COME SURE Group (Holdings) Limited

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

2013 Annual Report

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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

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1 Connaught Place
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As to PRC law:
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Baoan District
Shenzhen, PRC

Auditor
SHINEWING (HK) CPA Limited
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Wanchai
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Greater China Appraisal Limited
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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
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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
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Investor Relation Contact

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

Financial Summary

Results	Year ended 31 March 2009 HKD'000	2010 HKD'000	2011 HKD'000	2012 HKD'000	**2013 HKD'000**
Turnover	614,780	478,436	697,640	772,086	**766,711**
Cost of goods sold	(499,094)	(393,290)	(574,156)	(636,728)	**(607,738)**
Gross Profit	115,686	85,146	123,484	135,358	**158,973**
Other income	2,678	1,434	2,682	4,042	**6,021**
Other gains and losses	–	–	(1,674)	(2,226)	**28,535**
Selling expenses	(22,381)	(19,063)	(28,928)	(36,379)	**(37,935)**
Administrative expenses	(49,654)	(54,087)	(69,656)	(84,300)	**(98,748)**
Other operating expenses	(6,014)	(166)	(352)	(2,680)	**(13,426)**
Share-based payments	–	(474)	(7,928)	(466)	**(167)**
Profit from operations	40,315	12,790	17,628	13,349	**43,253**
Gain on bargain purchase	–	–	4,365	–	**–**
Gain on disposal of subsidiaries	–	15,989	–	–	**–**
Finance costs	(4,166)	(896)	(2,377)	(3,139)	**(7,189)**
Profit before tax	36,149	27,883	19,616	10,210	**36,064**
Income tax expense	(3,628)	(2,974)	(3,613)	(2,732)	**(19,233)**
Profit for the year	32,521	24,909	16,003	7,478	**16,831**

Assets and Liabilities	As at 31 March 2009 HKD'000	2010 HKD'000	2011 HKD'000	2012 HKD'000	**2013 HKD'000**
Non-current assets	147,360	136,617	252,626	361,297	**551,310**
Current assets	297,950	368,033	424,472	568,935	**535,162**
Total assets	445,310	504,650	677,098	930,232	**1,086,472**
Non-current liabilities	(2,285)	(1,789)	(18,440)	(48,895)	**(30,930)**
Current liabilities	(95,696)	(88,864)	(188,567)	(339,040)	**(472,003)**
Total liabilities	(97,981)	(90,653)	(207,007)	(387,935)	**(502,933)**
Net assets	347,329	413,997	470,091	542,297	**583,539**
Equity attributable to the owners of the Company	347,329	413,997	451,195	526,556	**568,414**
Non-controlling interest	–	–	18,896	15,741	**15,125**
Total equity	347,329	413,997	470,091	542,297	**583,539**

Enhanced Product Mix

The Group continues its effort in providing value-added services. Meanwhile, certain products and techniques of the Group are patented. We believe our unique product mix can differential the Group from other packaging suppliers and enhance the Group's market position, as well as the profit margin.

DEMAND OF
Consumer Goods

The increasing demand of consumer goods drives the growth of paper-based packaging products industry in the PRC, providing expansion potential to the Group.

CHAIRMAN'S Statement

Dear Valued Shareholders,

On behalf of our board of directors ("the Board"), I am pleased to present the annual results of Come Sure Group (Holdings) Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 March 2013 (the "Year").

Overview

During the Year, the export orders were affected by the continuous challenging business environment. The European debt crisis and slow-paced recovery in the US were still negatively affecting the global economy. Hence, the GDP growth in China reduced to 7.8% in 2012 from 9.2% in 2011, according to the National Bureau of Statistic of China. The reduction in raw paper price led to a lower product price, and thus, the turnover was recorded as approximately HK$767 million during the Year, representing a slight decrease of 0.8% over the approximately HK$772 million reported last year. Yet, leveraging on our continuous provision of high quality products and stringent cost control, the profit margin of the Group improved, and the profit attributable to owners of the Company increased significantly by 77.8% to approximately HK$20 million as compared to the same period last year.

Enhanced Product Mix and Customer Relationship

Providing high quality products to our customers is always our top priority. During the Year, the Group continued its effort in providing value-added services, including structural design and logistics management. Such value-added services can establish the mutually beneficial relationships between the Group itself and the customers, as well as differentiate the Group from other packaging suppliers. We have also obtained the Certificate of Utility Model Patent for certain products and techniques from the State Intellectual Property Office of the People's Republic of China. We believe the patents will help securing the sales orders of the Group with the unique product mix and therefore enhance the Group's market position. In addition, by increasing the proportion of the sales in these high value-added products, the profit margin of the Group is expected to improve continuously.

Chairman's Statement

Continuous Growth on Production Capacity

The Group's new plant in Huidong started operation since April 2012. The increased capacity can meet the increasing demand of corrugated products in Huidong and its surrounding areas. It also relieves the production burden on Shenzhen plants by serving the customers in Guangdong area. To cope with the demand of corrugated paper packaging products and to contribute revenue growth to the Group, the Group has also started the construction of Fujian plant and expects the plant will start operation in the year 2014/15 with expected annual production capacity of 100 million square meters of corrugated paperboard.

Prospects

The domestic consumption market is expanding continuously, bringing tremendous growth potential for the industry. This will facilitate the Group's various aspects favorably, including product diversification, customer base, capacity scale etc., which will result in further improvement of the Group's sales, market share and profitability. The Group is well-prepared to meet the future surging demand of corrugated products. In accordance with the Group's current capacity expansion plan, 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 paperboard and more than 400 million pieces of corrugated paper-based packaging products. Our target is to become one of the largest suppliers of corrugated paper-based packaging products in China.

Social Responsibility

In the aspect of environmental management and emission, the Group, as an "integrated green packaging partner", has been continuously developing green products to meet with the international standards, including the European Restrictions of Hazardous Substances (RoHS) and Waste Electrical and Electronic Equipment (WEEE), which are significantly and widely recognized in the industry. Being eco-friendly, our products are also qualified with different environmental management standards, such as ISO14001, QC08000:2005 etc.

Acknowledgement

Management and staff at all levels have been working diligently, striving for stringent cost control, elevating production efficiency, continuously improving on the optimization and enhancement of production capacities. Meanwhile, we shall continue to formulate our future business plans based on the market development. In line with the improving economies of scale and business diversification, the Group expects to enhance its profitability progressively to bring better long-term investment return for its shareholders. On behalf of all members of the Board, I would like to take this opportunity to express my heartfelt gratitude to management and all staff for their dedication to and the trust they have bestowed on the Group, as well as my appreciation for investors, banks and business partners who have been supporting the Group all along.

CHONG Kam Chau
Chairman
28 June 2013

DESIGN Capacity

With our strong expertise in the design development, our Group possesses capability in delivering tailormade designs to accommodate our customers' needs, bringing mutual benefit to the Group and its business partners.

Ongoing Expansion of Production Capacity

The Group expects its new plant in Fujian will start operation in the year 2014/15. Upon the operation commencement of the Fujian plant, the total production capacity of the Group will reach more than 500 million square meters of corrugated paperboard and more than 400 million pieces of corrugated paper-based packaging products.

Management Discussion and Analysis

Industry Review

Despite the continuous slow growing trend in the global economy, as well as the slowdown of the GDP growth in the People's Republic of China (the "PRC" or "China") from 9.2% in 2011 to 7.8% in 2012, the corrugated paper packaging production industry grew steadily during the year ended 31 March 2013 ("the Year"). Since the eco-friendly nature and "green" packaging have become the trend in both international and domestic market in recent years, the demand of corrugated paperboard and corrugated paper-based packaging products stays high. According to China Market Research Reports and Consulting Services Platform, as at 31 December 2012, the annual production volume of corrugated paper packaging products in China amounted to approximately 28.1 million tons, representing an increase of 9.05% from the corresponding period in 2011.

Business Review

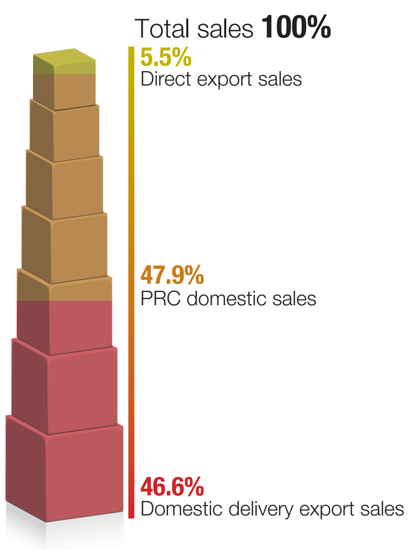
During the Year, China's export orders were affected by the sluggish global economy, and led to a slow down economic growth in China and decreased in corrugated paper price. However, benefiting from the "green" packaging trend in the recent years, as well as the Group continued to provide quality products to the high-end customers, the Group managed to maintain the revenue at approximately HK$766.7 million.

The high-end customers targeted by the Group mainly demanded in structural packaging design and high compressive strength packaging products, which enables the Group to get a higher margin compared to normal corrugated paper packaging products and securing the orders from customers of well-known brands from various industries.

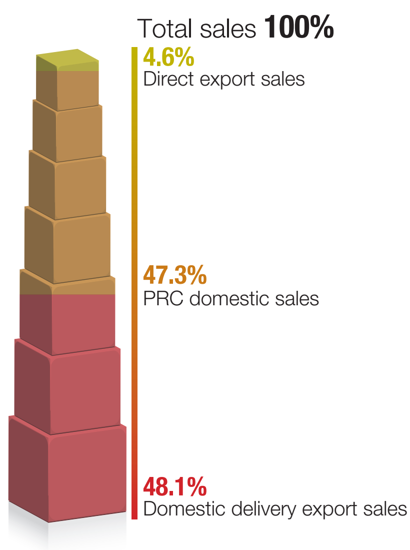
The Group's new plant in Huidong, with the production capacity of 100 million square metres of corrugated paper-board and 100 million of pieces of corrugated paper packaging products, commenced operation since April 2012. It relieves the production burden on Shenzhen plants by serving the customers in Guangdong area, and reduces logistic costs when serving its nearby customers who are not near Shenzhen geographically.

During the Year, the Group had been effectively implementing the restructuring of the products, customers and markets mix. At the same time, the Group continued to control the raw material costs through prudent inventories and procurement management, and to employ stringent credit control and prudent financial management, in order to keep a solid financial foundation for future development amid the uncertain economic prospects.

Turnover Percentage by Market 2011/12



Turnover Percentage by Market 2012/13



Management Discussion and Analysis

Result of Operation

	2013		2012	
	HK$'000	(%)	HK$'000	(%)
PRC domestic sales	362,953	47.3	370,035	47.9
Domestic delivery export	368,330	48.1	359,450	46.6
Direct export	35,428	4.6	42,601	5.5
Total Sales	766,711	100	772,086	100
Gross profit margin		20.7		17.5
Net profit margin*		2.2		1.0

* By excluding the additional tax and related tax penalties and interests for the years of assessment from 2002/03 to 2008/09, the net profit for the Year amounted to approximately HK$32.7 million with a net profit margin of 4.3%. The additional tax and related tax penalties and interests were fully indemnified by the controlling shareholders of the Company under a deed of indemnity dated 13 February 2009, which had been fully reimbursed before the date of this report.

Revenue

During the Year, the revenue of the Group amounted to approximately HK$766.7 million, remained stable as compared to approximately HK$772.1 million for the year ended 31 March 2012.

Guangdong operation

During the Year, the Guangdong operation contributed approximately HK$681.6 million revenue to the Group, remained stable as compared to approximately HK$678.3 million for the last year.

To relieve the production burden on Shenzhen plants to serve the customers in Guangdong area, the Group's Huidong plant has completed trial production in 2011 and started commercial production in April 2012, with production capacity of 100 million square metres corrugated paperboard and 100 million pieces of corrugated paper-based packaging products. The increased capacity enabled the Group to secure more orders surrounding the Huidong areas. In addition, during the Year, the Group continued its effort on developing specialized and structural designed packaging, leading to the revenue generated from printed cartons and other paper-wares lifted up by 7.8% from approximately HK$522.0 million to approximately HK$562.9 million with the average selling price increased by 12.6%.

Jiangxi operation

The operation in Jiangxi contributed approximately HK$85.1 million sales revenue to the Group during the Year, decreased by 9.3% from approximately HK$93.8 million for the same period last year, while the gross profit was increased with the increase in the sales of printed cartons and other paper-wares with higher margin is noted during the Year. However, its potential capability has not been fully reflected; by leveraging on our experienced sales team and business network in the surrounding area, the Group believes that the production capacity of Jiangxi operation would be further improved and be able to capture a larger potential market nearby the Jiangxi area in the coming years.

Gross Profit

During the Year, gross profit margins of the Group increased from 17.5% to 20.7%, and the Group's gross profit increased by 17.4% from approximately HK$135.4 million to approximately HK$159.0 million.

The Group continuously maintained stringent cost control on raw materials during the Year. Moreover, the Group's sales mix changed during the Year by increasing the proportion of the sales on carton and other paper-wares and other high value-added products. Hence, during the Year, while the revenue remained stable, a decrease of 4.6% in the Group's cost of goods sold is noted, as compared for the corresponding period in 2012.

Guangdong operation

The gross profit attributable to the operation of Guangdong amounted to approximately HK$142.2 million for the Year, representing an increase of 17.9% from approximately HK$120.6 million in last corresponding period, and the gross profit margin also improved from 17.8% to 20.9%.

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

With the increase of high value-added products in the sales mix, a remarkable increase in the gross profit and gross profit margin of the operation in Jiangxi is noted. The gross profit and gross profit margin increased from approximately HK$14.7 million and 15.7% in the last corresponding period to approximately HK$16.8 million and 19.8% in the Year respectively. Jiangxi operation entered the market in 2010, and is still under the developing phase; therefore, the gross profit margin was relatively lower than the operation in Shenzhen. The potential profit is not fully crystallized and 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 4.1% from approximately HK$36.4 million in 2012 to approximately HK$37.9 million for the Year. The increase was mainly attributable to the rise of goods delivery expenses incurred from Huidong operation.

