



COME SURE Group (Holdings) Limited

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

INTERIM REPORT 2012





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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
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Wanchai
Hong Kong

REGISTERED OFFICE

Clifton House
75 Fort Street
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Grand Cayman
KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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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

Corporate Information

AUTHORISED PERSON TO ACCEPT SERVICE OF PROCESS AND NOTICE UNDER PART XI OF THE COMPANIES ORDINANCE

Mr. CHONG Wa Ching

MEMBERS OF AUDIT COMMITTEE

Mr. LAW Tze Lun (*Chairman*)

Mr. CHAU On Ta Yuen

Ms. TSUI Pui Man

MEMBERS OF REMUNERATION COMMITTEE

Ms. TSUI Pui Man (*Chairman*)

Mr. CHAU On Ta Yuen

Mr. LAW Tze Lun

Mr. CHONG Wa Pan

MEMBERS OF NOMINATION COMMITTEE

Ms. TSUI Pui Man (*Chairman*)

Mr. CHAU On Ta Yuen

Mr. LAW Tze Lun

Mr. CHONG Wa Pan

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

HSBC Main Building
1 Queen's Road Central
Hong Kong

Standard Chartered Bank (Hong Kong) Limited
Standard Chartered Bank Building
4-4A Des Voeux Road Central
Hong Kong

Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

DBS Bank (Hong Kong) Limited
G/F, The Centre
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

Management Discussion and Analysis

INDUSTRY REVIEW

During the six months ended 30 September 2012 ("the Period"), the European debt crisis and slow-paced recovery in the U.S. was still negatively affecting the global economy, including major economic countries such as China, while its export orders were also affected. Under such economic conditions, China's economic growth slowed down while the GDP growth slightly decreased to 7.8% during the first half of 2012, according to the National Bureau of Statistics of China. The production volume of corrugated paper packaging products reached 12.7 million tons during the first half of 2012 according to China Market Research Reports and Consulting Services Platform, which shows a stable performance of the industry.

BUSINESS REVIEW

The turnover slightly decreased during the Period, which was mainly caused by the decrease of the product price as a result of decrease in raw paper price as well as the overall slowdown of industry growth. The revenue generated from the PRC domestic sales grew by approximately 2.3%, and the revenue generated from domestic delivery export and direct export sales to Hong Kong dropped by approximately 2.0% and 14.2% respectively as compared to the same period last year.

Our Group continued to provide quality products to our high-end customers during the Period. These customers required structural packaging design which enables us to get a higher margin compared to normal corrugated paper packaging products. As a result, the gross profit and gross profit margin were improved during the Period due to increase in proportion of sales in these high value-added products.

Our Huidong plant is in operation since April 2012 with the production capacity of 100 million square metres of corrugated paper-board and 100 million of pieces of corrugated paper packaging products, which aimed at relieving the production burden on Shenzhen plants as it can serve the customers in Guangdong area, and reduce logistic costs when serving its nearby customers who are not near Shenzhen geographically.

During the Period, the Group continued its internal control measures and effectively implemented the products, customers and markets mix restructuring, which enable the Group to improve its results and keep a solid foundation in a fluctuating economy.

RESULT OF OPERATION

	For the six months ended 30 September			
	2012		2011	
	HK\$'000	(%)	HK\$'000	(%)
PRC domestic sales	193,515	48.5	189,132	47.2
Domestic delivery export	186,311	46.7	190,039	47.4
Direct export	18,658	4.8	21,736	5.4
	<u>398,484</u>		<u>400,907</u>	
Gross profit margin		20.1		17.8
Net profit margin [#]		2.7		2.7

[#] net profit ratio before other gains and losses and share-based payment.

Management Discussion and Analysis

REVENUE

For the six months ended 30 September 2012, the revenue of the Group remained stable, amounting to approximately HK\$398.5 million, as compared to approximately HK\$400.9 million for the same period last year.

Guangdong operation

The revenue generated from the operations in Guangdong remained stable, amounting to approximately HK\$352.0 million, as compared to HK\$351.6 million for the corresponding period in 2011. During the Period, the Group continued its effort on developing specialized and structural designed packaging, and as a result, the revenue generated from printed cartons and other paper-wares lifted up by 7.6% from approximately HK\$262.9 million to approximately HK\$282.9 million with an increase in the sales volume by 11.0% and a slight decrease in average selling price by 3.0%.

Jiangxi operation

The operation in Jiangxi contributed to the Group's revenue of approximately HK\$46.5 million, representing a decrease by 5.7% as compared to approximately HK\$49.3 million for the corresponding period in 2011.

GROSS PROFIT

During the Period, the gross profit for the Group increased by 12.0% from approximately HK\$71.4 million in 2011 to approximately HK\$80.0 million in 2012, and the Group's gross profit margins improved from 17.8% to 20.1%. The increases in gross profit and gross profit margin were mainly attributable to the change in sales mix, in which the proportion of the sales on carton and other paperwares and high value-added products had increased. Meanwhile, the internal cost control on raw paper is also significant to the improvement of gross profit.

Guangdong operation

The gross profit attributable to the operation of Guangdong increased from approximately HK\$64.4 million in last corresponding period to approximately HK\$70.9 million for the Period, and the gross profit margin also improved from 18.3% to 20.1%.

Jiangxi operation

With the success in shifting the sales from relatively lower margin paper board to high value-added paper-ware products and effective cost control, the performance of Jiangxi operation had improved significantly as compared with the corresponding period last year. The gross profit and gross margin of the operation in Jiangxi increased from approximately HK\$7.0 million and 14.3% in 2011 to approximately HK\$9.1 million and 19.7% in 2012.

