COME SURE

COME SURE Group (Holdings) Limited

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

Annual Report 2012

COME SURE

Contents

Corporate Information

Executive directors
Mr. CHONG Kam Chau *(Chairman)*
Mr. CHONG Wa Pan *(Chief Executive Officer and President)*
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
Suites 2001–2005, 20th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

As to Cayman Islands law:
Appleby
Suites 2206–19
Jardine House
1 Connaught Place
Central
Hong Kong

As to PRC law:
Guangdong Rongan Solicitors
Room 704, Block 1
Dongjiang Haoyuan
1 Longjing Road
Baoan District
Shenzhen, PRC

Auditor
SHINEWING (HK) CPA Limited
43rd Floor, The Lee Gardens
33 Hysan Avenue
Causeway Bay
Hong Kong

Valuers
Grant Sherman Appraisal Limited
Unit 1005, 10/F, AXA Centre
151 Gloucester Road
Wanchai
Hong Kong

Greater China Appraisal Limited
27th Floor, Shui On Centre
6–8 Harbour Road
Wanchai
Hong Kong

Registered office
Clifton House
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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*

Authorised representatives
Mr. CHONG Wa Ching
Mr. CHONG Wa Lam

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
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
Hong Kong

DBS Bank (Hong Kong) Limited
G/F, The Center
99 Queen's Road Central
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 190
Grand Cayman
KY1-1104
Cayman Islands

Hong Kong branch share registrar and transfer office

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

Investor Relation Contact

NCC Financial PR Limited
Unit 05–06, 11/F
COSCO Tower
183 Queen's Road Central
Hong Kong

Financial Summary

	Year ended 31 March				
	2008	2009	2010	2011*	**2012**
Results	HKD'000	HKD'000	HKD'000	HKD'000	**HKD'000**
Turnover	665,667	614,780	478,436	697,640	**772,086**
Cost of goods sold	(524,737)	(499,094)	(393,290)	(574,156)	**(636,728)**
Gross Profit	140,930	115,686	85,146	123,484	**135,358**
Other income	3,147	2,678	1,434	2,682	**4,042**
Other gains and losses	—	—	—	(1,674)	**(2,226)**
Selling expenses	(19,078)	(22,381)	(19,063)	(28,928)	**(36,379)**
Administrative expenses	(48,934)	(49,654)	(54,087)	(69,656)	**(84,300)**
Other operating expenses	(1,392)	(6,014)	(166)	(352)	**(2,680)**
Share-based payments	—	—	(474)	(7,928)	**(466)**
Profit from operations	74,673	40,315	12,790	17,628	**13,349**
Gain on bargain purchase	—	—	—	4,365	**—**
Gain on disposal of subsidiaries	—	—	15,989	—	**—**
Finance costs	(6,841)	(4,166)	(896)	(2,377)	**(3,139)**
Profit before tax	67,832	36,149	27,883	19,616	**10,210**
Income tax expense	(5,908)	(3,628)	(2,974)	(3,613)	**(2,732)**
Profit for the year	61,924	32,521	24,909	16,003	**7,478**

	Year ended 31 March				
	2008	2009	2010	2011	**2012**
Assets and Liabilities	HKD'000	HKD'000	HKD'000	HKD'000	**HKD'000**
Non-current assets	136,978	147,360	136,617	252,626	**361,297**
Current assets	348,057	297,950	368,033	424,472	**568,935**
Total assets	485,035	445,310	504,650	677,098	**930,232**
Non-current liabilities	10,721	2,285	1,789	18,440	**48,895**
Current liabilities	231,687	95,696	88,864	188,567	**339,040**
Total liabilities	242,408	97,981	90,653	207,007	**387,935**
Net assets	242,627	347,329	413,997	470,091	**542,297**
Equity attributable to the owners of the Company	242,627	347,329	413,997	451,195	**526,556**
Non-controlling interest	—	—	—	18,896	**15,741**
Total equity	242,627	347,329	413,997	470,091	**542,297**

* Gain on disposal of held for trading investments and decrease in fair value of held for trading investments for the year ended 31 March 2011 were reclassified into other gains and losses to conform with current year's presentation. Please refer to note 9 and note 45 to the consolidated financial statements for details.

GROWING

Strong Growth of Domestic Packaging Industry

The overall packaging industry in China achieved robust growth in 2011. Leveraging on the Group's continuous effort on marketing & sales, our domestic sales in China grew 11.6%, reaching HK$370 million during the Year.


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Chairman's Statement

Dear Valued Shareholders,

On behalf of our board (the "Board") of directors (the "Directors"), 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 2012 (the "Year").

Overview

During the Year, the global economy recovered slowly; while the European debt crisis and the fiscal policy of the U.S. continued to impact the global economy's stability, slowing down the export market growth during the Year. Nevertheless, the domestic market in the PRC maintained rapid growth with a GDP growth of 9.2% in 2011 according to the National Bureau of Statistics of China. Leveraging on stringent cost control and effort on promoting our products through our sales team, the Group's domestic sales in China during the Year grew 11.6%, reaching HK$370 million. Total revenue amounted to HK$772 million, representing a growth of 10.7% compared to the same period last year.

Sales Increase in Line with Production Capacity

We have continued to expand our production capacity to cope with the increasing demand of paper-based packaging products in the PRC. The Huidong factory has completed trial production during the Year and commercial production has commenced in April 2012, with annual production capacity expected to be 100 million square metres of corrugated paperboard and 100 million pieces of corrugated cartons. Besides, the construction of our Fujian factory is expected to be completed by 2013 with an expected annual production capacity of 100 million square metres of corrugated paperboard. Therefore, with the production capacity of Huidong and Fujian factories, including those of the Shenzhen factories and Jiangxi factory, production capacity in 2013/2014 is expected to double as compared to the current level.

Maintained Strong Customer Relationship

Thanks to our team's effort, we successfully maintained strong relationship with our customers in various industries, including furniture, food and beverages and electrical, audio and video appliances, etc. We believe that providing high quality products to our customers is our responsibility, which enables us to reinforce customer networks and develop new customer relationships.

Strategic Investment on New Business

The acquisition of Think Speed Group Limited ("TSGL") represents a significant milestone to diversify the Group's business to the webgame and iTools software field. We believe that this strategic move can help to diversify our income stream as well as boost our profits in view of increasing demand on web game and mobile application software.

Chairman's Statement

Social Responsibility

We acknowledge that the public awareness on environmental protection is increasing. Our industry, which utilizes a large amount of water and paper materials, is of particular concern. The Group has been continuously developing green products to meet with international standard and fulfill our customers' needs. Our products meet European and U.S. standards such as the European Restrictions of Hazardous Substances (RoHS) and Waste Electrical and Electrical Equipment (WEEE), which are significantly and widely recognized in the industry. Our products are also qualified with ISO9001, ISO14001, QC08000:2005 certificates, which shows our products are responsible to our society in quality and environmentally friendly aspects.

Prospect

We have adopted a prudent approach on development and will continue to maintain stable growth of our business with internal cost and risk control. Leveraging on our extended sales network, enriched customer bases and enhanced production capacity, we will strive for capturing the potential market opportunities arising from surrounding areas of the Group's Huidong and Fujian new factories. We will continue to expand our production capacity in the future and look for the optimal and fulfil our goals to maximize the profits for our shareholders.

Acknowledgement

On behalf of the Board, I would like to express my sincere gratitude to our shareholders, customers and business partners, government officials, investors and banks for their support. My thanks also go to all staff members of the Group for their contributions and commitment. Their support has been extremely important for the continuing growth and success of the Group.

CHONG Kam Chau
Chairman
29 June 2012

STRONG

Enhancing Production Capacity

Our production capacity has been enhancing through development of new factories in Huidong and Fujian. This further strengthens our production capability to fulfill our customer needs in the future.

Management Discussion and Analysis

Industry Review

The overall packaging industry in China has experienced robust growth in recent years. According to China Packaging Federation, the total production value of China's packaging industry was RMB1.2 trillion (USD190.6 billion) in 2010. With a production volume of 40 billion m^2 of corrugated board, China became the world's largest producer of this material. Paper packaging made up about 38%, the largest portion, of the total packaging industry. In 2011, the production value of the packaging industry was estimated at RMB1.4 trillion (USD220.4 billion), while paper packaging still accounted for about 38% of the entire industry.

The China Packaging Federation also emphasized that "green" packaging has become the trend in both international and domestic markets in recent years. The industry has made serious efforts to develop green packaging products to reduce the amount of harmful materials during the packaging process. Corrugated board and corrugated paper packaging products, being harmless, easy to breakdown and eco-friendly, have huge potential in the market.

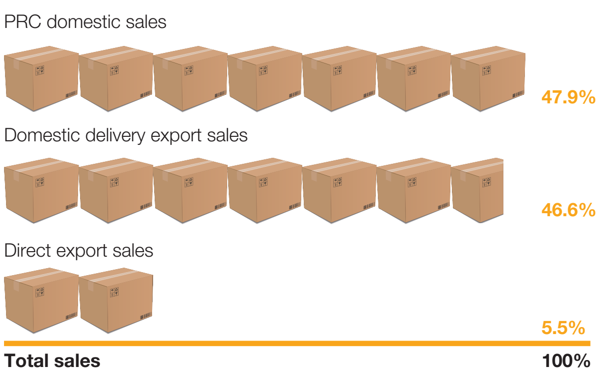
Business Review

Despite the negative influence of European sovereign debt crisis and the slow-paced recovery in U.S. imposed on global economy, which resulted in a relatively sluggish packaging market overseas, the strong economic growth in China generated a robust demand for paper packaging products. This helped maintain the growth momentum of the Group's business.

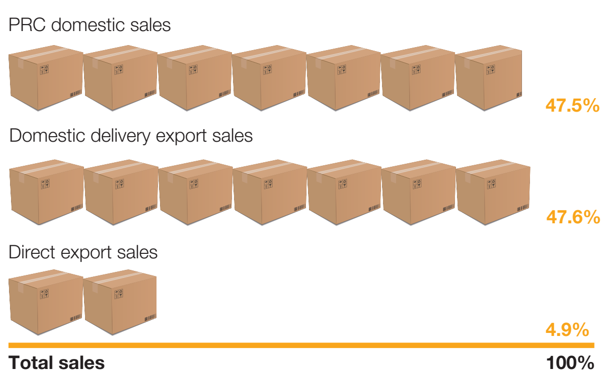
The domestic market continued to be our main focus for the year ended 31 March 2012 (the "Year"). The revenue generated from the PRC domestic sales grew by 11.6%, and the revenue generated from domestic delivery export and direct export sales to Hong Kong increased by 8.2% and 25.9% respectively as compared to last year.

To cope with the continually expanding domestic market demand, the Group strategically enhances its production capacity through expanding its production base in China. The Huidong factory has completed trial production in 2011 and commenced commercial production in April 2012. Another factory acquired in Jiangxi has been operating since 2010, providing 60 million m^2 of

Turnover Percentage by Market 2011/12



Turnover Percentage by Market 2010/11



Management Discussion and Analysis

corrugated paper-board and 60 million pieces of corrugated paper packaging production capacity per year. In year 2013, the construction of the Fujian factory will be completed. By then, the total production capacity, including the factories based in Shenzhen, as well as Jiangxi, Huidong and Fujian factories, will experience approximately double growth.

Thanks to the support of our valued customers, the Group remained in its market share and position in the packaging industry. In addition to the existing customers of international furniture manufacturers, coffee chain shops, automobile glass manufacturers, electrical audio and video appliances and other well-known brands in various industries, the Group has secured some new customers including a sizeable Original Equipment Manufacturer ("OEM") for home appliances during the Year.

Regarding the internal operation management, the Group stepped up efforts on analyzing and fine-tuning the production procedures with an aim to further increase production efficiency. The Group also maintained cautious management on inventory level as well as procurement, in order to ensure effective resource usage and a healthy financial status, such as an optimum cashflow and low bad debts. These are vital measures for the Group to keep a solid financial foundation for future development amid the uncertain economic prospects.

Result of Operation

	2012		2011	
	HK$'000	**(%)**	HK$'000	(%)
PRC domestic sales	**370,035**	**47.9**	331,670	47.5
Domestic delivery export	**359,450**	**46.6**	332,122	47.6
Direct export	**42,601**	**5.5**	33,848	4.9
Total Sales	**772,086**	**100**	697,640	100
Gross profit margin		**17.5**		17.7
Net profit margin		**1.0**		2.3

Revenue

During the Year, the revenue of the Group amounted to approximately HK$772.1 million, representing an increase of 10.7% as compared to approximately HK$697.6 million for the year ended 31 March 2011.

Shenzhen operation

The revenue generated from Shenzhen operation amounted to HK$678.3 million, increased by 10.2% as compared to HK$615.5 million for the corresponding period last year. During the Year, the Group dedicated greater effort on exploring opportunities from existing and potential high-end customers which require large amount of specialized and structural designed packaging. As a result, the revenue generated from printed cartons and other paper-wares lifted up by 15.6% from HK$451.4 million to HK$522.0 million.

Jiangxi operation

The operation in Jiangxi contributed HK$93.8 million revenue to the Group during the Year, representing a 14.3% increase from HK$82.1 million for the year ended 31 March 2011 However, its potential has not been fully reflected but the Group believes that the operation will be further improved in the coming years through leveraging on our experienced sales team and business network in the Jiangxi area in order to cope with the increasing demand and to increase its market share in the surrounding areas.

Huidong operation

Huidong plant has completed trial production in 2011 and started commercial production in April 2012. The annual capacity is approximately 100 million m^2 of corrugated paper-board and 100 million pieces of corrugated paper packaging product. The expected turnover will reach approximately HK$100 million for the year ending 31 March 2013.

Gross Profit

During the Year, the gross profit increased by 9.6% from HK$123.5 million to HK$135.4 million. Gross profit margins slightly decreased from 17.7% to 17.5%.

The Group maintained a stringent cost control system during the Year under conditions of surging raw materials cost and increasing labour wages. We increased the product selling price and managed productivity-based calculation on labour wages to maintain a steady gross profit level during the Year. Cost of goods sold increased in line with the revenue by approximately 10.9%.

Shenzhen operation

The gross profit attributable to the operation of Shenzhen increased from HK$112.2 million for the year ended 31 March 2011 to HK$120.7 million for the year ended 31 March 2012, and the gross profit margin remained steady with a slight decrease from 18.2% to 17.8%. The Shenzhen operation continues to contribute the highest level of gross profit during the Year with production of most high value-added paper board products.

Jiangxi operation

The gross profit and gross profit margin of the operation in Jiangxi increased from HK$11.3 million and 13.8% for the year ended 31 March 2011 to HK$14.7 million and 15.7% for the year ended 31 March 2012 respectively. The gross profit margin was relatively lower than the operation in Shenzhen, however, as the potential profit is not fully maximized yet since the Group newly acquired the plant and entered into the market in 2010. The Group will actively participate in market penetration through sales promotion to secure more orders in the coming years.

Selling and Distribution and Administrative expenses

The selling and distribution expenses increased by 26.0% from approximately HK$28.9 million in 2011 to approximately HK$36.4 million in 2012. The increase was mainly attributable to the rise of goods delivery expenses and commission paid.

The administrative expenses increased by 20.9% from approximately HK$69.7 million in 2011 to approximately HK$84.3 million in 2012, which was mainly attributed to the increase of salaries and allowances and the preliminary expenses for the Huidong production plant.

Management Discussion and Analysis

Other Operating Expenses

The other operating expenses increased from approximately HK$352,000 in 2011 to approximately HK$2.7 million in 2012, which was mainly represented by the impairment of doubtful debts during the Year.

Finance Cost

The finance cost increased from approximately HK$2.4 million in 2011 to approximately HK$3.1 million in 2012. The average bank borrowings were increased due to the working capitals requirement and the finance of plants and machinery, and approximately HK$1.0 million of other loan interests were attributed to the Jiangxi operation (2011: approximately HK$1.1 million).

Net Profit and Dividend

The net profit attributable to the owners of the Company decreased by 38.6% from approximately HK$18.4 million in 2011 to approximately HK$11.3 million in 2012, and the net profit margin decreased from 2.3% in 2011 to 1.0% in 2012. The decrease were mainly due to the increase of goods delivery expenses, salaries and allowances and the preliminary expenses incurred for the Huidong operation.

Basic earnings per share was HK$3.43 cents (2011: HK$5.60 cents). The Board proposed a payment of final dividend of HK$1.2 cents per ordinary share of the Company ("Shares").

Working Capital

	2012	2011
Trade and bills receivable	**83**	67
Trade and bills payable	**52**	31
Inventories	**48**	47
Cash conversion cycle*	**79**	83

* *Trade receivable turnover days + Inventories turnover days — Trade payables turnover days*

Since sales increased and longer credit periods were granted to certain renowned customers with lower credit risk, the trade and bills receivables reached approximately HK$186.4 million as at 31 March 2012, increased by 14.1% against approximately HK$163.3 million as at 31 March 2011. Trade receivables turnover days increased from 67 days in 2011 to 83 days in 2012.

In order to match the longer credit period granted, the Group adopted certain funds management, as a result, the trade and bills payables increased from approximately HK$68.7 million to approximately HK$112.0 million in 2012. The trade payables turnover days increased by 21 days to 52 days in 2012 as compared to 31 days in 2011.

Inventories carried a total worth of approximately HK$93.5 million in 2012 as compared to approximately HK$74.4 million in 2011. The inventory turnover remained at a stable level of 48 days in 2012 as compared to 47 days in 2011. The Group will continue to implement a stringent inventory control to reduce the obsolete risk of inventory.

The cash conversion cycle of the Group was maintained at 79 days for the year ended 31 March 2012 as compared to 84 days for the year ended 31 March 2011, representing the Group's improved operation effectiveness and reduced liquidity risk.

Liquidity and Financial Resource

	2012	2011
Current ratio	**1.7**	2.3
Gearing ratio	**18.3%**	9.2%

During the Year, the principal sources of working capital of the Group were the cash flow from operating activities and bank borrowings. As at 31 March 2012, the Group's total cash and cash equivalents were mostly denominated in Hong Kong dollars and Renminbi, bank balances and cash amounted to approximately HK$102.3 million (2011: approximately HK$138.9 million), excluding pledged deposit of approximately HK$53.1 million and time deposits of original maturity of more than three months of approximately HK$617,000 (2011: Nil), and the unused banking facilities totalled to approximately HK$405.1 million.

