxi and the cities nearby. In addition, the Group will keep exploring investment opportunities in different potential markets and aim to build up its strengths in market diversification. For the time being, the Group expects that the investments, if any, will be funded by internal resources.

Product development is essential in current market. The Group will maintain adequate investment in the latest technologies, research and development, and environmental protection to meet the latest market demand and further secure its market position as a one-stop green packaging partner.

The impact of financial crisis is diminishing. The directors of the Company believed that the difficult time of the Group has passed. With the Group's expanding sales network in PRC and clear market positioning, the Group has confidence in domestic market contribution and the results of future years.

PROFESSIONAL MANAGEMENT

Attendance rate of board meeting was more than 90%. Family members in core management are well balanced by independent professionals with different expertise.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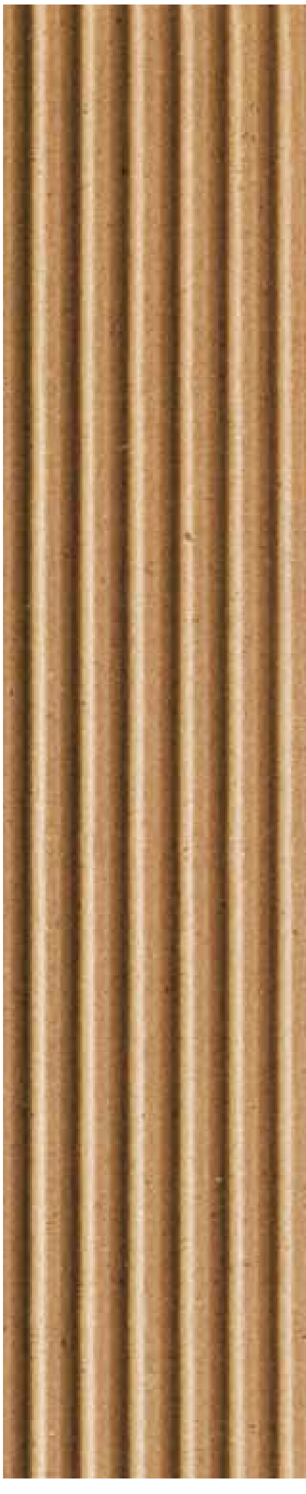

Corporate Governance Report

The Board is committed to maintaining an appropriate corporate governance practices to enhance the accountability and transparency of the Company in order to protect its shareholders' interests and to ensure that the Company complies with the latest statutory requirements and professional standards.

For the year ended 31 March 2010, the Company has complied with most of the code provisions set out in the Appendix 14 – Code on Corporate Governance Practices (the "Code") to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the deviation from the code provisions A.2.1 of the Code as described under subsection headed "Role of Chairman and Managing Directors" below.

Model code for Directors' securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of Listing Rules as the standard for securities transactions by Directors (including executive directors and independent non-executive directors).

All the members of the Board have confirmed, following specific enquires by the Company, that they had complied with the required standards set out in the Model Code throughout the year.

The Board

The Board is responsible for overall management of the Company and the mission of the Board is to maximise the shareholders' return and uplift the Company's long term value.

The Board has formulated the overall business strategies and management policies, and set up the corporate governance practices, internal control procedures and risk management in ensuring the Company is managed appropriately.

The Company will provide sufficient resources to all Directors to discharge their duties; independent professional advice is available in appropriate circumstances at the Company's expenses upon reasonable request to the Board, and all Directors have access to the company secretary's advice with a view to ensuring that Board procedures, and all applicable rules and regulations are followed.

Board Composition

As at 31 March 2010, the Board had 8 members which comprised:

Five executive directors, namely Mr. CHONG Kam Chau, Mr. CHONG Wa Pan, Mr. YIU Ho Chi, Stephen (resigned on 1 July 2010), Mr. CHONG Wa Ching and Mr. CHONG Wa Lam; and

Three independent non-executive directors, namely Mr. CHAU On Ta Yuen, Ms. TSUI Pui Man and Mr. LAW Tze Lun.

The members of the Board have various experience and skills, and possess different professional knowledge which is appropriate for the requirement of the business of the Company. The brief biographical details of the Board are set out in the section of "Directors and Senior Management" of this annual report.

Mr. CHONG Kam Chau, the Chairman of the Board, is the father of Mr. CHONG Wa Pan, Mr. CHONG Wa Ching and Mr. CHONG Wa Lam. Apart from that, there is no relationship (including financial, business, family or other material relationship) among members of the Board. In compliance with Rule 3.10 of the Listing Rules, the Board comprises three independent non-executive directors which represents more than one-third of Board. These independent non-executive directors possess with a broad range of expertise and experience in the areas of business management, legal, and accounting and finance matters. The current Board composition brings strong independent element on the Board, which can effectively exercise independent judgment in making reasonable strategic decision in difference aspects.

Corporate Governance Report

The Board (Continued)

Board Composition (Continued)

The Company has received, from each of the independent non-executive directors, an annual written confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company also considers all independent non-executive directors to be independent in accordance with above-mentioned independence guidelines. Each independent non-executive director has been appointed for a term of two years from 26 February 2009.

Board Meetings

The Board is scheduled to meet regularly at least four times a year at approximately quarterly intervals, Directors may participate either in person or through other electronic means of communication (the practice of obtaining Board consent through the circulation of written resolution does not constitute a regular Board meeting). Ad-hoc meeting will also be convened if any events raised the Board's concern.

During the year, 10 Board meetings were held for reviewing the operating performance and latest market condition, considering and approving the overall strategies, share placing, grant of share options and the annual/interim results of the Group for the year ended 31 March 2010. The composition and the attendance of individual directors at these Board meetings were as follows:

Directors	Attended/Eligible to attend
Executive Directors	
Mr. CHONG Kam Chau	9/10
Mr. CHONG Wa Pan	10/10
Mr. YIU Ho Chi, Stephen (resigned on 1 July 2010)	10/10
Mr. CHONG Wa Ching	10/10
Mr. CHONG Wa Lam	10/10
Independent Non-executive Directors	
Mr. CHAU On Ta Yuen	9/10
Ms. TSUI Pui Man	9/10
Mr. LAW Tze Lun	9/10

The company secretary is responsible for preparing agenda for regular Board meeting and will despatch the agenda to all Directors at least 10 days in advance and that all Directors will have opportunity with reasonable time to include matters in the agenda for regular Board meeting.

Notice for regular Board meetings will be sent to all Directors at least 14 days in advance to facilitate the attendance. For all other Board meetings, the agenda and notice will be despatched at least three days in advance.

A duly appointed secretary is responsible to keep the minutes of Board meetings and meetings of Board Committees, all minutes are open for inspection by any Director at reasonable time on reasonable notice. All the minutes keep in sufficient details the matter considered by the Board and decision reached including any concern raised by Directors or dissenting view expressed. The draft minutes will be despatched to all Directors within five working days for their comment and the approved final version will be sent to all Directors within 15 working days for their record after the meetings.

Corporate Governance Report

Delegation of management functions

With clear directions given, the Board has delegated the day-to-day management, administration and operations of the Company to the management. The responsibilities and authorities of each level of staff are clearly outlined in the Group's control policies, in case of any substantial transactions the management has to report back and obtain prior approval from the Board. The performances of the management are regularly assessed by the Executive Committee, which consist of the executive directors. In addition to the Executive Committee, the Board has established Audit Committee, Remuneration Committee and Nomination Committee (collectively, the "Board Committees") and delegated various responsibilities to these committees as set out in their respective terms of reference. Further details of these committees are set out on page 23 to page 25 of this annual report.

Role of Chairman and Managing Director

Mr. CHONG Kam Chau is the Chairman and Mr. CHONG Wa Pan is the Managing Director of the Company. The Chairman is responsible for providing leadership for the Board in strategic planning and overall development of the Group and ensures the Board runs effectively, and the Managing Director is responsible for the overall management of the Group and the implementation of the corporate goals and objectives resolved by the Board.

In addition to the Chairman and Managing Director, there is a clear division of responsibilities among the Directors to ensure the balance of power and segregation of duties. All major decisions are made collectively by the Board with reference to the opinions and recommendations given by appropriate committees, if any, as well as the senior management of the Group.

The Board considers that the responsibilities of Chairman and Managing Director are clearly divided, so no written terms of division of responsibilities is necessary. This constitutes a deviation from code provision A.2.1 of the Code which stipulates that the division responsibilities between the Chairman and the Chief Executive Officer should be clearly established and set out in writing.

Appointment, Re-election and Removal

At each annual general meeting of the Company, at least one third of the Directors for the time being will retire from office by rotation. However, if the number of directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring directors. The director who shall retire in each year will be those who have been longest in the office since their last re-election or appointment. Therefore, all Directors shall be subject to retirement at least once every three years.

The independent non-executive directors were appointed for a term of two years from 26 February 2009.

From time to time, the Board shall have the power to appoint any person as a director to fill a casual vacancy or as an additional director. Any directors so appointed shall then be eligible for re-election at the next general meeting after the appointment.

Any newly appointed director will receive an induction handbook to ensure that the director has proper understanding of the operation and business of the Company and fully aware of the responsibilities under statute and common law, the Listing Rules, applicable legal requirements and other regulatory requirements and the business and governance policies of the Company.

Corporate Governance Report

Appointment, Re-election and Removal (Continued)

The Nomination Committee reviews the Board structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. When vacancies on the Board exist, the Committee will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process where necessary. Few candidates, who will be interviewed initially by an independent director, will then be presented to the Board and meet all the Directors.

The Nomination Committee will make recommendations to the Board on relevant matters relating to the appointment, re-election and removal of directors. Mr. CHONG Wa Pan, Mr. CHAU On Ta Yuen and Ms. TSUI Pui Man shall retire by rotation and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Board Committees

The Company has formed four committees, the Audit Committee, Remuneration Committee, Nomination Committee and Executive Committee; all Board Committees are formed with specific written terms of reference which deal clearly with the committees' authority and duties.

Audit Committee

The Company has established an Audit Committee on 5 February 2009 in compliance with Rule 3.21 of the Listing Rules and with written terms of reference in compliance with the code provisions of the Code. The main duties of the Audit Committee are to consider the relationship of external auditors, to review the financial statements of the Group, and to oversee the Group's financial reporting system and internal control procedures. The Audit Committee consists of three independent non-executive directors, namely Mr. LAW Tze Lun, the Chairman of the Audit Committee, Mr. CHAU On Ta Yuen and Ms. TSUI Pui Man.

None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The duties of the Audit Committee are set out in the terms of reference, which include, among others, the following:

i) To monitor the integrity of the financial statements, annual report and interim report of the Company and to review any significant financial reporting judgments contained in them.

ii) To monitor the independence and objectivity of the external auditors and the effectiveness of the audit process, make recommendation to the Board on appointment, re-appointment and removal, and to approve the remuneration and term of engagement of external auditors.

iii) To review the effectiveness and adequacy of the financial control, internal control and risk management system, and to ensure the timely response from management toward the internal control findings and the management letter from external auditors.

During the year, three meetings were held by the Audit Committee to consider the appointment of external auditors and their remuneration and terms of engagement, and to review the update of Company's corporate governance manual and the financial reporting of the Company's annual and interim results. All committee members attended all the meetings.

The Audit Committee, together with the management and the external auditor, has reviewed the results announcement, the audited consolidated financial statements of the Group for the year ended 31 March 2010, the accounting principles and practices adopted and discussed auditing, internal controls and financial reporting matters.

Corporate Governance Report

Remuneration Committee

The Remuneration Committee is responsible for reviewing the remuneration structure and policy of the executive directors and for fixing the remuneration packages for all Directors, in order to retain or attract the competent.

The Remuneration Committee comprises three independent non-executive directors, namely Ms. TSUI Pui Man, the Chairman of the Remuneration Committee, Mr. CHAU On Ta Yuen and Mr. LAW Tze Lun, and one executive director, Mr. CHONG Wa Pan, who is responsible for the human resource management of the Group.

The major duties of Remuneration Committee are as following:

i) To establish transparent and fair procedure for developing policy on the remuneration of Directors and senior management.

ii) To review and determine the specific remuneration packages of all executive directors and senior management, including terms of service agreement, the type and form and amount of remuneration and make recommendations to the Board of the remuneration of non-executive directors.

iii) To review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board.

iv) To review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate.

v) To prepare remuneration committee report annually, and review the compliance of directors' remuneration disclosure in the Company's annual report.

vi) To ensure that no director or any of his associates is involved in deciding his own remuneration.

The remuneration of the Directors and senior management are determined with reference to the Group's operating results, individual performance, qualification and competence and the prevailing market condition.

During the year, one meeting was held by the Remuneration Committee to review and determine the remuneration of all executive directors and senior management for fiscal year 2009/10 and their performance-based remuneration and bonus with reference to corporate goals and objective resolved by the Board. All committee members attended the meeting.

Corporate Governance Report

Nomination Committee

The Company established the Nomination Committee in compliance with the recommended best practices of the Code. The committee consists of three independent non-executive directors namely Ms. TSUI Pui Man, the Chairman of the Nomination Committee, Mr. CHAU On Ta Yuen, Mr. LAW Tze Lun and one executive director, namely Mr. CHONG Wa Pan.

The major duties of Nomination Committee are as following:

i) To review the structure, size and composition of the Board on a regular basis and select or make recommendations to the Board regarding any proposed changes.

ii) To identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated of directorships.

iii) To assess the independence of the independent non-executive directors.

iv) To formulate a formal and transparent nomination procedure, and make recommendations to the Board on the appointment of directors and management of the Board's succession.

During the year, one meeting was held by the Nomination Committee to review the structure, size and composition of the Board, and make recommendations to the Board regarding any proposed change. All the members of the committee attended the meeting.

Executive Committee

The Company has set up an Executive Committee which determines the Group's strategy, reviews business performances and monitor management's performance. The Executive Committee consists five executive directors namely Mr. CHONG Kam Chau, Mr. CHONG Wa Pan, Mr. YIU Ho Chi, Stephen (resigned on 1 July 2010), Mr. CHONG Wa Ching and Mr. CHONG Wa Lam. Meetings are held regularly with senior management to review the operation performance.