Management Discussion and Analysis

SELLING AND ADMINISTRATIVE EXPENSES

The selling and distribution expenses increased by 7.0% from approximately HK\$18.5 million in the same period last year to approximately HK\$19.8 million during the Period. The increase was mainly attributable to the rise of goods delivery expenses.

The administrative expenses increased by 18.8% from approximately HK\$40.0 million in the same period last year to approximately HK\$47.5 million during the Period, which was mainly due to the increase in salaries and allowance and approximately HK\$1.9 million of expenses from Think Speed Group Limited ("TSG").

FINANCE COSTS

Finance costs increased from approximately HK\$1.4 million for the same period last year to approximately HK\$3.5 million for the Period. The average bank borrowings increased due to the working capital requirement and financing of plants and machinery and investment properties, and approximately HK\$0.7 million are interests of other loans made for the Jiangxi operation.

WORKING CAPITAL

	30 September 2012	31 March 2012
Trade and bills receivables	87	83
Trade and bills payables	58	52
Inventories	49	48
Cash conversion cycle [#]	78	79

[#] Trade receivable turnover days + Inventories turnover days – Trade payables turnover days

Trade and bills receivables reached approximately HK\$193.9 million as at 30 September 2012, which slightly increased by 4.0% as compared to that of approximately HK\$186.4 million as at 31 March 2012. Trade receivables turnover days increased by 4 days from 83 days as at 31 March 2012 to 87 days as at 30 September 2012, which was mainly due to the increase in sales during the peak season near the end of the Period.

Trade and bills payables decreased from approximately HK\$112.0 million as at 31 March 2012 to approximately HK\$88.2 million as at 30 September 2012, which was mainly due to the decrease in raw materials price. However, the trade payables turnover days increased by 6 days to 58 days compared to 52 days as at 31 March 2012, which represented the effective funds management adopted by the Group in order to match the longer trade and bills receivables period.

Inventories carried a total worth of approximately HK\$75.5 million as at 30 September 2012 compared to approximately HK\$93.5 million as at 31 March 2012. The inventories turnover remained stable at 49 days compared to 48 days as at 31 March 2012, which reflects that the Group has maintained a stringent inventory control to reduce the holding risk.

The cash conversion cycle of the Group was maintained at 78 days as at 30 September 2012 compared to 79 days as at 31 March 2012.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

	30 September 2012	31 March 2012
Current ratio	1.4	1.7
Gearing ratio	26.3%	18.3%

During the Period, the working capital of the Group was mainly funded by the cash flow from operating activities and bank borrowings. As at 30 September 2012, the Group's total cash and cash equivalents were mostly denominated in Hong Kong dollars and Renminbi. The bank balances and cash amounted to approximately HK\$112.7 million (as at 31 March 2012: approximately HK\$102.3 million), excluding pledged deposit of approximately HK\$28.7 million (as at 31 March 2012: approximately HK\$53.1 million).

The current assets decreased from approximately HK\$568.9 million as at 31 March 2012 to approximately HK\$543.6 million as at 30 September 2012. The current liabilities increased from approximately HK\$339.0 million as at 31 March 2012 to approximately HK\$390.0 million as at 30 September 2012. Current ratio (current assets divided by current liabilities) decreased from 1.7 as at 31 March 2012 to 1.4 as at 30 September 2012.

Total outstanding bank and other borrowings of the Group, which were denominated in Hong Kong dollar and Renminbi, increased from approximately HK\$170.0 million as at 31 March 2012 to approximately HK\$268.0 million as at 30 September 2012. The gearing ratio (total bank loans and other borrowings divided by total assets) increased from 18.3% as at 31 March 2012 to 26.3% as at 30 September 2012. During the Period, all bank borrowings of the Group carried floating interest rates and were secured, of which approximately HK\$182.4 million was repayable within one year and approximately HK\$77.1 million was repayable within two to more than five years, whereas the other loans carried a fixed interest rate of 5.0% and were unsecured and repayable within one year.

As at 30 September 2012, the Group maintained a sound liquidity position and had sufficient cash and banking facilities to meet its working capital requirement for 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 member of the Group. During the Period, the Group entered into certain pivot forward contracts amounted to US\$6.0 million and increased the Renminbi deposit to reduce the exchange risk 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 30 September 2012, the Group pledged certain assets including bank deposits, prepaid land lease payment and buildings with aggregate net book value of approximately HK\$161.1 million (as at 31 March 2012: approximately HK\$88.9 million) to secure banking facilities granted to the Group.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at 30 September 2012, the Group's capital expenditure contracted but not provided for regarding to property, plant and equipment was approximately HK\$3.5 million (as at 31 March 2012: approximately HK\$83.5 million).

As at 30 September 2012, the Group had no significant contingent liabilities (as at 31 March 2012: Nil).

Management Discussion and Analysis

SIGNIFICANT INVESTMENT HELD AND MATERIAL ACQUISITION AND DISPOSAL

Acquisition of online games and synchronization software businesses

On 4 May 2012, the Group entered into a sales and purchase agreement to acquire 51% interest of TSGL with a total consideration of HK\$35.7 million. On 21 June 2012, the acquisition of TSGL was completed.

TSGL 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 Company Limited) 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 the announcements of the Company dated 10 November 2011, 6 January 2012, 4 May 2012, 18 June 2012 and 21 June 2012 and note 14 to the condensed financial statement of this report for details.

EMPLOYEES AND REMUNERATION

As at 30 September 2012, the Group employed approximately 1,428 employees (as at 31 March 2012: approximately 1,711). Competitive remuneration packages and relevant training were offered to employees.

Total staff cost including directors' emolument amounted to approximately HK\$54.6 million (six months ended 30 September 2011: approximately HK\$43.0 million). Salaries are reviewed annually based on merit, working performance and the prevailing market condition. The Group may also grant share options and discretionary bonuses to eligible employees based on the individual performance and the Group's results.