The current assets and current liabilities increased from approximately HK$424.5 million and approximately HK$188.6 million as at 31 March 2011 to approximately HK$568.9 million and approximately HK$339.0 million as at 31 March 2012 respectively. Current ratio (current assets divided by current liabilities) decreased from 2.3 as at 31 March 2011 to 1.7 as at 31 March 2012.

Total outstanding bank and other borrowings increased from approximately HK$62.5 million as at 31 March 2011 to approximately HK$170.0 million as at 31 March 2012, which was mainly due to the working capital requirements and the finance of plants and machinery. The gearing ratio (total borrowings divided by total assets) increased from 9.2% as at 31 March 2011 to 18.3% as at 31 March 2012.

The increased gearing ratio is still considered to be at a healthy level as at 31 March 2012, and the Group maintained a sound liquidity position and processed with sufficient cash and banking facilities to meet the working capital requirements for its existing operations and to finance emerging investment opportunities.

Foreign Exchange 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 the respective members of the Group. During the Year, the Group entered into certain forward contracts and pivot forward amounted to approximately RMB25.7 million and USD5 million respectively and increased Renminbi deposit to reduce the exchange risks of Renminbi. The Group will continue to monitor the foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Charge of Assets

As at 31 March 2012, the Group pledged certain assets including bank deposits, prepaid lease payments and property plant and equipment with aggregate net book value of approximately HK$88.9 million (2011: approximately HK$51.2 million) to secure banking facilities granted to the Group (details of which are set out in note 35 to the consolidated financial statements).

Capital Commitment and Contingent Liabilities

As at 31 March 2012, the Group's capital expenditure contracted but not provided for regarding to purchase of property, plant and equipment and investment properties was approximately HK$83.5 million (2011: approximately HK$41.6 million), approximately HK$56.3 million (2011: Nil) respectively.

As at 31 March 2012, the Group's capital expenditure authorised but not contracted for regarding to an additional capital contribution into Think Speed Group Limited was approximately HK$25.7 million (2011: Nil).

As at 31 March 2012, the Group had no significant contingent liabilities (2011: Nil).

Management Discussion and Analysis

Significant Investment Held and Material Acquisition and Disposal

On 10 November 2011, the Group entered into a memorandum of understanding (as supplemented by a supplemental memorandum of understanding dated 6 January 2012) with Deson Technology Limited (the "Vendor") and Mr. Feng Linyi to acquire 51% interest in Think Speed Group Limited ("TSGL", together with its subsidiaries, the "Target Group") (the "Target Group Acquisition"). A formal sales and purchase agreement in relation to the Target Group Acquisition (the "SP Agreement") was entered into on 4 May 2012 with a total consideration amounting to HK$35.7 million. The Target Group Acquisition was completed on 21 June 2012.

The Target Group is principally engaged in development and design of online games and operating online game website(s) and has obtained the exclusive operative rights to promote and operate the business of provision of the software management and synchronization software owned by 深圳市創想天空科技有限公司 (Shenzhen Thinksky Technology Co., Ltd.*) including without limitation to iTools in the regions outside the PRC and the right and interest to receive 70% operating income (after tax) generated from such business. Please also refer to Note 44(b) to the consolidated financial statements and the announcements of the Company dated 10 November 2011, 6 January 2012, 4 May 2012, 18 June 2012 and 21 June 2012 for details.

Employees and Remuneration

As at 31 March 2012, the Group employed 1,711 employees (2011: 1,350). Competitive remuneration packages and relevant trainings were offered to employees.

Total staff cost including directors' emolument amounted to approximately HK$83.1 million (2011: approximately HK$75.2 million). Salaries are reviewed annually based on merit, working performance and the prevailing market condition. The Group may also grant share options under the Company's share option scheme, details of the Company's share option scheme (details of which are set out in the paragraph headed "Share Option Scheme" in this annual report and in note 34 to the consolidated financial statements) and discretionary bonuses to eligible employees based on the individual performance and the Group's results.

The remuneration and bonuses of the executive Directors and senior management had been reviewed and approved by the remuneration committee of the Company ("Remuneration Committee") with reference to (including without limitation) the individual performance, qualification and competence, the prevailing market condition and the Group's results.

Prospects

Looking ahead, our production capacity will maintain steady growth with new production bases in different areas. The Huidong factory has commenced production in April 2012, while the Fujian factory is under construction and expected to be completed by 2013. The Group's production capacity is going to be doubled from current ones to cope with the demand of paper-based packaging products from Guangdong, Jiangxi and Fujian, which will contribute significant profit growth to the Group.

The acquisition of TSGL during the Year is a strategic investment to the Group. It represents a significant milestone to diversify the Group's business to webgame and iTools software businesses. These are high value-added businesses compared to the main business and the Group expects to achieve strong return to support future growth.

* For identification only

Corporate Governance Report

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

The Company has complied with most of the code provisions set out in 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 "Stock Exchange") (the "Listing Rules") during the year ended 31 March 2012, except for the deviation from the code provision A.2.1 of the Code as described under the 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") set out in Appendix 10 of the 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 the 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 2012, the Board had 7 members which comprised:

Four executive Directors, namely Mr. CHONG Kam Chau, Mr. CHONG Wa Pan, 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 Directors are set out in the section of "Directors and Senior Management" of this annual report.

Corporate Governance Report

The Board (Continued)

Board Composition (Continued)

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 the Board. These independent non-executive Directors possess a broad range of expertise and experience in the areas of business management, legal, and accounting and finance matters. The current Board composition brings a strong independent element to the Board, which can effectively exercise independent judgment in making reasonable strategic decisions in different aspects.

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 the above-mentioned independence guidelines. Each independent non-executive Director has been re-appointed for a term of two years from 26 February 2011.

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 of the Company ("Executive Committee"), which consist of the executive Directors. In addition to the Executive Committee, the Board has established an audit committee ("Audit Committee"), a Remuneration Committee and a nomination committee ("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 20 to page 22 of this annual report.

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 meetings will also be convened if any events raises the Board's concern.

During the year, 13 Board meetings were held for reviewing the operating performance and latest market condition, considering and approving the overall strategies, placing of warrant and Shares, acquisition of subsidiaries, and the annual/interim results of the Group for the year ended 31 March 2012. 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	12/13
Mr. CHONG Wa Pan	13/13
Mr. CHONG Wa Ching	13/13
Mr. CHONG Wa Lam	13/13
Independent Non-executive Directors	
Mr. CHAU On Ta Yuen	8/10
Ms. TSUI Pui Man	7/10
Mr. LAW Tze Lun	10/10

Board Meetings (Continued)

Directors are provided with timely updates on changes in laws and compliance issues and the business environment relevant to the Group. All members of the Board attended the trainings. Continuing briefing and professional development for Directors will be arranged when necessary. The Company also encourages its Directors to enrol in relevant professional development courses to continually update and further improve their relevant knowledge and skills.

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

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 for keeping the minutes of Board meetings and meetings of Board Committees, all minutes are open for inspection by any Director at a reasonable time on reasonable notice. All the minutes are kept in sufficient details, including matters considered by the Board, decisions reached and any concerns raised by Directors or dissenting views 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.

Role of Chairman and Managing Director

During the year, Mr. CHONG Kam Chau is the Chairman and Mr. CHONG Wa Pan was the Managing Director of the Company and has been re-designated as the Chief Executive Officer of the Group and appointed as the President with effective from 13 July 2011. The Chairman is responsible for providing leadership for the Board in strategic planning and overall development of the Group and ensuring the Board runs effectively, while 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.

With effect from 13 July 2011, the Board of the Group had re-designated (the "Re-designation") the following Directors:

(i) Mr. CHONG Kam Chau, the Chairman, the President and an executive Director, resigned as the President and remains as the Chairman and an executive Director; and

(ii) Mr. CHONG Wa Pan, the Managing Director and an executive Director, has been re-designated from the Managing Director to the Chief Executive Officer of the Group, and appointed as the President. He remains as an executive Director.

After the Re-designation, Mr. CHONG Kam Chau, as the Chairman, is responsible for the strategic planning and overall development of the Group. Mr. CHONG Wa Pan, as the Chief Executive Officer, is responsible for overseeing the daily operations of the Group.

The Board believes that the overall control and efficiency of the operation will be substantially improved pursuant to the Re-designation.

Corporate Governance Report

Role of Chairman and Managing Director (Continued)

The division of responsibilities between the Chairman and the Chief Executive Officer are clearly defined and set out in writing that makes no deviation from code provision A.2.1 of the Code.

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 re-appointed for a term of two years from 26 February 2011.

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 will be 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.

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 Nomination 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 Kam Chau, Mr. CHONG Wa Pan and Mr. CHAU On Ta Yuen 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 with written terms of reference revised on 27 March 2012 in compliance with the code provisions of the Corporate Governance Code (the "Revised Code") of Appendix 14 to the Listing Rules with effect from 1 April 2012 and is available on the websites of the Stock Exchange and the Company. The main duties of the Audit Committee are to consider the relationship of external auditors, to review the consolidated 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.

Audit Committee (Continued)

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 consolidated financial statements, annual reports and interim reports 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 recommendations 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 towards 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/resignation of external auditors and their remuneration and terms of engagement, 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, have reviewed the results announcement, the audited consolidated financial statements of the Group for the year ended 31 March 2012, the accounting principles and practices adopted and have discussed auditing, internal controls and financial reporting matters.

Remuneration Committee

The Company has established a Remuneration Committee on 5 February 2009 with written terms of reference which was revised on 27 March 2012 in compliance with the Revised Code and is available on the websites of the Stock Exchange and the Company.

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 follows:

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

(ii) To make recommendations to the Board on the remuneration packages of all executive Directors and senior management, including terms of service agreements, the type and form and amount of remuneration, and make recommendations to the Board for 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.

Corporate Governance Report

Remuneration Committee (Continued)

(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 the 2011/12 fiscal year and their performance-based remuneration and bonus with reference to corporate goals and objectives resolved by the Board. All committee members attended the meeting.

Nomination Committee

The Company established the Nomination Committee on 5 February 2009 with written terms of reference which was revised on 27 March 2012 in compliance with the Revised Code and is available on the websites of the Stock Exchange and the Company. 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 follows:

(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 for 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 Board composition and recommend the rotation of directors and assess the independence of the independent non-executive directors. All committee members attended the meeting.

Executive Committee

The Company has set up an Executive Committee which determines the Group's strategies, reviews business performances and monitors the management's performance. At 31 March 2012, the Executive Committee consists of four executive directors, namely Mr. CHONG Kam Chau, Mr. CHONG Wa Pan, 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 consolidated financial statements

The Directors acknowledge their responsibility for the preparation of the consolidated 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 2012.

In preparing the consolidated 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;

Directors' responsibility for the consolidated financial statements (Continued)

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

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

(iv) prepared the consolidated 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 disclosures of the Group required under the Listing Rules and other statutory requirements.

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

The Directors continue to adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

External Auditor and auditor's remuneration

The Audit Committee reviews the letter from SHINEWING (HK) CPA Limited, the external auditor of the Company, confirming their independence, approves their appointment, discusses the scope of their audit and approves their fees.

SHINEWING (HK) CPA Limited has stated their reporting responsibilities in the independent auditor's report on the consolidated financial statements on page 41 of this annual report.

For the year ended 31 March 2012, the fee paid and payable to SHINEWING (HK) CPA Limited in respect of audit and audited related services amounted to approximately HK$0.9 million. No non-audit services fee was paid/payable to SHINEWING (HK) CPA Limited during the year.

The Audit Committee recommended the appointment and reappointment of SHINEWING (HK) CPA Limited for 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;

Corporate Governance Report

Internal Control (Continued)

(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 legal 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 has reviewed the effectiveness of the system of internal control of the Group, covering all material controls, including financial and operation and 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.

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 meetings, annual reports, various notices, announcements and circulars. To promote effective communication, the Company maintains a website at www.comesure.com to post up-to-date information on the Group's latest business development, financial information and other relevant information for public access.

The annual general meeting ("AGM") of the Company will be scheduled on 3 September 2012. 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 20 clear business days in advance in accordance with the Listing Rules.

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 meetings ("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 rights in the meeting.

The convent and holding of general meetings and information distribution to Shareholders are strictly pursuant to the relevant regulations.

Shareholders' right (Continued)

AGM proceedings are reviewed from time to time to ensure that the Company follows the code provisions of the Code. The notice of AGM is distributed to all Shareholders at least 20 clear business days prior to the AGM and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the Listing Rules. The chairman of the AGM exercises his power under the Company's articles of association to put each proposed resolution to the vote by way of a poll. The procedures for conducting a poll are explained at the meeting prior to the polls being taken. Voting results are posted on the Company's website on the day of the AGM.

Changes to constitutional documents

During the year ended 31 March 2012, there was no significant change in the Company's constitutional documents, and these documents are published on the Company's website and on the Stock Exchange's website.

The Group values feedback from Shareholders on its efforts to promote transparency and foster investor relationships. Comments and suggestions to the Board or the Company are welcome to contact our investor relation company.

Designated contact information

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COSCO Tower
183 Queen's Road Central
Hong Kong
Tel.: (852) 3748 9023
Fax: (852) 3748 9026
Email: sylvia.li@nccfinancialpr.com

Directors and Senior Management

Directors

Executive Directors

Mr. CHONG Kam Chau (莊金洲先生) ("Mr. CHONG"), aged 65, the founder of the Group, the Chairman of the Board and is responsible for the strategic planning and overall development of the Group. Mr. CHONG is a director of Central Dragon Limited, Central Master Limited, Come Sure Development Limited, Come Sure Holdings Limited, Come Sure Packing Products (Shenzhen) Company Limited, Grand View Enterprises Group Limited, Jumbo Match Limited and Wah Ming International Limited (all of which are subsidiaries of the Company). Mr. CHONG is also the sole director of Perfect Group Version Limited (the controlling shareholder of the Company). He is a standing committee 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 committee member of the 16th and 17th term and the vice chairman of the 18th term of The Hong Kong Corrugated Paper Manufacturers' Association (HKCPMA). Mr. CHONG is responsible for the strategic planning and overall development 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.

Mr. CHONG Wa Pan (莊華彬先生), aged 39, is the eldest son of Mr. CHONG, the elder brother of Mr. CHONG Wa Ching and Mr. CHONG Wa Lam, all of whom are executive Directors and the nephew of Ms. CHAN Po Chai, the elder sister of Ms. CHAN Po Ting, who is the spouse of Mr. CHONG, and is the Chief Executive Officer and President 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 Central Dragon Limited, Central Master Limited, Cheer Power (China) Limited, Come Sure Development Limited, Come Sure Holdings Limited, Come Sure Packing Products (Shenzhen) Company Limited, Huizhou Come Sure Packing Products Company Limited, Jiangxi Come Sure Packing Products Company Limited, Mass Linker Limited, Smart Profit Capital Investment Limited and Wah Ming Color Printing (Shenzhen) Company 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 Shanxi Province Taiyuan City Association of Overseas Liaison (山西省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 34, is the second son of Mr. CHONG, the elder brother of Mr. CHONG Wa Lam, the younger brother of Mr. CHONG Wan Pan, all of whom are executive Directors and the nephew of Ms. CHAN Po Chai, the elder sister of Ms. CHAN Po Ting, who is the spouse of Mr. CHONG. Mr. CHONG Wa Ching is a director of Century Shiny Investment Limited, Cheer Fame Asia Limited, Fortune Port Technology Limited, Fully Chance Holdings Limited, Huizhou Come Sure Packing Products Company Limited, Turbo Best Holdings Limited and Wise Luck International (HK) 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 and a Master's Degree in Business from The University of Newcastle via distance learning. 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 (Continued)

Executive Directors (Continued)

Mr. CHONG Wa Lam (莊華琳先生), aged 33, is the youngest son of Mr. CHONG, the younger brother of Mr. CHONG Wa Pan, and Mr. CHONG Wa Ching, all of whom are executive Directors and the nephew of Ms. CHAN Po Chai, the elder sister of Ms. CHAN Po Ting, who is the spouse of Mr. CHONG. Mr. CHONG Wa Lam is a director of Come Sure Packing Products (Quanzhou) Company Limited, Fully Chance Holdings Limited, Huizhou Come Sure Packing Products Company Limited, Jiangxi Come Sure Packing Products Company Limited, Joy Honest Holdings Limited, Mass Winner Holdings Limited, Rising Sun Paper (Jiangxi) Company Limited, Speedy Concept Development Limited, Turbo Best Holdings Limited, Wah Ming Colour Printing (Shenzhen) Company Limited and Wah Ming Paper Industrial (Shenzhen) Company Limited (all of which are subsidiaries 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, a director of Shenzhen Printing Association (深圳市印刷行業協會理事), a vice chairman of Shenzhen Packaging Industry Association (深圳市包裝行業協會副會長), a vice chairman of The Hong Kong Corrugated paper Manufacturers' Association (HKCPMA), a chairman of Huidong Province Foreign Investment Enterprise Association (惠東外商投資企業協會理事長), a standing committee member of China Packaging Federation Paper Products Committee (中國包裝聯合會紙制品包裝委員會常務委員).

Independent Non-executive Directors

Mr. CHAU On Ta Yuen (周安達源先生), aged 64, 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) and the independent non-executive director of Good Fellow Resources Holdings Limited (formerly known as Wonderful World Holdings Limited). On 17 December 2010, Mr. CHAU is appointed as an independent non-executive director of Sumpo Food Holdings Limited. All of the above companies are listed on the Main Board of the Stock Exchange. During the period from 5 June 2003 to 20 August 2009 and from 1 December 2008 to 27 September 2010, Mr. CHAU had been an independent non-executive director of Hao Wen Holdings Limited (formerly known as Everpride Biopharmaceutical Company Limited) and Buildmore International Limited, which are listed on GEM board and Main Board of the Stock Exchange respectively. He is currently the President of Wealthy Sea Group (H.K.) Limited. 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). On 1 July 2010, Mr. CHAU is awarded with a Bronze Bauhinia Star (BBS) by the Government of HKSAR.

Ms. TSUI Pui Man (徐珮文女士), aged 55, 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).

Directors and Senior Management

Directors (Continued)

Independent Non-executive Directors (Continued)

Mr. LAW Tze Lun (羅子璘先生), aged 39, was appointed as an independent non-executive Director on 5 February 2009. He is a Practising Certified Public Accountant in Hong Kong and is a director of ANSA CPA Limited. Mr. LAW holds a Bachelor of Commerce (Accounting) from the Curtin University of Technology via distance learning. 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 18 years of experience in auditing, accounting and finance gained from various accounting firms in Hong Kong.