During the Year, with the increase of salaries and allowance under the inflation in China, as well as the expenses of approximately HK$3.5 million incurred by Think Speed Group Limited ("TSGL") and its subsidiaries (collectively, "TSGL Group"), the administrative expenses increased by 17.1% from approximately HK$84.3 million in 2012 to approximately HK$98.7 million in the Year.

Other Operating Expenses

During the Year, the other operating expenses increased to approximately HK$13.4 million from approximately HK$2.7 million in 2012, which mainly represented the impairment of goodwill and intangible assets at approximately HK$7.3 million, the allowance of doubtful debt at approximately HK$3.2 million and the tax penalties and interests at approximately HK$2.3 million.

Finance Cost

The finance cost increased from approximately HK$3.1 million in 2012 to approximately HK$7.2 million for the Year. Additional bank loans were raised during the Year, for the finance of investment properties in Hong Kong and the operation of Huidong, hence the finance cost is increased accordingly.

Net Profit and Dividend

During the Year, the net profit attributable to the owners of the Company increased by 77.9% to approximately HK$20.1 million from approximately HK$11.3 million in 2012, and the net profit margin increased to 2.2% from 1.0% in 2012.

Basic earnings per share for the Year was HK5.56 cents (2012: HK3.43 cents). The Board proposed a payment of final dividend of HK2.2 cents per ordinary share of the Company ("Share").

Working Capital

	2013	2012
Trade and bills receivable	**91**	83
Trade and bills payable	**65**	52
Inventories	**55**	48
Cash conversion cycle*	**81**	79

* *Trade and bills receivable turnover days + Inventories turnover days – Trade and bills payables turnover days*

Management Discussion and Analysis

With longer credit periods granted to certain renowned customers with lower credit risk, the trade and bills receivables reached approximately HK$195.6 million as at 31 March 2013, increased by 4.9% against approximately HK$186.4 million as at 31 March 2012. Trade receivables turnover days increased 8 days from 83 days in 2012 to 91 days for the Year.

The trade and bills payables decreased from approximately HK$112.0 million to approximately HK$104.3 million in 2013, which mainly caused by the raw materials price is relatively lower than last year. The Group adopted effective funds management to match the longer trade and bills receivables period; hence, the trade payables turnover days increased by 13 days to 65 days as compared to 52 days in 2012.

Inventories carried a total worth of approximately HK$89.5 million as compared to approximately HK$93.5 million in 2012. The inventories turnover days for the Year increased to 55 days from 48 days in 2012. The sales mix with increased proportion of high value-added products contributes more profit to the Group; yet, lengthen the production period, as well as inventories turnover. Meanwhile, the Group's stringent inventories control would be continued to maintain the holding risk as low as possible.

The cash conversion cycle of the Group was slightly increased to 81 days for the Year as compared to 79 days for the year ended 31 March 2012, representing the operation effectiveness and reduced liquidity risk of the Group is maintained despite the changes in the operation, such as change in sales mix and lengthen credit periods granted to certain renowned customers.

Liquidity and Financial Resources

	2013	2012
Current ratio	**1.1**	1.7
Gearing ratio	**26.8%**	18.3%

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 2013, 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$126.3 million (2012: approximately HK$102.3 million), excluding pledged deposit of approximately HK$21.0 million, and the unused banking facilities was approximately to HK$523.5 million.

The current assets and current liabilities amounted to approximately HK$535.2 million and approximately HK$472.0 million as at 31 March 2013, as compared 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 1.7 as at 31 March 2012 to 1.1 as at 31 March 2013.

Total outstanding bank borrowings and other loans increased from approximately HK$170.0 million as at 31 March 2012 to approximately HK$291.7 million as at 31 March 2013. The Group's borrowings are mainly arranged to finance of investment properties and meet the working capital requirements; hence, the amount is increased upon the initiation of Huidong operation during the Year. During the Year, all the bank borrowings of the Group carried floating interest rates and were secured, of which approximately HK$194.1 million are repayable within one year and approximately HK$88.9 million are repayable with two to more than five years, whereas the other loans of approximately HK$8.7 million carried a fixed interest rate of 5.0% and are unsecured and repayable within one year. As at 31 March 2013, all the bank borrowings are denominated in Hong Kong dollars and other loans are denominated in Renminbi.

The gearing ratio (total borrowings divided by total assets) increased from 18.3% as at 31 March 2012 to 26.8% as at 31 March 2013, which is still considered to be at a healthy level. As at 31 March 2013, the Group maintained a sound liquidity position and processed with sufficient cash and banking facilities to meet the 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. As at 31 March 2013, the Group maintained USD5.0 million pivot forward contracts and increased Renminbi deposit during the Year 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 2013, the Group pledged certain assets including bank deposits, prepaid land lease payments, property, plant and equipment and investment properties with aggregate net book value of approximately HK$238.5 million (2012: approximately HK$88.9 million) to secure banking facilities granted to the Group.

Capital Commitment and Contingent Liabilities

As at 31 March 2013, the Group's capital expenditure contracted but not provided for regarding to property, plant and equipment was approximately HK$3.1 million (2012: approximately HK$83.5 million) and the Group did not have any capital expenditure contracted but not provided for purchase of investment properties as at 31 March 2013 (2012: approximately HK$56.3 million).

As at 31 March 2013, the Group did not have any capital expenditure authorised but not contracted for. (2012: approximately HK$25.7 million).

As at 31 March 2013, the Group had no significant contingent liabilities (2012: Nil).

Significant Investment Held and Material Acquisition and Disposal

Acquisition of online games and synchronization software businesses

Pursuant to the terms of the sales and purchase agreement dated 4 May 2012 in relation to the acquisition of TSGL Group (the "Agreement"), if the audited completion accounts of TSGL shows that the Net Assets Value (the "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 (the "Consideration Shares") to be issued to the Vendor (as defined below) with no adjustment to the issue price. Since the audited NAV on completion accounts 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. Please also refer to note 42(a) to the financial statements of this report for details.

TSGL 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 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 for details.

Acquisition of Sky Achiever Holdings Limited

On 30 December 2011, the Group entered into a sales and purchase agreement to acquire 100% interest of Sky Achiever Holdings Limited ("SAH") and its subsidiary (collectively, "SAH Group"), a group principally engaging in trading and production of molded pulp products, with a total consideration of HK$20 million. On 31 December 2012, the acquisition of SAH Group was completed. Please also refer to note 42(b) to the financial statements of this report for details.

* *For identification only*

Management Discussion and Analysis

Acquisition of property

On 16 October 2012 and 31 October 2012, the Group entered into a provisional sales & purchase agreement ("Provisional S&P Agreement") and a formal sales & purchase agreement respectively with Excel Link Asia Group Limited, to purchase the property at Shops B and C on G/F, Hoi Ning Building, Nos. 82–84 Sai Wan Ho Street and Nos. 1–5 Hoi Ning Street, Hong Kong (the "Property"). The Property has an aggregate gross floor area of approximately 4,200 square feet and is for commercial use, with a total consideration of HK$63.98 million. The acquisition of the Property was completed on 28 January 2013.

The acquisition of the Property was subject to two existing tenancies. According to the Provisional S&P Agreement, the two tenancies are for a term from 1 December 2011 to 30 November 2019. The monthly rental of each of the tenancies for the first five years is HK$60,000 and for the second three years is HK$66,000. The Property will be held by the Group as a rental income generating investment. Please also refer to the announcement and circular of the Company dated 16 October 2012 and 18 December 2012 respectively for details.

Employees and Remuneration

As at 31 March 2013, the Group employed 1,702 employees (2012: 1,711). Competitive remuneration packages and relevant training were offered to employees.

Total staff cost included directors' emolument amounted to approximately HK$100.6 million (2012: approximately HK$83.1 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 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 had been reviewed and approved by the remuneration committee of the Company with reference to (including without limitation) the individual performance, the Group's results, qualification and competence and the prevailing market condition.

Prospects

To cope with the demand of corrugated paper-based packaging products and to contribute revenue growth to the Group, a steady growth on the production capacity will be maintained. Upon Huidong plant has commenced operation in April 2012, the production burden on Shenzhen plant is relieved and the demands from the Guangdong area is expected to be served better, which will contribute to the Group's revenue.

The Group has also started the construction of Fujian plant and expects the plant will start operation in the year 2014/15. 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 paperboard and more than 400 million pieces of corrugated paper-based packaging products.

In order to establish the mutually beneficial relationships between the Group itself and the customers, and to improve the profit margin, the Group will also continue its effort in providing value-added services, including structural design and logistic management. We believe such value-added services can differential the Group from other packaging suppliers and enhance the Group's market position.

As mentioned in the above section headed "Significant Investment Held and Material Acquisition and Disposal", through diversifying the Group's business to webgame and iTools software businesses, the acquisition of TSGL Group during the Year is a strategic investment to the Group. The smartphone world is expanding at a rapid pace. The Group will strive for the opportunities to develop its market share in this industry. These are high value-added businesses compared to the main business. While it requires a certain period of time to develop before the business becomes mature, the Group believes that such business will achieve a strong return to support its growth in the future.

A solid financial foundation is always essential for future development. Regarding the internal operation management, the Group will continuously adopt a prudent approach in cost control and maintain 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 cash flow and low bad debts.

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 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 Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the Year.

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 to the Listing Rules as the standards 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 to ensure a proper management of the Company. The Board has undertaken the corporate governance function as required under the Code. The terms of reference of the corporate governance as set out in the Code have been approved by the Board for adoption. During the Year, the Board had reviewed and discussed the corporate governance policy and the shareholders' communication policy of the Group and was satisfied with the effectiveness of such policies.

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.

During the Year, the Company had arranged and maintained appropriate insurance cover on the Directors' liabilities in respect of legal actions against the Directors arising out of corporate activities.

Board Composition

As at 31 March 2013, the Board had 7 members which comprised:

Four executive Directors, namely Mr. CHONG Kam Chau (Chairman), Mr. CHONG Wa Pan (Chief Executive Officer and President), 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.

The roles of the Chairman are segregated from the Chief Executive Officer. The Chairman approves and monitors the Company's strategies and policies, and supervises the management of the Company. The senior management team is responsible for the day-to-day operations of the Group under the leadership of the Chief Executive Officer of the Company.

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 2013.

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 consists of the executive Directors. In addition to the Executive Committee, the Board has established an audit committee ("Audit Committee"), a remuneration committee ("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, seven 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 and one general meeting (i.e. the annual general meeting of the Company held on 3 September 2012 ("2012 AGM")) was held. The composition and the attendance of individual Directors at these Board meetings and general meeting were as follows:

Directors	Number of Board meetings attended/eligible to attend	Number of general meeting attended/held
Executive Directors		
Mr. CHONG Kam Chau	6/7	1/1
Mr. CHONG Wa Pan	7/7	1/1
Mr. CHONG Wa Ching	7/7	1/1
Mr. CHONG Wa Lam	7/7	1/1
Independent Non-executive Directors		
Mr. CHAU On Ta Yuen	4/5	0/1
Ms. TSUI Pui Man	3/5	0/1
Mr. LAW Tze Lun	4/5	1/1

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. All Directors including Mr. CHONG Kam Chau, Mr. CHONG Wa Pan, Mr. CHONG Wa Ching, Mr. CHONG Wa Lam, Mr. CHAU On Ta Yuen, Ms. TSUI Pui Man and Mr. LAW Tze Lun, have participated in continuous professional development to develop and refresh their knowledge and skills and provided their training records for the Year to the Company.

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. All Directors are entitled to have access to Board papers, minutes and related materials.

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.

If a Director has a material interest in a matter to be considered by the Board, a physical meeting will be held to discuss the matter instead of seeking Directors' written consent by way of circulation of written resolution. In accordance with the Company's articles of association, such Director who considered to be materially interested in the matter shall abstain from voting and not be counted in the quorum.

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 2013, subject to re-election. Each of the Directors has entered into a service contract with the Company and may be terminated by either party by giving not less than three months' prior written notice.

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 a 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.

Corporate Governance Report

Appointment, Re-election and Removal (Continued)

The Nomination Committee reviews the Board structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. When vacancies on the Board exist, the 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 Wa Ching, Ms. TSUI Pui Man and Mr. LAW Tze Lun 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 setting out clearly the committees' authority and duties, the terms of reference of Audit Committee, Remuneration Committee and Nomination Committee are available on the Company's website. The Company has provided the Audit Committee, Remuneration Committee and Nomination Committee with sufficient resources to perform its duties, which may seek independent professional advice, at the Company's expense, to perform their respective responsibilities.

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 Code which took 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.

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 re-appointment 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 including Mr. LAW Tze Lun, Mr. CHAU On Ta Yuen and Ms. TSUI Pui Man attended all the meetings.

The Audit Committee, together with the management and the external auditor, have reviewed the results announcement and the audited consolidated financial statements of the Group for the Year, 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 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.

(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 2012/13 fiscal year and their performance-based remuneration and bonus with reference to corporate goals and objectives resolved by the Board. All committee members including Ms. TSUI Pui Man, Mr. CHAU On Ta Yuen, Mr. LAW Tze Lun and Mr. CHONG Wa Pan, 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 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.

Nomination Committee (Continued)

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 including Ms. TSUI Pui Man, Mr. CHAU On Ta Yuen, Mr. LAW Tze Lun and Mr. CHONG Wa Pan, 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 2013, 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 2013.

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;

(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 inside information 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 40 of this annual report.

For the year ended 31 March 2013, the fee paid and payable to SHINEWING (HK) CPA Limited in respect of audit and audited related services amounted to approximately HK$1.03 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.

SHINEWING (HK) CPA Limited had attended the 2012 AGM.