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

PROSPECTS

It is expected that the sluggish global economy will continue to negatively affect the paper packaging industry in the PRC for 2012. However, the Group will adopt a prudent approach in cost control, and will extend our business network to other provinces in the PRC, with a view to securing more orders and increasing the sales amount of the Group.

The industry is engaging metabolism while some smaller manufacturers were not able to maintain its business amid such economic environment. Therefore, some of the sales order from this small manufacturers may be occupied by larger manufacturers, and as a results, the Group will be benefited from this market situation.

The production capacity of the Group will remain a steady growth given that the Huidong plant has commenced operation, and the Fujian plant will also start operating in the year of 2013 or 2014. The Fujian plant will mainly produce corrugated paper-board with annual production capacity of approximately 100 million square meters. Upon the commencement of operation of the Fujian plant, the total production capacity of the Group will reach more than 500 million square meters of corrugated paper-board and more than 400 million pieces of corrugated paper packaging products.

In addition, the acquisition of the controlling interest in TSGL as mentioned under the above section headed "Significant Investment Held and Material Acquisition and Disposal" represented a significant milestone to the Group. As nowadays smart phones become even more popular with the continuing launch of new versions, the Group will strive for the opportunities to develop its market share in this industry. The new business is high value-added but requires a longer period to develop before it becomes mature. However, the Directors consider that this investment was strategically made and sound return is expected to be generated to support the future growth of the Group.

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES

As at 30 September 2012, the interests and short positions of the directors of the Company ("Directors") or chief executives of the Company in the shares (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/ underlying 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 granted to the respective Directors under the share option scheme of the Company. Each share option shall entitle the holder thereof to subscribe for one Share.

Other Information

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:

- The entire issued shares of Perfect Group Version Limited ("Perfect Group") are held by Jade City Assets Limited, which in turn is held by HSBC International Trustee Limited acting as the trustee of the CHONG Family Trust. The CHONG Family Trust is an irrevocable discretionary trust set up by Mr. CHONG Kam Chau as settlor and HSBC International Trustee Limited as trustee on 2 February 2009. The beneficiaries of the CHONG Family Trust include Mr. CHONG Kam Chau, Ms. CHAN Po Ting, Mr. CHONG Wa Pan, Mr. CHONG Wa Ching and Mr. CHONG Wa Lam and the issues of Mr. CHONG Wa Pan, Mr. CHONG Wa Ching and Mr. CHONG Wa Lam.
- Mr. CHONG Kam Chau is the founder, 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.
- 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, 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 all the 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 30 September 2012.

Other Information

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2012, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in the Shares

Name	Capacity/Nature	Number of shares	Percentage of issued Shares (approximately)
Perfect Group (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%
Ms. Yuen Chung Yan (Note 5)	Family interests	216,030,000	59.63%
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:

- The entire issued shares of Perfect Group are held by Jade City Assets Limited, 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.
- Such Shares are held by Perfect Group, the entire issued shares of which are held by Jade City Assets Limited. The entire issued capital of Jade City Assets Limited is held by HSBC International Trustee Limited acting as the trustee of the CHONG Family Trust.
- 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.
- Ms. HUNG Woon Cheuk (formerly known as HUNG Shan Shan), 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.
- Ms. YUEN Chung Yan, the spouse of Mr. CHONG Wa Ching, is deemed or taken to be interested in the interests held by Mr. CHONG Wa Ching under the SFO.

Other Information

PURCHASE, SALES OR REDEMPTION OF COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2012, the Company and its subsidiaries had not purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

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

The Company has complied with the code provisions set out in the Appendix 14 — Corporate Governance Code (the "Code") to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the six months period ended 30 September 2012, save and except for the deviation set out below:

The Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meetings. However, two independent non-executive Directors were unable to attend the annual general meeting of Company held on 3 September 2012 due to other important engagements.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the standard for securities transactions by Directors.

All the members of the Board have confirmed, following specific enquiries by the Company, that they had complied with the required standards set out in the Model Code throughout the six months ended 30 September 2012.

AUDIT COMMITTEE

The main duties of the Audit Committee are to consider the relationship of external auditors, to review the financial statements of the Group, and to oversee the Group's financial reporting system and internal control procedures. The Audit Committee consists of three independent non-executive Directors, namely Mr. LAW Tze Lun, who is also the Chairman of the Audit Committee, Mr. CHAU On Tat Yuen and Ms. TSUI Pui Man.

The Audit Committee has reviewed with management this interim report and the unaudited consolidated financial statements of the Group for the six months ended 30 September 2012, including the accounting principles and practices adopted, internal controls and financial reporting matters.

Other Information

SHARE OPTION SCHEME

Details of the share options outstanding as at 30 September 2012 under the Share Option Scheme are as follows:

Name or category of grantees	Date of grant	Exercisable period	Exercise price (HK\$) (Note 1)	Share options held on 31 March 2012	Share options granted during the period	Share options exercised during the period	Share options cancelled/ lapsed during the period	Share options held as at 30 September 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
Independent Non-executive Directors of the Company (Note 1)								
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
Seven other eligible participants of the Group								
	6 January 2010	6 January 2011 to 5 January 2020	1.18	540,000	-	-	-	540,000
	6 January 2010	6 January 2012 to 5 January 2020	1.18	405,000	-	-	-	405,000
	6 January 2010	6 January 2013 to 5 January 2020	1.18	405,000	-	-	-	405,000
	17 May 2010	13 November 2010 to 16 May 2020	1.05	3,000,000	-	-	-	3,000,000
				4,350,000	-	-	-	4,350,000
Three other eligible participants of the Group (Note 1 & 2)								
	6 January 2010	6 January 2011 to 5 January 2020	1.18	450,000	-	-	(300,000)	150,000
				450,000	-	-	(300,000)	150,000
				10,400,000	-	-	(300,000)	10,100,000