Mr. LAW Tze Lun is currently an independent non-executive director of Gemini Investment (Holdings) Limited (formerly named Gemini Property Investments Limited and Kee Shing (Holdings) Limited), which is listed on the Main Board of the Stock Exchange. During the period from 12 April 2010 to 9 September 2011, Mr. LAW was appointed as an independent non-executive director of China Automotive Interior Decoration Holdings Limited, which is listed on the GEM Board of the Stock Exchange.

The interest of Directors in shares and/or underlying shares of the Company are set out in the paragraphs headed "Directors' and chief's interests and short positions in shares" in the Directors' Report of this Annual Report.

Senior Management

Mr. YEOH Keng Gut, aged 43, 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 14 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 58, 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 14 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 41, is the supervisor (監事) of Come Sure Packing Products (Shenzhen) Company Limited and director of Chance Bright Limited — Macao Commercial Offshore, Come Sure Paper Industrial (Shenzhen) Company Limited, Wah Ming Color Printing (Shenzhen) Company Limited, Jiangxi Come Sure Packing Products 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 a group of PRC subsidiaries 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 17 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 63, the elder sister of Ms. CHAN Po Ting, the spouse of Mr. CHONG, 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 20 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 36, 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 12 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 2012.

Principal activities

The Company acts as an investment holding company. The activities of its principal subsidiaries, are set out in note 42 to the consolidated financial statements.

Results and appropriations

The results of the Group for the year ended 31 March 2012 are set out in the consolidated income statement on page 43.

No interim dividend was paid during the year (2011: Nil). The Directors now recommend the payment of a final dividend of HK1.2 cents per Share for the year ended 31 March 2012, amounting to approximately HK$4.3 million (2011: HK$6.2 million) in total, and the retention of the remaining profit for the year of approximately HK$3.2 million. The final dividend is subject to the approval of the Shareholders at the forthcoming Annual General Meeting. The record date for entitlement to the proposed final dividend is Tuesday, 11 September 2012.

Closure of register of members

The Annual General Meeting of the Company is scheduled on Monday, 3 September 2012. For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Thursday, 30 August 2012 to Monday, 3 September 2012, both days inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of Shares, accompanied 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 Wednesday, 29 August 2012.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Friday, 7 September 2012 to Tuesday, 11 September 2012, both days inclusive, and no transfer of Shares will be effected on such date. In order to qualify for the proposed final dividend, all transfer of Shares, accompanied 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 Thursday, 6 September 2012. It is expected that the final dividend will be paid on or around Friday, 28 September 2012.

Fixed assets

During the year, the Group has acquired HK$90.9 million property, plant and equipment, in which HK$22.6 million represented regular replacement and upgrading of production facilities while HK$68.3 million represented the construction of a factory for a subsidiary.

Details of these and other movements during the year in property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements respectively.

As of 31 March 2012, the Group has paid HK$12.6 million (2011: HK$19.0 million) and HK$11.5 million (2011: HK$17.4 million) as the deposits for the acquisition of prepaid land lease and property, plant and equipment respectively.

Share capital

Details of the movements during the year in the share capital of the Company are set out in note 33 to the consolidated financial statements.

Directors' Report

Distributable reserves of the Company

The Company's reserves available for distribution to Shareholders as at 31 March 2012 amounted to approximately HK$359.3 million (2011: HK$301.1 million).

Details of the movements in the reserves of the Group and the Company during the year are set out in page 47 to page 49 and note 43(d) to the consolidated financial statements respectively.

Purchase, Sales or Redemption of Company's Listed Securities

During the year ended 31 March 2012, save as disclosed below, the Company and its subsidiaries had not purchased, sold or redeemed any of the Company's listed securities.

On 13 March 2012, a total of 33,500,000 ordinary Shares with an aggregate nominal value of HK$335,000 were placed to no less than six placees at a placing price of HK$1.72 per Share by way of top-up placing under the general mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 23 August 2011. The placing price of HK$1.72 represents (i) a discount of approximately 15.27% to the closing price of HK$2.03 per share as quoted on the Stock Exchange on 7 March 2012, being the last full trading day; and (ii) a discount of approximately 14.77% to the average of the closing prices of HK$2.018 per share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the placing agreement and subscription agreement both dated 8 March 2012. The Directors were of the view that the top-up placing represented a good opportunity to raise additional capital for the Company to strengthen the capital base and enhance the liquidity position for its future business developments and investment opportunities. For details of the top-up placing, please refer to the announcements of the Company dated 8 March 2012 and 16 March 2011.

After deduction of placing commission and all other fees and expenses, the net placing price is approximately HK$1.586 per placing share. The net proceeds from the subscription of approximately HK$53,105,000 are intended to be used for financing part of the consideration of the Target Group Acquisition and as general working capitals of the Group. Please refer to the announcements of the Company dated 8 March 2012 and 16 March 2012. For details of the Target Group Acquisition, please refer to the sections headed "Significant Investment Held and Material Acquisition and Disposal" in Management Discussion and Analysis and Note 44(b) to the consolidated financial statement.

On 12 October 2011, a total of 20,000,000 unlisted transferable warrants of the Company ("Warrants") each conferring rights entitling its holder(s) to subscribe for up to HK$20,000,000 in aggregate in cash for 20,000,000 ordinary shares ("Warrant Shares") at the initial subscription price of HK$1.00 ("Subscription Price"), to be issued by the Company pursuant to the placing agreement dated 14 September 2011 ("Placing Agreement") were placed to no less than six placees at a placing price of HK$0.01 per Warrant ("Placing Price") under the general mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 23 August 2011.

The initial Subscription Price and the Placing Price per Warrant, in aggregate, of HK$1.01 represents (i) a premium of approximately 32.89% over the closing price of HK$0.76 per Share as quoted on the Stock Exchange on the 14 September 2011 ("Last Trading Date"), being the date of the Placing Agreement; (ii) a premium of approximately 31.18% over the average closing price of approximately HK$0.77 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day; and (iii) a premium of approximately 36.49% over the average closing price of approximately HK$0.74 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day.

Assuming exercise in full of the subscription rights attaching to the Warrants at the initial Subscription Price of HK$1.00, the net proceeds raised per Warrant (including the allotment and issue of Warrant Share) will be approximately HK$1.002. The maximum aggregate net proceeds from the placing of Warrants and the allotment and issue of the Warrant Shares in the amount of HK$20,040,000 are intended to be used as general working capital of the Group.

The Directors considered that the placing of Warrants would enhance the capital and shareholders' base of the Company and provide additional funds for investment opportunities as and when they arise. For details of the placing of Warrants, please refer to the announcements of the Company dated 14 September 2011 and 12 October 2011.

Directors

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

Executives Directors

Mr. CHONG Kam Chau
Mr. CHONG Wa Pan
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

In accordance with the provisions of the Company's Articles of Association, Mr. CHONG Kam Chau, Mr. CHONG Wa Pan and Mr. CHAU On Ta Yuen will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

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).

Bank loans and other borrowings

Particulars of bank loans and other borrowings of the Company and the Group as at 31 March 2012 are set out in notes 30 and 31 to the consolidated 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 are set out on page 4 of the annual report.

Retirement benefits schemes

Particulars of the Group's retirement benefits schemes are set out in note 36 to the consolidated financial statements.

Management contracts

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the year.

Directors' Report

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

As at 31 March 2012, 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	215,430,000	59.46%
	Beneficial owner	1,700,000*	0.47%
Mr. CHONG Wa Pan (Notes 1 & 3)	Beneficiary of a discretionary trust	215,430,000	59.46%
	Beneficial owner	1,200,000*	0.33%
Mr. CHONG Wa Ching (Notes 1 & 3)	Beneficiary of a discretionary trust	215,430,000	59.46%
	Beneficial owner	600,000*	0.17%
Mr. CHONG Wa Lam (Notes 1 & 3)	Beneficiary of a discretionary trust	215,430,000	59.46%
	Beneficial owner	600,000*	0.17%
Mr. CHAU On Ta Yuen	Beneficial owner	500,000*	0.14%
Ms. TSUI Pui Man	Beneficial owner	500,000*	0.14%
Mr. LAW Tze Lun	Beneficial owner	500,000*	0.14%

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

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 ("Perfect Group") are held by Jade City Assets Limited ("Jade City"), which is in turn 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 of the Group and an executive Director and the Chairman of the Board. Mr. CHONG Kam Chau is the sole director of Perfect Group and therefore Mr. CHONG Kam Chau is deemed or taken to be interested in the entire issued shares of Perfect Group and the 215,430,000 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 all the Shares held by Perfect Group under the SFO.

3. Mr. CHONG Wa Pan, the Chief Executive Officer and the President of the Group, together with Mr. CHONG Wa Ching and Mr. CHONG Wa Lam, all 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 and the 215,430,000 Shares held by Perfect Group under the SFO.

Save as disclosed above, 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 2012.

Directors' Report

Substantial Shareholders

As at 31 March 2012, 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	215,430,000	59.46%
Jade City Assets Limited (Note 2)	Interest of controlled corporation	215,430,000	59.46%
HSBC International Trustee Limited (Note 2)	Trustee	215,430,000	59.46%
Ms. CHAN Po Ting (Note 3)	Family interests; Beneficiary of a discretionary trust	217,130,000	59.93%
Ms. HUNG Woon Cheuk (formerly known as HUNG Shan Shan) (Note 4)	Family interests	216,630,000	59.79%
Mr. CHONG Kam Hung (Note 1)	Beneficiary of a discretionary trust	215,430,000	59.46%
Mr. CHONG Kam Shing (Note 1)	Beneficiary of a discretionary trust	215,430,000	59.46%
Ms. CHONG Sum Yee (Note 1)	Beneficiary of a discretionary trust	215,430,000	59.46%

Notes:

1. The entire issued shares of Perfect Group are held by Jade City, which is in turn 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, the entire issued shares of which are held by Jade City. The entire issued capital of Jade City 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 under the SFO.

4. Ms. HUNG Woon Cheuk, is the spouse of Mr. CHONG Wa Pan, and Mr. CHONG Kam Hung, Mr. CHONG Kam Shing and Ms. CHONG Sum Yee are children under 18 of Ms. HUNG Woon Cheuk. Therefore, Ms. HUNG Woon Cheuk is deemed or taken to be interested in the interests held by Mr. CHONG Wa Pan, Mr. CHONG Kam Hung, Mr. CHONG Kam Shing and Ms. CHONG Sum Yee under the SFO.

5. Ms. YUEN Chung Yan, who became the spouse of Mr. CHONG Wa Ching, an executive Director, on 16 June 2012, is deemed or taken to be interested in the interests held by Mr. CHONG Wa Ching under the SFO.

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 of 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 had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Connected transactions

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 Board and an executive Director, 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. The said disposal was approved by the independent Shareholders at an extraordinary general meeting of the Company held on 25 September 2009. Bright Leader Shenzhen was originally incorporated to hold the land use right of approximately 25,678.7 square metres together with the factory, office and staff quarters erected thereon located at Shahuan South Road, Shajing Town, Bao'an District, Shenzhen, Guangdong, the PRC (the "Property") at which the production plant operated by Come Sure Packing Products (Shenzhen) Company Limited (the "First Production Plant") is located. Upon Completion, Bright Leader Holdings and its wholly-owned subsidiary, Bright Leader Shenzhen, had ceased to be the subsidiaries of the Company. Furthermore, Bright Leader Holdings and Bright Leader Shenzhen, both being a company indirectly wholly owned by Mr. CHONG Kam Chau, the chairman of the Board and an executive Director, became connected persons of the Company. Thus, the lease contracts (the "Lease Contracts") between Bright Leader Shenzhen as lessor and Come Sure Packing Products (Shenzhen) Company Limited as lessee and signed on 30 September 2009 in relation to the Property, 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. For details, please refer to the announcement of the Company dated 19 August 2009.

As the relevant size ratios are less than 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.

Master Materials Purchase Agreement

On 29 July 2010, Nine Dragons Paper (Holdings) Limited ("Nine Dragons") and the Company has entered into a master materials purchase agreement ("Master Materials Purchase Agreement") in relation to the purchase of raw paper materials by the Group from Nine Dragons for a period commencing from 22 October 2010 to 31 March 2013. The annual aggregate transaction amounts in respect of the purchase of raw paper materials by the Group from the Nine Dragons under the Master Materials Purchase Agreement or the separate sale and purchase agreements between the Nine Dragons and the Group for each of the periods from 22 October 2010 to 31 March 2011 and the two financial years of the Company ending on 31 March 2012 and 31 March 2013 shall be capped at and not exceed RMB200,000,000, RMB400,000,000 and RMB500,000,000 respectively.

Directors' Report

Connected transactions (Continued)

Master Materials Purchase Agreement (Continued)

As the controlling shareholder of Nine Dragons indirectly owned as to 40% of the entire share capital of an indirectly owned subsidiary of the Company. Nine Dragons is a connected person of the Company pursuant to Chapter 14A of the Listing Rules and as each of the percentage ratios (other than the profits ratio) for the aggregate caps of the transactions contemplated under the Master Materials Purchase Agreement for each of the periods from 22 October 2010 to 31 March 2011 and the two financial years of the Company ending on 31 March 2012 and 31 March 2013 of RMB200,000,000, RMB400,000,000 and RMB500,000,000 is on an annual basis more than 25%, the transactions contemplated under the Master Materials Purchase Agreement do not fall under the exemptions in Rules 14A.33 and 14A.34 of the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.35 of the Listing Rules.

The above continuing connected transaction and the annual caps contemplated under the Master Materials Purchase Agreement were approved by the independent Shareholders at an extraordinary general meeting of the Company held on 6 September 2010. For details, please refer to the announcements of the Company dated 29 July 2010 and 6 September 2010, and the circular of the Company dated 19 August 2010.

Pursuant to the Listing Rules, if the amount of the transportation fees to Wan Tai Shun, the rental charges to Bright Leader Shenzhen and/or the transactions under the Master Materials Purchase Agreement with Nine Dragons exceeds the Annual Caps, or if the agreement between the Group and Wan Tai Shun and/or Bright Leader Shenzhen and/or Nine Dragons 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 Company confirms the disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied with.

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	2012		2011	
		Amount	%	Amount	%
Bright Leader Shenzhen	Rental	**RMB1,635,744**	**10.6%**	RMB1,635,744	10.6%
Nine Dragons	Purchase of raw paper	**RMB201,589,211**	**46.6%**	RMB94,133,649	24.2%

The independent non-executive directors have reviewed the above 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 as a whole.

The auditors of the Company has confirmed to the Board on matters stated in Rule 14A.38 of the Listing Rules in relation to the above continuing connected transactions.

Save as the transactions disclosed above, the Directors consider that those material related party transactions disclosed in Note 41 to the consolidated financial statements did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules.

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 Listing Rules. 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 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.

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 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 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.

As at the date of this report, options to subscribe for a total of 10,400,000 option Shares were still outstanding under the Scheme which represents approximately 2.87% of the issued share capital of the Company. 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 Scheme, the Company has granted 8,400,000 share options (5,700,000 share options of which were granted to the Directors) to certain eligible participants including certain Directors and employees at an exercise price of HK$1.18 per share and the consideration for each of the grant was HK$1. The share options granted pursuant to the Scheme will be exercisable from 6 January 2011 and expiring on 5 January 2020. Particulars of the share options granted under the Scheme were set forth in the announcement of the Company dated 6 January 2010.

Directors' Report

Share Option Scheme (Continued)

On 17 May 2010, according to the terms of the Scheme, the Company has granted 19,600,000 share options (900,000 share options of which were granted to the Directors) to certain eligible participants including certain Directors and employees at an exercise price of HK$1.05 per Share. The consideration for each of the grant was HK$1. The share options granted pursuant to the Scheme will be exercisable from the 180th day after the date of acceptance of the share options by the Grantees and expiring on 16 May 2020. Particulars of the share options granted under the Scheme were set forth in the announcement of the Company dated 17 May 2010.

Details of the share options outstanding as at 31 March 2012 under the Scheme are as follows:

Name or category of grantees	Date of grant	Exercisable period	Exercise price (HK$) (Note 1)	Share options held on 1 April 2011	Share options granted during the year	Share options exercised during the year	Share options cancelled/ lapsed during the year	Share options held on 31 March 2012
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. 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

Share Option Scheme (Continued)

Name or category of grantees	Date of grant	Exercisable period	Exercise price (HK$) (Note 1)	Share options held on 1 April 2011	Share options granted during the year	Share options exercised during the year	Share options cancelled/ lapsed during the year	Share options held on 31 March 2012
Independent non-executive directors of the Company								
Mr. CHAU On Ta Yuen	6 January 2010	6 January 2011 to 5 January 2020	1.18	200,000	–	–	–	200,000
	17 May 2010	13 November 2010 to 16 May 2020	1.05	300,000	–	–	–	300,000
				500,000	–	–	–	500,000
Ms. TSUI Pui Man	6 January 2010	6 January 2011 to 5 January 2020	1.18	200,000	–	–	–	200,000
	17 May 2010	13 November 2010 to 16 May 2020	1.05	300,000	–	–	–	300,000
				500,000	–	–	–	500,000
Mr. LAW Tze Lun	6 January 2010	6 January 2011 to 5 January 2020	1.18	200,000	–	–	–	200,000
	17 May 2010	13 November 2010 to 16 May 2020	1.05	300,000	–	–	–	300,000
				500,000	–	–	–	500,000
Seventeen other eligible participants of the Group								
	6 January 2010	6 January 2011 to 5 January 2020	1.18	900,000	–	–	(360,000)	540,000
	6 January 2010	6 January 2012 to 5 January 2020	1.18	675,000	–	–	(270,000)	405,000
	6 January 2010	6 January 2013 to 5 January 2020	1.18	675,000	–	–	(270,000)	405,000
	17 May 2010	13 November 2010 to 16 May 2020	1.05	14,350,000	–	–	(11,350,000)	3,000,000
				16,600,000	–	–	(12,250,000)	4,350,000
Three other eligible participants of the Group								
	6 January 2010	6 January 2011 to 5 January 2020	1.18	450,000	–	–	–	450,000
	17 May 2010	13 November 2010 to 16 May 2020	1.05	4,350,000	–	–	(4,350,000)	–
				4,800,000	–	–	(4,350,000)	450,000
				27,000,000	–	–	(16,600,000)	10,400,000

Notes: 1. (a) The closing price of the Shares on 5 January 2010 (the day immediately before the date of grant) was HK$1.18.

(b) The closing price of the Shares on 16 May 2010 (the day immediately before the date of grant) was HK$1.05.