Directors' responsibility for the financial statements

The Directors acknowledge their responsibility for preparation of the financial statements which give a true and fair view of the state of the Group's affairs, results and cashflow for the year ended 31 March 2010.

In preparing the financial statements, supported by the finance department of the Group, the Directors have:

i) reviewed the adoption of all applicable Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;

ii) selected suitable accounting policies and applied them on consistent basis;

iii) made judgments and estimates that are prudent, fair and reasonable; and

iv) prepared the financial statements on a going concern basis.

The Board is also responsible for presenting a balanced, clear and understandable assessment in annual and interim reports, other price-sensitive announcements and other financial disclosure of the Group required under the Listing Rules and other statutory requirements.

The Board has received sufficient explanation and information from the management, which enable the Board to make an informed assessment of financial statements and other information before approval.

Corporate Governance Report

External Auditor and auditor's remuneration

The Audit Committee reviews each year a letter from RSM Nelson Wheeler, the external auditor of the Company, confirming their independence, approves their appointment, discusses the scope of their audit and approves their fees.

RSM Nelson Wheeler has stated their reporting responsibilities in the independent auditor's report on the financial statements on page 42 of this annual report.

For the year ended 31 March 2010, the fee paid and payable to RSM Nelson Wheeler in respect of audit and audited related services amounted to approximately HK$0.8 million. In respect of non-audit services, the fees paid and payable to RSM Nelson Wheeler amounted to approximately HK$0.2 million.

The Audit Committee will recommend the re-appointment of RSM Nelson Wheeler for audit service, and consider the engagement of the non-audit services to ensure the independence and objectively of audit service.

Internal Control

The Board has overall responsibilities for maintaining a sound and effective internal control and risk management system to safeguard the shareholders' investment and Company's assets, to maintain proper accounting records, to enhance the integrity and reliability of financial information and to ensure the compliance with applicable laws and regulations.

Regarding to the procedures and internal control for the handling and dissemination of price sensitive information, the Company is aware of its disclosure obligations under the Listing Rules, which any information is expected to be price-sensitive should be announced immediately when it is the subject of a decision.

The Company's internal control and risk management system includes the following major components and practices:

i) a clear organisational structure with appropriate division of responsibilities, delegated authority and reporting mechanism;

ii) stringent policies and procedures for the employees' implementation, included senior management and Directors, regarding to any business operations exposed to significant or considerable risk level;

iii) business plan and annual budget are prepared for each business section and subject to the approval of Executive Committee. In preparing the business plan and annual budget, the management for each business section shall evaluate the expected risk and report to the Board on any findings;

iv) management reports are prepared on a monthly basis to compare with the forecasted results and the key performance indicators in enabling the quick response to variances and identified risks.

The Company has appointed a compliance adviser to assist the Board to review the compliance of the Listing Rules. In addition, a supervisor is appointed to oversee the compliance of PRC corporate laws and other regulations for the subsidiaries in the PRC.

The policies and procedures of the internal control and risk management system are designed to provide a reasonable assurance against material misstatement or loss, and to manage and minimise the risk of the Group's operation. During the year under review, the Audit Committee and the Board considered the policies and procedures of internal control and risk management system are effective and adequate and will conduct ongoing review on the effectiveness of the system.

Corporate Governance Report

Communication with shareholders

The Directors acknowledge that they are entrusted to manage the Company on behalf of the shareholders and they are responsible to the shareholders for the operation and performance of the Company, therefore timely communication with shareholders is indispensable for the Company to present the latest business development to them and obtain their opinions.

All shareholders are encouraged to attend the general meetings of the Company to raise comments and exchange views with the Board. The Chairman of the Board and the chairmen of the Board Committees, or the members of the Committees or failing this duly appointed delegates, will attend the meetings to answer questions at the meeting.

The Company will use a range of communication tools to ensure the shareholders are kept well informed including general meeting, annual report, various notices, announcements and circulars. To promote effective communication, the Company maintains a website at www.comesure.com to post the up-to-date information on the Group's latest business development, financial information and other relevant information for public access.

The annual general meeting of the Company will be scheduled on 6 September 2010. Details of the meeting and necessary information on issues to be considered in the annual general meeting will be despatched to shareholders of the Company at least 21 days in advance.

Shareholders' right

The Board and the management of the Group endeavored to ensure all the shareholders are treated equally and have their deserved rights.

To ensure the rights of all shareholders, separate resolutions are proposed at the general meeting on each substantial issue, including but not limited to connected transactions, substantial acquisitions and election of individual directors.

Extraordinary general meeting ("EGM") shall be convened on the requisition of one or more shareholders holdings, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meeting. Such requisition shall be made in writing to the Board or the company secretary for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition.

Any shareholder may appoint a proxy or representative to attend the general meeting, and they are entitled to exercise the same voting right in the meeting.

The convent and holding of general meeting and information distribute to shareholders are strictly pursuant to the relevant regulations.

Going Concern

The Board considered that there are no material uncertainties relating to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern.

Directors and Senior Management

Directors

Executive Directors

Mr. CHONG Kam Chau (**莊金洲先生**), aged 63, the founder, Chairman of the Board and President of the Group and is responsible for the strategic planning and overall development of the Group. Mr. CHONG is a director of all subsidiaries of the Company except Luck Sea Investment Limited, Keen Rise International Development Limited, Century Shiny Investment Limited, , Come Sure Group Limited-Macao Commercial Offshore, Chance Bright Limited-Macao Commercial Offshore, Huizhou Come Sure Packing Products Company Limited, Cheer Fame Asia Limited and Cheer Power (China) Limited. Mr. CHONG is also the sole director of Perfect Group Version Limited (the controlling shareholder of the Company). He is a standing member of the Political Consultative Conference of Shanxi Province (山西省政協常務委員), a director of China Poverty Alleviation and Development Association (中國扶貧開發協會常務理事), the Vice-President of Shanxi Association of Overseas Liaison (山西省海外聯誼會副會長), the director of the Hong Kong Chinese People's Political Consultative Conference (Provincial) Members Association (港區省級政協委員聯誼會常務理事), and the Permanent Honorary President of the Eastern District Industries & Commerce Association (香港東區工商業聯會永遠名譽會長). Mr. CHONG is a part time professor of Shanxi University of Finance and Economics (山西財經大學). Mr. CHONG was the 16th and 17th term committee member, the vice chairman of the 18th term of The Hong Kong Corrugated Paper Manufacturers' Association (HKCPMA). Mr. CHONG has been responsible for overseeing the Group's development strategy and financial performance, procurement and sales, marketing of the Group, making him have over 20 years experience in the operation and management of companies engaging in manufacturing and/or trading of corrugated paper products in Hong Kong and the PRC. Mr. CHONG is the father of Mr. CHONG Wa Pan, Mr. CHONG Wa Ching and Mr. CHONG Wa Lam, all of whom are executive directors. Ms. CHAN Po Chai, one of the senior management of the Group, is the elder sister of Ms. CHAN Po Ting, the spouse of Mr. CHONG Kam Chau.

Mr. CHONG Wa Pan (莊華彬先生), aged 37, is the eldest son of Mr. CHONG Kam Chau, and is the Managing Director of the Group. He joined the Group in December 1991 and is responsible for the Group's overall management. Mr. CHONG Wa Pan is a director of Come Sure Holdings Limited, Central Master Limited, Central Dragon Limited, Come Sure Development Limited, Come Sure Packing Products (Shenzhen) Company Limited, Huizhou Come Sure Packing Products Company Limited, and Cheer Power (China) Limited (all of which are subsidiaries of the Company). Mr. CHONG Wa Pan obtained a post-graduate certificate in June 2002 and a professional certificate in March 2006 both in Enterprise Management from Shanxi University of Finance and Economics (山西財經大學). Mr. CHONG Wa Pan is a member of the Political Consultative Conference of Jiangxi Province (江西省政協委員), the honorary-president of Taiyuan City Association of Overseas Liaison (太原市海外聯誼會名譽會長), an executive director of the Shanxi Association of Overseas Liaison (山西省海外聯誼會常務理事), a director of the Jiangxi Association of Overseas Liaison (江西省海外聯誼會理事), an executive director of Neimenggu Association of Overseas Liaison (內蒙古海外聯誼會常務理事), and the vice president of the Eastern District Industries & Commerce Association (香港東區工商業聯會副會長). Mr. CHONG Wa Pan has over 15 years experience in the daily operation of the Group and sales and marketing of corrugated paper products in Hong Kong and the PRC, which are gained within the Group.

Mr. CHONG Wa Ching (莊華清先生), aged 32, is the second son of Mr. CHONG Kam Chau. Mr. CHONG Wa Ching is a director of Century Shiny Investment Limited, Huizhou Come Sure Packing Products Company Limited and Cheer Fame Asia Limited (all of which are subsidiaries of the Company), He joined the Group in August 2000 and is responsible for the strategic planning and control of the procurement and logistic activities of the Group, management of capital market operations, and investors' relationship. Mr. CHONG Wa Ching holds a Bachelor's degree in Business (Information Technology) from Swinburne University of Technology in Australia. Mr. CHONG Wa Ching was a director of Yan Chai Hospital of the 36th and 37th term (2003-2005) board of directors and is a honorary director of Yan Chai Hospital.

Directors and
Senior Management

Directors (Continued)

Executive Directors (Continued)

Mr. CHONG Wa Lam (莊華琳先生), aged 31, is the youngest son of Mr. CHONG Kam Chau. Mr. CHONG Wa Lam is a director of Come Sure Packing Products (Shenzhen) Company Limited (which is a subsidiary of the Company). He joined the Group in April 2002 and is responsible for the Group's sales and marketing activities including sales and product development of the Group, and the management of new investment projects. Mr. CHONG Wa Lam obtained a postgraduate certificate in June 2002 and a professional certificate in March 2006 both in Enterprise Management from Shanxi University of Finance and Economics (山西財經大學). He is a member of the Political Consultative Conference of Nanchang City Jiangxi Province (江西省南昌市政協委員), a director of the Shanxi Association of Overseas Liaison (山西省海外聯誼會理事), a vice chairman of Guangdong Huidong Association of Foreign Investment Enterprises (廣東惠東外商企業投資協會副會長) and a vice president of the Hong Kong Corrugated Paper Manufactures' Association.

Independent Non-executive Directors

Mr. CHAU On Ta Yuen (周安達源先生), aged 62, was appointed as an independent non-executive director on 5 February 2009. He graduated from Xiamen University, majoring in Chinese language and literature. Mr. CHAU is currently the chairman of the board of directors of China Ocean Shipbuilding Industry Group Limited (formerly known as Wonson International Holdings Limited), which is listed on the Main Board. He is the independent non-executive director of Good Fellow Resources Holdings Limited (formerly known as Wonderful World Holdings Limited), and Buildmore International Limited, which are listed on the Main Board. During the period from March 2000 to November 2006, Mr. CHAU had been an executive director and vice-chairman of Everbest Energy Holdings Limited (now known as Dynamic Energy Holdings Limited), which is listed on the Main Board. The principal activities of the subsidiaries of Everbest Energy Holdings Limited consisted of the generation and sale of electricity through the operation of a coal-fired electricity power plant located in Fujian Province, the PRC. He is currently the managing director of Wealthy Sea Group (H.K.) Limited. He has been appointed as director of Joycheers Holdings Limited in 1996 and Everbest Water Treatment Development Company Limited in 2002, which is engaged in the trading and construction business and water treatment development respectively. He is a member of the Chinese People's Political Consultative Conference of the PRC (全國政協委員) and the vice chairman of Hong Kong Federation of Fujian Associations (香港福建社團聯會副主席).

Ms. TSUI Pui Man (徐珮文女士), aged 53, was appointed as an independent non-executive director on 5 February 2009. She is a practising lawyer in Hong Kong. Ms. TSUI holds a Bachelor's degree in Arts and a Bachelor's degree in Law from the University of Hong Kong. Ms. TSUI is a qualified solicitor in Hong Kong (admitted in 1988), England and Wales, Australia and Singapore. She is also a Notary Public and a China-Appointed Attesting Officer. Ms. TSUI was a member of Disciplinary Panel of Hong Kong Certified Public Accountants. She is a member of Political Consultative Conference of Shanxi Province (山西省政協委員) and a council member of Association for the Promotion of Peaceful National Reunification of China (中國和平統一促進會理事).

Mr. LAW Tze Lun (羅子璘先生), aged 37, was appointed as an independent non-executive Director on 5 February 2009. He is a Practising Certified Public Accountant in Hong Kong. Mr. LAW holds a Bachelor of Commerce (Accounting) from the Curtin University of Technology in Australia. He is a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants and a Certified Practising Accountant of CPA Australia. Mr. LAW has over 15 years of experience in auditing, accounting and finance gained from various accounting firms in Hong Kong.

Directors and Senior Management

Senior management

Mr. PUN Tsz Kwong (潘子光先生), aged 48, is the deputy general manager of the Group and the director of Chance Bright Limited-Macao Commercial Offshore, a wholly owned subsidiary of the Company. He joined the Group in April 2007 and is responsible for the planning and coordination of productions between various plants within the Group and in charge of the offset printing operations of the Group. He holds a Master of Science in Management of Manufacture from Coventry University in Scotland. Before joining the Group, Mr. PUN has more than 18 years experience in manufacturing industries management involved production, material control, procurement and logistics.

Mr. YEOH Keng Gut, aged 41, is the plant manager of Come Sure Packing Products (Shenzhen) Company Limited. He joined the Group in June 2007 and is responsible for overall plants operation of Come Sure Shenzhen. He holds a Bachelor's degree in Applied Science (Engineering) from University of Toronto in Canada. Mr. YEOH has more than 12 years experience in the packaging industry involved in engineering, production, planning and customer services gained in Malaysia and China.

Ms. LAU Yin Chuen (劉燕邨女士), aged 56, is the group customer service manager of the Group. She joined the Group in March 2000 and is responsible for the overall pricing strategy and cost control of the Group. Ms. LAU holds a Diploma in Economics from the Beijing Institute of Commerce (北京商學院) now known as Beijing Technology and Business University (北京工商大學) in Beijing, the PRC. Before joining the Group, Ms. LAU has over 12 years of experience in finance and accounting of which approximately four years gained from a company which involved in the manufacturing and/or trading of electronic consumer products.