Other Information

SHARE OPTION SCHEME *(Continued)*

Notes:

1. All the share options granted to the three independent non-executive Directors and three other eligible participants of the Group on 6 January 2010 would vest on the first anniversary of the date(s) on which they respectively accepted the grant of share options (the "Acceptance Date").
2. Two employees had retired from the senior management of the Group and their last working day was 30 June 2012. Pursuant to the Share Option Scheme of the Company, all options granted to an employee lapsed on the expiry of 3 months after the date of cessation of employment (i.e. 30 September 2012).
3. Save as disclosed in Note (1) above, 40% of the remaining share options granted on 6 January 2010 would vest on the first anniversary of the Acceptance Date(s), the remaining 60% would vest as to 30% on each of the second anniversary and the third anniversary of the Acceptance Date(s), such that the share options granted will be fully vested on the third anniversary of the Acceptance Date(s). All the share options granted on 17 May 2010 would vest on the 180th day after the Acceptance Date(s).

EVENTS AFTER THE REPORTING PERIOD

Acquisition of property

Subsequent to 30 September 2012, the Group has entered into a provisional sale and purchase agreement and a formal agreement on 16 October 2012 and 31 October 2012 respectively, in relation to the acquisition of properties in Hong Kong for a purchase price in the amount of HK\$63,980,000 ("Purchase Price").

It is estimated that the Purchase Price together with such stamp duty, property agent commission, registration fee, legal costs and other expenses will put the total costs of the Property at approximately HK\$67,448,000.

An initial deposit of HK\$2,000,000 has been paid upon signing of the provisional agreement; and a further deposit of HK\$4,398,000 has been paid on 31 October 2012.

Details of the acquisition are set out in the Company's announcement dated 16 October 2012.

PUBLIC FLOAT

As far as the Company is aware, more than 25% of the issued shares of the Company were held in public hands as at 30 September 2012.

Condensed Consolidated Income Statement

For the six months ended 30 September 2012

	Note	Six months ended 30 September	
		2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited) (Restated)
Turnover	3	398,484	400,907
Cost of goods sold		(318,476)	(329,461)
Gross profit		80,008	71,446
Other income		2,991	761
Other gains and losses	4	(1,624)	(5,566)
Selling expenses		(19,825)	(18,530)
Administrative expenses		(47,459)	(40,424)
Other operating expenses		(299)	(53)
Share-based payment		(166)	(301)
Profit from operations		13,626	7,333
Finance costs	5	(3,485)	(1,358)
Profit before tax		10,141	5,975
Income tax expense	6	(1,362)	(1,253)
Profit for the period	7	8,779	4,722
Attributable to:			
Owners of the Company		9,766	6,614
Non-controlling interests		(987)	(1,892)
		8,779	4,722
Earnings per share	8		
Basic and diluted		2.70 cents	2.01 cents
Dividends	9	–	–

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2012

	Six months ended 30 September	
	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited) (Restated)
Profit for the period	8,779	4,722
Other comprehensive (expense) income:		
Exchange differences on translating foreign operations	(4,177)	14,322
Net gain (loss) from cash flow hedge	66	(1,163)
Other comprehensive (expense) income for the period, net of tax	(4,111)	13,159
Total comprehensive income for the period	4,668	17,881
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	5,812	19,174
Non-controlling interests	(1,144)	(1,293)
	4,668	17,881

Condensed Consolidated Statement of Financial Position

At 30 September 2012

	Note	30 September 2012 HK\$'000 (unaudited)	31 March 2012 HK\$'000 (audited)
Non-current assets			
Prepaid lease payments		57,768	58,920
Property, plant and equipment	10	259,273	253,759
Investment properties		98,037	420
Intangible assets		20,566	–
Goodwill		11,613	–
Deposits paid for prepaid lease payments		12,534	12,645
Deposits paid for acquisition of property, plant and equipment		10,752	11,514
Deposits paid for acquisition of investment properties		–	7,849
Deposits paid for acquisition of subsidiaries		–	10,000
Available-for-sale investment		5,000	5,000
Derivative financial instruments		–	824
Club membership		366	366
		475,909	361,297
Current assets			
Inventories		75,454	93,528
Trade and bills receivables	11	193,919	186,447
Deposits paid for acquisition of subsidiaries		20,000	20,000
Prepayments, deposits and other receivables		40,271	32,071
Amount due from a non-controlling shareholder	13	17	3
Prepaid lease payments		1,269	1,280
Tax recoverable		11,113	11,113
Financial assets designated as at fair value through profit or loss		57,490	64,899
Derivative financial instruments		63	15
Held for trading investments		2,648	3,576
Pledged bank deposits		28,655	53,110
Time deposits of original maturity of more than three months		–	617
Bank and cash balances		112,723	102,276
		543,622	568,935
Current liabilities			
Trade and bills payables	12	88,204	111,986
Accruals and other payables		74,636	78,652
Dividend payables		2	–
Amounts due to non-controlling shareholders	13	9,212	9,223
Short-term bank borrowings		159,506	109,816
Current tax liabilities		319	741
Derivative financial instruments		–	277
Current portion of long-term borrowings		58,091	28,345
		389,970	339,040
Net current assets		153,652	229,895
Total assets less current liabilities		629,561	591,192
Non-current liabilities			
Amounts due to non-controlling shareholders	13	11,205	11,304
Long-term borrowings		50,374	31,877
Deferred tax liabilities		8,697	5,573
Derivative financial instruments		1,330	141
		71,606	48,895
NET ASSETS		557,955	542,297
Capital and reserves			
Share capital	15	3,623	3,623
Reserves		532,416	522,933
Equity attributable to owners of the Company		536,039	526,556
Non-controlling interests		21,916	15,741
TOTAL EQUITY		557,955	542,297