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 inside information, the Company is aware of its disclosure obligations under the Listing Rules and Part XIVA of the Securities and Futures Ordinance ("Inside Information Provisions"), and any information required to be disclosed under Rule 13.09 of the Listing Rules or any inside information required to be disclosed under the Inside Information Provisions should be announced immediately.

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

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

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

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

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

The Company has appointed a 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.

Corporate Governance Report

Company Secretary

Mr. Hung Man Yuk Dicson, who has been appointed as the company secretary of the Company since 1 July 2010, has complied with Rule 3.29 of the Listing Rules in relation to the professional training requirements.

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 2 September 2013. 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

Procedures for convening an Extraordinary General Meeting and Putting Forward Proposals at General Meetings by Shareholders

The Board and the management of the Group endeavored to ensure all the Shareholders are treated equally and have their deserved rights. The Board has established the shareholders' communication policy to maintain an open and effective communication with the Shareholders and to update the Shareholders on relevant information on the Group's business in a timely manner.

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.

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.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Hong Kong office of the Company whose contact details are as follows:

Address: Units 8–10, 8th Floor
Cornell Centre
50 Wing Tai Road
Chai Wan
Hong Kong
Email: calvinchong@comesure.com
Tel No.: (852) 2889 0310
Fax No.: (852) 2558 7474/(852) 2896 6511

Changes to constitutional documents

During the Year, 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.

Investors Relations

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

NCC Financial PR Limited
Address: Unit 05–06, 11/F
COSCO Tower
183 Queen's Road Central
Hong Kong
Tel.: (852) 3748 9023
Fax: (852) 3748 9026
Email: catherine.tsang@nccfinancialpr.com

Directors and Senior Management

Directors

Executive Directors

Mr. CHONG Kam Chau (莊金洲先生) ("Mr. CHONG"), aged 66, 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 has over 21 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.

Mr. CHONG Wa Pan (莊華彬先生), aged 41, 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 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, China Apex Packing (Huizhou) Company Limited, Come Sure Development Limited, Come Sure Group Limited — Macao Commercial Offshore, 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, Luck Sea Investment 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 16 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 36, 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. Mr. CHONG Wa Ching is a director of Century Shiny Investment Limited, Cheer Fame Asia Limited, China Apex Packing (Huizhou) Company Limited, Fortune Port Technology Limited, Fully Chance Holdings Limited, Huizhou Come Sure Packing Products Company Limited, Kechen Technology Limited, Kechen Technology (Hong Kong) Limited, Magic Thinksky Limited, Playful Games Holdings Limited, Playful Games (Hong Kong) Limited, Sky Achiever Holdings Limited, Soho Union International Limited, Superb Speed Limited, Think Speed Group Limited, Turbo Best Holdings Limited, Unlimited Space 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 34, 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. Mr. CHONG Wa Lam is a director of China Apex Investment Limited, China Apex Packing (Huizhou) Company Limited, 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, Kechen Technology Limited, Kechen Technology (Hong Hong) Limited, Mass Winner Holdings Limited, Playful Games Holdings Limited, Playful Games (Hong Kong) Limited, Rising Sun Paper (Jiangxi) Company Limited, Soho Union International Limited, Speedy Concept Development Limited, Superb Speed Limited, Think Speed Group Limited, Turbo Best Holdings Limited, Unlimited Space 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 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 66, 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), the independent non-executive director of Good Fellow Resources Holdings Limited (formerly known as Wonderful World Holdings Limited) and 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 56, 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 40, 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. 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 20 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 44, 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 15 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 59, 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 15 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 42, 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 and 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 18 years of experience in the packaging industry involved in production, logistics, customer services and administration gained within the Group.

Mr. LUK Kwok Tung, Eric (陸國棟先生), aged 37, is the Finance Controller of the Group, and is responsible for the financial and accounting management of the Group. Mr. LUK joined the Group as Assistant Accounting Manager in September 2004. Mr. LUK is a director of Kechen Technology Limited, Kechen Technology (Hong Kong) Limited, Magic Thinsky Limited, Playful Games Holdings Limited, Playful Games (Hong Kong) Limited, Superb Speed Limited, Soho Union International Limited, Think Speed Group Limited and Unlimited Space Limited (all of which are subsidiaries of the Company). Mr. LUK holds a bachelor's degree in Business Accounting from the University of Glamorgan (now known as University of South Wales), United Kingdom. He is a member of the Association of Chartered Certified Accountants. Mr. LUK has over 13 years of experience of financial and accounting and auditing, gained from the Group and local and international accounting firms.

Company secretary

Mr. HUNG Man Yuk, Dicson, *CPA*

Mr. HUNG, aged 37, 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 13 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.

Principal activities

The Company acts as an investment holding company. The activities of its principal subsidiaries, are set out in note 48 to the consolidated financial statements.

Results and appropriations

The results of the Group for the Year are set out in the consolidated income statement on page 42.

No interim dividend was paid during the Year (2012: Nil). The Directors now recommend the payment of a final dividend of HK2.2 cents per Share for the Year, amounting to approximately HK$8.0 million (2012: HK$4.3 million) in total, and the retention of the remaining profit for the year of approximately HK$8.8 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 10 September 2013.

Closure of register of members

The Annual General Meeting of the Company is scheduled on 2 September 2013. For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from 29 August 2013 to 2 September 2013, 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 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 28 August 2013.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 6 September 2013 to 10 September 2013, 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 5 September 2013. It is expected that the final dividend will be paid on or around 30 September 2013.

Fixed assets

During the Year, the Group has acquired HK$28.6 million property, plant and equipment, in which HK$25.1 million represented regular replacement and upgrading of production facilities while HK$3.5 million represented the property, plant and equipment acquired through acquisition of 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 2013, the Group has paid HK$12.7 million (2012: HK$12.6 million) and HK$10.0 million (2012: HK$11.5 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 38 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 2013 amounted to approximately HK$391.8 million (2012: HK$359.3 million).

Details of the movements in the reserves of the Group and the Company during the year are set out in page 42 to page 132 and note 49(d) to the consolidated financial statements respectively.

Purchase, Sales or Redemption of Company's Listed Securities

During the year ended 31 March 2013, the Company and its subsidiaries had not purchased, sold or redeemed any of the Company's listed securities.

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 Wa Ching, Ms. TSUI Pui Man and Mr. LAW Tze Lun 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 2013 are set out in notes 34 and 35 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 41 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' and chief executive's interests and short positions in Shares

As at 31 March 2013, 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	223,202,000	61.61%
	Beneficial owner	1,700,000*	0.47%
Mr. CHONG Wa Pan (Notes 1 & 3)	Beneficiary of a discretionary trust	223,202,000	61.61%
	Beneficial owner	1,200,000*	0.33%
Mr. CHONG Wa Ching (Notes 1 & 3)	Beneficiary of a discretionary trust	223,202,000	61.61%
	Beneficial owner	600,000*	0.17%
Mr. CHONG Wa Lam (Notes 1 & 3)	Beneficiary of a discretionary trust	223,202,000	61.61%
	Beneficial owner	600,000*	0.17%
Mr. CHAU On Ta Yuen	Beneficial owner	500,000*	0.14%
Ms. TSUI Pui Man	Beneficial owner	400,000	0.11%
	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.

Directors' Report

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

Long positions in the ordinary shares of associated corporation

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

Notes:

1. The entire issued shares of Perfect Group Version Limited ("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, 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 223,202,000 Shares beneficially owned by Perfect Group for the purposes of the SFO. Mr. CHONG Kam Chau as settlor and a beneficiary of the CHONG Family Trust is also deemed or taken to be interested in the 223,202,000 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 223,202,000 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 2013.

Substantial Shareholders

As at 31 March 2013, 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 (Note 1)	Beneficial owner	223,202,000	61.61%
Jade City (Note 2)	Interest of controlled corporation	223,202,000	61.61%
HSBC International Trustee Limited (Note 2)	Trustee	223,202,000	61.61%
Ms. CHAN Po Ting (Note 3)	Family interests; Beneficiary of a discretionary trust	224,902,000	62.08%
Ms. HUNG Woon Cheuk (formerly known as HUNG Shan Shan) (Note 4)	Family interests	224,402,000	61.94%
Ms. YUEN Chung Yan (Note 5)	Family interest	223,802,000	61.77%
Mr. CHONG Kam Hung (Note 1)	Beneficiary of a discretionary trust	223,202,000	61.61%
Mr. CHONG Kam Shing (Note 1)	Beneficiary of a discretionary trust	223,202,000	61.61%
Ms. CHONG Sum Yee (Note 1)	Beneficiary of a discretionary trust	223,202,000	61.61%

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, the spouse of Mr. CHONG Wa Ching, an executive Director, is deemed or taken to be interested in the interests held by Mr. CHONG Wa Ching under the SFO.

Directors' Report

Arrangements to purchase Shares or debentures

At no time during the Year was the Company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition 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.

Continuing 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 a 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 of the said disposal, 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.

Continuing Connected transactions (Continued)

Master Materials Purchase Agreement (Continued)

As the controlling shareholder of Nine Dragons indirectly owned as to 40% of the issued 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 were subject to the reporting, announcement and independent shareholders' approval requirements pursuant to the then Listing Rules at the time of entering the Master Materials Purchase Agreement.

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.

On 28 February 2013, Nine Dragons and the Company has renewed the Master Materials Purchase Agreement for a period commencing from 1 April 2013 to 31 March 2016. The annual aggregate transaction amounts in respect of the purchase of raw paper materials by the Group from the Nine Dragons under the Group for the three financial years of the Company ending on 31 March 2014, 2015 and 2016 shall be capped at and not exceed RMB500,000,000, RMB500,000,000 and RMB600,000,000, respectively. As the transaction meets the requirements under Rule 14A.31(9) of the Listing Rules, the said continuing connected transaction is exempt from the reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33 of the Listing Rules.

Pursuant to the Listing Rules, if the rental charges to Bright Leader Shenzhen exceed the annual caps, or if the agreement between the Group and Bright Leader Shenzhen is renewed or if Nine Dragons no longer meets the conditions for the exemption under Rule 14A.31(9) of the Listing Rules or if there is a material change to the terms of such agreement, the Company must comply with all applicable rules under Chapter 14A of the Listing Rules in relation to the announcement, reporting and/or independent shareholders' approval requirements. The Company confirms the disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied.

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	2013 Amount	2013 %	2012 Amount	2012 %
Bright Leader Shenzhen	Rental	**RMB817,872**	**5.9%**	RMB1,635,744	10.6%
Nine Dragons	Purchase of raw paper	**RMB189,792,082**	**50.8%**	RMB201,589,211	46.6%

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.

Directors' Report

Continuing Connected transactions (Continued)

Save as the transactions disclosed above, the Directors consider that those related party transactions disclosed in Note 46 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 or are exempt from the reporting, annual review, 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 10,100,000 option Shares were still outstanding under the Scheme which represents approximately 2.79% 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.

Share Option Scheme (Continued)

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.

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 2013 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 2012	Share options granted during the Year	Share options exercised during the Year	Share options lapsed during the Year	Share options held on 31 March 2013
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 2012	Share options granted during the Year	Share options exercised during the Year	Share options lapsed during the Year	Share options held on 31 March 2013
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
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								
	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

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 2013, please refer to note 39 to the consolidated financial statements.

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 2013.

Charitable donations

During the Year, the Group made charitable donation amounting to HK$98,000 (2012: HK$84,000).

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	6.69%	N.A.
Five largest customers in aggregate	23.38%	N.A.
The largest supplier	N.A.	50.81%
Five largest suppliers in aggregate	N.A.	68.38%

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

No significant events occurring after the end of reporting period.

Auditor

The accounts for the Year 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

28 June 2013

Independent Auditor's Report

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 42 to 132, which comprise the consolidated statement of financial position as at 31 March 2013, 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.

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 2013 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

28 June 2013

Consolidated Income Statement

For the year ended 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
Turnover	7	**766,711**	772,086
Cost of goods sold		**(607,738)**	(636,728)
Gross profit		**158,973**	135,358
Other income	8	**6,021**	4,042
Other gains and losses	9	**28,535**	(2,226)
Selling expenses		**(37,935)**	(36,379)
Administrative expenses		**(98,748)**	(84,300)
Other operating expenses		**(13,426)**	(2,680)
Share-based payments		**(167)**	(466)
Profit from operations		**43,253**	13,349
Finance costs	10	**(7,189)**	(3,139)
Profit before tax		**36,064**	10,210
Income tax expense	11	**(19,233)**	(2,732)
Profit for the year	12	**16,831**	7,478
Profit (loss) for the year attributable to:			
Owners of the Company		**20,143**	11,331
Non-controlling interests		**(3,312)**	(3,853)
		16,831	7,478
Earnings per share	15		
Basic		**HK5.56 cents**	HK3.43 cents
Diluted		**HK5.56 cents**	HK3.41 cents

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
Profit for the year	12	**16,831**	7,478
Other comprehensive income:			
Exchange differences on translating foreign operations		**2,193**	17,427
Net gain (loss) from cash flow hedges		**66**	(66)
Other comprehensive income for the year		**2,259**	17,361
Total comprehensive income		**19,090**	24,839
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**22,347**	27,988
Non-controlling interests		**(3,257)**	(3,149)
		19,090	24,839