Mr. CHONG Wa Nam (莊華楠先生), aged 39, is the supervisor (監事) of Come Sure Packing Products (Shenzhen) Company Limited and director of Huizhou Come Sure Packing Company Limited (all of which are subsidiaries of the Company). Mr. CHONG Wa Nam joined the Group since 1992 and is responsible for monitoring the management and operations of Come Sure Packing Products (Shenzhen) Company Limited to ensure the Group is in compliance with the PRC company laws and other legal regulations. Mr. CHONG Wa Nam holds a professional certificate in Enterprise Management from Shanxi University of Finance and Economics (山西財經大學). Mr. CHONG Wa Nam has more than 15 years of experience in the packaging industry involved in production, logistics, customer services and administration gained within the Group.

Ms. CHAN Po Chai (陳寶釵女士), aged 61, the elder sister of Ms. CHAN Po Ting, the spouse of Mr. CHONG Kam Chau, is the administration manager of the Group and the director of Luck Sea Investment Limited and Come Sure Group Limited – Macao Commercial Offshore (all of which are subsidiaries of the Company). She joined the Group in 1990 and is responsible for the administration and customer services. Ms. CHAN has more than 18 years of experience in the packaging industry involved in logistic, credit control and customer services gained within the Group.

Company secretary

Mr. HUNG Man Yuk, Dicson, *CPA*

Mr. HUNG, aged 34, was appointed as the company secretary of the Company with effect from 1 July 2010. Mr. HUNG is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants of United Kingdom. Mr. HUNG obtained a master degree in finance from Curtin University of Technology in Australia in 2002. Mr. HUNG has over 11 years of experience in Corporate Finance and Financial Management.

Directors' Report

The Directors are pleased to present their annual report and the audited consolidated financial statements for the year ended 31 March 2010.

Principal activities

The Company acts as an investment holding company. The activities of its principal subsidiaries, are set out in note 35 to the financial statements.

Results and appropriations

The results of the Group for the year ended 31 March 2010 are set out in the consolidated income statement on page 43.

No interim dividend was paid during the year (2009: Nil). The Directors now recommend the payment of a final dividend of HK2.5 cents per share for the year ended 31 March 2010 to the shareholders whose names appear on the Register of Members on 2 September 2010 amounting to approximately HK$8.1 million (2009: HK$12.9 million), and the retention of the remaining profit for the year of approximately HK$16.8 million. The final dividend is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting.

Closure of register of members

The Register of Members of the Company will be closed from 3 September 2010 to 6 September 2010, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the proposed final dividend, all transfer documents accomplished by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on 2 September 2010.

Fixed assets

During the year, the Group has incurred HK$32.9 million capital expenditure. It mainly represented regular replacement and upgrading of production facilities.

Details of these and others movements during the year in the property, plant and equipment and prepaid land lease payments of the Group are set out in notes 15 and 16 to the financial statements.

Share capital

Details of the movements during the year in the share capital of the Company are set out in note 25 to the financial statements.

Distributable reserves of the Company

The Company's reserves available for distribution to shareholders as at 31 March 2010 amounted to approximately HK$294.8 million (2009: HK$257.9 million).

Directors' Report

Purchase, Sales or Redemption of Company's Listed Securities

During the year, the Company and its subsidiaries had not purchased, sold or redeemed any of the Company's listed securities save as disclosed below.

On 2 February 2010, the Company entered into a placing agreement (the "Placing Agreement") with United Simsen Securities Limited in relation to the placing (the "Placing") of a maximum (divided into two tranches of 21,000,000 shares each) of 42,000,000 ordinary shares of the Company of HK$0.01 each (the "Placing Shares") at a placing price of HK$1.20 per share on a best effort basis to not less than six professional, institutional or other investors.

The Placing Shares were placed at HK$1.20 which represented:

(1) a discount of approximately 11.11% to the closing price of HK$1.30 per share as quoted on the Stock Exchange on 2 February 2010, being the date of the Placing Agreement;

(2) a discount of approximately 11.50% to the average closing price of HK$1.356 per share as quoted on the Stock Exchange for the five consecutive trading days prior to 2 February 2010; and

(3) a discount of approximately 16.08% to the average closing price of HK$1.430 per share as quoted on the Stock Exchange for the ten consecutive trading days prior to 2 February 2010.

The Placing Shares represented (1) 15.00% of the issued share capital of the Company before the Placing and (ii) approximately 13.04% of the issued share capital of the Company as enlarged by the Placing. The Directors consider that the Placing represented an opportunity to raise fund for general working capital and for financing future investment opportunities. The net proceeds of the Placing were approximately HK$49.2 million, representing a net issue price of approximately HK$1.171 per share. The Directors intend to apply the net proceeds for general working capital and for financing future investment opportunities. The placing of the two tranches of Placing Shares were completed on 4 March 2010 and 15 March 2010 respectively.

Directors

The Directors of the Company during the year and up to the date of this report were:

Executives Directors

CHONG Kam Chau
CHONG Wa Pan
YIU Ho Chi, Stephen (resigned on 1 July 2010)
CHONG Wa Ching
CHONG Wa Lam

Independent Non-executive Directors

CHAU On Ta Yuen
TSUI Pui Man
LAW Tze Lun

In accordance with the provisions of the Company's Articles of Association, Mr. CHONG Wa Pan, Mr. CHAU On Ta Yuen and Ms. TSUI Pui Man retire by rotation and, being eligible, offers themselves for re-election.

Directors' service contracts

No director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Directors' Report

Bank loans and other borrowings

Particulars of bank loans and other borrowings of the Company and the Group as at 31 March 2010 are set out in notes 22 and 24 to the financial statements.

Five year summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 4 to 5 of the annual report.

Retirement schemes

Particulars of the Group's retirement schemes are set out in note 29 to the financial statements.

Directors' and chief executive's interests and short positions in shares

As at 31 March 2010, the interests and short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the SFO or Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long positions in the shares

Name	Capacity/Nature	Number of shares	Percentage of issued shares
Mr. CHONG Kam Chau (Notes 1 & 2)	Interest of a controlled corporation; founder and beneficiary of a discretionary trust	210,000,000	65.22%
	Beneficial owner	1,700,000 (Note)	0.53%
Mr. CHONG Wa Pan (Notes 1 & 3)	Beneficiary of a discretionary trust	210,000,000	65.22%
	Beneficial owner	1,200,000 (Note)	0.37%
Mr. CHONG Wa Ching (Notes 1 & 3)	Beneficiary of a discretionary trust	210,000,000	65.22%
	Beneficial owner	600,000 (Note)	0.18%
Mr. CHONG Wa Lam (Notes 1 & 3)	Beneficiary of a discretionary trust	210,000,000	65.22%
	Beneficial owner	600,000 (Note)	0.18%
Mr. YIU Ho Chi, Stephen	Beneficial owner	1,000,000 (Note)	0.31%
Mr. CHAU On Ta Yuen	Beneficial owner	200,000 (Note)	0.06%
Ms. TSUI Pui Man	Beneficial owner	200,000 (Note)	0.06%
Mr. LAW Tze Lun	Beneficial owner	200,000 (Note)	0.06%

Note:

These long positions represent the share options held by the respective directors.

Directors' Report

Directors' and chief executive's interests and short positions in shares (Continued)

Long positions in the ordinary shares of associated corporation

Name	Name of associated corporation	Capacity/Nature	Number of securities	Percentage of shareholding
Mr. CHONG Kam Chau (Notes 1 & 2)	Perfect Group Version Limited	Interest of a controlled corporation; founder and beneficiary of a discretionary trust	10,000 ordinary shares	100%
Mr. CHONG Wa Pan (Notes 1 & 3)	Perfect Group Version Limited	Beneficiary of a discretionary trust	10,000 ordinary shares	100%
Mr. CHONG Wa Ching (Notes 1 & 3)	Perfect Group Version Limited	Beneficiary of a discretionary trust	10,000 ordinary shares	100%
Mr. CHONG Wa Lam (Notes 1 & 3)	Perfect Group Version Limited	Beneficiary of a discretionary trust	10,000 ordinary shares	100%

Notes:

1. The entire issued shares of Perfect Group Version Limited are held by Jade City Assets Limited, which is in turn is held by HSBC International Trustee Limited acting as the trustee of the CHONG Family Trust. The CHONG Family Trust is an irrevocable discretionary trust set up by Mr. CHONG Kam Chau as settlor and HSBC International Trustee Limited as trustee on 2 February 2009. The beneficiaries of the CHONG Family Trust include Mr. CHONG Kam Chau, Ms. CHAN Po Ting, Mr. CHONG Wa Pan, Mr. CHONG Wa Ching and Mr. CHONG Wa Lam and the issues of Mr. CHONG Wa Pan, Mr. CHONG Wa Ching and Mr. CHONG Wa Lam.

2. Mr. CHONG Kam Chau is the founder, an executive director, President of the Group and the Chairman of the Board. Mr. CHONG Kam Chau is the sole director of Perfect Group Version Limited and therefore Mr. CHONG Kam Chau is deemed or taken to be interested in the entire issued shares of Perfect Group Version Limited and the 210,000,000 Shares beneficially owned by Perfect Group for the purposes of the SFO. Mr. CHONG Kam Chau as settlor and a beneficiary of the CHONG Family Trust is also deemed or taken to be interested in the 210,000,000 Shares held by Perfect Group Version Limited under the SFO.

3. Mr. CHONG Wa Pan, Mr. CHONG Wa Ching and Mr. CHONG Wa Lam, as executive directors and beneficiaries and the issues of Mr. CHONG Wa Pan, namely, Mr. CHONG Kam Hung, Mr. CHONG Kam Shing and Ms. CHONG Sum Yee as beneficiaries of the CHONG Family Trust, are deemed or taken to be interested in entire issued shares of Perfect Group Version Limited and the 210,000,000 Shares held by Perfect Group Version Limited under the SFO.

Other than the holdings disclosed above and nominee shares in certain subsidiaries held in trust for the Group, none of the Directors or chief executive, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 March 2010.

Directors' Report

Substantial shareholders

As at 31 March 2010, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance shows that other than the interests disclosed above in respect of certain directors and the chief executive, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long positions in the shares

Name	Capacity/Nature	Number of shares	Percentage of issued shares
Perfect Group Version Limited (Note 1)	Beneficial owner	210,000,000	65.22%
Jade City Assets Limited (Note 2)	Interest of controlled corporation	210,000,000	65.22%
HSBC International Trustee Limited (Note 2)	Trustee	210,000,000	65.22%
Ms. CHAN Po Ting (Note 3)	Family interests; Beneficiary of a discretionary trust	211,700,000	65.75%
Ms. HUNG Shan Shan (Note 4)	Family interests	211,200,000	65.59%
Mr. CHONG Kam Hung (Note 1)	Beneficiary of a discretionary trust	210,000,000	65.22%
Mr. CHONG Kam Shing (Note 1)	Beneficiary of a discretionary trust	210,000,000	65.22%
Ms. CHONG Sum Yee (Note 1)	Beneficiary of a discretionary trust	210,000,000	65.22%

Notes:

1. The entire issued shares of Perfect Group Version Limited are held by Jade City Assets Limited, which is in turn is held by HSBC International Trustee Limited acting as the trustee of the CHONG Family Trust. The CHONG Family Trust is an irrevocable discretionary trust set up by Mr. CHONG Kam Chau as settlor and HSBC International Trustee Limited as trustee on 2 February 2009. The beneficiaries of the CHONG Family Trust include Mr. CHONG Kam Chau, Ms. CHAN Po Ting, Mr. CHONG Wa Pan, Mr. CHONG Wa Ching and Mr. CHONG Wa Lam and the issues of Mr. CHONG Wa Pan, Mr. CHONG Wa Ching and Mr. CHONG Wa Lam. Mr. CHONG Kam Hung, Mr. CHONG Kam Shing and Ms. CHONG Sum Yee are issues of Mr. CHONG Wa Pan.

2. Such Shares are held by Perfect Group Version Limited, the entire issued shares of which are held by Jade City Assets Limited. The entire issued capital of Jade City Assets Limited is held by HSBC International Trustee Limited acting as the trustee of the CHONG Family Trust.

3. Ms. CHAN Po Ting, the spouse of Mr. CHONG Kam Chau and one of the beneficiaries of the CHONG Family Trust, is deemed or taken to be interested in the interests held by Mr. CHONG Kam Chau and Perfect Group Version Limited under the SFO.

4. Ms. HUNG Shan Shan, is the spouse of Mr. CHONG Wa Pan and is deemed or taken to be interested in the interests held by Mr. CHONG Wa Pan under the SFO.

Directors' Report

Arrangements to purchase shares or debentures

At no time during the year was the Company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition shares in, or debentures of, the Company or any other body corporate.

Directors' and controlling shareholders' interests in contracts of significance

No contract of significance to which the Company, or its subsidiaries was a party and in which the controlling shareholder or a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Connected transactions

Provision of transportation services by Wan Tai Shun Enterprises Development Company Limited ("Wan Tai Shun") to the Group

An agreement was entered into by Come Sure Packing Products (Shenzhen) Company Limited ("Come Sure Shenzhen") and Wan Tai Shun on 30 September 2008 in relation to the provision of transportation services by Wan Tai Shun to Come Sure Shenzhen commencing from the date of the agreement to 31 March 2011. The Group selects transportation service providers principally based on service quality and Price. Mr. ZHUANG Yong Shun the beneficial owner of Wan Tai Shun is nephew of Mr. CHONG Kam Chau and therefore, is a connected person of the Company within the meaning of Chapter 14A of the Listing Rules.

The provision of transportation services by Wan Tai Shun constituted a non-exempt continuing connected transaction for the Company for the purposes of the Listing Rules. The Directors and the independent non-executive directors, were of the opinion that the non-exempt continuing connected transaction described above has been conducted, and will be carried out, in the ordinary and usual course of business of the Group and on normal commercial terms, the Annual Caps are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

As the non-exempt connected transaction described above is entered into in the ordinary course of business on a continuing basis, the Directors consider that disclosure and approval of them in full compliance with the Listing Rules each time when such connected transaction is entered into would be impractical and unduly onerous. The Company has applied to the Stock Exchange, and the Stock Exchange has granted, pursuant to Rule 14A.42(3) of the Listing Rules, a waiver from strict compliance with the announcement and independent shareholders' approval requirements relating to continuing connected transaction under the Listing Rules, subject to the aggregate value of transportation services to be provided by Wan Tai Shun for each of the three years ending 31 March 2011 does not exceed HK$9 million, HK$10.5 million and HK$12 million respectively.