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2012

(Unaudited)

Attributable to owners of the Company

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Share-based payment reserve HK\$'000	Foreign currency translation reserve HK\$'000	Warrant reserve HK\$'000	Statutory reserve HK\$'000	Hedging reserve HK\$'000	Contingent consideration		Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
									Other reserve HK\$'000	consideration reserve 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
Total comprehensive income (expense) for the period (Restated)	-	-	-	-	13,723	-	-	(1,163)	-	-	6,614	19,174	(1,293)	17,881
Disposal of partial equity interests in a subsidiary (Restated)	-	-	-	-	-	-	-	-	9	-	-	9	(6)	3
Share option lapsed	-	-	-	(18)	-	-	-	-	-	-	18	-	-	-
Share-based payments	-	-	-	301	-	-	-	-	-	-	-	301	-	301
Dividend paid	-	-	-	-	-	-	-	-	-	-	(6,247)	(6,247)	-	(6,247)
Change in equity for the period	-	-	-	283	13,723	-	-	(1,163)	9	-	385	13,237	(1,299)	11,938
At 30 September 2011	3,288	140,442	105,309	8,685	65,219	-	18,126	(1,163)	9	-	124,517	464,432	17,597	482,029
At 1 April 2012	3,623	193,212	105,309	3,649	68,219	40	19,106	(66)	9	-	133,455	526,556	15,741	542,297
Total comprehensive income (expense) for the period	-	-	-	-	(4,020)	-	-	66	-	-	9,766	5,812	(1,144)	4,668
Acquisition of additional equity interest in a subsidiary from non-controlling shareholders	-	-	-	-	-	-	-	-	(9)	-	-	(9)	12	3
Acquisition of subsidiaries (note 14)	-	-	-	-	-	-	-	-	-	7,861	-	7,861	7,307	15,168
Final Dividend of 2012	-	-	-	-	-	-	-	-	-	-	(4,348)	(4,348)	-	(4,348)
Share option lapsed and cancelled	-	-	-	(118)	-	-	-	-	-	-	118	-	-	-
Recognition of share-based payments	-	-	-	167	-	-	-	-	-	-	-	167	-	167
Change in equity for the period	-	-	-	49	(4,020)	-	-	66	(9)	7,861	5,536	9,483	6,175	15,658
As of 30 September 2012	3,623	193,212	105,309	3,698	64,199	40	19,106	-	-	7,861	138,991	536,039	21,916	557,955

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2012

	Note	Six months ended 30 September	
		2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES			
		(227)	21,341
Purchases of property, plant and equipment	10	(21,701)	(66,957)
Purchases of investment properties		(89,768)	—
Proceeds from disposals of property, plant and equipment		—	131
Net cash outflow from acquisition of subsidiaries	14	(14,166)	—
Decrease/(increase) in pledged bank deposits		24,455	(17,692)
Increase in deposits paid for prepaid lease payments		—	(626)
Decrease in deposit paid for acquisition of subsidiaries		10,000	—
Decrease/(increase) in deposits paid for acquisition of property, plant and equipment		762	(578)
Redemption of financial assets designated at FVTPL		10,856	—
Decrease in time deposit maturing after three months		617	—
Purchase of available-for-sale investments		—	(5,000)
Purchase of trading investments		—	(1,131)
Purchase of equity linked notes		—	(34,407)
Interest received		1,159	524
NET CASH USED IN INVESTING ACTIVITIES			
		(77,786)	(125,736)
Drawing/(repayment) of short term loans, net		49,690	(33,255)
New long term borrowings		53,450	122,325
Repayment of long term borrowings		(5,123)	(3,714)
Dividends paid		(4,346)	(6,097)
Interest paid		(3,485)	(1,358)
NET CASH GENERATED FROM FINANCING ACTIVITIES			
		90,186	77,901
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		12,173	(26,494)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES			
		(1,726)	6,512
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD			
		102,276	138,853
CASH AND CASH EQUIVALENTS AT END OF PERIOD			
		112,723	118,871
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		112,723	118,871

Notes to the Condensed Financial Statements

For the six months ended 30 September 2012

1. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed financial statements should be read in conjunction with the 2012 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2012 except as stated below.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standard (“HKFRS”) issued by the HKICPA.

HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets

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

3. TURNOVER AND SEGMENTAL INFORMATION

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

Segmental information

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

The Group has two reportable segments as follows:

Corrugated products	—	manufacture and sale of corrugated board and corrugated paper-based packing products; and
Offset printed corrugated products	—	manufacture and sale of offset printed corrugated products.