Consolidated Statement of Financial Position

At 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
Non-current assets			
Prepaid lease payments	16	**58,016**	58,920
Property, plant and equipment	17	**255,528**	253,759
Investment properties	18	**182,500**	420
Goodwill	19	**23,113**	–
Intangible assets	20	**4,981**	–
Deposits paid for prepaid lease payments	21	**12,693**	12,645
Deposits paid for acquisition of property, plant and equipment		**10,027**	11,514
Deposits paid for acquisition of investment properties		**–**	7,849
Deposits paid for acquisition of subsidiaries	22	**–**	10,000
Available-for-sale investment	23	**3,542**	5,000
Financial assets designated as at fair value through profit or loss	24	**341**	–
Derivative financial instruments	28	**203**	824
Club membership		**366**	366
		551,310	361,297
Current assets			
Inventories	25	**89,508**	93,528
Trade and bills receivables	26	**195,567**	186,447
Deposits paid for acquisition of subsidiaries	22	**–**	20,000
Prepayments, deposits and other receivables		**26,977**	32,071
Amounts due from non-controlling shareholders	33	**24**	3
Amounts due from indemnifiers	27	**3,159**	–
Prepaid lease payments	16	**1,289**	1,280
Tax recoverable		**–**	11,113
Financial assets designated as at fair value through profit or loss	24	**67,133**	64,899
Derivative financial instruments	28	**462**	15
Held for trading investments	29	**3,725**	3,576
Pledged bank deposits	30	**20,984**	53,110
Time deposits of original maturity of more than three months	30	**–**	617
Bank and cash balances	30	**126,334**	102,276
		535,162	568,935
Current liabilities			
Trade and bills payables	31	**104,253**	111,986
Accruals and other payables	32	**71,215**	78,652
Amounts due to non-controlling shareholders	33	**11,770**	9,223
Short-term bank borrowings	34	**162,280**	109,816
Current tax liabilities		**9,437**	741
Derivative financial instruments	28	**–**	277
Current portion of long-term borrowings	35	**112,913**	28,345
Amount due to a director	36	**135**	–
		472,003	339,040
Net current assets		**63,159**	229,895
Total assets less current liabilities		**614,469**	591,192

	Note	2013 HK$'000	2012 HK$'000
Non-current liabilities			
Amounts due to non-controlling shareholders	33	**8,805**	11,304
Long-term borrowings	35	**16,513**	31,877
Deferred tax liabilities	37	**5,612**	5,573
Derivative financial instruments	28	**–**	141
		30,930	48,895
NET ASSETS		**583,539**	542,297
Capital and reserves			
Share capital	38	**3,623**	3,623
Reserves		**564,791**	522,933
Equity attributable to owners of the Company		**568,414**	526,556
Non-controlling interests		**15,125**	15,741
		583,539	542,297

The consolidated financial statements on pages 42 to 132 were approved and authorised for issue by the board of directors on 28 June 2013 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 2013

	Attributable to owners of the Company												
	Share capital HK$'000 (note 38)	Share premium HK$'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 38(a))	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

	Attributable to owners of the Company														
	Share capital HK$'000 (note 38)	Share premium HK$'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$'000 (note (viii))	Contingent consideration HK$'000 (note (ix))	Contribution reserve HK$'000 (note (x))	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
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
Profit (loss) for the year	–	–	–	–	–	–	–	–	–	–	–	20,143	20,143	(3,312)	16,831
Exchange differences on translating foreign operations	–	–	–	–	2,138	–	–	–	–	–	–	–	2,138	55	2,193
Fair value gain on cash flow hedges	–	–	–	–	–	–	–	66	–	–	–	–	66	–	66
Total comprehensive income (expense) for the year	–	–	–	–	2,138	–	–	66	–	–	–	20,143	22,347	(3,257)	19,090
Transfer upon cancellation of share-based payments	–	–	–	(118)	–	–	–	–	–	–	–	118	–	–	–
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	7,861	–	–	7,861	2,629	10,490
Acquisition of additional equity interest in a subsidiary from a non-controlling shareholder	–	–	–	–	–	–	–	–	(9)	–	–	–	(9)	12	3
Contribution from shareholders (note 11)	–	–	–	–	–	–	–	–	–	–	15,840	–	15,840	–	15,840
Share-based payments	–	–	–	167	–	–	–	–	–	–	–	–	167	–	167
Dividend recognised as distribution (note 14)	–	–	–	–	–	–	–	–	–	–	–	(4,348)	(4,348)	–	(4,348)
Transfer	–	–	–	–	–	–	1,144	–	–	–	–	(1,144)	–	–	–
Change in equity for the year	–	–	–	49	2,138	–	1,144	66	(9)	7,861	15,840	14,769	41,858	(616)	41,242
At 31 March 2013	3,623	193,212	105,309	3,698	70,357	40	20,250	–	–	7,861	15,840	148,224	568,414	15,125	583,539

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") (the "Listing") 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.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2013

Notes: (Continued)

(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(o).

(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 2013, change in other reserve represents the difference between the consideration paid to non-controlling interest for acquisition of additional equity interest in a subsidiary that do not result in change in control over that subsidiary and the carrying amount of share of net assets being acquired.

During the year ended 31 March 2012, change in 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.

(ix) Contingent consideration

As set out in note 42(a), as part of the consideration for the acquisition of Think Speed Group Limited ("Think Speed Group") and its subsidiaries (collectively referred to as "TSGL"), the Company was required to issue 8,639,000 new shares (the "Consideration Shares") if the TSGL's Profit Amount (as defined in note 42(a)) equals to or exceeds the TSGL's Guaranteed Amount (as defined in note 42(a)). Consideration Shares were classified as equity and recognised at its fair value on the acquisition date.

(x) Contribution reserve

Contribution reserve represents contributions from shareholders for indemnity liabilities payable for periods prior to the Listing.

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	2013 HK$'000	2012 HK$'000
OPERATING ACTIVITIES		
Profit before tax	**36,064**	10,210
Adjustments for:		
Amortisation of prepaid lease payments	**1,278**	1,029
Amortisation of intangible assets	**2,427**	–
Depreciation of property, plant and equipment	**27,469**	22,482
(Increase) decrease in fair value of held for trading investments	**(149)**	2,904
Allowance for doubtful debts	**–**	2,521
Reversal of allowance for inventories	**(167)**	(895)
Loss on disposal of held for trading investments	**–**	635
Loss (gain) on disposal of property, plant and equipment, net	**57**	(2)
Impairment loss on available-for-sale investment	**1,458**	–
Impairment loss on trade and other receivables	**3,199**	–
Impairment loss on intangible assets	**2,300**	–
Impairment loss on goodwill	**5,000**	–
Fair value changes of financial assets designated as at fair value through profit or loss	**(9,681)**	(312)
Fair value changes of derivative financial instruments	**(66)**	(487)
Fair value changes of investment properties	**(17,408)**	–
Share-based payments	**167**	466
Finance costs	**7,189**	3,139
Interest income	**(2,032)**	(1,841)
Operating profit before working capital changes	**57,105**	39,849
Decrease (increase) in inventories	**5,636**	(18,232)
Decrease (increase) in trade and bills receivables	**13,080**	(25,687)
Decrease (increase) in prepayments, deposits and other receivables	**11,492**	(12,030)
Decrease in held for trading investments	**–**	762
(Decrease) increase in trade and bills payables	**(11,247)**	43,254
(Decrease) increase in accruals and other payables	**(38,615)**	26,865
Cash generated from operations	**37,451**	54,781
Income taxes paid, net	**(2,386)**	(10,215)
Net cash generated from operating activities	**35,065**	44,566

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	Note	**2013 HK$'000**	2012 HK$'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(23,562)**	(71,805)
Purchase of investment properties		**(157,267)**	–
Addition of prepaid lease payments		**(162)**	(10,921)
Increase in deposits paid for acquisition of property, plant and equipment		**(2)**	(11,514)
Net cash outflow relating to acquisition of subsidiaries	42	**(372)**	–
Increase in deposits paid for acquisition of subsidiaries		**–**	(30,000)
Increase in deposits paid for acquisition of investment properties		**–**	(7,849)
Decrease (increase) in pledged bank deposits		**32,126**	(37,399)
Decrease (increase) in time deposits of original maturity of more than three months		**617**	(617)
Withdrawal of structured deposits		**10,856**	–
Proceed from disposal of an investment property		**444**	–
Increase in available-for-sale investment		**–**	(5,000)
Cash outflow in relating to disposal of derivative financial instruments		**(90)**	–
Purchase of financial asset designated as at fair value through profit and loss		**–**	(64,486)
Proceeds from disposal of property, plant and equipment		**330**	38
Interest received		**2,032**	1,841
Net cash used in investing activities		**(135,050)**	(237,712)
FINANCING ACTIVITIES			
Drawing of short term loans, net		**52,464**	60,578
New long-term borrowings		**84,450**	53,618
Repayment of long-term borrowings		**(15,274)**	(6,858)
Advances (to) from non-controlling shareholders		**(7)**	2,000
Advances from indemnifiers		**12,681**	–
Advance from a director		**135**	–
Dividend paid		**(4,348)**	(6,247)
Interest paid		**(7,189)**	(4,160)
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		**122,912**	152,076
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**22,927**	(41,070)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**1,131**	4,493
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**102,276**	138,853
CASH AND CASH EQUIVALENTS AT END OF YEAR, represented by bank and cash balances		**126,334**	102,276

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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 48.

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 ("HKFRSs")

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

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

Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

The Group has applied for the first time the amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets* in the current year. Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors of the Company reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors of the Company have determined that the 'sale' presumption set out in the amendments to HKAS 12 is not rebutted.

The application of the amendments to HKAS 12 has resulted in the Group not recognising any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on disposal of its investment properties.

Except as described above, the directors of the Company anticipate that the application of the above amendments to HKFRSs has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual Improvements to 2009-2011 Cycle[1]
Amendments to HKFRS 1	Government Loan[1]
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK (International Financial Reporting Interpretations Committee) — Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

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

Annual Improvements to HKFRSs 2009 — 2011 Cycle issued in June 2012

The Annual Improvements to HKFRSs 2009 — 2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include the amendments to HKAS 1 Presentation of Financial Statements, the amendments to HKAS 16 Property, Plant and Equipment and the amendments to HKAS 32 Financial Instruments: Presentation.

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors of the Company do not anticipate that the application of the amendments will have a material effect on the Group's consolidated financial statements.

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

Annual Improvements to HKFRSs 2009 — 2011 Cycle issued in June 2012 (Continued)

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. The directors of the Company anticipate that the amendments to HKAS 32 will have no effect on the Group's consolidated financial statements as the Group has already adopted this treatment.

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

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

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

The amendments to HKFRS 7 are effective 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.

The directors of the Company anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

HKFRS 9 Financial Instruments

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

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are 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.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

Notes to the Consolidated Financial Statements
For the year ended 31 March 2013

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

HKFRS 9 Financial Instruments (Continued)

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

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. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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. HK (SIC) — Int 12 Consolidation — Special Purpose Entities will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, 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. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) — Int 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers will be withdrawn upon the effective date of HKFRS 11. 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.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The directors of the Company do not anticipate that the application of these five standards will have a significant impact on amounts reported in the consolidated financial statements.

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

— obtain funds from one or more investors for the purpose of providing them with professional investment management services;

— commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

— measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 are effective for annual periods beginning on or after 1 January 2014, with early application permitted. The directors of the Company anticipate that the application of the amendments will have no effect on the Group as the Company is not an investment entity.

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 the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements. However, the directors of the Company 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.

Amendments to HKAS 1 Presentation of items of Other Comprehensive Income

The amendments to HKAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income' and an 'income statement' is renamed as a 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for 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 future accounting periods.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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 and 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.

Income and expenses 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.

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.

3. Significant Accounting Policies (Continued)

(a) Basis of consolidation (Continued)

Business combinations *(Continued)*

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

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

— liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree 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.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets", as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

3. Significant Accounting Policies (Continued)

(a) Basis of consolidation (Continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

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

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

(b) Investments in subsidiaries

Investments in subsidiaries are included in the statement of financial position of the Company (see note 49) 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 subsequent accumulated impairment losses, if any.

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. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Construction in progress is classified to the appropriate categories 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 disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. Significant Accounting Policies (Continued)

(c) Property, plant and equipment (Continued)

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. 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.

Investment properties are initially 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 properties 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 and 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 property 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.

The Group as lessee

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

In the event that lease incentives are received to enter into operating leases, 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 except for those that are classified and accounted for as investment properties under the fair value model. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

3. Significant Accounting Policies (Continued)

(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 rates prevailing at the end of each 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).

Goodwill and 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 each reporting period. Exchange differences arising are recognised in equity under heading of foreign currency translation reserve.

(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) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are 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.

3. Significant Accounting Policies (Continued)

(j) 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 financial assets 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 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.

3. Significant Accounting Policies (Continued)

(j) 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 on 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 24 and 29.

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, amounts due from non-controlling shareholders, amounts due from indemnifiers as defined in note 11, 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).

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.

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 are measured at cost less any identified impairment losses at the end of each 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 each reporting period. Financial assets are considered to be impaired when 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)

(j) Financial instruments (Continued)

Impairment of financial assets *(Continued)*

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, 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.

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.

Financial liabilities and equity instruments

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

Equity instruments

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

3. Significant Accounting Policies (Continued)

(j) Financial instruments (Continued)

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

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 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 term; or

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

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

Financial liabilities at FVTPL are measured at fair value, with any gains or losses on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss is included in the line item in profit or loss and 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, amount due to a director 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 when 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 they meet the definition of a derivative, 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.

3. Significant Accounting Policies (Continued)

(j) Financial instruments (Continued)

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.

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.

3. Significant Accounting Policies (Continued)

(j) Financial instruments (Continued)

***Derecognition** (Continued)*

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.

(k) 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.

(l) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided 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.

Income arising from sales of game dollars ("Game Dollars") in the online game services are recognised when the Game Dollars are delivered and title has passed.

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).

3. Significant Accounting Policies (Continued)

(m) 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.

(n) Government grant

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as a reduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

(o) Share-based payment transactions

Equity-settled share-based payment transactions

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 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.

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.

(p) 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

3. Significant Accounting Policies (Continued)

(q) 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 before tax' 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 each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax 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.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

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

3. Significant Accounting Policies (Continued)

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

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where 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 a 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 an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or 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.

(s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) 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

For the year ended 31 March 2013

4. Critical Accounting Judgement and 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.

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment properties portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantively all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties as the Group is not subject to any income taxes on disposal of its investment properties.