2. For details of the value of the options granted during the year ended 31 March 2012, please refer to note 34 to the consolidated financial statements.

Directors' Report

Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's Articles of Association, 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 were held in public hands as of 31 March 2012.

Charitable donations

During the year, the Group made charitable donation amounting to HK$84,000 (2011: Nil).

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	5.16%	N.A.
Five largest customers in aggregate	20.64%	N.A.
The largest supplier	N.A.	38.23%
Five largest suppliers in aggregate	N.A.	60.38%

At no time during the year have the Directors, their associates or any Shareholder (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.

Events after the reporting period

Details of significant events occurring after the balance sheet date are set out in Note 44 to the consolidated financial statements.

Auditor

The accounts for the year ended 31 March 2012 have been audited by SHINEWING (HK) CPA Limited which will retire and, being eligible, offer itself for re-appointment at the forthcoming annual general meeting. A resolution will be submitted to the annual general meeting to appoint SHINEWING (HK) CPA Limited as auditor of the Company.

SHINEWING (HK) CPA Limited has been appointed as auditor of the Company in place of RSM Nelson Wheeler which resigned as the Company's auditor on 28 March 2011.

On behalf of the Board

CHONG Kam Chau
Chairman

29 June 2012

Independent Auditor's Report

信永中和
ShineWing

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS 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") and its subsidiaries (collectively referred to as the "Group") set out on pages 43 to 124, which comprise the consolidated statement of financial position as at 31 March 2012, 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 information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated 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 Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 consolidated financial statements.

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

Independent Auditor's Report

Opinion

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2012 and of the Group's profit 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.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Chan Wing Kit
Practising Certificate Number: P03224
Hong Kong

29 June 2012

Consolidated Income Statement

For the year ended 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
Turnover	7	**772,086**	697,640
Cost of goods sold		**(636,728)**	(574,156)
Gross profit		**135,358**	123,484
Other income	8	**4,042**	2,682
Other gains and losses	9	**(2,226)**	(1,674)
Selling expenses		**(36,379)**	(28,928)
Administrative expenses		**(84,300)**	(69,656)
Other operating expenses		**(2,680)**	(352)
Share-based payments		**(466)**	(7,928)
Profit from operations		**13,349**	17,628
Gain on bargain purchase	37	**—**	4,365
Finance costs	10	**(3,139)**	(2,377)
Profit before tax		**10,210**	19,616
Income tax expense	11	**(2,732)**	(3,613)
Profit for the year	12	**7,478**	16,003
Profit (loss) for the year attributable to:			
Owners of the Company		**11,331**	18,352
Non-controlling interests		**(3,853)**	(2,349)
		7,478	16,003
Earnings per share			
Basic	15	**HK3.43 cents**	HK5.60 cents
Diluted	15	**HK3.41 cents**	HK5.60 cents

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
Profit for the year	12	**7,478**	16,003
Other comprehensive income (expense):			
Exchange differences on translating foreign operations		**17,427**	11,654
Fair value loss on cash flow hedges	25	**(66)**	—
Other comprehensive income for the year		**17,361**	11,654
Total comprehensive income		**24,839**	27,657
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**27,988**	29,602
Non-controlling interests		**(3,149)**	(1,945)
		24,839	27,657

Consolidated Statement of Financial Position

At 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
Non-current assets			
Prepaid lease payments	16	**58,920**	40,506
Property, plant and equipment	17	**253,759**	174,949
Investment properties	18	**420**	420
Deposits paid for prepaid lease payments	19	**12,645**	19,012
Deposits paid for acquisition of property, plant and equipment		**11,514**	17,373
Deposits paid for acquisition of investment properties		**7,849**	—
Deposits paid for acquisition of subsidiaries	20	**10,000**	—
Available-for-sale investment	21	**5,000**	—
Derivative financial instruments	25	**824**	—
Club membership		**366**	366
		361,297	252,626
Current assets			
Inventories	23	**93,528**	74,401
Trade and bills receivables	24	**186,447**	163,281
Deposits paid for acquisition of subsidiaries	20	**20,000**	—
Prepayments, deposits and other receivables		**32,071**	20,041
Amount due from a non-controlling shareholder	29	**3**	—
Prepaid lease payments	16	**1,280**	881
Tax recoverable		**11,113**	3,427
Financial assets designated as at fair value through profit or loss	22	**64,899**	—
Derivative financial instruments	25	**15**	—
Held for trading investments	26	**3,576**	7,877
Pledged bank deposits	27	**53,110**	15,711
Time deposits of original maturity of more than three months	27	**617**	—
Bank and cash balances	27	**102,276**	138,853
		568,935	424,472
Current liabilities			
Trade and bills payables	28	**111,986**	68,732
Accruals and other payables		**78,652**	51,787
Amounts due to non-controlling shareholders	29	**9,223**	7,177
Short-term bank borrowings	30	**109,816**	49,238
Current tax liabilities		**741**	359
Derivative financial instruments	25	**277**	—
Current portion of long-term borrowings	31	**28,345**	11,274
		339,040	188,567
Net current assets		**229,895**	235,905
Total assets less current liabilities		**591,192**	488,531

Consolidated Statement of Financial Position

At 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
Non-current liabilities			
Amounts due to non-controlling shareholders	29	**11,304**	10,880
Long-term borrowings	31	**31,877**	1,979
Deferred tax liabilities	32	**5,573**	5,581
Derivative financial instruments	25	**141**	—
		48,895	18,440
NET ASSETS		**542,297**	470,091
Capital and reserves			
Share capital	33	**3,623**	3,288
Reserves		**522,933**	447,907
Equity attributable to owners of the Company		**526,556**	451,195
Non-controlling interests		**15,741**	18,896
		542,297	470,091

The consolidated financial statements on pages 43 to 124 were approved and authorised for issue by the board of directors on 29 June 2012 and are signed on its behalf by:

Mr. CHONG Kam Chau
Director

Mr. CHONG Wa Pan
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

	Attributable to owners of the Company									
	Share capital HK$'000 (note 33)	**Share premium** HK$'000 (note (i))	**Special reserve** HK$'000 (note (ii))	**Share-based payment reserve** HK$'000 (note (iii))	**Foreign currency translation reserve** HK$'000 (note (iv))	**Statutory reserve** HK$'000 (note (vi))	**Retained profits** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total equity** HK$'000
At 1 April 2010	3,220	132,622	105,309	474	40,246	18,126	114,000	413,997	–	413,997
Profit (loss) for the year	–	–	–	–	–	–	18,352	18,352	(2,349)	16,003
Exchange differences on translating foreign operations	–	–	–	–	11,250	–	–	11,250	404	11,654
Total comprehensive income (expense) for the year	–	–	–	–	11,250	–	18,352	29,602	(1,945)	27,657
Incorporation of a non-wholly owned subsidiary	–	–	–	–	–	–	–	–	4	4
Issue of shares upon acquisition of subsidiaries (note 33(a))	68	7,820	–	–	–	–	–	7,888	–	7,888
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	20,837	20,837
Share-based payments	–	–	–	7,928	–	–	–	7,928	–	7,928
Dividend recognised as distribution (note 14)	–	–	–	–	–	–	(8,220)	(8,220)	–	(8,220)
Change in equity for the year	68	7,820	–	7,928	11,250	–	10,132	37,198	18,896	56,094
At 31 March 2011	3,288	140,442	105,309	8,402	51,496	18,126	124,132	451,195	18,896	470,091

Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

	Attributable to owners of the Company												
	Share capital HK$'000 (note 33)	Share premium HK$'000 (note (i))	Special reserve HK$'000 (note (ii))	Share-based payment reserve HK$'000 (note (iii))	Foreign currency translation reserve HK$'000 (note (iv))	Warrant reserve HK$'000 (note (v))	Statutory reserve HK$'000 (note (vi))	Hedging reserve HK$'000 (note (vii))	Other reserve HK$'000 (note (viii))	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2011	3,288	140,442	105,309	8,402	51,496	–	18,126	–	–	124,132	451,195	18,896	470,091
Profit (loss) for the year	–	–	–	–	–	–	–	–	–	11,331	11,331	(3,853)	7,478
Exchange differences on translating foreign operations	–	–	–	–	16,723	–	–	–	–	–	16,723	704	17,427
Fair value loss on cash flow hedges	–	–	–	–	–	–	–	(66)	–	–	(66)	–	(66)
Total comprehensive income (expense) for the year	–	–	–	–	16,723	–	–	(66)	–	11,331	27,988	(3,149)	24,839
Disposal of partial equity interests in a subsidiary	–	–	–	–	–	–	–	–	9	–	9	(6)	3
Issue of shares (note 33(b))	335	57,285	–	–	–	–	–	–	–	–	57,620	–	57,620
Transaction cost attributable to issue of shares	–	(4,515)	–	–	–	–	–	–	–	–	(4,515)	–	(4,515)
Issue of warrants	–	–	–	–	–	200	–	–	–	–	200	–	200
Transaction cost attributable to issue of warrant	–	–	–	–	–	(160)	–	–	–	–	(160)	–	(160)
Transfer upon cancellation of share-based payments	–	–	–	(5,219)	–	–	–	–	–	5,219	–	–	–
Share-based payments	–	–	–	466	–	–	–	–	–	–	466	–	466
Dividend recognised as distribution (note 14)	–	–	–	–	–	–	–	–	–	(6,247)	(6,247)	–	(6,247)
Transfer	–	–	–	–	–	–	980	–	–	(980)	–	–	–
Change in equity for the year	335	52,770	–	(4,753)	16,723	40	980	(66)	9	9,323	75,361	(3,155)	72,206
At 31 March 2012	3,623	193,212	105,309	3,649	68,219	40	19,106	(66)	9	133,455	526,556	15,741	542,297

Notes:

(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 (the "Reorganisation") implemented in the preparation for the listing of the Company's shares on Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") 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 3(m) to the consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

Notes: (Continued)

(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 3(f).

(v) Warrant reserve

Warrant reserve represents the net proceeds received from the issue of warrants of the Company. On 12 October 2011, the Company issued 20,000,000 non-listed warrants at an issue price of HK$0.01 each per warrant by private placement. Each warrant entitles the holder to subscribe for one ordinary share at a subscription price of HK$1 per warrant share at any time for a period of twenty four months from the date of issue of the warrants.

(vi) 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.

(vii) Hedging reserve

Hedging reserve represents effective portion of the fair value changes of interest rate swap designated and qualify as cash flow hedges.

(viii) Other reserve

During the year ended 31 March 2012, the Group disposed 30% equity interest of Joy Honest Holdings Limited ("Joy Honest"), a subsidiary of the Company to an independent third party at a consideration of HK$3,000. Other reserve represents the difference between the fair value of consideration and the book value of net asset recognised upon disposal of partial interest in a subsidiary.

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
OPERATING ACTIVITIES			
Profit before tax		**10,210**	19,616
Adjustments for:			
Amortisation of prepaid lease payments		**1,029**	834
Depreciation of property, plant and equipment		**22,482**	22,925
Dividend income from held for trading investments		**(135)**	—
Gain on bargain purchase	37	**—**	(4,365)
Decrease in fair value of held for trading investments		**2,904**	1,967
Allowance for doubtful debts		**2,521**	352
(Reversal of allowance) allowance for inventories		**(895)**	767
Loss (gain) on disposal of held for trading investments		**635**	(293)
Gain on disposal of property, plant and equipment, net		**(2)**	(308)
Fair value changes of financial assets designated as at fair value through profit or loss		**(312)**	—
Fair value changes of derivative financial instruments		**(487)**	—
Share-based payments		**466**	7,928
Finance costs		**3,139**	2,377
Interest income		**(1,841)**	(757)
Operating profit before working capital changes		**39,714**	51,043
(Increase) decrease in inventories		**(18,232)**	11,450
Increase in trade and bills receivables		**(25,687)**	(64,181)
(Increase) decrease in prepayments, deposits and other receivables		**(12,030)**	3,692
Decrease (increase) in held for trading investments		**762**	(9,551)
Increase in trade and bills payables		**43,254**	33,243
Increase (decrease) in accruals and other payables		**26,865**	(10,845)
Cash generated from operations		**54,646**	14,851
Income taxes paid		**(10,215)**	(6,061)
Dividend income received from held for trading investments		**135**	—
Net cash generated from operating activities		**44,566**	8,790

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(71,805)**	(44,755)
Addition of prepaid lease payments		**(10,921)**	—
Increase in deposits paid for prepaid lease payments		**—**	(19,012)
Increase in deposits paid for acquisition of property, plant and equipment		**(11,514)**	(16,588)
Net cash outflow relating to acquisition of subsidiaries	37	**—**	(7,261)
Increase in deposits paid for acquisition of subsidiaries		**(30,000)**	—
Increase in deposits paid for acquisition of investment properties		**(7,849)**	—
Increase in pledged bank deposits		**(37,399)**	12,445
(Increase) decrease in time deposits of original maturity of more than three months		**(617)**	—
Increase in available-for-sale investment		**(5,000)**	—
Purchase of financial asset designated as at fair value through profit and loss		**(64,486)**	—
Proceeds from disposal of property, plant and equipment		**38**	684
Interest received		**1,841**	757
Net cash used in investing activities		**(237,712)**	(73,730)
FINANCING ACTIVITIES			
Drawing of short term loans, net		**60,578**	22,263
Advances from non-controlling shareholders		**2,000**	17,795
New long-term borrowings		**53,618**	9,477
Capital injection from a non-controlling interest on incorporation of a non-wholly owned subsidiary		**—**	4
Dividend paid		**(6,247)**	(8,220)
Repayment of long-term borrowings		**(6,858)**	(5,073)
Interest paid		**(4,160)**	(2,377)
Proceeds from issue of warrants		**200**	—
Transaction cost attributable to issue of warrants		**(160)**	—
Proceeds from issue of new shares		**57,620**	—
Transaction cost attributable to issue of shares		**(4,515)**	—
Net cash generated from financing activities		**152,076**	33,869
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(41,070)**	(31,071)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**4,493**	6,067
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**138,853**	163,857
CASH AND CASH EQUIVALENTS AT END OF YEAR, represented by bank and cash balances		**102,276**	138,853

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

1. General Information

The Company was incorporated in the Cayman Islands on 10 March 2006 as an exempted company with limited liability under the Companies Law of the Cayman Islands. In the opinion of the directors of the Company, the immediate and ultimate holding company of the Company is Perfect Group Version Limited ("Perfect Group"), a company incorporated in the British Virgin Islands (the "BVI"). The addresses of the registered office and principal place of business of the Company are disclosed in "Corporate Information" section to the annual report.

The Company is an investment holding company and the principal activities of its subsidiaries are set out in note 42.

The shares of the Company were listed on the Main Board of the Stock Exchange on 26 February 2009.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"). Other than those subsidiaries established in the People's Republic of China (the "PRC") whose functional currency is Renminbi ("RMB"), the functional currency of the Company and its other subsidiaries is HK$.

2. Application of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) — Interpretation ("INT") 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) — INT 19	Extinguishing Financial Liabilities with Equity Instruments

Except as explained below, the adoption of the new and revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 Presentation of Financial Statements (as part of Improvements to HKFRSs issued in 2010)

The amendments to HKAS 1 (as part of improvements to HKFRSs issued in 2010) clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. In the current year, for each component of equity, the Group has chosen to present such an analysis in the consolidated statement of changes in equity. Such amendments have been applied retrospectively, and hence the disclosures in these consolidated financial statements have been modified to reflect the change.

2. Application of New and Revised Hong Kong Financial Reporting Standards (Continued)

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle[4]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
	Government Loans[4]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[1]
	Disclosures — Offsetting Financial Assets and Financial Liabilities[4]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[6]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (as revised in 2011)	Employee Benefits[4]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC) — INT 20	Stripping Costs in the Production Phase of a Surface Mine[4]

1 Effective for annual periods beginning on or after 1 July 2011.
2 Effective for annual periods beginning on or after 1 January 2012.
3 Effective for annual periods beginning on or after 1 July 2012.
4 Effective for annual periods beginning on or after 1 January 2013.
5 Effective for annual periods beginning on or after 1 January 2014.
6 Effective for annual periods beginning on or after 1 January 2015.

Amendments to HKFRS 7 Disclosures — Transfers of Financial Assets

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors of the Company anticipate that the application of the amendments to HKFRS 7 will affect the Group's disclosures regarding transfers of financial assets in the future.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

2. Application of New and Revised Hong Kong Financial Reporting Standards (Continued)

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amended offsetting disclosures are required for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

2. Application of New and Revised Hong Kong Financial Reporting Standards (Continued)

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

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK (SIC)-Int 12 Consolidation — Special Purpose Entities. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures and HK (SIC)-Int 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors of the Company anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. The application of HKFRS 10 may result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated. However, the directors have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

2. Application of New and Revised Hong Kong Financial Reporting Standards (Continued)

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The directors of the Company anticipate the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. Significant Accounting Policies

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

The consolidated financial statements have been prepared on the historical cost basis except for investment properties, held for trading investments, derivative financial instruments, financial assets designated as at fair value through profit and loss that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below:

(a) Basis of consolidation

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

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

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

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

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

Allocation of total comprehensive income to non-controlling interests

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

3. Significant Accounting Policies (Continued)

(a) Basis of consolidation (Continued)

Business combinations

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

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

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

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

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

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

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

(b) Investments in subsidiaries

Investments in subsidiaries are included in the statement of financial position of the Company (see note 43 (a)) at cost less any identified impairment loss.

(c) Property, plant and equipment

Property, plant and equipment including buildings and leasehold land (classified as finance leases) held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

3. Significant Accounting Policies (Continued)

(c) Property, plant and equipment (Continued)

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

Construction in progress includes property, plant and equipment in the course of construction for production or for supply or administrative purposes are carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

Buildings under development for future owner-occupied purpose

When buildings are in the course of development for production or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of cost of buildings under construction. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Building under construction is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (ie. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

(d) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

(e) Leasing

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

The Group as lessor

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

3. Significant Accounting Policies (Continued)

(e) Leasing (Continued)

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. In the event that lease incentives are received to enter into an operating lease, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Leasehold land for own use

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

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

(f) Foreign currencies

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

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the foreign currency translation reserve (attributed to non-controlling interests as appropriate).

Fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in equity under heading of foreign currency translation reserve.