Notes to the Condensed Financial Statements

For the six months ended 30 September 2012

3. TURNOVER AND SEGMENTAL INFORMATION *(Continued)*

Segment revenues and results

The followings is an analysis of the Group's revenue and results by reportable segment:

For the six months ended 30 September 2012

	Corrugated products HK\$'000 (unaudited)	Offset printed corrugated products HK\$'000 (unaudited)	Elimination HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Segment revenue				
External sales	333,520	64,964	–	398,484
Inter-segment sales	10,132	10,529	(20,661)	–
Total	343,652	75,493	(20,661)	398,484
Segment result	19,747	841		20,588
Interest income				1,159
Fair value changes of derivative financial instruments				(1,950)
Fair value changes of held for trading investments				(928)
Fair value changes of financial assets designated as at FVTPL				244
Gain on disposal of derivative financial instruments				106
Income from pivot bonus forward contracts, target digital pivot forward contract, strip of bullish structure forward contract and structure product				904
Corporate income and expenses				(9,982)
Profit before tax				10,141

Notes to the Condensed Financial Statements

For the six months ended 30 September 2012

3. TURNOVER AND SEGMENTAL INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

For the six months ended 30 September 2011

	Corrugated products HK\$'000 (unaudited)	Offset printed corrugated products HK\$'000 (unaudited)	Elimination HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Segment revenue				
External sales	329,347	71,560	–	400,907
Inter-segment sales	30,824	19,688	(50,512)	–
Total	360,171	91,248	(50,512)	400,907
Segment results	14,502	2,882		17,384
Interest income				524
Fair value changes of held for trading investments				(5,288)
Fair value changes of derivative financial instruments				576
Fair value changes of financial assets designated as at FVTPL				(927)
Gain on disposal of held for trading investments				73
Corporate expenses				(6,367)
Profit before tax				5,975

The accounting policies of the operating segments are the same as the Group's accounting policies described in preparing the 2012 financial statement of the Group. Segment profits or losses represented the profit earned/loss from each segment without allocation of 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, gain on disposal of held for trading investments, gain on disposal of derivative financial instruments, income from pivot bonus forward contracts, target digital pivot forward contract, strip of bullish structure forward contract and structure product 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.

Notes to the Condensed Financial Statements

For the six months ended 30 September 2012

3. TURNOVER AND SEGMENTAL INFORMATION *(Continued)*

Segment assets

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

	Corrugated products HK\$'000 (unaudited)	Offset printed corrugated products HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
At 30 September 2012			
Segment assets	781,286	118,153	899,439
	Corrugated products HK\$'000 (audited)	Offset printed corrugated products HK\$'000 (audited)	Total HK\$'000 (audited)
At 31 March 2012			
Segment assets	684,380	113,561	797,941

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.

Notes to the Condensed Financial Statements

For the six months ended 30 September 2012

4. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Fair value changes of derivative financial instruments	(1,950)	576
Fair value changes of held for trading investments	(928)	(5,288)
Fair value changes of financial assets designated as at FVTPL	244	(927)
Gain on disposal of held for trading investments	–	73
Gain on disposal of derivative financial instruments	106	–
Income from pivot bonus forward contracts, target digital pivot forward contract, strip of bullish structure forward contract and structure products	904	–
	(1,624)	(5,566)

5. FINANCE COSTS

	Six months ended 30 September	
	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Interest on:		
bank borrowings		
— wholly repayable within five years	2,547	850
— not wholly repayable within five years	400	–
other loans		
— wholly repayable within five years	227	201
amount due to a non-controlling interest		
— not wholly repayable within five years	311	307
	3,485	1,358

Notes to the Condensed Financial Statements

For the six months ended 30 September 2012

6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Hong Kong Profits Tax		
Current tax	236	–
PRC enterprise income tax ("EIT")		
Current tax	1,126	1,253
	1,362	1,253

Hong Kong Profits Tax is calculated at 16.5% (2011: Nil) on the estimated assessable profit for the six months ended 30 September 2012. Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The mode of manufacturing operations of Wah Ming International Limited ("**Wah Ming**") is within the scope of the Departmental Interpretation Practice Note No. 21 issued by the Inland Revenue Department of Hong Kong, that Wah Ming conducted its manufacturing operations by entering into processing arrangements with 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 profits for the year is earned by the Macao 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 Macao complimentary tax. Further, in the opinion of the directors, that portion of the Group's profit is not at present subject to taxation in any other jurisdiction in which the Group operates.

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

Notes to the Condensed Financial Statements

For the six months ended 30 September 2012

6. INCOME TAX EXPENSE *(Continued)*

In prior year, 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 2006/07. 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 2011, the IRD issued estimated assessments for the year of assessment of 2004/05 to five of subsidiaries of the Group which amounted to HK\$6,300,000. On 13 January and 29 February 2012, the IRD issued estimated assessment for year of assessment of 2005/06 to five subsidiaries of the Group which amounted to HK\$15,660,000 in aggregate. The Group has made objections to the IRD on those estimated assessments on 9 April 2009, 23 March 2010, 7 March 2011 and 18 February 2012 respectively.

The Group is still waiting for further comments from IRD at the end of the reporting period, in the opinion of the directors, as at 30 September 2012, the provision for taxation made in the consolidated financial statements is sufficient and not excessive. Up to 30 September 2012, the Group has purchased tax reserve certificates and paid the deposit amounting to approximately HK\$10,583,000.

7. PROFIT FOR THE PERIOD

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

	Six months ended 30 September	
	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Depreciation for property plant and equipment	13,871	13,995
Amortisation of prepaid lease payments	636	449
Total depreciation and amortisation	14,507	14,444
Auditors' remuneration	–	–
Cost of inventories sold	318,476	329,461
Operating lease charges in respect of land and buildings	8,804	8,457
Net gain on disposals of property, plant and equipment	–	(12)
Net foreign exchange loss	214	1,495
Staff costs		
Directors' emoluments	2,702	2,747
Other staff salaries, bonus and allowances	49,607	38,211
Retirement benefits scheme contributions (excluding directors)	2,254	2,056
	54,563	43,014

Cost of inventories sold includes staff costs, depreciation and operating lease charges totalled approximately HK\$48,277,000 (for the six months ended 30 September 2011: HK\$42,118,000) which are included in the amounts disclosed separately above.