Key sources of estimation uncertainty

The followings 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) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. At 31 March 2013, the carrying amount of goodwill is approximately HK$23,113,000, net of accumulated impairment loss of HK$5,000,000 (2012: nil). Details of the recoverable amount calculation are disclosed in note 19.

(b) Estimation of fair value of investment properties

As disclosed in note 18, the Group's investment properties were revalued at end of the reporting period on an open market value basis by an independent professional valuer. Such valuation was based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgment, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

4. Critical Accounting Judgement and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty (Continued)

(c) ***Estimated impairment of available-for-sale investment***

In determine whether the Group's available-for-sale investment is impaired requires an estimation of the recoverable amount. Impairment assessment on available-for-sale investment had been carried out at the end of the reporting period and based on the financial statements available from the unlisted equity investment. At 31 March 2013, the carrying amount of available-for-sale investment is approximately HK$3,542,000 (2012: HK$5,000,000), net of accumulated impairment loss of HK$1,458,000 (2012: nil)

(d) ***Intangible assets and impairment loss***

The Group performs annual assessments on whether there is any impairment of intangible assets. The recoverable amounts of intangible assets are determined based on value-in-use calculations. These calculations require the use of estimates and assumptions made by the directors of the Company on the future operation of the businesses, pre-tax discount rates and other assumptions underlying the value-in-use calculations. For any instance where this evaluation process indicates impairment, the relevant intangible asset's carrying amount is written down to the recoverable amount and the amount of the write-down is charged against the consolidated statement of comprehensive income.

(e) ***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.

(f) ***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.

(g) ***Allowance for doubtful debts***

The Group makes allowance of 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 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 allowance for doubtful debt charged to profit or loss for 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.

(h) ***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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

4. Critical Accounting Judgement and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty (Continued)

(i) Fair value of derivatives and other financial instruments

As described in notes 24 and 28, 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 shareholders 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 profits. 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:

	2013 HK$'000	2012 HK$'000
Debt (a)	**291,706**	170,038
Less: Bank and cash balances (b)	**(126,334)**	(102,893)
Net debt	**165,372**	67,145
Total equity (c)	**583,539**	542,297
Net debt to equity ratio	**28%**	12%

(a) Debt is defined as short-term and long-term borrowings, as detailed in notes 34 and 35 respectively.

(b) Bank and cash balances include 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.

6. Financial Risk Management

(a) Categories of financial instruments

	2013 HK$'000	2012 HK$'000
Financial assets:		
Available-for-sale investment	**3,542**	5,000
FVTPL		
Designated as at FVTPL	**67,474**	64,899
Held for trading		
Held for trading investments	**3,725**	3,576
Derivative financial instruments	**665**	839
	71,864	69,314
Loans and receivables (including cash and cash equivalents)	**364,754**	357,467
Financial liabilities:		
Liabilities at amortised cost	**460,247**	362,036
FVTPL helding for trading		
Derivative financial instruments	**–**	352
Derivative financial instruments in designated hedge accounting relationships	**–**	66

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, deposits and other receivables, amounts due from non-controlling shareholders, amounts due from indemnifiers, 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, amount due to a director 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

6. Financial Risk Management (Continued)

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

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	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States dollars ("US$")	**46,492**	21,107	**12,578**	12,671
RMB	**15,691**	34,600	**1,870**	2,978
HK$	**1,227**	9,198	**477**	1,376
Total	**63,410**	64,905	**14,925**	17,025

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.

Sensitivity analysis

	Foreign currency rate movement	Increase in profit after tax HK$'000
Year ended 31 March 2013		
— US$	**+1%**	**283**
— RMB	**+10%**	**1,154**
— HK$	**+10%**	**63**
Year ended 31 March 2012		
— US$	+1%	70
— RMB	+10%	2,640
— HK$	+10%	653

6. Financial Risk Management (Continued)

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

ii. *Interest rate risk*

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see notes 34 and 35 for details of these borrowings). The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the management will consider hedging significant interest rate exposure 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, amounts due to non-controlling shareholders and borrowings (see notes 30, 33 and 35 respectively) 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 (2012: 100 basis points) higher/lower and all other variables held constant, the Group's post-tax profit for the year ended 31 March 2013 would decrease/increase by HK$1,358,000 (2012: decrease/increase by HK$674,000).

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 2013 would have increase/decrease by approximately HK$4,930,000 (2012: HK$6,848,000) as a result of the changes in fair value of held for trading investments and financial assets designated at FVTPL.

6. Financial Risk Management (Continued)

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

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 28% (2012: 22%) as at 31 March 2013.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 98% (2012: 96%) of the total trade receivables as at 31 March 2013.

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.

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.

6. Financial Risk Management (Continued)

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

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

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 2013						
Non-derivative financial liabilities						
Bank and other borrowings	**286,072**	**15,389**	**1,345**	**–**	**302,806**	**291,706**
Trade and bills payables	**104,253**	**–**	**–**	**–**	**104,253**	**104,253**
Accruals and other payables	**43,578**	**–**	**–**	**–**	**43,578**	**43,578**
Amounts due to non-controlling shareholders	**12,226**	**1,651**	**4,575**	**4,009**	**22,461**	**20,575**
Amount due to a director	**135**	**–**	**–**	**–**	**135**	**135**
	446,264	**17,040**	**5,920**	**4,009**	**473,233**	**460,247**
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

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 2013 and 2012, the aggregate undiscounted principal amounts of these bank loans amounted to approximately HK$72,371,000 and HK$15,372,000, 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$80,324,000 (2012: HK$15,802,000).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

6. Financial Risk Management (Continued)

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

v. *Liquidity risk (Continued)*

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 fair value of financial instruments that are not traded in an active market (for example, equity-linked notes and put option) is determined by using valuation techniques.

The fair value of structured deposits is based on a price quoted by the bank.

The fair value of profits guarantee is measured at the present value of future profit forecast estimated and discounted based on the applicable yield curves derived from quoted interest rates to cover over the profits guarantee period.

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.

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).

	2013			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at FVTPL				
Held for trading investments	3,725	–	–	3,725
Financial assets designated at FVTPL	–	55,315	12,159	67,474
Derivative financial instruments	–	665	–	665
	3,725	55,980	12,159	71,864
Financial liabilities at FVTPL				
Derivative financial instruments	–	–	–	–

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For the year ended 31 March 2013

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 (Continued)

	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 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

During the year ended 31 March 2013, the structured deposits have been matured. The income from structured deposits recognised in profit or loss for the year ended 31 March 2013 is included in the "other gains or losses" line item in the consolidated statement of comprehensive income.

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 ended 31 March 2012.

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

Reconciliation of Level 3 fair value measurements of financial assets	**Structured deposits designated as financial assets at FVTPL** HK$'000	**Profit guarantees designated as financial assets at FVTPL** HK$'000
Purchases and at 31 March 2012	10,856	–
Total gain in profit or loss	–	8,388
Arising from acquisition of subsidiaries	–	3,771
Settlement	(10,856)	–
At 31 March 2013	–	12,159

Of the total gains for the year included in profit or loss, approximately HK$8,388,000 relates to fair value changes on profit guarantees designated as financial assets at FVTPL held at the end of the reporting period (2012: nil) which are included in "other gains and losses".

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 "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 three reportable and operating segments under HKFRS 8 as follows:

Corrugated products	–	manufacture and sale of corrugated board and corrugated paper-based packing products;
Offset printed corrugated products	–	manufacture and sale of offset printed corrugated products; and
Properties leasing	–	properties leased in Hong Kong for rental income.

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 2013

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Properties leasing HK$'000	Elimination HK$'000	Total HK$'000
Segment revenue					
External sales	646,111	120,600	–	–	766,711
Inter-segment sales	47,592	30,175	–	(77,767)	–
Total	693,703	150,775	–	(77,767)	766,711
Segment results	33,267	(6,266)	18,904		45,905
Interest income					2,032
Tax penalties and related interests					(2,311)
Fair value changes of derivative financial instruments					66
Impairment loss on goodwill					(5,000)
Impairment loss on intangible assets					(2,300)
Impairment loss on available-for-sale investment					(1,458)
Dividend income from held for trading investments					64
Fair value changes of held for trading investments					149
Income from structured foreign currency forward contracts					1,679
Income from structured deposits					1,010
Fair value changes of financial assets designated as at FVTPL					9,681
Corporate income and expenses					(13,453)
Profit before tax					36,064

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

7. Turnover and Segmental Information (Continued)

Segment revenues and results (Continued)

For the year ended 31 March 2012

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Properties Leasing HK$'000 (Restated)	Elimination HK$'000	Total HK$'000 (Restated)
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)	(89)		22,664
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 investments					135
Income from structured foreign currency forward contracts					514
Fair value changes of derivative financial instruments					487
Fair value changes of financial assets designated as at FVTPL					312
Corporate income and expenses					(12,204)
Profit before tax					10,210

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 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 investments, loss on disposal of held for trading investments, income from structured foreign currency forward contracts, income from structured deposits, dividend income from held for trading investments, impairment loss on available-for-sale investment, impairment loss on intangible assets, impairment loss on goodwill, tax penalties and related interests 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 2013

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Properties leasing HK$'000	Total HK$'000
Segment assets	677,815	97,404	184,307	959,526
Total assets for reportable segments				959,526
Unallocated items:				
Leasehold land in Hong Kong for corporate use				1,366
Investment properties				500
Goodwill				23,113
Intangible assets				4,981
Club membership				366
Amounts due from non-controlling shareholders				24
Amounts due from indemnifiers				3,159
Held for trading investments				3,725
Bank balances managed on central basis				11,467
Available-for-sale investment				3,542
Derivative financial instruments				665
Financial assets designated as at FVTPL				67,474
Others				6,564
Consolidated total assets				1,086,472
Segment liabilities	145,898	25,682	1,132	172,712
Total liabilities for reportable segments				172,712
Unallocated items:				
Current tax liabilities				9,437
Deferred tax liabilities				5,612
Amounts due to non-controlling shareholders				20,575
Borrowings				291,706
Amount due to a director				135
Others				2,756
Consolidated total liabilities				502,933

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For the year ended 31 March 2013

7. Turnover and Segmental Information (Continued)

Segment assets and liabilities (Continued)

At 31 March 2012

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Properties leasing HK$'000 (Restated)	Total HK$'000 (Restated)
Segment assets	684,380	113,561	7,913	805,854
Total assets for reportable segments				805,854
Unallocated items:				
Leasehold land in Hong Kong for corporate use				1,406
Investment properties				420
Club membership				366
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 balances managed on central basis				4,546
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

7. Turnover and Segmental Information (Continued)

Segment assets and liabilities (Continued)

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 property for capital appreciation purposes, goodwill, intangible assets, club membership, amounts due from non-controlling shareholders, amounts due from indemnifiers, deposit paid for acquisition of subsidiaries, held for trading investments, bank balances 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, amount due to a director and corporate liabilities.

The segment information is as follows:

Other segment information:

2013

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Properties leasing HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Depreciation and amortisation	18,252	10,372	–	2,550	31,174
Addition to non-current assets (note)	21,996	5,145	156,903	179	184,223
Dividend income from held for trading investments	–	–	–	(64)	(64)
Loss on disposal of property, plant and equipment	58	(1)	–	–	57
Impairment loss on available-for-sale asset	–	–	–	1,458	1,458
Impairment loss on goodwill	–	–	–	5,000	5,000
Impairment loss on intangible assets	–	–	–	2,300	2,300
Tax penalties and related interests	–	–	–	2,311	2,311
Reversal of allowance for inventories	–	(167)	–	–	(167)
Allowance for doubtful debts	3,199	–	–	–	3,199
Interest income	(2,012)	(21)	–	1	(2,032)
Interest expenses	5,938	928	323	–	7,189
Income tax expense	5,806	538	140	12,749	19,233

Note: Non-current assets excluded financial assets designated as at FVTPL and derivative financial instruments.

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7. Turnover and Segmental Information (Continued)

Other segment information:

2012

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Properties leasing HK$'000 (Restated)	Unallocated HK$'000 (Restated)	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	7,849	10,000	113,110
Dividend income from held for trading investments	–	–	–	(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 (credit)	3,241	(509)	–	–	2,732

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

7. Turnover and Segmental Information (Continued)

Geographical information:

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

Information about the Group's revenue from external customers is 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	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**35,428**	42,601	**214,837**	29,065
PRC except Hong Kong	**731,283**	729,485	**336,473**	332,232
Consolidated Total	**766,711**	772,086	**551,310**	361,297

Information about major customers

During the years ended 31 March 2013 and 2012, none of the Group's sales to a single customer amounted to 10% or more of the Group's total revenue.

8. Other Income

	2013	2012
	HK$'000	HK$'000
Dividend income from held for trading investments	**64**	135
Gain on disposal of property, plant and equipment	**–**	2
Interest income	**2,032**	1,841
Management fee income	**60**	360
Income from online game business, net	**622**	–
Rental income	**2,537**	938
Write-back of other payables	**–**	461
Sundry income	**706**	305
	6,021	4,042

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9. Other Gains and Losses

	2013 HK$'000	2012 HK$'000
Fair value changes of derivative financial instruments	**66**	487
Fair value changes of held for trading investments	**149**	(2,904)
Fair value changes of financial assets designated as at FVTPL	**9,681**	312
Loss on disposal of held for trading investments	**–**	(635)
Fair value changes of investment properties	**17,408**	–
Income from structured deposits	**1,010**	–
Income from structured foreign currency forward contracts	**1,679**	514
Impairment loss on available-for-sale investment	**(1,458)**	–
	28,535	(2,226)

10. FINANCE COSTS

	2013 HK$'000	2012 HK$'000
Interest on:		
bank borrowings		
— wholly repayable within five years	**6,241**	3,137
other loans		
— wholly repayable within five years	**440**	404
amount due to a non-controlling shareholder		
— not wholly repayable within five years	**508**	619
Total borrowing costs	**7,189**	4,160
Less: amounts capitalised	**–**	(1,021)
	7,189	3,139

No borrowing costs were capitalised for the year ended 31 March 2013. Borrowing costs capitalised for the year ended 31 March 2012 arose on the general borrowing pool and are calculated by applying a capitalisation rate of 3.05% per annum to expenditure on qualifying assets.