3. Significant Accounting Policies (Continued)

(g) Club membership

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

(h) Inventories

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

(i) Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets designated as at fair value through profits or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at fair value through profit or loss

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

— it has been acquired principally for the purpose of selling in the near future; or

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

3. Significant Accounting Policies (Continued)

(i) Financial instruments (Continued)

Financial assets *(Continued)*

Financial assets at fair value through profit or loss (Continued)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

— such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

— the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

— it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned in the financial assets and is included in the 'other gains and losses' line item in the consolidated statement of comprehensive income. Fair value is determined in the manner described in notes 22 and 25.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and bills receivables, amount due from a non-controlling shareholder, deposits and other receivables, pledged bank deposits, time deposits of original maturity of more than three months and bank and cash balances) are carried at amortised cost using the effective interest method, less any identified impairment loss (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. The Group designated unlisted equity securities as available-for-sale financial assets.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

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

3. Significant Accounting Policies (Continued)

(i) Financial instruments (Continued)

***Impairment of financial assets** (Continued)*

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

— significant financial difficulty of the issuer or counterparty; or

— breach of contract, such as default or delinquency in interest and principal payments; or

— it becoming probable that the borrower will enter bankruptcy or financial reorganisation; or

— the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade and bills receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 15 to 120 days, observable changes in national or local economic conditions that correlate with default on receivables.

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

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which impairment takes place.

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

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

3. Significant Accounting Policies (Continued)

(i) Financial instruments (Continued)

Financial liabilities and equity instruments

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

Equity instrument

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

Effective interest method

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

Interest expense is recognised on an effective interest basis other than those financial liability classified as FVTPL, of which the interest expense is included in net gains or losses.

Financial liabilities

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liabilities are either held for trading or it is those designated at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

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

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

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

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

— such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

— the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

— it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

3. Significant Accounting Policies (Continued)

(i) Financial instruments (Continued)

***Financial liabilities and equity instruments** (Continued)*

Financial liabilities (Continued)

Financial liabilities at fair value through profit or loss (Continued)

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

Other financial liabilities

Other financial liabilities including trade and bills payables, accruals and other payables, amounts due to non-controlling shareholders and borrowings are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments and hedging

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Hedge accounting

The Group designates certain derivative financial instruments, such as interest rate swap contracts, to hedge its exposure against changes in interest rate on bank borrowings.

At the inception of the hedging relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated in hedging reserve.

Amounts previously recognised in other comprehensive income and accumulated in equity (hedging reserve) are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the consolidated statement of comprehensive income as the recognised hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

3. Significant Accounting Policies (Continued)

(i) Financial instruments (Continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

On derecognition of a financial assets other than in its entirely (e.g. when the Group retains an option to repurchase part of a transferred assets or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that has been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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

(j) Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

3. Significant Accounting Policies (Continued)

(k) Revenue recognition

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

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

— the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

— the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

— the amount of revenue can be measured reliably;

— it is probable that the economic benefits associated with the transaction will flow to the Group; and

— the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Management fee income is recognised when services are provided.

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

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

(l) Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") and central pension scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

(m) Share-based payment transactions

Equity-settled share-based payment arrangement

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

3. Significant Accounting Policies (Continued)

(m) Share-based payment transactions (Continued)

Equity-settled share-based payment arrangement *(Continued)*

When an equity settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met.

(n) Borrowing costs

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

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

(o) Taxation

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of 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 associated with 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Significant Accounting Policies (Continued)

(o) Taxation (Continued)

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(p) Impairment of tangible assets

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

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

If the recoverable amount of an asset or 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 under another standard, in which case the impairment loss is treated as a revaluation decrease under the standard.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

(q) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Notes to the Consolidated Financial Statements

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4. Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are 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.

(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.

(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.

(e) As described in notes 22 and 25, the management of the Group uses their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instruments. If the inputs and estimates applied in the model are different, the carrying amount of those derivatives may change.

5. Capital Risk Management

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 of the Company 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:

	2012 **HK$'000**	2011 HK$'000
Debt (a)	**170,038**	62,491
Less: Bank and cash balances (b)	**(102,893)**	(62,491)
Net debt	**67,145**	—
Total equity (c)	**542,297**	470,091
Net debt to equity ratio	**12%**	—

(a) Debt is defined as short-term and long-term borrowings, as detailed in notes 30 and 31 respectively.

(b) Bank and cash balances includes all bank and cash balances and time deposits of original maturity of more than three months of the Group.

(c) 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

6. Financial Risk Management

(a) Categories of financial instruments

	2012 HK$'000	2011 HK$'000
Financial assets:		
Available-for-sale investment	**5,000**	—
FVTPL		
Designated as at FVTPL	**64,899**	—
Held for trading		
Held for trading investments	**3,576**	7,877
Derivative financial instruments	**839**	—
	69,314	7,877
Loans and receivables (including cash and cash equivalents)	**357,467**	334,050
Financial liabilities:		
Liabilities at amortised cost	**362,036**	200,462
FVTPL helding for trading		
Derivative financial instruments	**352**	—
Derivative financial instruments in designated hedge accounting relationships	**66**	—

6. Financial Risk Management (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, deposit and other receivables, amount due from a non-controlling shareholder, derivative financial instruments, available-for-sale investment, financial assets designated as at fair value through profit or loss, held for trading investments, pledged bank deposits, time deposits of original maturity of more than three months, bank and cash balances, trade and bills payables, accruals and other payables, amounts due to non-controlling shareholders and borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

i. Currency risk

Other than the subsidiaries established in the PRC whose functional currency is RMB, the functional currency of the Company and other subsidiaries functional currency is HK$. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States dollars ("US$")	**21,107**	16,055	**12,671**	11,700
RMB	**34,600**	3,748	**2,978**	—
HK$	**9,198**	8,263	**1,376**	—
Total	**64,905**	28,066	**17,025**	11,700

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.

The Group currently has entered into foreign currency forward contracts to reduce the currency exposures arising from amounts denominated in RMB and US$. The Group has not accounted for such forward contracts using hedge accounting and they are deemed as financial assets or financial liabilities held for trading.

The Group currently does not have any US$, RMB and HK$ hedging policy but the management monitors US$, RMB and HK$ exchange exposure and will consider hedging significant US$, RMB and HK$ exposure should the need arise.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

6. Financial Risk Management (Continued)

(b) Financial risk management objectives and policies (Continued)

i. *Currency risk (Continued)*

Sensitivity analysis

	Foreign currency rate movement	Increase (decrease) in profit after tax HK$'000
Year ended 31 March 2012		
— US$	**+1%**	**70**
— RMB	**+10%**	**2,640**
— HK$	**+10%**	**653**
Year ended 31 March 2011		
— US$	+1%	36
— RMB	+10%	313
— HK$	+10%	690

ii. *Interest rate risk*

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see notes 30 and 31 for details of these borrowings). In relation to these variable-rate borrowings, the Group aims at keeping certain proportion of its borrowings at fixed rates. In order to achieve this result, the Group had entered into interest rate swap contracts to hedge against part of its exposure to potential variability of cash flows arising from changes in variable rate (see note 25 for details). The management continuously monitors interest rate fluctuation and will consider further hedging interest rate risk should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly related to the fluctuation of Hong Kong Interbank Offered Rate ("HIBOR") arising from the Group's 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 of the Company 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.

Sensitivity analysis

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.

If interest rates had been 100 basis points (2011: 100 basis points) higher/lower and all other variables held constant, the Group's post-tax profit for the year ended 31 March 2012 would decrease/increase by HK$674,000 (2011: increase/decrease by HK$502,000).

6. Financial Risk Management (Continued)

(b) Financial risk management objectives and policies (Continued)

iii. Other price risk

The Group is exposed to equity price risk through its held for trading investments and financial assets designated as at FVTPL. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on a particular equity stock traded in the Stock Exchange. The management monitors the equity price exposure by regularly reviewing and maintaining a portfolio of equity investments with different risk profiles.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period. If the prices of the respective equity instruments had been 10% higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2012 would have increase/decrease by approximately HK$6,848,000 (2011: HK$658,000) as a result of the changes in fair value of held for trading investments.

iv. Credit risk

The carrying amount of trade and bill receivables, deposits and other receivables, time deposits of original maturity of more than three months, bank and cash balances and 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 of the Company 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 22% (2011: 23%) as at 31 March 2012.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 96% (2011: 97%) of the total trade receivables as at 31 March 2012.

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

v. 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 following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity analysis for other non-derivative financial liabilities is prepared based on the scheduled repayment dates.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

6. Financial Risk Management (Continued)

(b) Financial risk management objectives and policies (Continued)

v. ***Liquidity risk*** *(Continued)*

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

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

	On demand or less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2012						
Non-derivative financial liabilities						
Bank and other borrowings	**141,494**	**22,580**	**9,931**	**–**	**174,005**	**170,038**
Trade and bills payables	**111,986**	**–**	**–**	**–**	**111,986**	**111,986**
Accruals and other payables	**59,485**	**–**	**–**	**–**	**59,485**	**59,485**
Amounts due to non-controlling shareholders	**9,272**	**1,327**	**4,140**	**7,783**	**22,522**	**20,527**
Derivative-net settlement						
Derivative financial instruments	**277**	**141**	**–**	**–**	**418**	**418**
	322,514	**24,048**	**14,071**	**7,783**	**368,416**	**362,454**
At 31 March 2011						
Non-derivative financial liabilities						
Bank and other borrowings	61,121	1,091	1,145	–	63,357	62,491
Trade and other payables	119,973	–	–	–	119,973	119,914
Amounts due to non-controlling interests	7,437	1,441	4,322	7,386	20,586	18,057
	188,531	2,532	5,467	7,386	203,916	200,462

6. Financial Risk Management (Continued)

(b) Financial risk management objectives and policies (Continued)

v. *Liquidity risk (Continued)*

Bank loans with a repayment on demand clause are included in the "on demand or less than 1 year" time band in the above maturity analysis. As at 31 March 2012 and 2011, the aggregate undiscounted principal amounts of these bank loans amounted to approximately HK$15,372,000 and HK$6,610,000, respectively. Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid within 1 to 5 years after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to approximately HK$15,802,000 (2011: HK$6,918,000).

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

vi. *Fair values*

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

— the fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices respectively;

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

— the fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for optional derivatives.

Derivatives

Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The directors of the Company consider that the carrying values of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their corresponding fair values.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

6. Financial Risk Management (Continued)

(b) Financial risk management objectives and policies (Continued)

vi. ***Fair values*** *(Continued)*

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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

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

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

	2012			
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Financial assets at FVTPL				
Held for trading investments	**3,576**	**—**	**—**	**3,576**
Financial assets designated as at FVTPL	**—**	**54,043**	**10,856**	**64,899**
Derivative financial instruments	**—**	**839**	**—**	**839**
	3,576	**54,882**	**10,856**	**69,314**
Financial liabilities at FVTPL				
Derivative financial instruments	**—**	**418**	**—**	**418**

	2011			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at FVTPL				
Held for trading investments	7,877	—	—	7,877

During the year ended 31 March 2012, the Group has purchased structured deposits at approximately HK$10,856,000 which are included in financial assets designated as at FVTPL and grouped into level 3 as shown above. There are insignificant gains or losses included in profit or loss for the year.

There were no transfer between level 1, 2 and 3 in the current year and prior years.

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 and operating segments under HKFRS 8 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.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment.

For the year ended 31 March 2012

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Elimination HK$'000	Total HK$'000
Segment revenue				
External sales	641,383	130,703	—	772,086
Inter-segment sales	54,113	27,927	(82,040)	—
Total	695,496	158,630	(82,040)	772,086
Segment results	25,961	(3,208)		22,753
Interest income				1,841
Fair value changes of held for trading investments				(2,904)
Loss on disposal of held for trading investments				(635)
Dividend income from held for trading investment				135
Income from pivot bonus forward contracts, target digital pivot forward contract and strip of bullish structure forward contract				514
Fair value changes of derivative financial instruments				487
Fair value changes of financial assets designated as at FVTPL				312
Corporate income and expenses				(12,293)
Profit before tax				10,210

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

7. Turnover and Segmental Information (Continued)

Segment revenues and results (Continued)

For the year ended 31 March 2011

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Elimination HK$'000	Total HK$'000
Segment revenue				
External sales	579,702	117,938	—	697,640
Inter-segment sales	69,009	37,140	(106,149)	—
Total	648,711	155,078	(106,149)	697,640
Segment results	29,400	(2,802)		26,598
Fair value changes of held for trading investments				(1,967)
Gain on disposal of held for trading investments				293
Interest income				757
Gain on bargain purchase				4,365
Corporate income and expenses				(10,430)
Profit before tax				19,616

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profits or losses represented the profit earned/loss from each segment without allocation of gain on bargain purchase, interest income, fair value changes of derivative financial instruments, fair value changes of financial assets designated as at FVTPL, fair value changes of held for trading investment, income from pivot bonus forward contracts, target digital pivot forward contract and strip of bullish structure forward contract, dividend income from held for trading investments, gain or loss on disposal of held for trading investments, written back of other payables and corporate income and expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

7. Turnover and Segmental Information (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

At 31 March 2012

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Total HK$'000
Segment assets	684,380	113,561	797,941
Total assets for reportable segments			797,941
Unallocated items:			
Leasehold land in Hong Kong for corporate use			1,406
Investment properties			420
Club membership			366
Deposits paid for acquisition of investment properties			7,849
Deposits paid for acquisition of subsidiaries			30,000
Amount due from a non-controlling shareholder			3
Held for trading investments			3,576
Tax recoverable			11,113
Bank balance managed on central basis			4,610
Available-for-sale investment			5,000
Derivative financial instruments			839
Financial assets designated as at FVTPL			64,899
Others			2,210
Consolidated total assets			930,232
Segment liabilities	166,429	23,203	189,632
Total liabilities for reportable segments			189,632
Unallocated items:			
Current tax liabilities			741
Deferred tax liabilities			5,573
Amounts due to non-controlling shareholders			20,527
Borrowings			170,038
Derivative financial instruments			418
Others			1,006
Consolidated total liabilities			387,935

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

7. Turnover and Segmental Information (Continued)

Segment assets and liabilities (Continued)

At 31 March 2011

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Total HK$'000
Segment assets	551,495	100,537	652,032
Total assets for reportable segments			652,032
Unallocated items:			
Leasehold land in Hong Kong for corporate use			1,446
Investment properties			420
Club membership			366
Held for trading investments			7,877
Tax recoverable			3,427
Bank balance managed on central basis			10,939
Others			591
Consolidated total assets			677,098
Segment liabilities	103,089	15,488	118,577
Total liabilities for reportable segments			118,577
Unallocated items:			
Current tax liabilities			359
Deferred tax liabilities			5,581
Amounts due to non-controlling shareholders			18,057
Borrowings			62,491
Others			1,942
Consolidated total liabilities			207,007

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to segments other than leasehold land in Hong Kong for corporate use, investment properties, club membership, deposit paid for acquisition of investment properties, amount due from a non-controlling shareholder, deposit paid for acquisition of subsidiaries, held for trading investments, bank balance managed on central basis, available-for-sale investment, derivative financial instruments, financial assets designated as at FVTPL, tax recoverable and corporate assets; and

- all liabilities are allocated to segments other than current tax liabilities, deferred tax liabilities, amounts due to non-controlling shareholders, derivative financial instruments, borrowings and corporate liabilities.

7. Turnover and Segmental Information (Continued)

The segment information is as follows:

Other segment information:

2012

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:				
Depreciation and amortisation	13,534	9,971	6	23,511
Additions to non-current assets (note)	86,792	8,469	17,849	113,110
Dividend income from held for trading investment	—	—	(135)	(135)
Gain on disposal of property, plant and equipment	(2)	—	—	(2)
Write-back of other payables	(461)	—	—	(461)
Loss on disposal of held for trading investments	—	—	635	635
Allowance for bad and doubtful debts	2,521	—	—	2,521
Reversal of allowance for inventories	(895)	—	—	(895)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:				
Interest income	(1,794)	(47)	—	(1,841)
Interest expenses	2,656	483	—	3,139
Income tax expense	3,241	(509)	—	2,732

Note: Non-current assets excluded available-for-sale investment, financial assets designated as at FVTFL and derivative financial instruments.

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For the year ended 31 March 2012

7. Turnover and Segmental Information (Continued)

Other segment information: (Continued)

2011

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:				
Depreciation and amortisation	14,520	9,198	41	23,759
Additions to non-current assets	131,662	2,720	32	134,414
Allowance for inventories	—	767	—	767
Gain on disposal of property, plant and equipment	(308)	—	—	(308)
Gain on disposal of held for trading investments	—	—	(293)	(293)
Write-back of other payables	—	—	(574)	(574)
Allowance for bad and doubtful debts	352	—	—	352
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:				
Interest income	(702)	(16)	(39)	(757)
Interest expenses	2,153	224	—	2,377
Income tax expense	3,948	(335)	—	3,613

Geographical Information:

The Group's operations are located in the PRC, Hong Kong and Macau.

Information about the Group's revenue from external customers are based on the location of the customers and information about its non-current assets are based on the geographical location as detailed below:

	Revenue from external customers		**Non-current assets**	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
Hong Kong	**42,601**	33,567	**29,065**	4,863
PRC except Hong Kong	**729,485**	664,073	**332,232**	247,763
Consolidated total	**772,086**	697,640	**361,297**	252,626

Information about major customers

During the years ended 31 March 2012 and 2011, none of the Group's sales to a single customer amounted to 10% or more of the Group's total revenue.

8. Other Income

	2012 HK$'000	2011 HK$'000
Dividend income from held for trading investments	**135**	—
Gain on disposal of property, plant and equipment	**2**	308
Interest income	**1,841**	757
Management fee income	**360**	120
Rental income	**938**	440
Write-back of other payables	**461**	574
Sundry income	**305**	483
	4,042	2,682

9. Other Gains and Losses

	2012 HK$'000	2011 HK$'000
Fair value changes of derivative financial instruments	**487**	—
Fair value changes of held for trading investments	**(2,904)**	(1,967)
Fair value changes of financial assets designated as at FVTPL	**312**	—
(Loss) gain on disposal of held for trading investments	**(635)**	293
Income from pivot bonus forward contracts, target digital pivot forward contract and strip of bullish structure forward contract	**514**	—
	(2,226)	(1,674)

10. Finance Costs

	2012 HK$'000	2011 HK$'000
Interest on:		
bank borrowings		
— wholly repayable within five years	**3,137**	1,326
other loans		
— wholly repayable within five years	**404**	621
amount due to a non-controlling shareholder		
— not wholly repayable within five years	**619**	430
Total borrowing costs	**4,160**	2,377
Less: amounts capitalised	**(1,021)**	—
	3,139	2,377

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 3.05% (2011: nil) per annum to expenditure on qualifying assets.