Notes to the Condensed Financial Statements

For the six months ended 30 September 2012

8. 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 for the six months ended 30 September	
	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Profit for the period attributable to owners of the Company	9,766	6,614

	Six months ended 30 September	
	2012 (unaudited)	2011 (unaudited)
Weighted average number of ordinary shares at end of period	362,300,000	328,800,000

As the adjusted exercise price of the share options granted by the Company was higher than the relevant average market price of the Company's shares for the six months ended 30 September 2012 and 2011, those outstanding share options granted, which amounted to 10,100,000 and 26,700,000 shares as at 30 September 2012 and 2011 respectively, had no dilutive effect on earnings per share for the six months ended 30 September 2012 and 2011.

9. DIVIDEND

	Six months ended 30 September	
	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Dividend recognised as distribution during the period		
2012 Final dividend — HK1.2 cents (2011: HK1.9 cents) per share	4,348	6,247

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2012 (six months ended 30 September 2011: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2012, the Group acquired property, plant and equipment of approximately HK\$21,701,000.

Notes to the Condensed Financial Statements

For the six months ended 30 September 2012

11. 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 ageing analysis of trade receivables, based on the due date for settlement, is as follows:

	30 September 2012 HK\$'000 (unaudited)	31 March 2012 HK\$'000 (audited)
Trade receivables:		
Not yet due for settlement	160,226	150,986
Overdue:		
1 to 30 days	16,816	12,174
31 to 90 days	5,220	12,588
91 to 365 days	3,308	3,938
Over 1 year	12,077	11,205
	197,647	190,891
Less: Allowance for doubtful debts	(8,077)	(8,119)
	189,570	182,772
Bills receivables	4,349	3,675
	193,919	186,447

12. TRADE AND BILLS PAYABLES

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

	30 September 2012 HK\$'000 (unaudited)	31 March 2012 HK\$'000 (audited)
Trade payables:		
0 to 30 days	32,133	42,322
31 to 90 days	13,036	1,122
Over 90 days	2,668	1,255
	47,837	44,699
Bills payables	40,367	67,287
	88,204	111,986

Notes to the Condensed Financial Statements

For the six months ended 30 September 2012

13. AMOUNTS DUE FROM/TO NON-CONTROLLING SHAREHOLDERS

	30 September 2012 HK\$'000 (unaudited)	31 March 2012 HK\$'000 (audited)
Amount due from a non-controlling shareholder of a subsidiary	17	3
	30 September 2012 HK\$'000 (unaudited)	31 March 2012 HK\$'000 (audited)
Amounts due to non-controlling shareholders:		
The amount due is repayable as follows:		
Within one year	9,212	9,223
In the second year	1,216	1,227
In the third to fifth year, inclusive	3,746	3,680
After five years	6,243	6,397
	20,417	20,527
Less: Amount due for settlement within 12 months (shown under current liabilities)	(9,212)	(9,223)
Amount due for settlement after 12 months	11,205	11,304

As at 30 September 2012, the amount of US\$1,500,000 (equivalent to approximately HK\$12,421,000) (31 March 2012: US\$1,500,000 (equivalent to approximately HK\$12,531,000)) 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.

As at 30 September 2012, the amount of approximately HK\$7,996,000 (31 March 2012: HK\$7,996,000) due to a non-controlling interest of a subsidiary, Turbo Best Holdings Limited, is unsecured, non-interest bearing and repayable on demand.

Notes to the Condensed Financial Statements

For the six months ended 30 September 2012

14. ACQUISITION OF SUBSIDIARIES

On 21 June 2012, the Group acquired 51% equity interest of Think Speed Group Limited and its subsidiaries (together as "TSGL") at a total consideration of HK\$22,421,490. TSGL is principally engaged in development and design of online games and operating online game website (www.coplay.com), and development, design and provision of iTools, a synchronization software for mobile products and operating website(s).

The consolidated net assets acquired in the transaction and the goodwill arising were as follows:

	Net book value at 21 June 2012	Fair value adjustments	Fair value at 21 June 2012
	HK\$'000	HK\$'000	HK\$'000
Property, plant and equipment	77	–	77
Intangible assets	1,631	19,188	20,819
Prepayments, deposits and other receivables	2,522	–	2,522
Amount due from a shareholder	17	–	17
Bank and cash balances	394	–	394
Accounts payables	(514)	–	(514)
Accruals and other payables	(4,976)	–	(4,976)
Amount due to a director	(261)	–	(261)
Deferred tax liabilities	–	(3,166)	(3,166)
Net identifiable assets and liabilities	(1,110)	16,022	14,912
Non-controlling interests			(7,307)
Goodwill			11,613
Fair value of profit guarantee			3,203
Total consideration for acquisition			22,421
Satisfied by:			
Cash			14,560
8,639,000 consideration shares as contingent consideration			7,861
			22,421
Analysis of net outflow of cash and cash equivalents in respect of the acquisition of TSGL:			
Cash consideration paid			14,560
Less: Cash and cash equivalents acquired			(394)
			14,166

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For the six months ended 30 September 2012

14. ACQUISITION OF SUBSIDIARIES *(Continued)*

Pursuant to the terms of the sales and purchase agreement in relation to the said acquisition (the "Agreement"), if the audited completion accounts of TSGL shows that the Net Assets Value ("NAV") is less than the NAV as shown in the management accounts of TSGL as at 31 March 2012, the consideration payable by the Group to TSGL shall be reduced by an amount equivalent to the amount of such difference in the NAV on a dollar-for-dollar basis. In such event, balance of the consideration shall be adjusted first by way of reducing the number of consideration shares of the Company ("Consideration Shares") to be issued to the Vendor (as defined below) with no adjustment to the issue price. Since the audited NAV on completion date (ie: 20 June 2012) are below the NAV of the management accounts on 31 March 2012, the Consideration Shares are adjusted from 10,570,000 shares to 8,639,000 shares.