Disposal of Bright Leader Holdings Limited and lease agreements entered with Bright Leader Trading (Shenzhen) Company Limited ("Bright Leader Shenzhen")

To realise the value of the properties held by Bright Leader Shenzhen and to provide further working capital and investment fund for the Group, on 17 August 2009, Jumbo Match Limited ("Jumbo Match") (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with April Lion King Limited ("April Lion King"), which is wholly-owned by Mr. CHONG Kam Chau, Chairman of the Company, for the disposal of the entire issued shares of Bright Leader Holdings Limited ("Bright Leader Holdings") for a consideration of approximately HK$15.3 million. Upon Completion, Bright Leader Holdings and its wholly-owned subsidiary, Bright Leader Shenzhen, had ceased to be the subsidiaries of the Company. Furthermore, both companies became a connected person of the Company and the lease agreements (the "Lease Contracts") between Bright Leader Shenzhen as lessor and the Group as lessee and signed on 30 September 2009 in relation to the First Production Plant, which replaced the existing leases and provide smooth continuance in operation of the First Production Plant, constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the relevant size ratios are less than 2.5% (other than profits ratio), the Lease Contracts are only subject to the reporting and announcement requirement and are exempt from the independent shareholders' approval requirements under the Listing Rules. The annual transaction caps under the Lease Contracts for the 4 years ending 31 March 2013 are RMB817,872, RMB1,635,744, RMB1,635,744 and RMB817,872 respectively.

Directors' Report

Connected transactions (Continued)

Pursuant to the Listing Rules, if the amount of the transportation fees to Wan Tai Shun and/or the rental charges to Bright Leader Shenzhen exceeds the Annual Caps, or if the agreement between the Group and Wan Tai Shun and Bright Leader Shenzhen is renewed or if there is a material change to the terms of such agreement, the Company must comply with the announcement, reporting and independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules as applicable.

The amount paid by the Group to the connected persons and the percentage of relevant expenses are as follows:

Name of connected person	Nature of transactions	2010		2009	
			%	HK$	%
Wan Tai Shun	Transportation fees	**HK$4.4 million**	**25.5%**	6.5 million	34.3%
Bright Leader Shenzhen	Rental	**RMB817,872**	**6.1%**	–	–

In accordance with the conditions agreed with the Stock Exchange with respect to the above continuing connected transactions, the independent non-executive directors have reviewed the continuing connected transactions. In their opinion, such transactions entered into by the Group were:

(i) in the ordinary and usual course of business of the Group;

(ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable than terms available to or from independent third parties;

(iii) in accordance with relevant agreements governing such transactions; and

(iv) on terms that are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

Other than the related party transactions as stated above and disclosed in note 34 to the financial statements which constituted a continuing connected transaction exempted from the reporting, announcement and shareholders approval requirements under Chapter 14A of the Listing Rules, there were no connected transactions of significance to the Group during the financial year.

Independent non-executive directors

The Company has received, from each of the independent non-executive directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Company considers all of the independent non-executive directors are independent.

Emolument policy

The emolument policy for the senior management of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence with reference to similar prevailing market condition.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Directors' Report

Share Option Scheme

As to attract and retain the eligible persons, to provide additional incentive to them and to promote the success of the business of the Group, the Company conditionally adopted a share option scheme (the "Scheme'') on 5 February 2009 whereby the Board are authorised, at their absolute discretion and subject to the terms of the Scheme, to grant options to subscribe the shares of the Company (the ''Shares'') to, inter alia, any employees (full-time or part-time), directors, consultants and advisers or any substantial shareholder, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group. The Scheme became unconditional on 26 February 2009 and shall be valid and effective for a period of ten years commencing on 5 February 2009, subject to the early termination provisions contained in the Scheme.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.00. The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

The Company shall be entitled to issue options, provided that the total number of shares which may be issued upon exercise of all options to be granted under the Scheme does not exceed 10% of the shares in issue on the listing date of the Company. The Company may at any time refresh such limit, subject to the shareholders' approval and issue of a circular in compliance with the Listing Rules, provided that the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the shares in issue at the time.

The total number of securities available for issue under the Scheme as at the date of this report was nil Shares which represented 10% of the issued share capital of the Company as at the date of this report. The total number of shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

On 6 January 2010, according to the terms of the Share Option Scheme, the Company has granted 8,400,000 share options to certain eligible participants including certain Directors and employees at an exercise price of HK$1.18 per share (5,700,000 share options of which were granted to the Directors) and the consideration for each of the grant was HK$1. The share options granted pursuant to the Share Option Scheme will be exercisable from 6 January 2011 and expiring on 5 January 2020. Particulars of the share options granted under the Share Option Scheme were set forth in the announcement of the Company dated 6 January 2010.

Directors' Report

Share Option Scheme (Continued)

Details of the share options outstanding as at 31 March 2010 under the Share Option Scheme are as follows:

Name or category of grantees	Date of grant	Exercisable period	Exercise price (HK$) (Note)	Share options held on 1 April 2009	Share options granted during the year	Share options exercised during the year	Share options lapsed during the year	Share options held on 31 March 2010
Executive directors of the Company								
Mr. CHONG Kam Chau	6 January 2010	6 January 2011 to 5 January 2020	1.18	–	680,000	–	–	680,000
	6 January 2010	6 January 2012 to 5 January 2020	1.18	–	510,000	–	–	510,000
	6 January 2010	6 January 2013 to 5 January 2020	1.18	–	510,000	–	–	510,000
				–	1,700,000	–	–	1,700,000
Mr. CHONG Wa Pan	6 January 2010	6 January 2011 to 5 January 2020	1.18	–	480,000	–	–	480,000
	6 January 2010	6 January 2012 to 5 January 2020	1.18	–	360,000	–	–	360,000
	6 January 2010	6 January 2013 to 5 January 2020	1.18	–	360,000	–	–	360,000
				–	1,200,000	–	–	1,200,000
Mr. YIU Ho Chi	6 January 2010	6 January 2011 to 5 January 2020	1.18	–	400,000	–	–	400,000
	6 January 2010	6 January 2012 to 5 January 2020	1.18	–	300,000	–	–	300,000
	6 January 2010	6 January 2013 to 5 January 2020	1.18	–	300,000	–	–	300,000
				–	1,000,000	–	–	1,000,000
Mr. CHONG Wa Ching	6 January 2010	6 January 2011 to 5 January 2020	1.18	–	240,000	–	–	240,000
	6 January 2010	6 January 2012 to 5 January 2020	1.18	–	180,000	–	–	180,000
	6 January 2010	6 January 2013 to 5 January 2020	1.18	–	180,000	–	–	180,000
				–	600,000	–	–	600,000
Mr. CHONG Wa Lam	6 January 2010	6 January 2011 to 5 January 2020	1.18	–	240,000	–	–	240,000
	6 January 2010	6 January 2012 to 5 January 2020	1.18	–	180,000	–	–	180,000
	6 January 2010	6 January 2013 to 5 January 2020	1.18	–	180,000	–	–	180,000
				–	600,000	–	–	600,000
Six other eligible participants of the Group								
	6 January 2010	6 January 2011 to 5 January 2020	1.18	–	900,000	–	–	900,000
	6 January 2010	6 January 2012 to 5 January 2020	1.18	–	675,000	–	–	675,000
	6 January 2010	6 January 2013 to 5 January 2020	1.18	–	675,000	–	–	675,000
				–	2,250,000	–	–	2,250,000
Independent non-executive directors and three other eligible participants of the Group								
	6 January 2010	6 January 2011 to 5 January 2020	1.18	–	1,050,000	–	–	1,050,000
				–	8,400,000	–	–	8,400,000

Note: The closing price of the shares of the Company on 5 January 2010 (the day immediately before the date of grant) was HK$1.18.

Directors' Report

Subsequent Event

Subsequent to the end of the reporting period, on 20 April 2010, the Group entered into an agreement with independent third parties to acquire 56.05% equity interest in Fully Chance Holdings Limited ("Fully Chance") at a total consideration of HK$18,904,634. The consideration was satisfied by cash payment of HK$9,439,034 and the remaining balance was satisfied by the issue of 6,800,000 ordinary shares of the Company. Fully Chance is the legal and beneficial owner of 91% equity interest in Rising Sun Paper (Jiangxi) Co., Limited ("Rising Sun"), a sino-foreign joint venture enterprise established in the PRC. Rising Sun is principally engaged in the manufacture and processing of paper boards, paper boxes and high-class packaging paper. For details of the transaction, please refer to the announcement of the Company dated 20 April 2010.

Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's Articles of Assoication, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Sufficiency of public float

As far as the Company is aware, more than 25% of the issued shares of the Company were held in public hands as of 31 March 2010.

Charitable donations

During the year, the Group did not make any charitable donation (2009: HK$0.4 million).

Major customers and suppliers

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year under review is as follows:

	Percentage of the group's total	
	Sales	**Purchases**
The largest customer	10.23%	N.A.
Five largest customers in aggregate	25.37%	N.A.
The largest supplier	N.A.	56.66%
Five largest suppliers in aggregate	N.A.	80.23%

Save for Mr. ZHANG Cheng Fei, who is the executive director and deputy chief executive officer of Nine Dragons Paper (Holdings) Limited and held 5% of the issued share capital of the Company before 4 March 2010, at no time during the year have the Directors, their associates or any shareholder of the company (who/which to the knowledge of the directors owns more than 5% of the company's share capital) had any interest in these major customers and suppliers.

Directors' Report

Events after the reporting period
Details of significant events occurring after the end of the reporting period are set out in note 36 to the financial statements.

Auditor
A resolution will be submitted to the annual general meeting to re-appoint Messrs. RSM Nelson Wheeler as auditor of the Company.

On behalf of the Board

CHONG Kam Chau
Chairman

23 July 2010

Independent Auditor's Report

RSM Nelson Wheeler
中瑞岳華（香港）會計師事務所
Certified Public Accountants

TO THE SHAREHOLDERS OF
COME SURE GROUP (HOLDINGS) LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Come Sure Group (Holdings) Limited (the "Company") set out on pages 43 to 92, which comprise the consolidated and Company statements of financial position as at 31 March 2010, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2010 and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

RSM Nelson Wheeler
Certified Public Accountants

Hong Kong
23 July 2010

Consolidated Income Statement

For the year ended 31 March 2010

	Note	2010 HK$'000	2009 HK$'000
Turnover	7	**478,436**	614,780
Cost of goods sold		**(393,290)**	(499,094)
Gross profit		**85,146**	115,686
Other income	8	**1,434**	2,678
Selling expenses		**(19,063)**	(22,381)
Administrative expenses		**(54,561)**	(49,654)
Other operating expenses		**(166)**	(6,014)
Profit from operations		**12,790**	40,315
Finance costs	9	**(896)**	(4,166)
Gain on disposal of subsidiaries	30	**15,989**	–
Profit before tax		**27,883**	36,149
Income tax expense	10	**(2,974)**	(3,628)
Profit for the year attributable to the owners of the Company	11	**24,909**	32,521
Earnings per share	14		
Basic		**8.81 cents**	15.02 cents
Diluted		**N/A**	N/A

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2010

	Note	2010 HK$'000	2009 HK$'000
Profit for the year attributable to the owners of the Company		**24,909**	32,521
Other comprehensive income after tax:			
Exchange differences on translating foreign operations		**6,166**	6,825
Exchange differences reclassified to profit or loss on disposal of subsidiaries	30	**(1,231)**	–
Other comprehensive income for the year, net of tax		**4,935**	6,825
Total comprehensive income attributable to the owners of the Company		**29,844**	39,346

Consolidated Statement of Financial Position

At 31 March 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current assets			
Prepaid land lease payments	15	**26,592**	31,018
Property, plant and equipment	16	**108,414**	115,113
Investment properties	17	**420**	420
Club membership		**366**	366
		135,792	146,917
Current assets			
Inventories	18	**75,014**	50,881
Trade receivables	19	**91,973**	88,955
Prepayments, deposits and other receivables		**10,516**	5,334
Prepaid land lease payments	15	**569**	220
Current tax assets		**1,462**	932
Pledged bank deposits	20	**25,467**	39,610
Bank and cash balances	20	**163,857**	112,461
		368,858	298,393
Current liabilities			
Trade payables	21	**27,649**	25,154
Accruals and other payables		**30,727**	24,680
Short-term bank borrowings	22	**26,975**	37,075
Current tax liabilities		**262**	351
Current portion of long term borrowings	24	**2,543**	5,185
		88,156	92,445
Net current assets		**280,702**	205,948
Total assets less current liabilities		**416,494**	352,865

Consolidated Statement of Financial Position

At 31 March 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current liabilities			
Deferred tax liabilities	23	**1,789**	2,285
Long term borrowings	24	**708**	3,251
		2,497	5,536
NET ASSETS		**413,997**	347,329
Capital and reserves			
Share capital	25	**3,220**	2,800
Reserves		**410,777**	344,529
TOTAL EQUITY		**413,997**	347,329

Approved by the Board of Directors on 23 July 2010

Mr. CHONG Kam Chau
Director

Mr. CHONG Wa Pan
Director

Statement of Financial Position – The Company

At 31 March 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current assets			
Investments in subsidiaries	35	**146,713**	145,131
Current assets			
Prepayments, deposits and other receivables		**190**	388
Due from subsidiaries	35	**122,971**	120,089
Bank balances		**62,519**	68,547
		185,680	189,024
Current liabilities			
Accruals and other payables		**641**	675
Due to subsidiaries	35	**32,197**	69,236
Financial guarantee contracts	31(b)	**1,582**	3,500
		34,420	73,411
Net current assets		**151,260**	115,613
NET ASSETS		**297,973**	260,744
Capital and reserves			
Share capital	25	**3,220**	2,800
Reserves	26(b)	**294,753**	257,944
TOTAL EQUITY		**297,973**	260,744