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For the year ended 31 March 2012

11. Income Tax Expense

	2012 HK$'000	2011 HK$'000
Hong Kong Profits Tax		
Current tax	**183**	245
Over-provision in previous years	**(68)**	—
	115	245
PRC enterprise income tax ("EIT")		
Current tax	**2,427**	3,020
Under-provision in previous years	**369**	928
	2,796	3,948
Deferred tax (note 32)	**(179)**	(580)
	2,732	3,613

Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) on the estimated assessable profits. 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 contract processing arrangements with a 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 profit for the year is 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 of the Company, 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 would be 20% in calendar year 2009, 22% in 2011, 24% in 2012 and 25% from 2012 onwards.

11. Income Tax Expense (Continued)

Under the Enterprise Income Tax Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately HK$42,847,000 (2011: approximately HK$34,042,000) as the Group is able to control the timing of the reversal of the temporary differences and it is possible that the temporary differences will not reverse in the foreseeable future.

In prior years, the Inland Revenue Department of Hong Kong (the "IRD") issued several letters to a director of the Company, Mr. Chong Kam Chau ("Mr. Chong"), the Company and some of its subsidiaries requesting for certain information for the years of assessment from 2002/03 to 2005/06. The Group has already submitted several replies and provided part of the financial information to the IRD.

On 16 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. On 8 February 2012, the IRD issued estimated assessments for the year of assessment of 2004/05 to five of the subsidiaries of the Group which amounted to HK$6,300,000. On 13 January and 29 February 2012, the IRD issued estimated assessments for the year of assessment of 2005/06 to five of the subsidiaries of the Group which amounted to HK$15,660,000 in aggregate. The Group had made objections to the IRD on those estimated assessments on 9 April 2009, 23 March 2010, 7 March 2011 and 18 February 2012 respectively. During the year ended 31 March 2012, the Group has purchased tax reserve certificates amounting to HK$3,500,000.

The Group is still waiting for further comment from the IRD at the end of the reporting period. Having taken the advices from the Group's tax advisor, the directors of the Company are of the opinion that, as at 31 March 2012, the provision for taxation made in the consolidated financial statements is sufficient and not excessive and believe that no significant amount of additional profits tax will be payable for the above request.

Since the process to finalise the above estimated assessments with the IRD is still at a preliminary stage, it is too remote to consider the eventual amount of penalty and interest payable, if any, under the estimated assessments at this stage. Hence, no amount of penalty or interest has been considered as necessary.

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For the year ended 31 March 2012

11. Income Tax Expense (Continued)

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

	2012 HK$'000	2011 HK$'000
Profit before tax	**10,210**	19,616
Tax at Hong Kong Profits Tax rate of 16.5%	**1,685**	3,236
Tax effect of income that is not taxable	**(5,776)**	(6,953)
Tax effect of expenses that are not deductible	**3,653**	2,987
Tax effect of tax losses not recognised	**998**	1,402
Tax effect of utilisation of tax losses not previously recognised	**(309)**	—
Tax effect of deductible temporary differences not recognised	**1,315**	237
Tax effect of profit that is under tax concession	**457**	856
Under-provision in previous years	**301**	928
Effect of different tax rates of subsidiaries	**408**	920
Income tax expense	**2,732**	3,613

12. Profit for the Year

Profit for the year has been arrived at after charging (crediting) the followings:

	2012 HK$'000	2011 HK$'000
Depreciation for property, plant and equipment	**22,482**	22,925
Amortisation of prepaid lease payments	**1,029**	834
Total depreciation and amortisation	**23,511**	23,759
Auditors' remuneration	**880**	850
Cost of inventories sold (note a)	**636,728**	574,156
Operating lease charges in respect of land and buildings	**18,862**	17,857
(Reversal of allowance) allowance for inventories (included in cost of inventories sold)	**(895)**	767
Allowance for bad and doubtful debts (included in other operating expenses)	**2,521**	352
Net foreign exchange loss	**4,405**	2,043

Note:

(a) Cost of inventories sold includes staff costs, depreciation and operating lease charges totalled approximately HK$87,564,000 (2011: HK$73,062,000) which are included in the amounts disclosed separately above.

13. Directors' and Employees' Emoluments

(a) Directors' emoluments

The emoluments paid or payable to each of the 7 (2011: 8) directors were as follows:

For the year ended 31 March 2012

Name of director	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
Executive directors						
Mr. CHONG Kam Chau	–	1,800	120	145	12	2,077
Mr. CHONG Wa Pan	–	1,200	80	103	12	1,395
Mr. CHONG Wa Ching	–	960	64	51	12	1,087
Mr. CHONG Wa Lam	–	840	56	51	12	959
	–	4,800	320	350	48	5,518
Independent non-executive directors						
Mr. CHAU On Ta Yuen	100	–	–	–	–	100
Ms. TSUI Pui Man	100	–	–	–	–	100
Mr. LAW Tze Lun	100	–	–	–	–	100
	300	–	–	–	–	300
	300	4,800	320	350	48	5,818

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13. Directors' and Employees' Emoluments (Continued)

(a) Directors' emoluments (Continued)

For the year ended 31 March 2011

Name of director	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
Executive directors						
Mr. CHONG Kam Chau	–	998	150	373	12	1,533
Mr. CHONG Wa Pan	–	795	120	263	12	1,190
Mr. CHONG Wa Ching	–	464	70	132	12	678
Mr. CHONG Wa Lam	–	398	60	132	12	602
Mr. YIU Ho Chi, Stephen[1]	–	366	167	–	3	536
	–	3,021	567	900	51	4,539
Independent non-executive directors						
Mr. CHAU On Ta Yuen	80	–	–	156	–	236
Ms. TSUI Pui Man	80	–	–	156	–	236
Mr. LAW Tze Lun	80	–	–	156	–	236
	240	–	–	468	–	708
	240	3,021	567	1,368	51	5,247

[1] Resigned on 1 July 2010.

There was no arrangement under which a director of the Company waived or agreed to waive any emoluments during the year ended 31 March 2012 and 2011.

13. Directors' and Employees' Emoluments (Continued)

(b) Employees' emoluments

	2012 HK$'000	2011 HK$'000
Directors' emoluments (including share-based payment) (note 13(a))	**5,818**	5,247
Other staff costs		
— Other staff salaries, bonus and allowances	**72,269**	59,395
— Share-based payments (excluding directors)	**116**	6,560
— Retirement benefits scheme contributions (excluding directors)	**4,864**	3,962
	83,067	75,164

Of the five individuals with the highest emoluments in the Group, four (2011: two) were directors of the Company whose emoluments are included in the disclosures in note 13(a) above. The emoluments of the remaining one (2011: three) individuals were as follows:

	2012 HK$'000	2011 HK$'000
Salaries and other allowances	**1,003**	2,012
Discretionary bonus	**825**	569
Retirement benefits scheme contributions	**—**	36
Share-based payments	**26**	451
	1,854	3,068

Their emoluments were within the following band:

	Number of individuals	
	2012	2011
Nil to HK$1,000,000	**—**	1
HK$1,000,001 — HK$1,500,000	**1**	2
	1	3

(c) During the year ended 31 March 2012, no emoluments were paid by the Group to any of the directors of the Company or any of the five highest paid individuals as an inducement to join or upon joining the Group (2011: Nil).

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For the year ended 31 March 2012

14. Dividends

	2012 HK$'000	2011 HK$'000
Dividend recognised as distribution during the year		
2011 Final dividend — HK1.9 cents (2010: HK2.5 cents) per share	**6,247**	8,220

The final dividend of HK$1.2 cents (2011: HK1.9 cents) per share has been proposed by the directors and is subject to approval by shareholders in the forthcoming annual general meeting.

15. Earnings Per Share

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

	Earnings 2012 HK$'000	 2011 HK$'000
Profit for the year attributable to owners of the Company	**11,331**	18,352

	Number of shares 2012	 2011
Issued and issuable ordinary shares at beginning of year	**328,800,000**	322,000,000
Effect of shares issued under placing and allotment	**1,468,493**	5,887,123
Weighted average number of ordinary shares at end of year	**330,268,493**	327,887,123
Weighted average number of ordinary shares for the purpose of basic earnings per share	**330,268,493**	327,887,123
Effect of dilutive potential ordinary shares — share options	**1,649,530**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**331,918,023**	327,887,123

The computation of diluted earnings per share does not assume the exercise of certain of the Company's share options because the exercise prices of those options were higher than the average market price of shares for the years ended 31 March 2012 and 2011.

16. Prepaid Lease Payments

The Group's prepaid lease payments in relation to land use rights are under medium-term leases in the PRC, and analysed for reporting purpose as:

	2012 HK$'000	2011 HK$'000
Analysed for reporting purposes as:		
Current portion	**1,280**	881
Non-current portion	**58,920**	40,506
	60,200	41,387

	2012 HK$'000	2011 HK$'000
The prepaid lease payments comprise the following leasehold land held under medium term:		
Land in the PRC	**60,200**	41,387

At 31 March 2012, the carrying amount of the prepaid lease payments which have been pledged as security for the banking facilities granted to the Group, is approximately HK$16,063,000 (2011: HK$15,504,000) (note 35).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

17. Property, Plant and Equipment

	Buildings HK$'000	Leasehold land in Hong Kong under finance lease HK$'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 2010	5,396	2,209	20,443	254,423	5,654	8,419	5,387	301,931
Additions	–	–	163	3,986	1,267	2,211	37,128	44,755
Disposals	–	–	–	(1,333)	–	(1,969)	–	(3,302)
Additions through acquisition of subsidiaries	18,871	–	–	15,429	1,902	1,703	785	38,690
Exchange differences	662	–	1,225	6,208	81	223	1,005	9,404
At 31 March 2011	24,929	2,209	21,831	278,713	8,904	10,587	44,305	391,478
Additions	–	–	7,711	10,411	444	3,979	68,320	90,865
Disposals	–	–	–	(65)	–	–	–	(65)
Transfer from construction in progress	–	–	987	542	67	–	(1,596)	–
Exchange differences	917	–	755	6,766	130	256	5,652	14,476
At 31 March 2012	25,846	2,209	31,284	296,367	9,545	14,822	116,681	496,754
Accumulated depreciation and impairment								
At 1 April 2010	2,511	723	15,168	162,287	4,560	6,782	–	192,031
Charge for the year	1,024	40	2,167	17,945	770	979	–	22,925
Disposals	–	–	–	(1,200)	–	(1,726)	–	(2,926)
Exchange differences	56	–	408	3,868	9	158	–	4,499
At 31 March 2011	3,591	763	17,743	182,900	5,339	6,193	–	216,529
Charge for the year	1,166	40	1,950	16,741	1,060	1,525	–	22,482
Disposals	–	–	–	(29)	–	–	–	(29)
Exchange differences	88	–	592	3,442	(108)	(1)	–	4,013
At 31 March 2012	4,845	803	20,285	203,054	6,291	7,717	–	242,995
Carrying amounts								
At 31 March 2012	**21,001**	**1,406**	**10,999**	**93,313**	**3,254**	**7,105**	**116,681**	**253,759**
At 31 March 2011	21,338	1,446	4,088	95,813	3,565	4,394	44,305	174,949

17. Property, Plant and Equipment (Continued)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	20 years
Leasehold land in Hong Kong under finance lease	Over the lease term
Leasehold improvements	5–10 years
Plant and machinery	5–10 years
Furniture, fixtures and equipment	3–10 years
Motor vehicles	5–10 years

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

	2012 HK$'000	2011 HK$'000
Leasehold land in Hong Kong	**1,406**	1,446
Buildings in the PRC	**21,001**	21,338
	22,407	22,784

The buildings situated in Hong Kong, which have been fully depreciated, and leasehold land in Hong Kong are pledged as security for the banking facilities granted to the Group as at 31 March 2012 and 2011 (note 35).

At 31 March 2012, the carrying amount of the buildings situated in PRC which have been pledged as security for the banking facilities granted to the Group, is approximately HK$18,300,000 (2011: HK$18,554,000) (note 35).

18. Investment Properties

	HK$'000
At 1 April 2010, 31 March 2011 and 31 March 2012	**420**

As at 31 March 2012 and 2011, the fair value of the investment properties represented management's best estimate which was based on current prices in an active market for similar properties in similar location.

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

19. Deposits Paid for Prepaid Lease Payments

During the year ended 31 March 2011, 錦勝包裝(泉州)有限公司* (Come Sure Packing Products (Quanzhou) Co., Ltd) ("Come Sure (Quanzhou)") prepaid 50% amounting to approximately RMB5,762,000 (approximately HK$6,842,000) to a relevant government authority to acquire a land use right of a piece of land located in the PRC. The total consideration of the land use right amounting to approximately RMB11,524,000 (approximately HK$14,216,000). On 28 November 2011, Come Sure (Quanzhou) has entered into an agreement with the same government authority to confirm the acquisition of the land and 20% of the consideration amounting to approximately RMB2,305,000 (approximately HK$2,844,000) has been paid accordingly. The remaining consideration amounting to approximately RMB3,457,000 (equivalent to approximately HK$4,530,000) has not been repaid at the end of the reporting period. As at 31 March 2012, the land use right certificate has been obtained by the Group and thus the amount has been recognised as prepaid lease payments.

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19. Deposits Paid for Prepaid Lease Payments (Continued)

On 18 May 2010, 江西錦勝包裝有限公司* (Jiangxi Come Sure Packing Company Limited) ("Jiangxi Come Sure") has entered into an agreement to a relevant government authority to acquire a land use right of a piece of land located in the PRC at RMB9,856,000 with relevant tax of approximately RMB394,000 (total of approximately HK$12,645,000 (2011: approximately HK$12,170,000)). The consideration has been fully settled during last year ended 31 March 2011. As at 31 March 2012, Jiangxi Come Sure was in the progress to obtain the land use right certificate and the permission certificate for construction works planning (建設工程規劃許可證) for obtaining the proper approval from the government authority for the commencement of construction work on the land.

* 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.

20. Deposits Paid for Acquisition of Subsidiaries

	2012 HK$'000	2011 HK$'000
Analysed for reporting purpose as:		
Non-current asset		
Think Speed Group Limited ("Think Speed") (note a)	**10,000**	—
Current asset		
Sky Achiever Holdings Ltd ("Sky Achiever") (note b)	**20,000**	—

Notes:

(a) On 10 November 2011 and 6 January 2012, the Group entered into a non-legally binding memorandum of understanding (the "MOU") and a supplemental MOU with an independent third party (the "Vendor 1") respectively. Pursuant to which the Group intended to acquire 51% of the equity interests in Think Speed and its subsidiaries (collectively referred to as "Think Speed Group"). Think Speed Group is principally engaged in development and design of online games and operating online game website.

On 6 January 2012, the Group has paid HK$10,000,000 to the Vendor 1 for the deposit of the acquisition.

Further details are set out in note 44(b).

(b) On 30 December 2011, the Group has entered into an agreement (the "Agreement 2") with independent third parties, in relation to the acquisition of 100% equity interest in Sky Achiever and its wholly-owned subsidiary (collectively referred to as "Sky Achiever Group") at a cash consideration of HK$20,000,000 which has been paid on 3 January 2012.

On 30 December 2011, the Group has also entered into a supplementary agreement (the "Supplementary Agreement") with independent third parties pursuant to which further acquisition of identifiable assets and recruitment of a management personnel for the business of the production of moulded pulp products is agreed. According to the Supplemental Agreement, the entire acquisition is completed upon the fulfillment of conditions specified in the Agreement 2 and the Supplementary Agreement. The deposit of HK$20,000,000 is fully refundable if the acquisition cannot be completed and is therefore classified as a current asset. In view of the uncompleted status of the whole acquisition as at 31 March 2012, HK$20,000,000 is recognised as a deposit paid for acquisition of a subsidiary.

21. Available-for-sale Investment

	2012 HK$'000	2011 HK$'000
Unlisted equity securities investment	5,000	—

The above unlisted equity investment represents investment in unlisted equity securities issued by a private entity incorporated in the Cayman Islands. It is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that its fair value cannot be measured reliably.

22. Financial Assets Designated as at Fair Value through Profit or Loss

During the year ended 31 March 2012, the Group acquired certain equity linked notes and structured deposits with financial institutions in Hong Kong and PRC. Financial assets at FVTPL comprise:

	2012 HK$'000	2011 HK$'000
Equity-linked note A	20,085	—
Equity-linked notes B	33,958	—
	54,043	—
Structured deposits	10,856	—
	64,899	—

Equity-linked note A

The equity linked note contained embedded derivative, the return of which was determined with reference to average quarterly performance of a basket of twelve exchange traded funds listed in different countries (the "Performance Linkage 1"). The principal amount was US$2,500,000 and due on 15 March 2017. The redemption payment on maturity of the equity linked note is linked to the average quarterly performance of Performance Linkage 1 over a period commencing on the trade date to the maturity date. The Group will receive their initial investment if the equity linked note is held to maturity irrespective of the average quarterly performance of the Performance Linkage 1 and even if such performance is negative. The note is subject to the option for early termination at the discretion of holders.

Equity-linked notes B

The equity linked notes contained embedded derivative, the return of which was determined with reference to average quarterly performance of a basket of eight exchange traded funds listed in different countries (the "Performance Linkage 2"). The total principal amounts were US$2,500,000 and US$1,920,000 which are due on 17 June 2016 and 4 August 2016 respectively. The redemption payment on maturity of the equity linked note is linked to the average quarterly performance of Performance Linkage 2 over a period commencing on their trade dates to the maturity dates. The Group will receive their initial investment if the equity linked notes are held to maturity irrespective of the average quarterly performance of the Performance Linkage 2 and even if such performance is negative. The notes are subject to the option for early termination at the discretion of holders.

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22. Financial Assets Designated as at Fair Value through Profit or Loss (Continued)

Equity-linked notes B (Continued)

At 31 March 2012, the equity linked notes were designated as financial assets at FVTPL upon initial recognition as it contained embedded derivatives, and HKAS 39 permits the entire combined contract to be designated as at FVTPL. The fair values at 31 March 2012 which were calculated using the Monte Carlo simulation model are provided in a valuation report prepared by Greater China Appraisal Limited ("Greater China"), a qualified valuer not connected with the Group. Major parameters adopted in the calculation of the fair value are recognised as below:

	Equity-linked note A	Equity-linked notes B
Spot Index rate	937.6761	1,095.8895
US$ Risk free rate	1.2680%	1.0557%–1.0925%
Historical volatility	12.3873%	10.5137%–11.7294%

Structured deposits

The structured deposits are placed with a bank in the PRC and contained embedded derivatives, the returns of which are determined by reference to the performance of a basket of debt and equity investments (the "Performance Linkage 3"). The total principal amounts were RMB8,800,000 which is subject to the option for redemption at the discretion of holders since its trading date.