11. Income Tax Expense

	2013 HK$'000	2012 HK$'000
Hong Kong Profits Tax		
Current tax	**1,862**	183
Under (over)-provision in previous years	**13,517**	(68)
	15,379	115
PRC enterprise income tax ("EIT")		
Current tax	**5,318**	2,427
Under-provision in previous years	**115**	369
	5,433	2,796
Deferred tax (note 37)	**(1,579)**	(179)
	19,233	2,732

Hong Kong Profits Tax is calculated at 16.5% (2012: 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 (the "IRD"), 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.

In prior years, the IRD has 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 financial 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.

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11. Income Tax Expense (Continued)

The IRD has issued estimated assessments for profits tax for the years of assessment 2002/03 to 2005/06 amounted to approximately HK$25,400,000 to five subsidiaries of the Group in aggregate in previous years. The Group has made objections to the IRD on those estimated assessments and purchased tax reserve certificates amounting to HK$3,500,000. The IRD has held over the payment of profits tax of approximately HK$14,817,000.

During the year ended 31 March 2013, the Group reached a settlement agreement with the IRD for two subsidiaries of the Group for the years of assessment 2002/03 to 2008/09 for a total sum of profits tax of approximately HK$17,566,000 and related tax penalties and interests in aggregate of approximately HK$2,311,000. Accordingly, an additional profits tax of approximately HK$13,529,000 and related tax penalties and interests in aggregate of approximately HK$2,311,000 were recognised as income tax expenses and other operating expenses respectively.

For the remaining three subsidiaries of the Group with estimated assessments for profits tax for the years of assessment 2002/03 to 2005/06 of approximately HK$6,734,000, whole amount of estimated assessments has been held over by the IRD and no further profits tax has been levied up to date.

Pursuant to the deed of indemnity dated 13 February 2009, Perfect Group, Mr. Chong, Mr. Chong Wa Pan, Mr. Chong Wa Ching and Mr. Chong Wa Lam (shareholders of the Company and collectively referred to as the "Indemnifiers") have given indemnities among taxation and related penalty and liability resulting from any income, profits or gains earned, accrued or received on or before the date of the Listing, which might be payable by any member of the Group (the "Tax Indemnity"). Pursuant to the above arrangement, Mr. Chong, acting on behalf of the Indemnifiers, agreed to settle the additional tax and related tax penalties and interests in aggregate of approximately HK$15,840,000 as abovementioned to the Group. During the year ended 31 March 2013, approximately HK$12,681,000 was settled. Further details of the Tax Indemnity are set out in the Company's prospectus for the Listing issued on 16 February 2009.

The Group is still waiting for further comment from the IRD up to the date of this report. Having taken the advices from the Group's tax advisor, the directors of the Company are of the opinion that, as at 31 March 2013, 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 estimated assessments with the IRD for the remaining three subsidiaries of the Group 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.

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:

	2013 HK$'000	2012 HK$'000
Profit before tax	**36,064**	10,210
Tax at Hong Kong Profits Tax rate of 16.5%	**5,951**	1,685
Tax effect of income that is not taxable	**(9,127)**	(5,776)
Tax effect of expenses that are not deductible	**4,800**	3,653
Tax effect of tax losses not recognised	**2,611**	998
Tax effect of utilisation of tax losses not previously recognised	**(167)**	(309)
Tax effect of deductible temporary differences not recognised	**15**	1,315
Tax effect of (profit) loss that is under tax concession	**(36)**	457
Under-provision in previous years	**13,632**	301
Effect of different tax rates of subsidiaries	**1,554**	408
Income tax expense	**19,233**	2,732

12. Profit for the Year

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

	2013 HK$'000	2012 HK$'000
Depreciation for property, plant and equipment	**27,469**	22,482
Amortisation of prepaid lease payments	**1,278**	1,029
Amortisation of intangible assets	**2,427**	–
Total depreciation and amortisation	**31,174**	23,511
Auditors' remuneration	**1,030**	880
Cost of inventories sold (note (a))	**607,738**	636,728
Loss (gain) on disposal of property, plant and equipment (included in other operating expenses)	**57**	(2)
Impairment loss on available-for-sale investment (included in other gains and losses)	**1,458**	–
Impairment loss on goodwill (included in other operating expenses)	**5,000**	–
Impairment loss on intangible assets (included in other operating expenses)	**2,300**	–
Operating lease charges in respect of land and buildings	**17,181**	18,862
Reversal of allowance for inventories (included in cost of inventories sold)	**(167)**	(895)
Allowance for doubtful debts (included in other operating expenses)	**3,199**	2,521
Net foreign exchange loss	**4,057**	4,405

Note:

(a) Cost of inventories sold includes staff costs, depreciation and operating lease charges totaled approximately HK$100,982,000 (2012: HK$87,564,000) which are included in the amounts disclosed separately above.

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For the year ended 31 March 2013

13. Directors' And Employees' Emoluments

(a) Directors' emoluments

The emoluments paid or payable to each of the 7 (2012: 7) directors were as follows:

For the year ended 31 March 2013

Name of director	Fees HK$'000	Salaries and other allowances HK$'000	Discretionary Bonus (note (a)) HK$'000	Share-based payments HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive directors						
Mr. CHONG Kam Chau	–	1,800	–	52	14	1,866
Mr. CHONG Wa Pan (note (b))	–	1,200	–	37	14	1,251
Mr. CHONG Wa Ching	–	960	–	18	14	992
Mr. CHONG Wa Lam	–	840	–	18	14	872
	–	4,800	–	125	56	4,981
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	–	125	56	5,281

13. Directors' And Employees' Emoluments (Continued)

(a) Directors' emoluments (Continued)

For the year ended 31 March 2012

Name of director	Fees HK$'000	Salaries and other allowances HK$'000	Discretionary bonus (note (a)) 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 (note (b))	–	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

Notes:

(a) The discretionary bonus is determined by the remuneration committee of the Company with reference to the financial performance of the Group and the performance of individual directors.

(b) Mr. CHONG Wa Pan is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

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13. Directors' And Employees' Emoluments (Continued)

(b) Employees' emoluments

	2013 HK$'000	2012 HK$'000
Directors' emoluments (including share-based payment) (note 13(a))	**5,281**	5,818
Other staff costs		
— Other staff salaries, bonus and allowances	**89,318**	72,269
— Share-based payments (excluding directors)	**42**	116
— Retirement benefits scheme contributions (excluding directors)	**5,928**	4,864
	100,569	83,067

Of the five individuals with the highest emoluments in the Group, four (2012: four) were directors of the Company whose emoluments are included in the disclosures in note 13(a) above. The emoluments of the remaining one (2012: one) individual were as follows:

	2013 HK$'000	2012 HK$'000
Salaries and other allowances	**1,047**	1,003
Discretionary bonus	**243**	825
Retirement benefits scheme contributions	**–**	–
Share-based payments	**9**	26
	1,299	1,854

Their emoluments were within the following band:

	Number of individuals 2013	 2012
Nil to HK$1,000,000	**–**	–
HK$1,000,000 — HK$1,500,000	**1**	–
HK$1,500,001 — HK$2,000,000	**–**	1
	1	1

(c)

During the year ended 31 March 2013, 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 (2012: nil).

14. Dividends

	2013 HK$'000	2012 HK$'000
Dividend recognised as distribution during the year		
2012 Final dividend — HK1.2 cents (2011: HK1.9 cents) per share	**4,348**	6,247

The final dividend of HK$2.2 cents (2012: HK1.2 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	
	2013 HK$'000	2012 HK$'000
Profit for the year attributable to owners of the Company	**20,143**	11,331

	Number of shares	
	2013	2012
Issued and issuable ordinary shares at beginning of year	**362,300,000**	328,800,000
Effect of shares issued under placing and allotment	**–**	1,468,493
Weighted average number of ordinary shares at end of year	**362,300,000**	330,268,493
Weighted average number of ordinary shares for the purpose of basic earnings per share	**362,300,000**	330,268,493
Effect of dilutive potential ordinary shares — share options and warrants	**–**	1,649,530
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**362,300,000**	331,918,023

The computation of diluted earnings per share does not assume the following:

(a) the exercise of all (2012: certain) of the Company's share options and warrants because the exercise prices of those options and warrants were higher than the average market price of shares for the years ended 31 March 2013 and 2012; and

(b) the issuance of the Consideration Shares because the TSGL's Profit Amount (as defined in note 42(a)) did not equal to or exceed the TSGL's Guaranteed Amount (as defined in note 42(a)) for the year ended 31 March 2013 (2012: nil).

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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:

	2013 **HK$'000**	2012 HK$'000
Analysed for reporting purposes as:		
Current portion	**1,289**	1,280
Non-current portion	**58,016**	58,920
	59,305	60,200
The prepaid lease payments comprise the following leasehold land held under medium term:		
Land in the PRC	**59,305**	60,200

At 31 March 2013, 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$15,629,000 (2012: HK$16,063,000) (note 40).

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 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
Additions	–	–	2,078	4,605	1,527	2,226	14,649	25,085
Additions through acquisition of subsidiaries	–	–	15	3,085	88	332	–	3,520
Transfer from construction in progress	86,276	–	–	38,071	1,429	–	(125,776)	–
Disposals	–	–	(13)	(270)	(25)	(192)	–	(500)
Exchange differences	659	–	101	1,186	58	36	(303)	1,737
At 31 March 2013	112,781	2,209	33,465	343,044	12,622	17,224	5,251	526,596
Accumulated depreciation and impairment								
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
Charge for the year	4,643	40	2,431	17,332	1,204	1,819	–	27,469
Disposals	–	–	–	(14)	(4)	(95)	–	(113)
Exchange differences	44	–	74	525	43	31	–	717
At 31 March 2013	9,532	843	22,790	220,897	7,534	9,472	–	271,068
Carrying amounts								
At 31 March 2013	**103,249**	**1,366**	**10,675**	**122,147**	**5,088**	**7,752**	**5,251**	**255,528**
At 31 March 2012	21,001	1,406	10,999	93,313	3,254	7,105	116,681	253,759

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For the year ended 31 March 2013

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:

	2013 **HK$'000**	2012 HK$'000
Leasehold land in Hong Kong	**1,366**	1,406
Buildings in the PRC	**103,249**	21,001
	104,615	22,407

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 2013 and 2012 (note 40).

At 31 March 2013, the carrying amount of the buildings situated in the PRC which have been pledged as security for the banking facilities granted to the Group, is approximately HK$18,494,000 (2012: HK$18,300,000) (note 40).

18. Investment Properties

	HK$'000
Fair value	
At 1 April 2011 and at 31 March 2012	420
Additions	165,116
Net increase in fair value recognised in profit or loss	17,408
Disposal	(444)
At 31 March 2013	182,500

The fair value of the Group's investment properties of approximately HK$182,500,000 at 31 March 2013 has been arrived at on the basis of a valuation carried out on that date by independent qualified professional valuers not connected with the Group. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the similar locations and conditions.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The Group's investment properties of HK$182,000,000 have been pledged to secure banking facilities granted to the Group (note 40).

18. Investment Properties (Continued)

The carrying amounts of investment properties shown above comprise:

	2013 HK$'000	2012 HK$'000
Land in Hong Kong:		
Long lease	**182,500**	420
Medium-term lease	**–**	–
	182,500	420

19. Goodwill

	HK$'000
Cost	
Arising from acquisition of subsidiaries and at 31 March 2013	28,113
Impairment	
Impairment loss recognised during the year and at 31 March 2013	5,000
Carrying values	
At 31 March 2013	23,113
At 31 March 2012	–

During the year ended 31 March 2013, the Group acquired 51% equity interest in TSGL with a goodwill of approximately HK$16,482,000 and 100% equity interest in Sky Achiever Holdings Limited and its subsidiaries (collectively referred to as "SAH") with a goodwill of approximately HK$11,631,000. Details are set out in note 42.

Goodwill arising from a business combination is allocated, on acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The management considers goodwill arising from the acquisition of TSGL and SAH is allocated to three separate CGUs for the purpose of goodwill impairment testing. A CGU for SAH is included in the segment of corrugated products whereas the remaining two CGUs for TSGL are included in the unallocated segment.

SAH

The recoverable amount of SAH has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management of the Group covering a 5-year period, and discount rate of 19.82%. SAH's cash flows beyond the 5-year period are extrapolated using zero growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on past performance and management's expectations for the market development. The directors of the Company believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of SAH to exceed the aggregate recoverable amount of SAH, and no impairment loss of goodwill was necessary.

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19. Goodwill (Continued)

TSGL

The recoverable amount of TSGL has been determined based on a value in use calculation with reference to a valuation performed by independent qualified professional valuers not connected with the Group. That calculation uses two cash flow projections based on financial budgets approved by management of the Group in which one cash flow projection covering a 5-year period, with discount rate of 23.21% and cash flow beyond the 5-year period are extrapolated using a steady 3% growth rate. Another cash flow projection has a 5-year period and discount at 23.21% without extrapolation beyond 5-year period. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on past performance and management's expectations for the market development. Due to the delay of designated schedule in the business of the CGUs, the financial performance of the CGUs during the cash flow projection period was behind management's expectation. Hence, the directors of the Company determined that there was an impairment of HK$5,000,000 for the goodwill of TSGL.

20. Intangible Assets

	Operative rights HK$'000
Cost	
Acquired on acquisition of a subsidiary and at 31 March 2013	9,708
Amortisation and impairment	
Charge for the year	2,427
Impairment loss recognised	2,300
At 31 March 2013	4,727
Carrying values	
At 31 March 2013	4,981
At 31 March 2012	–

The operative rights are acquired in a business combination with TSGL during the year ended 31 March 2013 to promote and operate the business of provision of the software management and synchronisation software including without limitation to iTools in the regions outside the PRC and the right and interest to receive 70% profit sharing generated from such business. Details are also set out in note 42(a).