Approved by the Board of Directors on 23 July 2010

Mr. CHONG Kam Chau
Director

Mr. CHONG Wa Pan
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2010

	Share capital HK$'000 (note 25)	Share premium HK$'000 (note 26(c)(i))	Special reserve HK$'000 (note 26(c)(ii))	Share-based payment reserve HK$'000 (note 26(c)(iii))	Foreign currency translation reserve HK$'000 (note 26(c)(iv))	Statutory reserve HK$'000 (note 26(c)(v))	Retained profits HK$'000	Total Equity HK$'000
At 1 April 2008	–	21,256	105,309	–	28,486	18,045	69,531	242,627
Total comprehensive income for the year	–	–	–	–	6,825	–	32,521	39,346
Capitalisation issue (note 25(a)(ii))	2,100	(2,100)	–	–	–	–	–	–
Issue of shares by way of placing and public offer (note 25(b))	700	77,700	–	–	–	–	–	78,400
Share issue expenses	–	(13,044)	–	–	–	–	–	(13,044)
Change in equity for the year	2,800	62,556	–	–	6,825	–	32,521	104,702
At 31 March 2009	2,800	83,812	105,309	–	35,311	18,045	102,052	347,329
Representing:								
At 31 March 2009 after proposed final dividend							89,172	
Proposed final dividend							12,880	
							102,052	
At 1 April 2009	2,800	83,812	105,309	–	35,311	18,045	102,052	347,329
Total comprehensive income for the year	–	–	–	–	4,935	–	24,909	29,844
Issue of shares on placement (note 25(c))	420	49,980	–	–	–	–	–	50,400
Transfers	–	–	–	–	–	81	(81)	–
Share issue expenses	–	(1,170)	–	–	–	–	–	(1,170)
Share-based payments	–	–	–	474	–	–	–	474
Dividend paid	–	–	–	–	–	–	(12,880)	(12,880)
Change in equity for the year	420	48,810	–	474	4,935	81	11,948	66,668
At 31 March 2010	**3,220**	**132,622**	**105,309**	**474**	**40,246**	**18,126**	**114,000**	**413,997**
Representing:								
At 31 March 2010 after proposed final dividend							105,950	
Proposed final dividend							8,050	
							114,000	

Consolidated Statement of Cash Flows

For the year ended 31 March 2010

	Note	2010 HK$'000	2009 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**27,883**	36,149
Adjustments for:			
Amortisation of prepaid land lease payments		**934**	220
Depreciation of property, plant and equipment		**23,961**	25,046
Allowance for bad and doubtful debts		**–**	2,283
Bad debts written off		**51**	341
Reversal of allowance for inventories		**(20)**	(226)
Loss on disposals of property, plant and equipment		**105**	143
Gain on disposal of subsidiaries		**(15,989)**	–
Equity-settled share-based payments		**474**	–
Finance costs		**896**	4,166
Interest income		**(815)**	(1,711)
Operating profit before working capital changes		**37,480**	66,411
(Increase)/decrease in inventories		**(24,113)**	26,622
(Increase)/decrease in trade receivables		**(3,069)**	71,582
Decrease in prepayments, deposits and other receivables		**9,713**	7,783
Increase/(decrease) in trade payables		**2,495**	(43,482)
Increase/(decrease) in accruals and other payables		**6,227**	(4,162)
Decrease in amount due to a director		**–**	(330)
Cash generated from operations		**28,733**	124,424
Interest received		**815**	1,711
Income taxes paid		**(4,089)**	(7,887)
Net cash generated from operating activities		**25,459**	118,248
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition of prepaid land lease payments		**–**	(25,972)
Purchases of property, plant and equipment		**(32,924)**	(7,080)
Proceeds from disposals of property, plant and equipment		**7,399**	210
Net cash inflow from disposal of subsidiaries	30	**12,855**	–
Decrease/(increase) in pledged bank deposits		**14,143**	(1,769)
Net cash generated from/(used in) investing activities		**1,473**	(34,611)

Consolidated Statement of Cash Flows

For the year ended 31 March 2010

	2010 HK$'000	2009 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of new shares	**50,400**	78,400
Payment of share issue expenses	**(1,170)**	(13,044)
Repayment of trust receipts loans, net	**(1,100)**	(25,389)
Bank loans raised	**21,450**	50,000
Repayment of bank loans	**(35,635)**	(74,539)
Advance from directors	**–**	27,295
Repayment to directors	**–**	(30,019)
Dividends paid	**(12,880)**	(40,000)
Interest paid	**(896)**	(4,166)
Net cash generated from/(used in) financing activities	**20,169**	(31,462)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**47,101**	52,175
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**4,295**	4,349
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**112,461**	55,937
CASH AND CASH EQUIVALENTS AT END OF YEAR	**163,857**	112,461
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**163,857**	112,461

Notes to the Financial Statements

For the year ended 31 March 2010

1. General Information

The Company was incorporated on 10 March 2006 in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Clifton House, 75 Fort Street, P. O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands. The address of its principal place of business is Units 8-10, 8/F Cornell Centre, 50 Wing Tai Road, Chai Wan, Hong Kong.

The Company is an investment holding company and the principal activities of its subsidiaries are set out in note 35 to the financial statements.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 26 February 2009.

2. Basis of Presentation of Financial Statements

Pursuant to a group reorganisation (the "Reorganisation") to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange, the Company became the holding company of the Group on 30 March 2006. Further details of the Reorganisation are set out in the paragraph headed "Corporate reorganisation" in Appendix VI to the prospectus of the Company dated 16 February 2009 (the "Prospectus").

On 2 February 2009, Jumbo Match Limited, a wholly-owned subsidiary of the Company, acquired the entire equity interest in Century Shiny Investment Limited (the "Acquisition"). As the Company and its subsidiaries were all under common control of a director of the Company, Mr. Chong Kam Chau ("Mr. Chong") before and after the Reorganisation and the Acquisition, the Reorganisation and the Acquisition were accounted for as business combinations of entities under common control.

The financial statements of the Group have been prepared in accordance with the principles and procedures of merger accounting as set out in Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as if the Reorganisation and the Acquisition had occurred from the date when the combining entities first came under the control of Mr. Chong.

3. Adoption of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2009. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below.

(a) Presentation of Financial Statements

HKAS 1 (Revised) "Presentation of Financial Statements" affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. HKAS 1 (Revised) also requires disclosures of the reclassification adjustments and tax effects relating to each component of other comprehensive income for the year. HKAS 1 (Revised) has been applied retrospectively.

3. Adoption of New and Revised Hong Kong Financial Reporting Standards (Continued)

(b) Operating Segments

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Previously, HKAS 14 "Segment Reporting" required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving as the starting point for the identification of such segments. HKFRS 8 results in a redesignation of the Group's reportable segments, but has had no impact on the reported results or financial position of the Group. HKFRS 8 has been applied retrospectively.

The segment accounting policies under HKFRS 8 are stated in note 7 to the financial statements.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. Significant Accounting Policies

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties which are carried at their fair values.

The preparation of the financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise their judgements in the process of applying the accounting policies. The areas where assumptions and estimates are significant to these financial statements, are disclosed in note 5 to the financial statements.

The significant accounting policies applied in the preparation of the financial statements are set out below:

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its carrying amount together with any remaining goodwill relating to the subsidiary and also any related accumulated foreign currency translation reserve.

4. Significant Accounting Policies (Continued)

(a) Consolidation (Continued)

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(b) Merger accounting for business combination under common control

The consolidated financial statements incorporate the financial statements of the combining entities as if they had been combined from the date when they first came under the control of the controlling party.

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

The consolidated statement of financial position has been prepared to present the assets and liabilities of the combining entities as if the Group structure as at 31 March 2010 had been in existence at the end of each reporting period. The net assets of the combining entities are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

There was no adjustment made to the net assets nor the net profit or loss of any combining entities in order to achieve consistency of the Group's accounting policies.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

4. Significant Accounting Policies (Continued)

(c) Foreign currency translation (Continued)

(iii) Translation on consolidation

The results and financial position of all the group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

(d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Buildings	20 years
Leasehold improvements	5–10 years
Plant and machinery	5–10 years
Furniture, fixtures and equipment	3–10 years
Motor vehicles	5–10 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Notes to the Financial Statements

4. Significant Accounting Policies (Continued)

(e) Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at its fair value. Gains or losses arising from changes in fair value of the investment property are included in profit or loss for the period in which they arise.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

(f) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

Consideration paid for land use rights is recorded as prepaid land lease payments and charged to profit or loss on a straight-line basis over the term of relevant land use rights acquired.

(g) Club membership

Club membership with indefinite useful life is stated at cost less any impairment losses. Impairment is reviewed annually or when there is any indication that the club membership has suffered an impairment loss.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Notes to the Financial Statements

For the year ended 31 March 2010

4. Significant Accounting Policies (Continued)

(j) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(k) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(l) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below in (m) to (p).

(m) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(n) Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

– the amount of the obligations under the contracts, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and

– the amount initially recognised less cumulative amortisation recognised in profit or loss on a straight-line basis over the terms of the guarantee contracts.

Notes to the Financial Statements

For the year ended 31 March 2010

4. Significant Accounting Policies (Continued)

(o) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(p) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenues from the sales of goods are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Interest income is recognised on a time-proportion basis using the effective interest method.

(r) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(s) Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Notes to the Financial Statements

For the year ended 31 March 2010

4. Significant Accounting Policies (Continued)

(t) 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 capitalised as part of 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.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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

(u) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss 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 differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits 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 other 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 arising on investments in subsidiaries, 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.

The carrying amount of deferred tax assets is reviewed at the end of each 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4. Significant Accounting Policies (Continued)

(v) Related parties

A party is related to the Group if:

(i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;

(ii) the party is an associate;

(iii) the party is a joint venture;

(iv) the party is a member of the key management personnel of the Company or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

(w) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets except club membership, investment properties, inventories and receivables, 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 any impairment loss. Where 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.

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.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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 (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the Financial Statements

For the year ended 31 March 2010

4. Significant Accounting Policies (Continued)

(x) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(y) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

5. Critical Judgements and Key Estimates

Key sources of estimation uncertainty

The key assumptions concerning the future, and other 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 within the next financial year, are discussed below.

(a) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Allowance for inventories

Allowance for inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

(c) Allowance for bad and doubtful debts

The Group makes allowance of bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and bad and doubtful debt expenses in the year in which such estimate has been changed. If the financial conditions of the debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Notes to the Financial Statements

For the year ended 31 March 2010

5. Critical Judgements and Key Estimates (Continued)

Key sources of estimation uncertainty (Continued)

(d) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

6. Financial Risk Management

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focus on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group is exposed to foreign currency risk as some of its business transactions, assets and liabilities are denominated in currencies other than the functional currency of respective group entities, such as HK$, United States dollars ("USD"), Renminbi ("RMB") and Australian dollars ("AUD"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arises.

The following table demonstrates the sensitivity to a change in the value of foreign currency against functional currency with all other variables held constant, of the Group's profit after tax. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a change in foreign currency rates. A positive number indicates an increase in profit after tax. If the foreign currency rate changes in opposite direction with all other variables held constant, there would be an equal and opposite impact on the Group's profit after tax.

	Foreign currency rate movement	**Increase/ (decrease) in profit after tax** HK$'000
Year ended 31 March 2010		
– USD	**+1%**	**138**
– RMB	**+10%**	**(148)**
– HK$	**-10%**	**(9,116)**
Year ended 31 March 2009		
– USD	+1%	276
– RMB	+10%	(196)
– HK$	-10%	(11,693)

Notes to the Financial Statements

For the year ended 31 March 2010

6. Financial Risk Management (Continued)

(b) Credit risk

The carrying amount of trade and other receivables and bank and cash balances including pledged bank deposits included in the consolidated statement of financial position, represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its trade receivables. The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. In addition, the directors review the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts.

The Group has no significant concentration of credit risk, the percentage of trade receivables due from the Group's five largest customers in aggregate to the Group's total trade receivables net of allowance is 21% (2009: 31%) at 31 March 2010.

The credit risk on liquid funds is limited because the counterparties are mainly well-recognised financial institutions.

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis of the financial liabilities is as follows:

	Group		
	Less than 1 year HK$'000	**Between 1 and 2 years** HK$'000	**Between 2 and 5 years** HK$'000
At 31 March 2010			
Bank borrowings	**29,651**	**710**	**–**
Trade and other payables	**58,376**	**–**	**–**
At 31 March 2009			
Bank borrowings	42,486	2,575	710
Trade and other payables	49,834	–	–

(d) Interest rate risk

The Group's exposure to interest rate risk arises mainly from its bank deposits and bank borrowings.

The Group's fixed bank deposits bear interests at fixed interest rates and therefore are subject to fair value interest rate risk. The directors consider the Group's exposure to interest rate risk on fixed bank deposits is not significant.

The Group's cash flow interest rate risk primarily relates to variable-rate bank deposits and bank borrowings.

The sensitivity analysis below has been determined based on the exposure to interest rate risk on its variable rate bank deposits and borrowings at the end of the reporting period and prepared assuming the amount of bank deposits and borrowings outstanding at the end of each reporting period was outstanding for the whole year.

Notes to the Financial Statements

For the year ended 31 March 2010

6. Financial Risk Management (Continued)

(d) Interest rate risk (Continued)

If interest rates had been 100 basis points higher with all other variables held constant, the Group's profit after tax for the year ended 31 March 2010 would have been HK$438,000 higher (2009: HK$362,000 lower). If interest rates had been 100 basis points lower with all other variables held constant, these would be an equal and opposite impact on the Group's profit after tax.

The Group currently does not have any interest rate hedging policy in relation to interest rate risk. The directors monitor the Group's exposure in ongoing basis and will consider hedging interest rate risk should the need arise.

(e) Categories of financial instruments at 31 March 2010

	2010 HK$'000	2009 HK$'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)	**289,070**	243,883
Financial liabilities:		
Financial liabilities measured at amortised cost	**88,602**	95,345

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. Turnover and Segmental Information

Turnover of the Group represents net invoiced value of goods sold for the year.

Segmental information

The chief operating decision makers have been identified as the executive directors of the Company ("the Executives Directors"). The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management determined the operating segments based on these reports.