At 31 March 2012, the structured deposits were designated as financial assets at FVTPL upon initial recognition as it contained embedded derivatives, and HKAS 39 permits the entire combined contract to be designated as at FVTPL. The amounts were stated at fair values at 31 March 2012 based on valuation amounts provided by the bank.

23. Inventories

	2012 HK$'000	2011 HK$'000
Raw materials	**82,765**	63,240
Work in progress	**1,520**	2,211
Finished goods	**9,243**	8,950
	93,528	74,401

During the year, the Group has consumed certain inventories for which allowance for inventory has been made previously. Thus, reversal of allowance for inventories of approximately HK$895,000 (2011: nil) has been recognised and included in cost of inventories sold in the current year.

24. Trade and Bills Receivables

Payment terms with customers are mainly on cash on delivery and on credit. The credit periods ranged from 15 days to 120 days after the end of the month in which the relevant sales occurred. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The ageing analysis of trade and bills receivables, based on the due date for settlement, is as follows:

	2012 HK$'000	2011 HK$'000
Trade receivables:		
Not yet due for settlement	**150,986**	102,439
Overdue:		
1 to 30 days	**12,174**	33,778
31 to 90 days	**12,588**	21,217
91 to 365 days	**3,938**	4,815
Over 1 year	**11,205**	6,651
	190,891	168,900
Less: Allowance for doubtful debts	**(8,119)**	(5,619)
	182,772	163,281
Bills receivables	**3,675**	—
	186,447	163,281

Included in the Group's trade receivable balance are debtors (see below for ageing analysis) which are past due as at the reporting date for which the Group has not provided for allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. Trade receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Ageing of trade receivables which are past due but not impaired

	2012 HK$'000	2011 HK$'000
Overdue by:		
1 to 90 days	**24,762**	54,995
91 to 365 days	**3,938**	4,443
Over 1 year but within 2 years	**3,086**	1,404
Total	**31,786**	60,842

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24. Trade and Bills Receivables (Continued)

Movement in the allowance for doubtful debts

	2012 HK$'000	2011 HK$'000
1 April	**5,619**	3,965
On acquisition of subsidiaries	**—**	1,415
Allowance for doubtful debts for overdue trade receivables	**2,521**	352
Write off as bad debts	**(189)**	(222)
Exchange differences	**168**	109
31 March	**8,119**	5,619

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of approximately HK$8,119,000 (2011: HK$5,619,000) which have either been placed under liquidation or in severe financial difficulties.

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

	2012 HK$'000	2011 HK$'000
HK$	**72,150**	75,762
US$	**20,074**	15,307
RMB	**93,357**	70,368
AUD	**866**	1,844
	186,447	163,281

25. Derivative Financial Instruments

	2012 HK$'000	2011 HK$'000
Financial assets		
Derivative not under hedge accounting		
Foreign currency forward contract (note c)	15	—
Pivot bonus forward contracts (note a)	665	—
Target digital pivot forward contract (note b)	159	—
	839	—
Financial liabilities		
Derivative not under hedge accounting		
Foreign currency forward contract (note c)	211	—
Strip of bullish structure forward contract (note e)	141	—
Derivatives under hedge accounting		
Cash flow hedges interest rate swap (note d)	66	—
	418	—
Analysed for reporting purpose as:		
Non-current asset	824	—
Current asset	15	—
	839	—
Non-current liabilities	141	—
Current liabilities	277	—
	418	—

Notes:

(a) **Pivot bonus forward contracts**

The Group has entered into two two-year pivot bonus forward contracts of US$1,000,000 each with a bank during the year which due on 25 July 2013 and 1 August 2013 respectively, of which the purpose is to manage the Group's foreign currency exposure in relation to its receivables arising from time to time denominated partly in US$. The pivot bonus forward contracts comprises non-deliverable settlement on a monthly basis, that is, measured at 24 different expiry dates, save for the event leading to the knock-out and termination of the contract as discussed below.

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25. Derivative Financial Instruments (Continued)

Notes: (Continued)

(a) Pivot bonus forward contracts (Continued)

At each expiry date:

(i) if the US$ to RMB spot exchange rate (the “Spot Rate”) is lower than or equal to the pivot rate (sell US$/buy RMB at 6.55, the “Pivot Rate 1”), as specified in the contract, the Group would receive a predetermined fixed amount of RMB20,000.

(ii) if the Spot Rate is greater than the Pivot Rate 1, the Group would pay to the bank a net settlement calculated based on the difference between the Spot Rate and Pivot Rate 1, settled in RMB equivalent. There are no knock-out and termination features for losses.

During the year ended 31 March 2012, the total fair value gains of HK$665,000 and income of HK$393,000 have been recognised in profit or loss. The fair values at 31 March 2012 which were calculated using the Monte Carlo simulation model and the major parameters adopted are recognised as below:

Spot Exchange rate	6.2962
US$ Risk free rate	0.5030%–0.5045%
RMB Risk free rate	1.4212%–1.4224%
Historical volatility	2.0302%–2.0373%

(b) Target digital pivot forward contract

The Group entered into a two-year target digital pivot forward contract of US$2,000,000 with a bank during the year which due on 7 January 2014, of which the purpose is to manage the Group’s foreign currency exposure in relation to its receivables arising from time to time denominated partly in US$. The target digital pivot forward contract comprises non-deliverable settlement on a monthly basis, that is, measured at 24 different expiry dates, save for the event leading to the knock-out and termination of the contract as discussed below.

At each expiry date:

(i) if the Spot Rate is lower than or equal to the strike rate (sell US$/buy RMB at 6.48, the “Strike Rate”), as specified in the contract, the Group can sell against RMB for US$2,000,000 at 200 points higher than the Spot Rate.

(ii) if the Spot Rate is greater than the Strike Rate, the Group has to sell US$ against RMB for US$2,000,000 at Strike Rate. There are no knock-out and termination features for losses.

During the year ended 31 March 2012, the fair value gain of HK$159,000 and income of HK$98,000 have been recognised in profit or loss. The fair values at 31 March 2012 which were calculated using the Monte Carlo simulation model and the major parameters adopted are recognised as below:

Spot Exchange rate	6.2962%
US$ Risk free rate	0.5468%
RMB Risk free rate	1.3474%
Historical volatility	2.0627%

(c) Foreign currency forward contracts

The Group has entered into arrangements with a commercial bank in Macau that the Group placed one year pledged bank deposits of RMB25,690,000 to the banks and entered into forward contracts with the bank to purchases HK$ in RMB at predetermined forward rates. Major terms of foreign currency forward contracts, each with single maturity date, are as follows:

Principal amount	Maturity	Forward exchange rate
Sell RMB15,620,000	26 July 2012	HK$1.2150: RMB1
Sell RMB10,070,000	31 August 2012	HK$1.2298: RMB1

25. Derivative Financial Instruments (Continued)

Notes: (Continued)

(c) Foreign currency forward contracts (Continued)

During the year ended 31 March 2012, fair value gains of HK$15,000 and fair value losses of HK$211,000 on the principal amounts of RMB10,070,000 and RMB15,620,000 respectively have been recognised in profit or loss. The fair values at 31 March 2012 which was calculated using the covered interest rate parity and the major parameters adopted are recognised as below:

Spot exchange rate	1.215–1.230
RMB Risk free yield	1.452%–1.651%
HK$ Risk free yield	0.451%–0.516%

(d) Cash flow hedges interest rate swaps

During the year, the Group used interest rate swap contracts (net quarterly settlement) to minimise its exposure to certain cash flow changes of its bank borrowings carried at interest rate of HIBOR + 1% by swapping a variable rate borrowing from variable rate to fixed rate. The terms of these interest rate swap contracts were negotiated to match with those of the hedged bank borrowing. The directors of the Company consider that the interest rate swap contracts are highly effective hedging instruments and have designated them as hedging instruments for hedge accounting purposes.

At 31 March 2012, included in the Group's short-term bank borrowings as disclosed in note 30 were bank loans of HK$31,025,000 (2011: nil) which were under cash flow hedges at the end of the reporting period are as follows:

Notional amount	Maturity date	Receive floating	Pay fixed
HK$18,820,000	26 July 2012	HIBOR	0.85%
HK$12,205,000	31 August 2012	HIBOR	0.9%

During the year ended 31 March 2012, the hedge of the Group was 100% effective in hedging the accumulated cash flow exposure to interest rate movements. At 31 March 2012, fair value losses recognised in the Group of HK$66,000 had been recognised in the hedging reserve and expected to be released to the consolidated income statement when the hedged interest expense is charged to profit or loss in the coming six months after the end of the reporting period. The fair value of the interest rate swaps as at 31 March 2012 were calculated using the present value of the stream of future cash flows at a discount rates ranged from 0.4007% to 0.5272%.

(e) Strip of bullish structure forward contract

The Group entered into a two-year strip of bullish structure forward contract of US$1,000,000 with a bank during the year which due on 10 February 2014, of which the purpose is to manage the Group's foreign currency exposure in relation to its receivables arising from time to time denominated partly in US$. The strip bullish structure forward contract comprises non-deliverable settlement on a monthly basis, that is, measured at 24 different expiry dates, save for the event leading to the knock-out and termination of the contract as discussed below.

At each expiry date:

(i) if the Spot Rate is lower than or equal to the pivot rate (sell US$/buy RMB at 6.47 and at 6.42 for the first to twelfth month and thirteenth to twenty-fourth month respectively, the "Pivot Rate 2"), as specified in the contract, the Group would receive a predetermined fixed amount of US$3,000.

(ii) If the Spot Rate is higher than the Pivot Rate 2, the Group would pay to the bank a net settlement calculated based on the difference between the Spot Rate and Pivot Rate 2, settled in US$. There are no knock-out and termination features for losses.

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25. Derivative Financial Instruments (Continued)

Notes: (Continued)

(e) **Strip of bullish structure forward contract** (Continued)

During the year ended 31 March 2012, the fair value loss of HK$141,000 and income of HK$23,000 have been recognised in profit or loss. The fair values at 31 March 2012 which were calculated using the Monte Carlo simulation model and the major parameters adopted are recognised as below:

Spot Exchange rate	6.2962%
US$ Risk free rate	0.5535%
CNY Risk free rate	1.3320%
Historical volatility	2.0649%

The above derivatives were stated at fair values at 31 March 2012 based on valuation amount provided by valuation reports prepared by Greater China.

26. Held for Trading Investments

	2012 HK$'000	2011 HK$'000
Equity securities listed in Hong Kong	**3,576**	7,877

The amount was stated at fair value based on quoted market prices.

27. Pledged Bank Deposits, Time Deposits of Original Maturity of More Than Three Months 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 35).

The Group's pledged bank deposits of approximately HK$53,110,000 (2011: HK$15,711,000) and fixed bank deposits of HK$18,380,000 (2011: HK$17,207,000) are arranged at fixed rates for the year ended 31 March 2012 and carry average interest rates of 3.01% (2011: 1.07%) per annum and therefore subject to fair value interest rate risk which the directors of the Company considered as not significant. The remaining bank and cash balances carry interest at market rates and therefore exposed to cash flow interest rate risk.

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to approximately HK$53,110,000 (2011: HK$15,711,000) have been pledged to secure short-term bank loans and undrawn facilities and are therefore classified as current assets.

Time deposits of original maturity of more than three months of approximately HK$617,000 (2011: nil) are arranged at fixed rate of 3.3% per annum (2011: nil) and therefore subject to fair value interest rate risk which the directors of the Company considered is not significant.

Bank and cash balances, time deposits of original maturity of more than three months and pledged bank deposits of the Group amounted to approximately HK$117,853,000 (2011: HK$83,405,000) as at 31 March 2012, 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.

28. Trade and Bills Payables

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

	2012 HK$'000	2011 HK$'000
Trade payables:		
0 to 30 days	**42,322**	51,582
31 days to 90 days	**1,122**	675
Over 90 days	**1,255**	743
	44,699	53,000
Bills payables	**67,287**	15,732
	111,986	68,732

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 Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

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

	2012 HK$'000	2011 HK$'000
HK$	**14,932**	15,900
RMB	**97,054**	52,832
	111,986	68,732

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29. Amounts due from/to Non-Controlling Shareholders

	2012 HK$'000	2011 HK$'000
Amount due from a non-controlling shareholder of a subsidiary, Joy Honest	**3**	—

	2012 HK$'000	2011 HK$'000
Amounts due to non-controlling shareholders:		
The amount due is repayable as follows:		
Within one year	**9,223**	7,177
In the second year	**1,227**	1,180
In the third to fifth year, inclusive	**3,680**	4,723
After five years	**6,397**	4,977
	20,527	18,057
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(9,223)**	(7,177)
Amount due for settlement after 12 months	**11,304**	10,880

The amount of US$1,500,000 (equivalent to approximately HK$12,531,000) (2011: US$1,500,000 (equivalent to approximately HK$12,061,000)) due to a non-controlling shareholder of a subsidiary, Fully Chance Holdings Limited ("Fully Chance"), is unsecured and interest bearing at 5% per annum. The principal is repayable in ten annual installments (commencing on 11 June 2011) plus interest on the outstanding balance.

The amount of approximately HK$7,996,000 (2011: HK$5,996,000) due to a non-controlling interest of a subsidiary, Turbo Best Holdings Limited, is unsecured, non-interest bearing and repayable on demand.

30. Short-Term Bank Borrowings

	2012 **HK$'000**	2011 HK$'000
Trust receipts loans	**23,791**	38,238
Short-term bank loans	**86,025**	11,000
	109,816	49,238

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

The average interest rates at 31 March were as follows:

	2012	2011
Trust receipts loans	**2.34%**	2.03%
Short-term bank loans	**1.98%**	1.95%

At 31 March 2012 and 2011, all short-term bank borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

At 31 March 2012 and 2011, the short-term bank borrowings are secured by the following:

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

(ii) bank deposits and leasehold land and buildings situated in Hong Kong of the Group (note 35).

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31. Long-Term Borrowings

	2012 HK$'000	2011 HK$'000
Bank loans (note a)	**50,354**	9,689
Other loans (note b)	**9,868**	3,564
	60,222	13,253
Bank loans		
The bank loans are repayable as follows (note c):		
On demand or within one year	**10,506**	3,079
More than one year, but not exceeding two years	**20,372**	2,373
More than two years, but not exceeding five years	**19,476**	4,237
	50,354	9,689
Other loans		
The other loans are repayable as follows (note c):		
On demand or within one year	**2,467**	1,585
More than one year, but not exceeding two years	**7,401**	989
More than two years, but not exceeding five years	**—**	990
	9,868	3,564
Total long-term borrowings	**60,222**	13,253
Less: Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	**(15,372)**	(6,610)
Less: Amounts due within one year shown under current liabilities	**(12,973)**	(4,664)
Current portion	**(28,345)**	(11,274)
Non-current portion	**31,877**	1,979

31. Long-Term Borrowings (Continued)

(a) The bank loans are arranged at floating rates and expose the Group to cash flow interest rate risk. The average interest rate was 2.84% (2011: 1.7%) per annum at 31 March 2012.

At 31 March 2012 and 2011, the bank loans were secured by the following:

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

(ii) bank deposits and leasehold land and buildings situated in Hong Kong of the Group (note 35).

All the long-term bank loans are denominated in HK$.

(b) The other loans are arranged at fixed rate of 5% and expose the Group to fair value interest rate risk.

All the other loans are denominated in RMB.

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

32. Deferred Tax Liabilities

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

	Accelerated tax depreciation HK$'000	Fair value adjustment arising from acquisition of subsidiaries HK$'000	Total HK$'000
At 1 April 2010	1,789	—	1,789
Acquisition of subsidiaries	—	4,251	4,251
Credited to profit or loss (note 11)	(484)	(96)	(580)
Exchange difference	—	121	121
At 31 March 2011	1,305	4,276	5,581
(Credited) debited to profit or loss (note 11)	(442)	263	(179)
Exchange difference	—	171	171
At 31 March 2012	**863**	**4,710**	**5,573**

At the end of the reporting period, the Group had unused tax losses of approximately HK$17,423,000 (2011: HK$13,247,000) available for offset against future profits. No deferred tax asset has been recognised in respect of tax losses due to the unpredictability of future profit streams.

At the end of the reporting period, the Group has deductible temporary differences of approximately HK$9,406,000 (2011: HK$1,436,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

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33. Share Capital

	Note	Number of Shares '000	Amount HK$'000
Authorised:			
Ordinary shares of HK$0.01 each			
At 1 April 2010, 31 March 2011, 1 April 2011 and 31 March 2012		2,000,000	20,000
Issued and fully paid:			
Ordinary shares of HK$0.01 each			
At 1 April 2010		322,000	3,220
Issue of shares by placing	(a)	6,800	68
At 31 March 2011 and 1 April 2011		328,800	3,288
Issue of shares by placing	(b)	33,500	335
At 31 March 2012		**362,300**	**3,623**

Notes:

(a) On 20 May 2010, the Company issued 6,800,000 ordinary shares of HK$0.01 each to Rising Sun (HK) Industrial Holdings Company Limited as part of the consideration to acquire the 56.05% equity interest in a subsidiary, Fully Chance. The premium on the issue of shares amounting to approximately HK$7,820,000 was credited to the Company's share premium account.

(b) On 8 March 2012, the Company, Perfect Group and a placing agent entered into a placing agreement in respect of the placement of 33,500,000 ordinary shares (the "Placing Shares") of HK$0.01 each to independent investors at a placing price of HK$1.72 each (the "Placing"). On the same day, the Company also entered into a subscription agreement with Perfect Group pursuant to which Perfect Group has agreed to subscribe for the same number of the Placing Shares allotted by the Company (the "Subscription").

The Placing and the Subscription were completed on 13 March 2012 and 16 March 2012 respectively. The Company received net proceeds of approximately HK$53,105,000 from the Subscription after deducting the transaction cost of approximately HK$4,515,000. The premium net off transaction cost on the issue of shares amounting to approximately $52,770,000 which was credited to the Company's share premium account.

All the new shares rank pari passu with the existing shares in all respects.

34. 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 of the Company, 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 shall not in aggregate exceed 10% of all the issued shares upon completion of the share offer and the capitalisation issue during the placing and public offer as described in the prospectus of the Company dated 16 February 2009.