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over 3 years.

The recoverable amount of operative rights is determined from the discounted cash flows value in use approach as extracted from a valuation report prepared by independent qualified professional valuers not connected with the Group for the recoverable amount as at 31 March 2013. That calculation uses cash flow projections based on financial budgets approved by management covering a 3-year period, and discount rate of 26.21%. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the operative rights' past performance and management's expectations for the market development.

20. Intangible Assets (Continued)

During the year ended 31 March 2013, the Group recognised an impairment loss of approximately HK$2,300,000 (2012: nil) in relation to the operative rights as the directors of the Company expected that the respective business was not carried in according to the designated schedule and losses were incurred without satisfactory income streams to the Group.

21. Deposits Paid for Prepaid Lease Payments

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 (in total equivalent to approximately HK$12,693,000 (2012: approximately HK$12,645,000)). The consideration has been fully settled during the year ended 31 March 2012. As at 31 March 2013, 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.

22. Deposits Paid For Acquisition Of Subsidiaries

	2013 HK$'000	2012 HK$'000
Analysed for reporting purpose as:		
Non-current asset		
TSGL (note (a))	–	10,000
Current asset		
SAH (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 "TSGL's Vendor") respectively. Pursuant to which the Group intended to acquire 51% of the equity interests in TSGL.

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

During the year ended 31 March 2013, TSGL is acquired by the Group. Details are set out in note 42(a).

(b) On 30 December 2011, the Group has entered into an agreement (the "SAH's Agreement") with independent third parties, one of whom is the vendor of SAH (the "SAH's Vendor"), in relation to the acquisition of 100% equity interest in SAH 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 "SAH's 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 SAH's Supplemental Agreement, the entire acquisition is completed upon the fulfillment of conditions specified in the SAH's Agreement and the SAH's 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.

During the year ended 31 March 2013, SAH is acquired by the Group. Details are set out in note 42(b).

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23. Available-for-sale Investment

	2013 **HK$'000**	2012 HK$'000
Unlisted equity securities investment, at cost	**5,000**	5,000
Impairment loss on available-for-sale investment	**(1,458)**	–
	3,542	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.

24. Financial Assets Designated as at Fair Value Through Profit or Loss

During the years ended 31 March 2013 and 2012, the Group acquired certain equity linked notes, structured deposits and profit guarantees with financial institutions in Hong Kong and the PRC. Financial assets at FVTPL comprise of the following:

	2013 **HK$'000**	2012 HK$'000
Equity-linked note A	**19,808**	20,085
Equity-linked notes B	**35,507**	33,958
	55,315	54,043
Structured deposits	**–**	10,856
Profit guarantees	**12,159**	–
	67,474	64,899
Analysed for reporting purpose as:		
Current assets	**67,133**	64,899
Non-current assets	**341**	–
	67,474	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 (equivalent to approximately HK$19,412,000 on the acquisition date) 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.

24. Financial Assets Designated as at Fair Value Through Profit or Loss (Continued)

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 (equivalent to approximately HK$19,412,000 on the acquisition date) and US$1,920,000 (equivalent to approximately HK$14,907,000 on the acquisition date) 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.

At 31 March 2013 and 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 amounts were stated at fair values at 31 March 2013 based on valuation reports prepared by independent qualified professional valuers not connected with the Group.

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"). At 31 March 2012, the total principal amounts were RMB8,800,000 (equivalent to approximately HK$10,856,000) which is subject to the option for redemption at the discretion of holders since its trading date. The structured deposits have been matured during the year ended 31 March 2013.

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.

There are no outstanding structured deposits at 31 March 2013.

Profit guarantees

The profit guarantees are obtained as part of a business combination for TSGL and SAH for which details are set out in notes 42(a) and (b) respectively.

The profit guarantees represent rights to the return of previously transferred considerations for the acquisitions of TSGL and SAH with reference to the financial performance of TSGL up to 31 March 2014 (accounted for as a current asset) and SAH up to 31 March 2015 (accounted for as a non-current asset) respectively and hence constitute a contingent consideration arrangement.

At 31 March 2013, the profit guarantees were stated at fair values based on valuation reports prepared by independent qualified professional valuers not connected with the Group.

25. Inventories

	2013 **HK$'000**	2012 HK$'000
Raw materials	**76,438**	82,765
Work in progress	**1,380**	1,520
Finished goods	**11,690**	9,243
	89,508	93,528

During the year, the Group has consumed certain inventories for which allowance for inventories has been made previously. Thus, reversal of allowance for inventories of approximately HK$167,000 (2012: HK$895,000) has been recognised and included in cost of inventories sold in the current year.

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26. 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 revenue recognised. 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:

	2013 HK$'000	2012 HK$'000
Trade receivables:		
Not yet due for settlement	**144,831**	150,986
Overdue:		
1 to 30 days	**16,808**	12,174
31 to 90 days	**27,941**	12,588
91 to 365 days	**2,693**	3,938
Over 1 year	**11,694**	11,205
	203,967	190,891
Less: Allowance for doubtful debts	**(11,140)**	(8,119)
	192,827	182,772
Bills receivables	**2,740**	3,675
	195,567	186,447

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 was no 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

	2013 HK$'000	2012 HK$'000
Overdue by:		
1 to 90 days	**44,749**	24,762
91 to 365 days	**2,614**	3,938
Over 1 year but within 2 years	**633**	3,086
Total	**47,996**	31,786

26. Trade and Bills Receivables (Continued)

Movement in the allowance for doubtful debts

	2013 HK$'000	2012 HK$'000
1 April	**8,119**	5,619
Allowance for doubtful debts for overdue trade receivables	**3,199**	2,521
Write off as bad debts	**(198)**	(189)
Exchange differences	**20**	168
31 March	**11,140**	8,119

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$11,140,000 (2012: HK$8,119,000) 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:

	2013 HK$'000	2012 HK$'000
HK$	**67,203**	72,150
US$	**44,573**	20,074
RMB	**83,382**	93,357
Australian dollars	**409**	866
	195,567	186,447

27. Amounts due from Indemnifiers

The amounts related to the remaining balances due from the Indemnifiers for the Tax Indemnity as set out in note 11. The amounts are unsecured, interest-free and repayable on demand.

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28. Derivative Financial Instruments

	2013 HK$'000	2012 HK$'000
Financial assets		
Derivative not under hedge accounting		
Structured foreign currency forward contracts (note (a))	**665**	824
Foreign currency forward contract (note (b))	**–**	15
	665	839
Financial liabilities		
Derivative not under hedge accounting		
Foreign currency forward contract (note (b))	**–**	211
Structured foreign currency forward contracts (note (a))	**–**	141
Derivatives under hedge accounting		
Cash flow hedges interest rate swap (note (c))	**–**	66
	–	418
Put options (note (d))	**–**	–
Analysed for reporting purpose as:		
Non-current assets	**203**	824
Current assets	**462**	15
	665	839
Non-current liabilities	**–**	141
Current liabilities	**–**	277
	–	418

28. Derivative Financial Instruments (Continued)

Notes:

(a) The Group has entered into the following structured foreign currency forward contracts with different banks during the year ended 31 March 2013 and 2012, 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 structured foreign currency forward contracts comprise either non-deliverable or 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 contracts as stated below.

Contracts	Settlement	Knock-out clause	Notional amounts of contracts	Contract date	Maturity dates	Pivot rate (the "Pivot Rates")
Contract A	Deliverable	No	US$1,000,000	25 July 2011	25 July 2013	US$1:RMB6.55
Contract B	Deliverable	No	US$1,000,000	1 August 2011	1 August 2013	US$1:RMB6.55
Contract C	Non-deliverable	Yes	US$2,000,000 (note (iv))	5 January 2012	7 January 2014	US$1:RMB6.48
Contract D	Non-deliverable	Yes	US$1,000,000 (note (iii))	4 January 2013	2 January 2015	US$1:RMB6.4*/ US$1:RMB6.2#
Contract E	Non-deliverable	No	US$1,000,000	6 February 2012	10 February 2014	US$1:RMB6.47*/ US$1:RMB6.42#
Contract F	Non-deliverable	Yes	US$1,000,000	17 April 2012	30 June 2014	US$1:RMB6.42

(i) if the US$ to RMB spot exchange rate (the "Spot Rate") is lower than or equal to the Pivot Rates (sell US$/buy RMB at Pivot Rates) at each expiry date, as specified in the contracts, the Group would receive a predetermined net incomes from the banks for all contracts before the knock-out events occurred, if any.

(ii) if the Spot Rate is greater than the Pivot Rates at each expiry date, the Group would pay to the banks a net settlement calculated based on the difference between the Spot Rate and Pivot Rates, settled in RMB equivalent for all contracts except the Contract D.

(iii) if the Spot Rate is greater than the Pivot Rates, but less than the expiry knock-in rates ("Knock-in Rates") of US$1:RMB6.5* or US$1:RMB6.35#, no amount is receivable or payable by the Group. If the Spot Rate is greater than Knock-in Rates, the Group would pay to the bank a net settlement calculated based on the difference between the Spot Rate and Knock-in Rates, settled in RMB equivalent.

(iv) During the year, this contract is knocked-out and terminated.

During the year ended 31 March 2013, the net fair value loss of approximately HK$40,000 (2012: net fair value gain of approximately HK$683,000) and income of approximately HK$1,679,000 (2012: approximately HK$514,000) have been recognised in profit or loss for the year.

* for the first to twelve expiry dates
\# for the thirteenth to twenty-fourth expiry dates

(b) During the year ended 31 March 2012, the Group had entered into arrangements with a commercial bank that the Group placed one year pledged bank deposits of RMB25,690,000 to the bank 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

During the year ended 31 March 2012, fair value gain of HK$15,000 and fair value loss of HK$211,000 in the principal amounts of RMB10,070,000 and RMB15,620,000 respectively have been recognised in profit and loss for the year.

The contracts are matured during the year and fair value gain of forward contracts of approximately HK$106,000 has been recognised in profit or loss for the year.

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28. Derivative Financial Instruments (Continued)

Notes: (Continued)

(c) During the year ended 31 March 2012, 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 34 were bank loans of HK$31,025,000 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 2013 and 2012, the hedge of the Group was 100% effective in hedging the accumulated cash flow exposure to interest rate movements. The interest rate swap agreements were expired during the year ended 31 March 2013 and the fair value gain of approximately HK$66,000 has been recognised in other comprehensive income during the year ended 31 March 2013.

The above derivatives were stated at fair values at 31 March 2013 and 2012 based on valuation amounts provided in valuation reports prepared by independent qualified professional valuers not connected with the Group.

(d) The put options are obtained as part of business combination for TSGL and SAH pursuant to which the Group is granted options to require the respective vendors of TSGL and SAH to purchase the equity interests of TSGL and SAH sold to the Group at predetermined option prices for certain periods of time.

The put options have been valued as no value based on valuation amounts provided in valuation reports prepared by independent qualified professional valuers not connected by the Group. Hence, no related financial instruments have been recognised.

Further details for put options in relation to TSGL and SAH are set out in notes 42(a) and (b) respectively.

29. Held for Trading Investments

	2013 **HK$'000**	2012 HK$'000
Equity securities listed in Hong Kong	**3,725**	3,576

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

30. Pledged Bank Deposits, Time Deposits of Original Maturity of More Than Three Months and Bank and Cash Balances

The Group's pledged bank deposits of approximately HK$20,984,000 (2012: HK$53,110,000) and fixed bank deposits of HK$13,002,000 (2012: HK$18,380,000) are arranged at fixed rates for the year ended 31 March 2013 and carry average interest rates of 3.1% (2012: 3.01%) 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 (note 40). Deposits amounting to approximately HK$20,984,000 (2012: HK$53,110,000) have been pledged to secure short-term bank loans and undrawn facilities and are therefore classified as current assets.

At 31 March 2013, there is no time deposit of original maturity of more than three months. At 31 March 2012, time deposits of original maturity of more than three months of approximately HK$617,000 are arranged at fixed rate of 3.3% per annum 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$112,513,000 (2012: HK$117,853,000) at 31 March 2013, 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.

31. Trade and Bills Payables

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

	2013 **HK$'000**	2012 HK$'000
Trade payables:		
0 to 30 days	**52,823**	42,322
31 days to 90 days	**1,050**	1,122
Over 90 days	**1,030**	1,255
	54,903	44,699
Bills payables	**49,350**	67,287
	104,253	111,986

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.

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31. Trade and Bills Payables (Continued)

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

	2013 HK$'000	2012 HK$'000
HK$	**20,526**	14,932
RMB	**83,727**	97,054
	104,253	111,986

32. Accruals and Other Payables

	2013 HK$'000	2012 HK$'000
Receipt in advance	**2,391**	1,985
Value-added tax and other tax payables	**25,246**	17,182
Accruals and other payables	**43,578**	59,485
	71,215	78,652

The carrying amounts of accruals and other payables are denominated in the following currencies:

	2013 HK$'000	2012 HK$'000
HK$	**9,127**	10,293
RMB	**62,088**	68,359
	71,215	78,652

33. Amounts due from/to Non-Controlling Shareholders

	2013 HK$'000	2012 HK$'000
Amounts due from non-controlling shareholders	**24**	3

33. Amounts due from/to Non-Controlling Shareholders (Continued)

The amounts due from non-controllng shareholders are unsecured, non-interest bearing and repayable on demand.

	2013 HK$'000	2012 HK$'000
Amounts due to non-controlling shareholders:		
The amount due is repayable as follows:		
Within one year	**11,770**	9,223
In the second year	**1,231**	1,227
In the third to fifth year, inclusive	**3,800**	3,680
After five years	**3,774**	6,397
	20,575	20,527
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(11,770)**	(9,223)
Amount due for settlement after 12 months	**8,805**	11,304

The amount of US$1,500,000 (equivalent to approximately HK$12,579,000) (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.

The amount of approximately HK$7,996,000 (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.