The Group has two reportable segments as follows:

Corrugated products – manufacture and sale of corrugated board and corrugated paper-based packing products; and

Offset printed corrugated products – manufacture and sale of offset printed corrugated products.

The accounting policies of the operating segments are the same as those described in note 4 to the financial statements. Segment profits or losses do not include gain on disposal of subsidiaries and corporate income and expenses. Segment assets do not include prepaid land lease payments for corporate use, investment properties, club membership, bank balance managed on central basis, current tax assets and corporate assets. Segment liabilities do not include current tax liabilities, deferred tax liabilities and corporate liabilities.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

Notes to the Financial Statements

For the year ended 31 March 2010

7. Turnover and Segmental Information (Continued)

Information and reconciliations of segment revenue, profit or loss, assets and liabilities:

For the year ended 31 March 2010

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Elimination HK$'000	Total HK$'000
Segment revenue				
External sales	412,047	66,389	–	478,436
Inter-segment sales	52,085	17,019	(69,104)	–
Total	464,132	83,408	(69,104)	478,436
Segment results	19,303	327		19,630
Interest income				97
Gain on disposal of subsidiaries				15,989
Corporate expenses				(7,833)
Profit before tax				27,883

Notes to the Financial Statements

For the year ended 31 March 2010

7. Turnover and Segmental Information (Continued)

Information and reconciliations of segment revenue, profit or loss, assets and liabilities: (Continued)

For the year ended 31 March 2010 (Continued)

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Unallocated HK$'000	Total HK$'000
Other information:				
Interest income	713	5	97	815
Interest expenses	704	192	–	896
Depreciation and amortisation	17,199	7,656	40	24,895
Additions to segment non-current assets	6,096	26,828	–	32,924
At 31 March 2010				
Segment assets	308,135	127,192		435,327
Total assets for reportable segments				435,327
Unallocated items:				
Prepaid land lease payments for corporate use				1,486
Investment properties				420
Club membership				366
Current tax assets				1,462
Bank balance managed on central basis				65,399
Others				190
Consolidated total assets				504,650
Segment liabilities	58,883	28,895		87,778
Total liabilities for reportable segments				87,778
Unallocated items:				
Current tax liabilities				262
Deferred tax liabilities				1,789
Others				824
Consolidated total liabilities				90,653

Notes to the Financial Statements

For the year ended 31 March 2010

7. Turnover and Segmental Information (Continued)

Information and reconciliations of segment revenue, profit or loss, assets and liabilities: (Continued)

For the year ended 31 March 2009

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Elimination HK$'000	Total HK$'000
Segment revenue				
External sales	511,221	103,559	–	614,780
Inter-segment sales	60,730	4,452	(65,182)	–
Total	571,951	108,011	(65,182)	614,780
Segment results	37,850	5,024		42,874
Interest income				10
Listing expenses				(3,261)
Corporate expenses				(3,474)
Profit before tax				36,149

Notes to the Financial Statements

For the year ended 31 March 2010

7. Turnover and Segmental Information (Continued)

Information and reconciliations of segment revenue, profit or loss, assets and liabilities: (Continued)

For the year ended 31 March 2009 (Continued)

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Unallocated HK$'000	Total HK$'000
Other information:				
Interest income	1,691	10	10	1,711
Interest expenses	3,641	525	–	4,166
Depreciation and amortisation	17,494	7,732	40	25,266
Additions to segment non-current assets	32,314	738	–	33,052
At 31 March 2009				
Segment assets	285,846	76,149		361,995
Total assets for reportable segments				361,995
Unallocated items:				
Prepaid land lease payments for corporate use				1,526
Investment properties				420
Club membership				366
Current tax assets				932
Bank balance managed on central basis				79,684
Others				387
Consolidated total assets				445,310
Segment liabilities	62,467	32,165		94,632
Total liabilities for reportable segments				94,632
Unallocated items:				
Current tax liabilities				351
Deferred tax liabilities				2,285
Others				713
Consolidated total liabilities				97,981

Notes to the Financial Statements

For the year ended 31 March 2010

7. Turnover and Segmental Information (Continued)

Geographical information:

	Revenue		Non-current assets	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**25,444**	21,216	**3,373**	4,021
PRC except Hong Kong	**452,992**	593,564	**132,419**	142,896
Consolidated total	**478,436**	614,780	**135,792**	146,917

In presenting the geographical information, revenue is based on the locations of the customers.

Revenue from major customers contributing over 10% of the turnover is as follows:

	2010	2009
	HK$'000	HK$'000
Corrugated products segment		
Customer a	**40,214**	–
Offset printed corrugated products segment		
Customer a	**8,745**	–

8. Other Income

	2010	2009
	HK$'000	HK$'000
Interest income	**815**	1,711
Reversal of allowance for bad and doubtful debts	**580**	636
Rental income	**–**	4
Sundry income	**39**	327
	1,434	2,678

9. Finance Costs

	2010	2009
	HK$'000	HK$'000
Interest on bank borrowings	**896**	4,166

Notes to the Financial Statements

For the year ended 31 March 2010

10. Income Tax Expense

	2010 HK$'000	2009 HK$'000
Hong Kong Profits Tax		
Current tax	**788**	194
Under/(over)-provision in previous years	**372**	(118)
	1,160	76
PRC enterprise income tax		
Current tax	**1,985**	3,552
Under-provision in previous years	**325**	–
	2,310	3,552
Deferred tax (note 23)	**(496)**	–
	2,974	3,628

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit. Tax charge on profits assessable in other jurisdictions has been calculated at the rates of tax prevailing in the relevant jurisdictions.

The mode of manufacturing operations of Wah Ming International Limited ("Wah Ming") is within the scope of the Departmental Interpretation Practice Note No. 21 issued by the Inland Revenue Department of Hong Kong, that Wah Ming conducted its manufacturing operations by entering into processing arrangements with the processing factory in the PRC and hence 50% of the adjusted profits were treated as offshore and not taxable in Hong Kong.

A portion of the Group's profits for the year are earned by the Macau subsidiaries of the Group incorporated under the Macao SAR's Offshore Law. Pursuant to the Macao SAR's Offshore Law, such portion of profits is exempted from Macau complimentary tax. Further, in the opinion of the directors, that portion of the Group's profit is not at present subject to taxation in any other jurisdiction in which the Group operates.

On 16 March 2007, the new PRC enterprise income tax law passed by the Tenth National People's Congress introduces various changes which include the unification of the enterprise income tax rate for domestic and foreign enterprises at 25%. The new tax law became effective on 1 January 2008. Pursuant to "Notice on Corporate Income Tax Transitional Arrangement" issued by the PRC State Council on 26 December 2007, enterprises entitled to lower tax rates under the old law have been given a five-year grace period before they are required to pay the statutory rate. According to Shenzhen tax bureau final approval, the applicable enterprise income tax rate for Come Sure Packing Products (Shenzhen) Company Limited ("Come Sure Shenzhen") would be 20% in calendar year 2009, 22% in 2010, 24% in 2011 and 25% from 2012 onwards.

In 2009, the Inland Revenue Department of Hong Kong (the "IRD") issued several letters to a director of the Company, Mr. Chong, the Company and some of its subsidiaries requesting for certain financial information for the years of assessment from 2002/03 to 2006/07. The Group has already submitted several replies and provided part of the financial information to the IRD. The Group is still preparing and collecting information for the queries of the IRD and waiting for further comment from the IRD. On 15 March 2009, the IRD issued estimated assessments for the year of assessment 2002/03 to two of the subsidiaries of the Group which amounted to HK$640,000. On 15 March 2010, the IRD issued estimated assessments for the year of assessment 2003/04 to three of the subsidiaries of the Group which amounted to HK$2,800,000. The Group has made objections to the IRD on both estimated assessments on 9 April 2009 and 23 March 2010 respectively. In the opinion of the directors, as at 31 March 2010, the provision for taxation made in the financial statements of the Group is sufficient and not excessive.

Notes to the Financial Statements

For the year ended 31 March 2010

10. Income Tax Expense (Continued)

The reconciliation between the income tax expense and the product of profit before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2010 HK$'000	2009 HK$'000
Profit before tax	**27,883**	36,149
Tax at Hong Kong Profits Tax rate of 16.5%	**4,601**	5,965
Tax effect of income that is not taxable	**(281)**	(457)
Tax effect of expenses that are not deductible	**863**	713
Tax effect of tax losses not recognised	**418**	504
Tax effect of utilisation of tax losses not previously recognised	**(2)**	–
Tax effect of temporary differences not recognised	**335**	(73)
Tax effect of profit that is under tax concession	**(3,878)**	(3,555)
Tax effect of change of tax rate	**–**	(199)
Under/(over)-provision in previous years	**697**	(118)
(Under)/over-provision for the year	**(184)**	564
Effect of different tax rates of subsidiaries	**405**	284
Income tax expense	**2,974**	3,628

11. Profit for the Year

The Group's profit for the year is stated after charging/(crediting) the following:

	2010 HK$'000	2009 HK$'000
Auditor's remuneration	**770**	700
Cost of inventories sold	**393,290**	499,094
Depreciation	**23,961**	25,046
Operating lease charges in respect of land and buildings	**15,467**	12,202
Net loss on disposals of property, plant and equipment	**105**	143
Reversal of allowance for inventories (included in cost of inventories sold)	**(20)**	(226)
Allowance for bad and doubtful debts	**–**	2,283
Bad debts written off	**51**	341
Reversal of allowance for bad and doubtful debts	**(580)**	(636)
Net foreign exchange loss	**3,461**	3,674
Staff costs		
Directors' emoluments (note 12(a))	**3,639**	3,502
Other staff salaries, bonus and allowances	**39,239**	32,740
Retirement benefits scheme contributions (excluding directors)	**3,175**	3,283
	46,053	39,525

Cost of inventories sold includes staff costs, depreciation and operating lease charges totalled approximately HK$56,313,000 (2009: HK$51,934,000) which are included in the amounts disclosed separately above.

Notes to the Financial Statements

For the year ended 31 March 2010

12. Directors' and Employees' Emoluments

(a) Directors' emoluments

The emoluments of each director for the year ended 31 March 2010 were as follows:

	Fees HK$'000	Salaries and other allowances HK$'000	Discretionary bonus HK$'000	Share-based payments HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Name of director						
Executive directors						
Mr. Chong Kam Chau	–	821	60	101	12	994
Mr. Chong Wa Pan	–	610	50	72	12	744
Mr. Yiu Ho Chi, Stephen	–	645	50	–	12	707
Mr. Chong Wa Ching	–	444	35	36	12	527
Mr. Chong Wa Lam	–	300	25	36	12	373
	–	2,820	220	245	60	3,345
Independent Non-executive directors						
Mr. Chau On Ta Yuen	80	–	–	18	–	98
Ms. Tsui Pui Man	80	–	–	18	–	98
Mr. Law Tze Lun	80	–	–	18	–	98
	240	–	–	54	–	294
	240	2,820	220	299	60	3,639

The emoluments of each director for the year ended 31 March 2009 were as follows:

	Fees HK$'000	Salaries and other allowances HK$'000	Discretionary bonus HK$'000	Share-based payments HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Name of director						
Executive directors						
Mr. Chong Kam Chau	–	1,380	–	–	–	1,380
Mr. Chong Wa Pan	–	605	45	–	12	662
Mr. Yiu Ho Chi, Stephen	–	605	95	–	12	712
Mr. Chong Wa Ching	–	360	–	–	12	372
Mr. Chong Wa Lam	–	300	25	–	12	337
	–	3,250	165	–	48	3,463
Independent Non-executive directors						
Mr. Chau On Ta Yuen	13	–	–	–	–	13
Ms. Tsui Pui Man	13	–	–	–	–	13
Mr. Law Tze Lun	13	–	–	–	–	13
	39	–	–	–	–	39
	39	3,250	165	–	48	3,502

During the year, Mr. Chong Kam Chau, executive director of the Company, has agreed to waive his emolument of approximately HK$600,000 (2009: HK$Nil). Save as disclosed above, there was no other arrangement under which a director waived or agreed to waive any emoluments during the year (2009: HK$Nil).

Notes to the Financial Statements

For the year ended 31 March 2010

12. Directors' and Employees' Emoluments (Continued)

(b) Employees' emoluments

The five highest paid individuals in the Group during the year included 3 (2009: 3) directors whose emoluments have been disclosed above. The emoluments paid to the remaining highest paid employees during the year are as follows:

	2010 HK$'000	2009 HK$'000
Salaries and other allowances	**1,212**	1,313
Discretionary bonus	**102**	–
Retirement benefits scheme contributions	**22**	12
Share-based payments	**18**	–
	1,354	1,325

The emoluments of the remaining highest paid employees fell within the following band:

	Number of individuals	
	2010	2009
Nil to HK$1,000,000	**2**	2

(c) During the year, no emoluments were paid by the Group to any of the directors or any of the five highest paid individuals as an inducement to join or upon joining the Group (2009: Nil).

13. Dividends

	2010 HK$'000	2009 HK$'000
Proposed final dividend of HK2.5 cents (2009: HK4.6 cents) per ordinary share	**8,050**	12,880

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting and is not recognised as liabilities at 31 March 2010.

Notes to the Financial Statements

For the year ended 31 March 2010

14. Earnings Per Share

The calculation of basic earnings per share for the year ended 31 March 2010 is based on the profit attributable to owners of the Company of approximately HK$24,909,000 and the weighted average number of 282,589,041 ordinary shares in issue during the year.

The calculation of basic earnings per share for the year ended 31 March 2009 is based on the profit attributable to owners of the Company of approximately HK$32,521,000 and the weighted average number of 216,520,548 ordinary shares, after taking into amount the 210,000,000 ordinary shares of the Company in issue as if the shares were issued throughout the year ended 31 March 2009, and the issuance of ordinary shares in connection with the placing and public offer during the year ended 31 March 2009.

Weighted average number of ordinary shares

	Number of shares	
	2010	2009
Issued and issuable ordinary shares at beginning of year	**280,000,000**	210,000,000
Effect of shares issued under placing and public offer	**2,589,041**	6,520,548
Weighted average number of ordinary shares at end of year	**282,589,041**	216,520,548

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary sharing during the two years ended 31 March 2010.