Furthermore, pursuant to the terms of the supplemental agreement (the "Supplemental Agreement"), Deson Technology Limited ("the Vendor"), and Mr Feng, Mr Guo and Mr Chen ("the Guarantors") undertake to Fortune Port Technology Limited, a wholly owned subsidiary of the Company ("the Purchaser") that the audited consolidated net profit of TSGL for the two financial years ending on 31 March 2014 (the "Profit Amount") shall not be less than HK\$20 million (the "Guaranteed Amount"). In the event that the Profit Amount is less than the Guaranteed Amount, the Vendor and the Guarantors shall jointly and severally pay to the Purchaser a sum equivalent to the amount of the cash consideration (HK\$14,560,000). In the event that, pursuant to the Agreement, the Profit Amount equals to or exceeds the Guaranteed Amount, the Purchaser shall procure the Company to issue and allot the Consideration Shares to the Vendor or its nominee free of charge despite the issue price to satisfy the balance of the consideration.

The fair value of such profit guarantee amounted to approximately HK\$3,203,000 at the date of acquisition is presented separately on the company's consolidated statement of financial position. The fair values was determined with reference to the valuation by an independent qualified professional valuer, Greater China Appraisal Limited.

As the profit guarantee contains various embedded derivatives, the directors of the Company determined that the contingent arrangement be designated as "financial assets at fair value through profit or loss" which shall be carried at fair value at end of the reporting period.

Notes to the Condensed Financial Statements

For the six months ended 30 September 2012

15. SHARE CAPITAL

	Note	Number of shares '000	Amount HK\$'000
Authorised:			
Ordinary shares of HK\$0.01 each			
At 1 April 2011, 31 March 2012 and 30 September 2012		2,000,000	20,000
Issued and fully paid:			
Ordinary shares of HK\$0.01 each			
At 1 April 2011		328,800	3,288
Issue of shares by placing	(a)	33,500	335
At 31 March 2012 and 1 April 2012		362,300	3,623
Issue of shares by allotment		–	–
At 30 September 2012		362,300	3,623

Note:

- (a) On 8 March 2012, the Company, Perfect Group Version Limited ("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 HK\$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.

Notes to the Condensed Financial Statements

For the six months ended 30 September 2012

16. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company's share option scheme (the "Scheme") was adopted on 5 February 2009. A summary of the principal terms of the Scheme is set out in the 2012 annual financial statements of the Company.

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 grant of the share options is the higher of the average of closing price 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.

Details of the share options outstanding during the period 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 2012	5,600,000	1.16	4,800,000	1.10	10,400,000	1.13
Lapsed during the period	—	—	(300,000)	1.18	(300,000)	1.18
Outstanding at 30 September 2012	5,600,000	1.16	4,500,000	1.09	10,100,000	1.13
Exercisable at 30 September 2012	4,370,000	1.15	4,095,000	1.08	8,465,000	1.12

Notes to the Condensed Financial Statements

For the six months ended 30 September 2012

16. SHARE-BASED PAYMENTS *(Continued)*

No share options have been exercised during the period. The options outstanding at 30 September 2012 have a weighted average remaining contractual life of 7.91 years (2011: 8.45 years) and the exercise price of HK\$1.12 (2011: HK\$1.07).

At 30 September 2012, the number of shares in respect of which options have been granted and remained outstanding under the Scheme was 10,100,000 (2011: 26,700,000), representing 2.79% (2011: 8.1%) of the shares of the Company in issue at that date.

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.

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\$6,285,000 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.

Notes to the Condensed Financial Statements

For the six months ended 30 September 2012

17. CAPITAL COMMITMENTS

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

	30 September 2012 HK\$'000 (unaudited)	31 March 2012 HK\$'000 (audited)
Capital expenditure contracted but not provided for:		
Purchase of property, plant and equipment	3,473	83,493
Purchase of investment properties	–	56,322
	3,473	139,815
Capital expenditure authorised but not contracted for:		
Additional capital contribution into Think Speed	–	25,700

18. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 September 2012 (At 31 March 2012: Nil).

19. RELATED PARTY TRANSACTIONS

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:

	Six months ended 30 September	
	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Rental in respect of land and buildings paid to a related company owned by Mr. Chong Kam Chau ("Mr Chong") and Mr. Chong Wa Pan (note (i))	204	204
Rental in respect of land and buildings paid to a related company owned by Mr. Chong (note (ii))	1,000	989

Notes:

(i) Tenancy Agreement with a Related Company

In 2012, 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 2012 until 31 March 2013 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.

Notes to the Condensed Financial Statements

For the six months ended 30 September 2012

20. SEASONALITY

The Group's sales are subject to seasonal fluctuation, with the demand for corrugated packaging products concentrated in the second-half year as resulting from higher demand for consumer products during the National Day Golden Week and the Christmas holiday. The effect of peak season is started in late of June each year, which led to rising of sales and the trade and bills receivables.

21. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the presentation of the annual report for the year ended 31 March 2012.

22. CORRECTIONS OF PRIOR PERIOD ERROR

We noted an accounting error made in prior period and have made corrections. The accounting error, the corrections made and their impact on the condensed consolidated financial statements for the six months period ended 30 September 2011 are as follows:

Gain on disposal of subsidiaries

In the prior period, the Company recognised a gain of subsidiary approximately HK\$9,000 in profit or loss on disposal 30% equity interest of Joy Honest Holdings Limited ("JHH"). As the Company retained control on JHH by holding more than 50% equity interest, such amount should be adjusted to other reserve. Hence, there is an increase in the balance of other reserve and a decrease in the balance of retained profits as at 30 September 2011 correspondingly.

23. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 30 November 2012.