The Company may seek approval of the shareholders in a general meeting for refreshing the 10% limit under the Scheme save that the total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company under the limit as "refreshed" shall not exceed 10% of the total number of shares in issue as at the date of approval of the limit as "refreshed". Options previously granted under the Scheme or any other share option schemes of the Company (including options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the limit as "refreshed".

The aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not exceed 30% of the total number of shares in issue from time to time.

No options may be granted under the Scheme or any other share option scheme of the Company if it will result in such 30% being exceed.

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, 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.

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34. Share-Based Payments (Continued)

Share options maybe 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.

Details of the specific categories of options are as follows:

Grant date	6 January 2010	6 January 2010	6 January 2010	17 May 2010
Lot	1	2	3	4
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	17 May 2010 to 12 November 2010
Exercise period	6 January 2011 to 5 January 2020	6 January 2012 to 5 January 2020	6 January 2013 to 5 January 2020	13 November 2010 to 16 May 2020
Exercise price (note (b))	HK$1.18	HK$1.18	HK$1.18	HK$1.05
Price of the Company's shares at the date of grant (note (c))	HK$1.18	HK$1.18	HK$1.18	HK$1.05

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 of closing prices listed on the Stock Exchange 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.

34. Share-Based Payments (Continued)

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 2010	5,700,000	1.18	2,700,000	1.18	8,400,000	1.18
Lapsed during the year	(1,000,000)	1.18	–	–	(1,000,000)	1.18
Granted during the year	900,000	1.05	18,700,000	1.05	19,600,000	1.05
Outstanding at 31 March 2011	5,600,000	1.16	21,400,000	1.07	27,000,000	1.09
Exercisable at 31 March 2011	3,140,000	1.14	20,050,000	1.06	23,190,000	1.07
Outstanding at 1 April 2011	5,600,000	1.16	21,400,000	1.07	27,000,000	1.09
Cancelled during the year	–		(600,000)	1.18	(600,000)	1.18
Cancelled during the year	–		(15,700,000)	1.05	(15,700,000)	1.05
Lapsed during the year	–		(300,000)	1.18	(300,000)	1.18
Outstanding at 31 March 2012	5,600,000	1.16	4,800,000	1.10	10,400,000	1.13
Exercisable at 31 March 2012	4,370,000	1.15	4,395,000	1.09	8,765,000	1.12

No share options have been exercised during both years ended 31 March 2011 and 2012. The options outstanding at 31 March 2012 have a weighted average remaining contractual life of 7.91 years (2011: 8.79 years) and the exercise price of HK$1.12 (2011: HK$1.07).

At 31 March 2012, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 10,400,000 (2011: 27,000,000), representing 2.9% (2011: 8.2%) of the shares of the Company in issue at that date.

During the year ended 31 March 2012, share options of 16,300,000 with fair value of approximately HK$5,202,000 in aggregate recognised in profit or loss have been cancelled according to mutual agreement with the relevant employees and the directors of the Company.

Options shall be forfeited on the expiry of three months after the date of cessation of employment, but before the options vest. All the options forfeited before expiry of the options will be treated as cancelled option under the share option scheme.

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34. Share-Based Payments (Continued)

The estimated fair value of the options granted during the years ended 31 March 2011 and 2010 calculated using the Black-Scholes option pricing model was approximately HK$6,825,000 and HK$3,315,000 respectively. The inputs into the model were as follows:

Grant date	6 January 2010	6 January 2010	6 January 2010	17 May 2010
Lot	1	2	3	4
Option value	HK$0.3918	HK$0.3959	HK$0.3986	HK$0.3207
Total fair value	HK$1,563,000	HK$873,000	HK$879,000	HK$6,285,000
Share price at date of grant	HK$1.18	HK$1.18	HK$1.18	HK$1.05
Exercise price	HK$1.18	HK$1.18	HK$1.18	HK$1.05
Expected volatility	50.45%	49.61%	49.02%	52.08%
Risk-free interest rate	2.01%	2.10%	2.20%	1.75%
Expected life of options	5.5 years	6 years	6.5 years	5.24 years
Dividend yield	3.90%	3.90%	3.90%	4.38%

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.

35. Pledge of Assets

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

	2012 HK$'000	2011 HK$'000
Bank deposits (note 27)	**53,110**	15,711
Prepaid lease payments (note 16)	**16,063**	15,504
Property, plant and equipment (note 17)	**19,706**	20,000
	88,879	51,215

36 Retirement Benefits Schemes

Defined contribution plan

The Group operates a 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 2012 were approximately HK$4,912,000 (2011: HK$4,013,000). No forfeited contributions are available to reduce the contribution payable by the Group in the future years.

37. Acquisition of Subsidiaries

On 28 April 2010 ("date of acquisition"), the Group had acquired 56.05% equity interest in Fully Chance at a total consideration of approximately HK$17,327,000. The consideration was satisfied by cash payment of approximately HK$9,439,000 and the remaining balance was satisfied by the issue of 6,800,000 ordinary shares of the Company. As at the date of acquisition, the fair value of the consideration shares was approximately HK$7,888,000. 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 manufacturing and processing of paper board, paper boxes and high-class packaging paper in the PRC.

Acquisition-related cost of approximately HK$250,000 had been recognised as expenses in profit or loss for the year ended 31 March 2011.

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37. Acquisition of Subsidiaries (Continued)

The consolidated net assets acquired in the transaction and the gain on bargain purchase arising were as follows:

	Acquirees' carrying amounts before combination HK$'000	Fair value adjustments HK$'000	Fair value HK$'000
Net assets acquired:			
Prepaid lease payments	2,364	13,005	15,369
Property, plant and equipment	34,690	4,000	38,690
Inventories	11,604	—	11,604
Trade receivables	7,479	—	7,479
Prepayments, deposits and other receivables	14,002	—	14,002
Pledged bank deposits	2,689	—	2,689
Bank and cash balances	2,178	—	2,178
Trade and bills payables	(7,840)	—	(7,840)
Accruals and other payables	(31,905)	—	(31,905)
Long-term borrowings	(5,486)	—	(5,486)
Deferred tax liabilities	—	(4,251)	(4,251)
	29,775	12,754	42,529
Less: Non-controlling interests			(20,837)
Gain on bargain purchase			(4,365)
Total consideration			17,327
Satisfied by:			
Cash			9,439
6,800,000 ordinary shares of the Company			7,888
			17,327
Net cash outflow arising on acquisition:			
Consideration paid in cash			(9,439)
Less: cash and cash equivalents acquired			2,178
			(7,261)

The fair value of the consideration shares of the Company was determined on the basis of the closing market price of the Company's ordinary shares on the date of acquisition.

37. Acquisition of Subsidiaries (Continued)

The Group recognised a gain on bargain purchase of approximately HK$4,365,000 in the business combination. The business combination results in a gain on bargain purchase mainly because of the original shareholders' expectation for the future enhancement of Rising Sun's operation effectiveness that will be brought by the Group's expertise in the industry and the good relationship with major suppliers.

Fully Chance contributed approximately HK$82,141,000 to the Group's turnover and loss of approximately HK$4,756,000 to the Group's profit for the period between the date of acquisition and as at 31 March 2011.

If the acquisition had been completed on 1 April 2010, the Group's total turnover for the period would have been approximately HK$704,202,000, and profit for the year ended 31 March 2011 would have been approximately HK$15,804,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2010, nor is intended to be a projection of future results.

38. Major Non-Cash Transactions

(a) As disclosed in note 37, the Group had acquired 56.05% equity interest in Fully Chance by issuing the Company's ordinary shares as part of the consideration of HK$7,888,000. The net cash outflow of the transaction for the year ended 31 March 2011 was approximately HK$7,261,000.

(b) During the year ended 31 March 2012, the Group disposed 30% equity interest of Joy Honest to an independent third party at a consideration of HK$3,000. The consideration was set off through a current account with the independent third party.

39. Capital Commitments

The Group's capital commitments at the end of the reporting period are as follows:

	2012 HK$'000	2011 HK$'000
Capital expenditure contracted but not provided for:		
Purchase of property, plant and equipment	**83,493**	41,591
Purchase of investment properties	**56,322**	—
	139,815	41,591
Capital expenditure authorised but not contracted for:		
Additional capital contribution into Think Speed	**25,700**	—

40. Lease Commitments

The Group as lessee

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

	2012 HK$'000	2011 HK$'000
Within one year	**19,035**	18,498
In the second to fifth year, inclusive	**44,195**	44,876
After fifth year	**75,695**	82,838
	138,925	146,212

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40. Lease Commitments (Continued)

The Group as lessee (Continued)

Operating lease payments represent rentals payable by the Group for certain land and buildings and motor vehicles. Leases are negotiated for terms ranged from 1 to 30 years and rentals are fixed over the lease terms and do not include contingent rentals.

The Group as lessor

At 31 March 2011, the Group had contracted with a tenant for a future minimum lease payment within one year amounting to approximately HK$261,000. No such contract with a tenant was entered into by the Group during the year ended 31 March 2012.

41. Related Party Transactions

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

	2012 HK$'000	2011 HK$'000
Rental in respect of land and buildings paid to a related company owned by Mr. CHONG and Mr. CHONG Wa Pan who are also the directors of the Company (note (i))	**408**	408
Rental in respect of land and buildings paid to a related company owned by Mr. CHONG (note (ii))	**1,995**	1,900
Transportation fee paid to a related company owned by a close family member of Mr. CHONG (note (iii))	**610**	2,071

Notes:

(i) Tenancy agreement with a related company
In 2011, the Group entered into tenancy agreements with a company owned by Mr. CHONG and Mr. CHONG Wa Pan, for the lease of office premises for a term of one year commencing from 1 April 2011 until 31 March 2012 at prevailing market rates. Transactions were conducted with terms mutually agreed with the contracting parties pursuant to signed agreements.

(ii) Tenancy agreement with a related company
In 2009, the Group entered into tenancy agreements with a company owned by Mr. CHONG, for the lease of staff quarter, plant and office premises for a term of three years commencing from 30 September 2009 until 29 September 2012 at prevailing market rates. Transactions were conducted with terms mutually agreed with the contracting parties pursuant to signed agreements.

(iii) Transaction was conducted with terms mutually agreed with the contracting parties pursuant to signed agreements.

(b) The emoluments of the directors of the Company (representing key management personnel) during the year are set out in note 13(a).

42. Particulars of Subsidiaries

Particulars of the subsidiaries as at 31 March 2012 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	BVI	Ordinary US$1	100%	Investment holding/HK
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%	Investment holding/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 Packing Products (Shenzhen) Company Limited	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)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$30,000,000 (2011: HK$21,500,000)	100%	Trading and manufacturing of corrugated paperboards and paper-based packaging products/PRC

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42. Particulars of Subsidiaries (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 (Continued)				
Grade View Enterprises Group Limited	BVI	Ordinary US$1,000	100%	Investment holding/HK
* 惠州錦勝包裝有限公司 Huizhou Come Sure Packing Company Limited	PRC wholly foreign owned enterprise	Registered capital and paid up capital HK$47,000,000	100%	Not yet commenced business/ PRC
Joy Honest Holdings Limited	Hong Kong	Ordinary HK$10,000	70% (2011: 100%)	Inactive/HK
Keen Rise International Development Limited	Hong Kong	Ordinary HK$100	100%	Trading of corrugated paperboards and paper-based packaging products/HK
Luck Sea Investment Limited	Hong Kong	Ordinary HK$1,000,000	100%	Provision of management service/HK
Speedy Concept Development Limited	Hong Kong	Ordinary HK$5,000	100%	Investment Holding/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$51,000,000 (2011: HK$47,000,000)	100%	Trading and manufacturing of offset printed corrugated paper-based packaging products/PRC
Wah Ming International Limited	Hong Kong	Ordinary HK$2,000,000	100%	Trading and manufacturing of offset printed corrugated paper-based packaging products/PRC
* 錦勝包裝(泉州)有限公司 Come Sure Packing Products (Quanzhou) Co., Ltd	PRC wholly foreign owned enterprise	Registered capital and paid up capital HK$19,500,000 (2011: HK$14,500,000)	60%	Investment Holding/PRC
Mass Winner Holdings Limited	Hong Kong	Ordinary HK$6,000	100%	Investment Holding/HK
Turbo Best Holdings Limited	Hong Kong	Ordinary HK$10,000	60%	Investment Holding/HK
Fully Chance Holdings Limited	Hong Kong	Ordinary HK$10,000	56%	Investment Holding/HK

42. Particulars of Subsidiaries (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 (Continued)				
* 江西錦勝包裝有限公司 Jiangxi Come Sure Packing Company Limited	PRC wholly foreign owned enterprise	Registered capital HK$80,000,000 Paid up capital HK$22,000,000 (2011: HK$12,000,000)	100%	Investment Holding/PRC
協升紙業(江西)有限公司 Rising Sun Paper (Jiangxi) Co., Limited	PRC sino-foreign joint venture enterprise	Registered capital and paid up capital HK$31,200,000	51%	Trading and manufacturing of offset printed corrugated paper-based packaging products/PRC
Fortune Port Technology Limited	BVI	Ordinary US$1	100%	Investment holding/HK
Wise Luck International (HK) Limited	Hong Kong	Ordinary HK$10,000	100%	Property investment holding/HK
Smart Profit Capital Investment Limited	Hong Kong	Ordinary HK$10,000	100%	Property investment holding/HK
* 華銘紙業(深圳)有限公司 Wah Ming Paper Industrial (Shenzhen) Company Limited	PRC wholly foreign owned enterprise	Registered capital HK$25,000,000 Paid up capital HK$5,000,000	100%	Inactive/PRC
Mass Linker Limited	Hong Kong	Ordinary HK$10,000	100%	Investment holding/HK

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

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43. Statement of Financial Position of the Company

	2012 HK$'000	2011 HK$'000
Non-current asset		
Investments in subsidiaries (Note (a))	**201,321**	172,506
Current assets		
Prepayments, deposits and other receivables	**3,540**	590
Amounts due from subsidiaries (Note (b))	**200,485**	181,719
Bank balances	**2,633**	7,539
	206,658	189,848
Current liabilities		
Accruals and other payables	**–**	160
Amounts due to subsidiaries (Note (b))	**11,564**	39,494
Financial guarantee contracts (Note (c))	**33,516**	18,334
	45,080	57,988
Net current assets	**161,578**	131,860
NET ASSETS	**362,899**	304,366
Capital and reserves		
Share capital	**3,623**	3,288
Reserves (Note (d))	**359,276**	301,078
TOTAL EQUITY	**362,899**	304,366

43. Statement of Financial Position of the Company (Continued)

Notes:

(a) **Investments in subsidiaries**

	2012 HK$'000	2011 HK$'000
Unlisted investment, at cost	**141,631**	141,631
Deemed capital contribution to subsidiaries	**59,690**	30,875
	201,321	172,506

(b) **Amounts due from/to subsidiaries**

The amounts are unsecured, interest-free and repayable on demand.

(c) **Financial guarantee contracts**

At 31 March 2012, the Company has issued guarantees of approximately HK$903,907,000 (2011: HK$492,000,000) and unlimited corporate guarantees to banks in respect of the banking facilities granted to eleven (2011: eleven) subsidiaries of the Group.

The directors of the Company 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$160,170,000 (2011: HK$58,927,000).

(d) **Reserves**

	Share premium HK$'000	Special reserve HK$'000	Warrant reserve HK$'000	Share-based payment reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2010	132,622	141,681	—	474	19,976	294,753
Loss for the year	—	—	—	—	(1,203)	(1,203)
Issue of shares by allotment, net (note 33(a))	7,820	—	—	—	—	7,820
Share-based payments	—	—	—	7,928	—	7,928
Dividend recognised as distribution (note 14)	—	—	—	—	(8,220)	(8,220)
At 31 March 2011	140,442	141,681	—	8,402	10,553	301,078
At 1 April 2011	140,442	141,681	—	8,402	10,553	301,078
Profit for the year	—	—	—	—	16,335	16,335
Issue of shares by placing, net (note 33(b))	52,770	—	—	—	—	52,770
Cancellation of share-based payments	—	—	—	(5,219)	53	(5,166)
Warrant placing, net	—	—	40	—	—	40
Share-based payments	—	—	—	466	—	466
Dividend recognised as distribution (note 14)	—	—	—	—	(6,247)	(6,247)
At 31 March 2012	**193,212**	**141,681**	**40**	**3,649**	**20,694**	**359,276**

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44. Events after the Reporting Period

(a) As at 31 March 2012, the Group has entered into provisional agreements for the acquisition of investment properties and deposits of HK$7,849,000 has been paid. Subsequent to 31 March 2012, the Group has entered into assignments for these investment properties with the payment of remaining consideration and transaction cost of HK$56,320,000 and approximately HK$1,113,000 respectively. The Group has paid approximately HK$29,935,000 in cash and arranged mortgage loans for the remaining balance of HK$27,500,000.

(b) Referring to the acquisition of Think Speed Group as detailed in note 20(a), subsequent to the end of reporting period, on 4 May 2012, the Group has entered into an agreement (the "Agreement 1") with the Vendor 1 and three of the ultimate beneficial owners of the Vendor 1 (collectively referred to as the "Guarantors"), to confirm the acquisition in Think Speed Group at a consideration of HK$35,700,000, which shall be satisfied by a combination of cash payment of HK$14,560,000 and the allotment of 10,570,000 new shares of the Company at HK$2 each per share amounted to HK$21,140,000.

Pursuant to a supplementary agreement (the "Supplementary Agreement 1") entered on 21 June 2012, the Group, the Vendor 1 and the Guarantors have agreed to vary certain terms and conditions of the Agreement 1.

On 21 June 2012, all the conditions precedent under the Agreement 1 have been fulfilled and the cash payment of HK$14,560,000 has been paid on 22 June 2012. The acquisition has been completed after the execution of the Supplementary Agreement 1 and thereafter, Think Speed Group has become subsidiaries of the Company.

Details of the acquisition are set out in the Company's announcement dated 10 November 2011, 6 January 2012, 4 May 2012, 18 June 2012 and 21 June 2012.

The directors of the Company consider that Think Speed Group will offer a good opportunity for the Group to enter into the rapid growing online games, internet and mobile internet business.

Because the acquisition of Think Speed Group was effected shortly before the date of the approval of these financial statements, it is not practicable to disclose further details about the acquisition.

45. Comparative Amounts

Certain comparative amounts have been reclassified to conform with the current year's presentation.