15. Prepaid Land Lease Payments

The Group

	2010	2009
	HK$'000	HK$'000
At beginning of year	**31,238**	5,378
Additions	**–**	25,972
Disposal of subsidiaries	**(3,700)**	–
Amortisation of prepaid land lease payments	**(934)**	(220)
Exchange differences	**557**	108
At end of year	**27,161**	31,238
Current portion	**(569)**	(220)
Non-current portion	**26,592**	31,018

The Group's prepaid land lease payments are analysed as follows:

	2010	2009
	HK$'000	HK$'000
Leasehold land in Hong Kong under medium-term leases	**1,486**	1,527
Land use rights in PRC under medium-term leases	**25,675**	29,711
	27,161	31,238

The leasehold land in Hong Kong is pledged as security for the banking facilities granted to the Group as at 31 March 2010 and 2009 (note 28).

Notes to the Financial Statements

For the year ended 31 March 2010

16. Property, Plant and Equipment

The Group

	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Cost							
At 1 April 2008	17,703	21,040	230,104	5,306	7,955	–	282,108
Additions	–	4,268	1,018	104	537	1,153	7,080
Disposals	–	(2,876)	(850)	–	(370)	–	(4,096)
Exchange differences	286	466	4,526	–	157	–	5,435
At 31 March 2009	17,989	22,898	234,798	5,410	8,279	1,153	290,527
Additions	131	162	26,980	244	20	5,387	32,924
Disposals	–	–	(10,779)	–	–	–	(10,779)
Disposal of subsidiaries	(14,001)	(2,957)	–	–	–	–	(16,958)
Transfer	1,177	–	–	–	–	(1,177)	–
Exchange differences	100	340	3,424	–	120	24	4,008
At 31 March 2010	5,396	20,443	254,423	5,654	8,419	5,387	299,722
Accumulated depreciation and impairment							
At 1 April 2008	8,509	12,112	121,037	3,776	5,645	–	151,079
Charge for the year	471	3,264	20,282	396	633	–	25,046
Disposals	–	(2,876)	(497)	–	(370)	–	(3,743)
Exchange differences	25	289	2,592	–	126	–	3,032
At 31 March 2009	9,005	12,789	143,414	4,172	6,034	–	175,414
Charge for the year	278	2,840	19,808	388	647	–	23,961
Disposals	–	–	(3,275)	–	–	–	(3,275)
Disposal of subsidiaries	(6,796)	(690)	–	–	–	–	(7,486)
Exchange differences	24	229	2,340	–	101	–	2,694
At 31 March 2010	2,511	15,168	162,287	4,560	6,782	–	191,308
Carrying amount							
At 31 March 2010	**2,885**	**5,275**	**92,136**	**1,094**	**1,637**	**5,387**	**108,414**
At 31 March 2009	8,984	10,109	91,384	1,238	2,245	1,153	115,113

16. Property, Plant and Equipment (Continued)

The Group (Continued)

The Group's buildings at their carrying amounts are analysed as follows:

	2010 HK$'000	2009 HK$'000
Buildings in Hong Kong	**–**	–
Buildings in PRC	**2,885**	8,984
	2,885	8,984

The buildings situated in Hong Kong, which have been fully depreciated, are pledged as security for the banking facilities granted to the Group as at 31 March 2010 and 2009 (note 28).

17. Investment Properties

The Group

Valuations were based on current prices in an active market. No valuation was carried out by an independent valuer.

The investment properties were situated in Hong Kong under long leases.

18. Inventories

The Group

	2010 HK$'000	2009 HK$'000
Raw materials	**64,483**	45,833
Work in progress	**1,934**	2,018
Finished goods	**8,597**	3,030
	75,014	50,881

Notes to the Financial Statements

For the year ended 31 March 2010

19. Trade Receivables

The Group

Payment terms with customers are mainly on cash on delivery and on credit. The credit periods ranged from 15 days to 120 days after end of the month in which the relevant sales occurred. The ageing analysis of trade receivables, based on the due date, is as follows:

	2010 HK$'000	2009 HK$'000
Undue	**75,704**	66,167
Overdue:		
1 to 30 days	**6,231**	9,176
31 to 90 days	**8,646**	10,500
91 to 365 days	**1,813**	4,985
Over 1 year	**3,544**	2,807
	95,938	93,635
Less: Allowance for bad and doubtful debts	**(3,965)**	(4,680)
	91,973	88,955

As of 31 March 2010, trade receivables of approximately HK$16,269,000 (2009: HK$22,801,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2010 HK$'000	2009 HK$'000
Overdue:		
1 to 90 days	**14,877**	19,604
91 to 365 days	**1,392**	3,050
Over 1 year but within 2 years	**–**	147
	16,269	22,801

Movement of the allowance for bad and doubtful debts are as follows:

	2010 HK$'000	2009 HK$'000
At beginning of year	**4,680**	3,502
Allowance for bad and doubtful debts for undue trade receivables	**–**	13
Allowance for bad and doubtful debts for overdue trade receivables	**–**	2,270
Reversal of allowance for bad and doubtful debts	**(580)**	(636)
Write off as bad debts	**(184)**	(513)
Exchange differences	**49**	44
At end of year	**3,965**	4,680

19. Trade Receivables (Continued)

The Group (Continued)

The carrying amounts of the trade receivables are denominated in the following currencies:

	2010 HK$'000	2009 HK$'000
HK$	**44,750**	39,984
USD	**6,322**	19,064
RMB	**40,619**	29,907
AUD	**282**	–
	91,973	88,955

20. Pledged Bank Deposits and Bank and Cash Balances

The Group's pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to the Group (note 28).

The Group's pledged bank deposits of HK$25,467,000 (2009: HK$39,610,000) and fixed bank deposits of HK$6,340,000 (2009: HK$Nil) are arranged at fixed rates for the year ended 31 March 2010 and carry average interest rates of 1.00% (2009: 1.42%) per annum and therefore subject to fair value interest rate risk which the directors considered as not significant. The remaining bank and cash balances carry interest at market rates and therefore exposed to cash flow interest rate risk.

Bank and cash balances and pledged bank deposits of the Group amounted to approximately HK$45,100,000 (2009: HK$40,912,000) as at 31 March 2010, were denominated in RMB. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

21. Trade Payables

The Group

Payment terms granted by suppliers are mainly on cash on delivery and on credit. The credit periods ranged from 15 days to 90 days after end of the month in which the relevant purchase occurred.

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	2010 HK$'000	2009 HK$'000
0 to 30 days	**27,022**	24,689
31 to 90 days	**306**	188
Over 90 days	**321**	277
	27,649	25,154

21. Trade Payables (Continued)

The Group (Continued)

The carrying amounts of trade payables are denominated in the following currencies:

	2010 HK$'000	2009 HK$'000
HK$	**7,866**	10,329
USD	**–**	2,342
RMB	**19,783**	12,483
	27,649	25,154

22. Short-Term Bank Borrowings

The Group

	2010 HK$'000	2009 HK$'000
Trust receipts loans	**15,975**	17,075
Short-term bank loans	**11,000**	20,000
	26,975	37,075

All the short-term bank borrowings are denominated in HK$.

The average interest rates at 31 March were as follows:

	2010	2009
Trust receipts loans	**2.13%**	2.18%
Short-term bank loans	**1.80%**	1.93%

At 31 March 2010, all short-term bank borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

At 31 March 2010, the short-term bank borrowings are secured by the following:

(i) corporate guarantees given by certain subsidiaries and the Company; and

(ii) bank deposits, prepaid land lease payments and buildings situated in Hong Kong of the Group (note 28).

Notes to the Financial Statements

For the year ended 31 March 2010

23. Deferred Tax

The Group

The following are the major deferred tax liabilities and assets recognised by the Group.

	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2008	3,362	(1,077)	2,285
(Credit)/charge to the consolidated income statement (note 10)	(764)	764	–
At 31 March 2009	2,598	(313)	2,285
(Credit)/charge to the consolidated income statement (note 10)	(809)	313	(496)
At 31 March 2010	1,789	–	1,789

The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:

	2010 HK$'000	2009 HK$'000
Deferred tax liabilities	**1,789**	2,598
Deferred tax assets	**–**	(313)
	1,789	2,285

The Group had unused tax losses of approximately HK$5,171,000 (2009: HK$4,967,000) available for offset against future profits at 31 March 2010, no deferred tax asset has been recognised in respect of such losses. A deferred tax asset has been recognised in respect of approximately HK$1,898,000 of such losses as at 31 March 2009. No deferred tax asset has been recognised in respect of tax losses of approximately HK$5,171,000 (2009: HK$3,069,000) due to the unpredictability of future profit streams.

Notes to the Financial Statements

For the year ended 31 March 2010

24. Long Term Borrowings

The Group

	2010 HK$'000	2009 HK$'000
Bank loans	**3,251**	8,436
Less: Amount due for settlement within 12 moths (shown under current liabilities)	**(2,543)**	(5,185)
Amount due for settlement after 12 months	**708**	3,251

All the long term borrowings are denominated in HK$.

(a) The bank loans are repayable as follows:

	2010 HK$'000	2009 HK$'000
Within one year	**2,543**	5,185
In the second year	**708**	2,544
In the third to fifth years, inclusive	**–**	707
	3,251	8,436

The bank loans are arranged at floating rates and expose the Group to cash flow interest rate risk. The average interest rate was 1.62% (2009: 1.71%) per annum at 31 March 2010.

(b) At 31 March 2010, the bank loans were secured by the following:

(i) corporate guarantees given by certain subsidiaries and the Company; and

(ii) bank deposits, prepaid land lease payments and buildings situated in Hong Kong of the Group (note 28).

Notes to the Financial Statements

For the year ended 31 March 2010

25. Share Capital

	Note	Number of shares	Amount HK$
Authorised:			
Ordinary shares of HK$0.01 each			
At 1 April 2008		38,000,000	380,000
Increase	(a)(i)	1,962,000,000	19,620,000
At 31 March 2009, 1 April 2009 and 31 March 2010		2,000,000,000	20,000,000
Issued and fully paid:			
Ordinary shares of HK$0.01 each			
At 1 April 2008		10,000	100
Capitalisation issue	(a)(ii)	209,990,000	2,099,900
Issue of shares by placing and public offer	(b)	70,000,000	700,000
At 31 March 2009 and 1 April 2009		280,000,000	2,800,000
Issue of shares by placing	(c)	42,000,000	420,000
At 31 March 2010		322,000,000	3,220,000

Notes:

(a) Pursuant to the written resolutions passed by the Company's shareholders on 5 February 2009,

(i) the authorised share capital of the Company was increased from HK$380,000 to HK$20,000,000 by the creation of additional 1,962,000,000 ordinary shares of HK$0.01 each;

(ii) a total of 209,990,000 ordinary shares of HK$0.01 each were allotted and issued as fully paid at par to the shareholders of the Company whose names appeared on the register of members of the Company at the close of business on 5 February 2009, in proportion to their shareholdings, by way of capitalisation of the sum of HK$2,099,900 standing to the credit of the share premium account of the Company.

(b) On 26 February 2009, 70,000,000 ordinary shares of HK$0.01 each were issued at HK$1.12 each to the public by way of placing and public offer for a total of cash consideration, before related expenses, of HK$78,400,000. The excess over the par value of the shares issued was credited to the share premium account.

(c) On 2 February 2010, the Company and United Simsen Securities Limited entered into a placing agreement in respect of the placement of 42,000,000 ordinary shares of HK$0.01 each to independent investors at a price of HK$1.20 per share. The placement was completed on 4 March 2010 and 15 March 2010 by two tranche of placing shares. The premium on the issue of shares, amounting to approximately HK$48,810,000, net of share issue expenses, was credited to the Company's share premium account.

Notes to the Financial Statements

For the year ended 31 March 2010

25. Share Capital (Continued)

The Group manages its capital to ensure that 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 cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings. The directors review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associates 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 debt. The Group has a target gearing ratio of not more than 30% determined as the proportion of net debt to equity.

The gearing ratio at the end of the reporting period was as follows:

	2010 **HK$'000**	2009 HK$'000
Debt (a)	**30,226**	45,511
Less: Bank and cash balances	**(30,226)**	(45,511)
Net debt	**–**	–
Equity (b)	**413,997**	347,329
Net debt to equity ratio	**–**	–

(a) Debt is defined as short-term and long term borrowings, as detailed in notes 22 and 24.

(b) Equity includes all capital and reserves of the Group.

The only externally imposed capital requirement is that for the Group to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares.

26. Reserves

(a) The Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of comprehensive income and consolidated statement of changes in equity.

(b) The Company

	Share premium HK$'000 (note 26(c)(i))	Special reserve HK$'000 (note 26(c)(ii))	Share-based payment reserve HK$'000 (note 26(c)(iii))	Retained profits HK$'000	Total HK$'000
At 1 April 2008	21,256	141,681	–	36,110	199,047
Loss for the year	–	–	–	(3,659)	(3,659)
Capitalisation issue (note 25(a)(ii))	(2,100)	–	–	–	(2,100)
Issue of shares by placing and public offer (note 25(b))	77,700	–	–	–	77,700
Share issue expenses	(13,044)	–	–	–	(13,044)
At 31 March 2009	83,812	141,681	–	32,451	257,944
Representing:					
At 31 March 2009 after proposed final dividend				19,571	
Proposed final dividend (note 13)				12,880	
				32,451	
At 1 April 2009	83,812	141,681	–	32,451	257,944
Profit for the year	–	–	–	405	405
Issue of shares by placing (note 25(c))	49,980	–	–	–	49,980
Share issue expenses	(1,170)	–	–	–	(1,170)
Share-based payments	–	–	474	–	474
Dividend paid	–	–	–	(12,880)	(12,880)
At 31 March 2010	132,622	141,681	474	19,976	294,753
Representing:					
At 31 March 2010 after proposed final dividend				11,926	
Proposed final dividend (note 13)				8,050	
				19,976	

Notes to the Financial Statements

For the year ended 31 March 2010

26. Reserves (Continued)

(c) Nature and purpose of reserves

(i) Share premium account

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Special reserve

The special reserve of the Group arose as a result of the Reorganisation implemented and represented the difference between the nominal value of the aggregate share capital of the subsidiaries acquired pursuant to the Reorganisation, over the nominal value of the share capital of the Company issued in exchange therefore.

The special reserve of the Company arose as a result of the Reorganisation implemented and represented the excess of the then consolidated net assets of the subsidiaries acquired, over the nominal value of the share capital of the Company issued in exchange therefore.

(iii) Share-based payment reserve

The share-based payment reserve represents the fair value of the actual number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4(s) to the financial statements.

(iv) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(c).

(v) Statutory reserve

The statutory reserve which is non-distributable, is appropriated from the profit after tax of the Group's PRC subsidiaries under the applicable laws and regulations in the PRC.

27. Share-Based Payments

The Company's share option scheme (the "Scheme") was adopted on 5 February 2009 for a period of 10 years. The purpose of the Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of the Group and to promote the success of the business of the Group. Under the Scheme, the Board of Directors may, at its absolute discretion and on such terms as it may think fit, grant an employee (full-time or part-time), a director, consultant and adviser of the Group, any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, options to subscribe for ordinary shares of the Company (the "Shares") at the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer for the grant of the option; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of offer for the grant of the option; and (iii) the nominal value of the Share on the date of offer for the grant of the option. The offer for a grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.00.

The maximum number of Shares issuable upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of all the issued shares upon completion of the Share Offer and the Capitalisation Issue. Therefore, it is expected that the Company may grant options in respect of up to 28,000,000 Shares to the participants under the Scheme. The total number of which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not exceed 10% of the Shares in issue as at the date of extraordinary general meeting held on 5 February 2009.

The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

Share options do not confer rights to the holders to dividends or to vote at shareholders' meetings.

Share options granted can not be transferable or assignable and should be personal to the grantee.

Share options may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the grant date subject to the provisions of early termination thereof. Share options will be lapsed if it remains unexercised within the expiry period. Share options granted to employee will be lapsed within a certain period of time if the grantee ceases to be an employee before the share options vested.

Notes to the Financial Statements

For the year ended 31 March 2010

27. Share-Based Payments (Continued)

Details of the specific categories of options are as follows:

Grant date	6 January 2010	6 January 2010	6 January 2010
Lot	1	2	3
Vesting period (note (a))	6 January 2010 to 5 January 2011	6 January 2010 to 5 January 2012	6 January 2010 to 5 January 2013
Exercise period	6 January 2011 to 5 January 2020	6 January 2012 to 5 January 2020	6 January 2013 to 5 January 2020
Exercise price (note (b))	HK$1.18	HK$1.18	HK$1.18
Price of the Company's shares at the date of grant (note (c))	HK$1.18	HK$1.18	HK$1.18

Notes:

(a) The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

(b) The exercise price of the share options is subject to adjustment in the case of rights or bonus issue, or other similar changes in the Company's share capital.

(c) The price of the Company's share disclosed as at the date of the grant of the share options is the higher of the average Stock Exchange closing price for the five business days immediately preceding the date of the grant of the share options or the closing price at the date of grant.

Details of the share options outstanding during the year are as follows:

	Number of share options granted to directors	Weighted average exercise price HK$	Number of share options granted to employees	Weighted average exercise price HK$	Total number of share options	Weighted average exercise price HK$
Outstanding at 1 April 2009	–		–		–	
Granted during the year	5,700,000	1.18	2,700,000	1.18	8,400,000	1.18
Outstanding at 31 March 2010	5,700,000	1.18	2,700,000	1.18	8,400,000	1.18
Exercisable at 31 March 2010	–		–		–	

No share options have been exercised during the year. The options outstanding at 31 March 2010 have a weighted average remaining contractual life of 9.77 years and the exercise price of HK$1.18.

Notes to the Financial Statements

For the year ended 31 March 2010

27. Share-Based Payments (Continued)

The aggregate estimated fair value of the options granted during the year ended 31 March 2010 calculated using the Black-Scholes option pricing model was approximately HK$3,315,000 (2009: HK$ Nil). The inputs into the model were as follows:

Grant date	6 January 2010	6 January 2010	6 January 2010
Lot	1	2	3
Option value	HK$0.3918	HK$0.3959	HK$0.3986
Total fair value	HK$1,563,000	HK$873,000	HK$879,000
Share price at date of grant	HK$1.18	HK$1.18	HK$1.18
Exercise price	HK$1.18	HK$1.18	HK$1.18
Expected volatility	50.45%	49.61%	49.02%
Risk-free interest rate	2.01%	2.10%	2.20%
Expected life of options	5.5 years	6 years	6.5 years
Dividend yield	3.90%	3.90%	3.90%

The expected volatility was determined by calculating the historical volatility of the listed shares' price of similar companies in the same industry over a period that is equal to the expected life of the options before the date of grant. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate.

28. Pledge of Assets

The Group

At the end of the reporting date, the following assets of the Group were pledged to banks to secure the general banking facilities granted to the Group:

	2010 HK$'000	2009 HK$'000
Bank deposits (note 20)	**25,467**	39,610
Prepaid land lease payments (note 15)	**1,486**	1,527
Property, plant and equipment (note 16)	**–**	–
	26,953	41,137

Notes to the Financial Statements

For the year ended 31 March 2010

29. Retirement Benefits Schemes

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of HK$1,000 per employee and vest fully with employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.

The subsidiaries of the Group incorporated in Macau make monthly contributions to the social security fund managed by the relevant authority of the local government, which undertake the retirement obligations of the Group's employees in Macau. The Group has no obligation for payment of retirement benefits beyond the monthly contributions. The contributions payable are recognised as an expense to profit or loss as and when incurred.

The total contributions incurred in this connection for the year ended 31 March 2010 were approximately HK$3,235,000 (2009: HK$3,331,000). No forfeited contributions are available to reduce the contribution payable by the Group in the future years.

30. Notes to the Consolidated Statement of Cash Flows

Disposal of subsidiaries

On 25 September 2009, the Group disposed of the entire interest in Bright Leader Holdings Limited and its subsidiary ("Bright Leader Group") to a related company wholly owned by a director (the "Disposal") at a total consideration of approximately HK$15,333,000.

Net assets at the date of disposal were as follows:

	HK$'000
Prepaid land lease payments	3,700
Property, plant and equipment	9,472
Bank and cash balances	2,478
Other payables	(15,075)
Net asset value disposed of	575
Release of foreign currency translation reserve	(1,231)
Gain on disposal of subsidiaries	15,989
Total consideration – satisfied by cash	15,333
Net cash inflow arising on disposal:	
Cash consideration received	15,333
Cash and cash equivalents disposed of	(2,478)
	12,855

Notes to the Financial Statements

For the year ended 31 March 2010

31. Contingent Liabilities

(a) At 31 March 2010, the Group had no significant contingent liabilities (2009: Nil).

(b) At 31 March 2010, the Company has issued guarantees of approximately HK$342,000,000 (2009: HK$61,000,000) and unlimited corporate guarantees to banks in respect of the banking facilities granted to seven (2009: three) subsidiaries of the Group.

The directors do not consider it probable that a claim will be made against the Company under any of the above guarantees and the maximum liability of the Company at the end of the reporting period in respect of the above guarantees is the amount of bank loans drawn by its subsidiaries under the guarantees at that date of approximately HK$30,226,000 (2009: HK$8,436,000).

32. Capital Commitments

The Group's capital commitments at the end of the reporting period regarding to property, plant and equipment are as follows:

	2010 HK$'000	2009 HK$'000
Capital expenditure contracted but not provided for	**7,393**	418

The Company had no significant capital commitments at 31 March 2010 (2009: Nil).

33. Lease Commitments

The Group

At 31 March 2010, the total future minimum lease payments under non-cancellable operating leases in respect of land and buildings and motor vehicles are payable as follows:

	2010 HK$'000	2009 HK$'000
Within one year	**13,996**	11,823
In the second to fifth years, inclusive	**27,921**	35,212
	41,917	47,035

Leases are negotiated for terms ranged from 2 to 5 years and rentals are fixed over the lease terms and do not include contingent rentals.

Upon the disposal of Bright Leader Group (note 30), the Group entered into new lease agreements with Bright Leader Trading (Shenzhen) Company Limited, a subsidiary of Bright Leader Holdings Limited and a related company of the Group after the Disposal, for lease of the factory premises in the PRC for a period of three years. The factory premises were owned and occupied by the Group for manufacturing before the Disposal. The total future minimum lease payments as at 31 March 2010 included approximately HK$1,887,000 for payments within one year and HK$2,830,000 for payments in the second to fifth years in respect of these new agreements.

The Company had no significant operating lease commitments at 31 March 2010 (2009: Nil).

Notes to the Financial Statements

For the year ended 31 March 2010

34. Related Party Transactions

(a) In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Group had the following transactions with its related parties during the reporting period:

	2010 HK$'000	2009 HK$'000
Rental in respect of land and buildings paid to a related company owned by Mr. Chong and Mr. Chong Wa Pan	**408**	180
Rental in respect of land and buildings paid to a related company owned by Mr. Chong	**938**	–
Proceed from disposal of subsidiaries received from a related company owned by Mr. Chong	**15,333**	–

(b) The emoluments of the directors (representing key management personnel) during the year is set out in note 12(a).

35. Investments in Subsidiaries

The Company

	2010 HK$'000	2009 HK$'000
Unlisted investment, at cost	**141,631**	141,631
Deemed capital contribution to subsidiaries	**5,082**	3,500
	146,713	145,131

The amounts due from/to subsidiaries are unsecured, interest free and have no fixed repayment terms.

Particulars of the subsidiaries as at 31 March 2010 are as follows:

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Attributable equity interest	Principal activities/ place of operation
Directly held				
Jumbo Match Limited	British Virgin Islands (the "BVI")	Ordinary US$1	100%	Investment holding/HK

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For the year ended 31 March 2010

35. Investments in Subsidiaries (Continued)

Particulars of the subsidiaries as at 31 March 2010 are as follows: (Continued)

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Attributable equity interest	Principal activities/ place of operation
Indirectly held				
Central Dragon Limited	BVI	Ordinary US$1	100%	Investment holding/HK
Central Master Limited	BVI	Ordinary US$1	100%	Investment holding/HK
Century Shiny Investment Limited	Hong Kong	Ordinary HK$1,000,000	100%	Investment holding/HK
Chance Bright Limited – Macao Commercial Offshore	Macau	Ordinary MOP100,000	100%	Trading of corrugated raw paper and accessories/Macau
Cheer Power (China) Limited	Hong Kong	Ordinary HK$10,000	100%	Dormant/HK
Cheer Fame Asia Limited	Hong Kong	Ordinary HK$10,000	100%	Investment holding/HK
Come Sure Development Limited	Hong Kong	Ordinary HK$60,000,000	100%	Investment and property holding/HK
Come Sure Group Limited – Macao Commercial Offshore	Macau	Ordinary MOP100,000	100%	Trading of corrugated paperboards and paper-based packaging products/Macau
Come Sure Holdings Limited	BVI	Ordinary US$13,500,000	100%	Investment holding and trading of corrugated paperboards and paper-based packaging products/HK
錦勝包裝(深圳)有限公司 Come Sure Shenzhen	PRC wholly foreign owned enterprise	Registered and paid up capital HK$248,980,000	100%	Trading and manufacturing of corrugated paperboards and paper-based packaging products/PRC
錦勝紙業(深圳)有限公司 Come Sure Paper Industrial (Shenzhen) Company Limited	PRC wholly foreign owned enterprise	Registered capital HK$30,000,000 and paid up capital HK$4,500,000	100%	Dormant/PRC
Grade View Enterprises Group Limited	BVI	Ordinary US$1,000	100%	Investment holding/PRC
* 惠州錦勝包裝有限公司 Huizhou Come Sure Packing Company Limited	PRC wholly foreign owned enterprise	Registered capital HK$22,000,000 Paid up capital HK$10,500,000 (2009: HK$5,500,000)	100%	Not yet commenced business/PRC
Joy Honest Holdings Limited	Hong Kong	Ordinary HK$10,000	100%	Dormant/HK
Keen Rise International Development Limited	Hong Kong	Ordinary HK$100	100%	Trading of corrugated paperboards and paper-based packaging products/HK

Notes to the Financial Statements

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35. Investments in Subsidiaries (Continued)

Particulars of the subsidiaries as at 31 March 2010 are as follows: (Continued)

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Attributable equity interest	Principal activities/ place of operation
Indirectly held				
Luck Sea Investment Limited	Hong Kong	Ordinary HK$1,000,000	100%	Dormant/HK
Speedy Concept Development Limited	Hong Kong	Ordinary HK$5,000	100%	Dormant/HK
* 華銘彩印(深圳)有限公司 Wah Ming Colour Printing (Shenzhen) Company Limited	PRC wholly foreign owned enterprise	Registered capital and paid up capital HK$38,000,000	100%	Trading and manufacturing of offset printed corrugated paper-based packaging products/PRC
Wah Ming	Hong Kong	Ordinary HK$2,000,000	100%	Trading and manufacturing of offset printed corrugated paper-based packaging products/PRC

* The English names of these companies represent management's best efforts in translating the Chinese names of these companies as no English names have been registered.

36. Events After the Reporting Period

On 20 April 2010, the Group acquired 56.05% equity interest in Fully Chance Holdings Limited ("Fully Chance") at a total consideration of approximately HK$18,905,000. The consideration is satisfied by cash payment of approximately HK$9,439,000 and the remaining balance is satisfied by the issue of 6,800,000 ordinary shares of the Company. Fully Chance is the legal and beneficial owner of 91% equity interest in Rising Sun Paper (Jiangxi) Co., Limited ("Rising Sun"), a sino-foreign joint venture enterprise established in the PRC. Rising Sun is principally engaged in the manufacture and processing of paper boards, paper boxes and high-class packaging paper. As the Group has not yet completed the fair value determination of the acquired companies' identifiable assets, liabilities and contingent liabilities at the acquisition date, the disclosure of such amounts and the amount of any excess recognised in profit and loss or goodwill is impracticable.

37. Ultimate Holding Company

The directors regard Perfect Group Version Limited, a company incorporated in the BVI, as being the immediate and ultimate holding company.

38. Approval of Financial Statements

The financial statements were approved and authorised for issue by the Board of Directors on 23 July 2010.