34. Short-Term Bank Borrowings

	2013 HK$'000	2012 HK$'000
Trust receipts loans	**8,280**	23,791
Short-term bank loans	**154,000**	86,025
	162,280	109,816

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

The average interest rates at 31 March were as follows:

	2013	2012
Trust receipts loans	**2.14%**	2.34%
Short-term bank loans	**2.08%**	1.98%

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34. Short-Term Bank Borrowings (Continued)

At 31 March 2013 and 2012, all short-term bank borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

At 31 March 2013 and 2012, 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 40).

35. Long-Term Borrowings

	2013 HK$'000	2012 HK$'000
Bank loans (note (a))	**120,758**	50,354
Other loans (note (b))	**8,668**	9,868
	129,426	60,222
Bank loans		
The bank loans are repayable as follows (note (c)):		
On demand or within one year	**31,874**	10,506
More than one year, but not exceeding two years	**32,270**	20,372
More than two years, but not exceeding five years	**24,341**	19,476
More than five years	**32,273**	–
	120,758	50,354
Other loans		
The other loans are repayable as follows (note (c)):		
On demand or within one year	**8,668**	2,467
More than one year, but not exceeding two years	**–**	7,401
More than two years, but not exceeding five years	**–**	–
	8,668	9,868
Total long-term borrowings	**129,426**	60,222
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)	**(72,371)**	(15,372)
Amounts due within one year shown under current liabilities	**(40,542)**	(12,973)
Current portion	**(112,913)**	(28,345)
Non-current portion	**16,513**	31,877

35. 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 2.37% (2012: 2.84%) per annum at 31 March 2013.

At 31 March 2013 and 2012, 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 40).

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.

36. Amount due to A Director

The amount is unsecured, interest-free and repayable on demand.

37. 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$'000	Fair value adjustments arising from acquisition of subsidiaries HK$'000	Total HK$'000
At 1 April 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
Debited (credited) to profit or loss (note 11)	(705)	(874)	(1,579)
Arising from acquisition of a subsidiary	–	1,602	1,602
Exchange difference	–	16	16
At 31 March 2013	**158**	**5,454**	**5,612**

At the end of the reporting period, the Group had unused tax losses of approximately HK$32,235,000 (2012: HK$17,423,000) 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. Unrecognised tax losses of approximately HK$10,244,000 (2012: HK$2,381,000) will expire from 2015 to 2018 (2012: 2014 to 2017). Other tax losses may be carried forward indefinitely.

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37. Deferred Tax Liabilities (Continued)

At the end of the reporting period, the Group has deductible temporary differences of approximately HK$9,497,000 (2012: approximately HK$9,406,000). 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.

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$59,022,000 (2012: approximately HK$42,847,000) 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.

38. Share Capital

	Number of Shares '000	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 April 2011, 31 March 2012, 1 April 2012 and 31 March 2013	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 (note (a))	33,500	335
At 31 March 2012, 1 April 2012 and 31 March 2013	362,300	3,623

Note:

(a) 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 was credited to the Company's share premium account.

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

39. 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 of the Company (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.

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39. Share-Based Payments (Continued)

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 cannot be transferable or assignable and should be personal to the grantee.

Share options may be exercised in accordance with the terms of the Scheme at any time during a period as the Board of Directors 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.

The Group recorded a share-based payment expense of approximately HK$167,000 (2012: HK$466,000) for the year ended 31 March 2013 in relation to share options granted by the Company.

39. 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 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
Outstanding at 1 April 2012	5,600,000	1.16	4,800,000	1.10	10,400,000	1.13
Lapsed during the year	–	–	(300,000)	1.18	(300,000)	1.18
Outstanding at 31 March 2013	5,600,000	1.16	4,500,000	1.09	10,100,000	1.13
Exercisable at 31 March 2013	5,600,000	1.16	4,500,000	1.09	10,100,000	1.13

No share options have been exercised during both years ended 31 March 2013 and 2012. The options outstanding at 31 March 2013 have a weighted average remaining contractual life of 6.91 years (2012: 7.91 years) and the exercise price of HK$1.13 (2012: HK$1.12).

At 31 March 2013, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 10,100,000 (2012: 10,400,000), representing 2.79% (2012: 2.9%) 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$5,219,000 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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39. 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$6,285,000 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.

40. 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:

	2013 **HK$'000**	2012 HK$'000
Bank deposits (note 30)	**20,984**	53,110
Prepaid lease payments (note 16)	**15,629**	16,063
Property, plant and equipment (note 17)	**19,860**	19,706
Investment properties (note 18)	**182,000**	–
	238,473	88,879

41. 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 2013 were approximately HK$5,984,000 (2012: HK$4,912,000). No forfeited contributions are available to reduce the contribution payable by the Group in the future years.

42. Acquisition of Subsidiaries

(a) Acquisition of TSGL

On 21 June 2012, Fortune Port Technology Limited ("Fortune Port"), a wholly-owned subsidiary of the Company, acquired 51% equity interest in TSGL at a total consideration of HK$22,421,000. This acquisition has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was approximately HK$16,482,000. TSGL is principally engaged in development and design of online games and operating online game website (www.caplay.com), and development, design and provision of iTools, a synchronisation software for mobile products and operating website(s). Details 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.

Acquisition-related costs amounting to approximately HK$432,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the administrative expenses in the consolidated income statement.

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42. Acquisition of Subsidiaries (Continued)

(a) Acquisition of TSGL (Continued)

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

	Acquirees' carrying amounts before combination HK$'000	Fair value adjustments HK$'000	Fair value HK$'000
Property, plant and equipment	77	–	77
Intangible assets	–	9,708	9,708
Prepayments, deposits and other receivables	2,522	–	2,522
Amounts due from shareholders	17	–	17
Bank and cash balances	394	–	394
Trade payables	(514)	–	(514)
Accruals and other payables	(4,976)	–	(4,976)
Amount due to a director	(261)	–	(261)
Deferred tax liabilities	–	(1,602)	(1,602)
Net identifiable assets and liabilities	(2,741)	8,106	5,365
Non-controlling interests			(2,629)
Goodwill			16,482
Consideration transferred			19,218
Satisfied by:			
Cash			14,560
Contingent consideration arrangements:			
— 8,639,000 Consideration Shares as contingent consideration			7,861
— Fair value of profit guarantee			(3,203)
			19,218
Net cash outflow arising on acquisition:			
Cash consideration			14,560
Less: Cash and cash equivalents acquired			(394)
Utilisation of deposit paid in last year			(10,000)
			4,166

42. Acquisition of Subsidiaries (Continued)

(a) Acquisition of TSGL (Continued)

Pursuant to the sales and purchase agreement in relation to the acquisition of TSGL (the "TSGL's Agreement"), if the audited completion accounts of TSGL at an agreed date, i.e. 20 June 2012, shows that the net assets value ("NAV") is less than the NAV as shown in the management accounts of TSGL at 31 March 2012, the consideration payable by the Group to TSGL's Vendor 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 to be issued to the TSGL's Vendor with no adjustment to the issue price. Since the audited NAV on 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 "TSGL's Supplemental Agreement"), the TSGL's Vendor and certain guarantors (the "TSGL's Guarantors") undertake to Fortune Port that the aggregate of the audited consolidated net profit of TSGL for the two years ending 31 March 2014 (the "TSGL's Profit Amount") shall not be less than HK$20,000,000 (the "TSGL's Guaranteed amount") (the "TSGL's Profit Guarantee"). In the event that the TSGL's Profit Amount is less than the TSGL's Guaranteed Amount, the TSGL's Vendor and the TSGL's Guarantors shall jointly and severally pay to Fortune Port a sum equivalent to the amount of the cash consideration (HK$14,560,000). In the event that, pursuant to the TSGL's Agreement, the TSGL's Profit Amount equals to or exceeds the TSGL's Guaranteed Amount, Fortune Port shall procure the Company to issue and allot the Consideration Shares to the TSGL's Vendor or its nominee free of charge despite the issue price to satisfy the balance of the consideration.

Pursuant to the put option deed entered between TSGL's Vendor and Fortune Port on 21 June 2012, TSGL's Vendor grants to Fortune Port a put option (the "TSGL's Put Option") at a consideration of HK$1 from the date of the put option deed to 31 December 2014 to require TSGL's Vendor to purchase from Fortune Port the 51% equity shares in TSGL which Fortune Port has originally purchased under the TSGL's Agreement at an option price of HK$14,560,000 if any of the agreements in respect of (i) the management of 80.01% of the equity interest in Shenzhen Thinksky Technology Co., Ltd ("Shenzhen Thinksky") executed by Magic Thinksky Limited, a 51% indirectly owned subsidiary of the Company, on behalf of the legal owners of those equity and/or (ii) the grant of the operative rights to promote, sell, engage in marketing and operate the business of provision of the software management and synchronisation software owned by Shenzhen Thinksky including without limitation to iTools in the regions outside the PRC and the absolute right and interest of TSGL to receive 70% profit sharing generated from such business to TSGL, being terminated, invalid or illegal or otherwise and unenforceable.

Pursuant to the TSGL's Supplementary Agreement, if TSGL's Vendor and the TSGL's Guarantors have paid the sum of HK$14,560,000 in relation to the TSGL's Profit Guarantee, the TSGL's Put Option shall automatically lapse.

The TSGL's Put Option has been valued as no value. As a result, no related financial instrument has been recognised.

42. Acquisition of Subsidiaries (Continued)

(a) Acquisition of TSGL (Continued)

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.

Goodwill arose in the acquisition of TSGL because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of revenue growth and future market development for entering into the rapid growing online games, internet and mobile internet business.

The goodwill arising on the acquisition is not expected to be deductible for tax purposes.

TSGL contributed net amount of approximately HK$622,000 to the Group's other income, loss of approximately HK$3,187,000 to the Group's profit and no contribution to the Group's turnover for the period between the date of acquisition and at 31 March 2013.

Had the acquisition been completed on 1 April 2012, the Group's total turnover for the year would have been approximately HK$766,711,000, and profit for the year ended 31 March 2013 would have been approximately HK$14,960,000. The pro forma 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 2012, nor is intended to be a projection of future results.

(b) Acquisition of SAH

On 31 December 2012, Jumbo Match Limited ("Jumbo Match"), a wholly-owned subsidiary of the Company, acquired 100% equity interest in SAH at a total consideration of HK$20,000,000. This acquisition has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was HK$11,631,000. SAH is principally engaged in production of molded pulp products.

Acquisition-related costs amounting to HK$170,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the administrative expenses in the consolidated income statement.

42. Acquisition of Subsidiaries (Continued)

(b) Acquisition of SAH (Continued)

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

	Acquirees' carrying amounts before combination HK$'000	Fair value adjustments HK$'000	Fair value HK$'000
Property, plant and equipment	3,443	–	3,443
Trade receivables	25,045	–	25,045
Prepayments, deposits and other receivables	3,774	–	3,774
Inventories	1,449	–	1,449
Bank and cash balances	3,794	–	3,794
Trade payables	(2,632)	–	(2,632)
Other payables	(25,689)	–	(25,689)
Tax payable	(1,383)	–	(1,383)
Net identifiable assets and liabilities	7,801	–	7,801
Goodwill			11,631
Consideration transferred			19,432
Satisfied by:			
Cash			20,000
Contingent consideration arrangement:			
— Fair value of profit guarantee			(568)
			19,432
Net cash inflow arising on acquisition:			
Cash consideration			20,000
Less: Cash and cash equivalents acquired			(3,794)
Utilisation of deposit paid in last year			(20,000)
			(3,794)

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42. Acquisition of Subsidiaries (Continued)

(b) Acquisition of SAH (Continued)

Pursuant to the SAH's Agreement, each of the consolidated net profit before tax of SAH for the three years ending 31 March 2015 shall not be less than HK$5,000,000 (the "SAH's Profit Guarantee"). The shortfall from HK$5,000,000 shall be paid by the ultimate beneficial owner of SAH's Vendor to the Group.

Pursuant to the SAH's Agreement, SAH's Vendor has granted Jumbo Match a put option (the "SAH's Put Option") at nil consideration within 3 months from the audit report date for the year ended 31 March 2013 to require SAH's Vendor to purchase from Jumbo Match the 100% equity shares in SAH which Jumbo Match has originally purchased under the SAH's Agreement at an option price of HK$20,000,000 if SAH has no net profit for the year ended 31 March 2013.

The SAH's Put Option has been valued as no value. As a result, no related financial instrument has been recognised. In addition, SAH has generated audited net profit for the year ended 31 March 2013 and therefore the SAH's Put Option has lapsed.

Goodwill arose in the acquisition of SAH because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development, assembled workforce, customer relationship and technical knowhow of SAH. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The goodwill arising on the acquisition is not expected to be deductible for tax purposes.

SAH contributed approximately HK$11,897,000 to the Group's turnover and profit of approximately HK$994,000 to the Group's profit for the period between the date of acquisition and at 31 March 2013.

Had the acquisition been completed on 1 April 2012, the Group's total turnover for the year would have been approximately HK$807,480,000, and profit for the year ended 31 March 2013 would have been approximately HK$22,140,000. The pro forma 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 2012, nor is intended to be a projection of future results.

43. Major Non-Cash Transactions

As disclosed in note 42(a), the Group had acquired 51% equity interest in Think Speed Group at consideration of approximately HK19,218,000 in which approximately HK$7,861,000 is satisfied by issuing the Consideration Shares and net of approximately HK$3,203,000, a fair value of a right to return of previously transferred consideration, the TSGL's Profit Guarantee, as contingent consideration arrangements subject to fulfillment of their respective conditions as abovementioned.

44. CAPITAL COMMITMENTS

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

	2013 HK$'000	2012 HK$'000
Capital expenditure contracted but not provided for:		
Purchase of property, plant and equipment	**3,003**	83,493
Purchase of investment properties	**–**	56,322
	3,003	139,815
Capital expenditure authorised but not contracted for:		
Acquisition of Think Speed Group	**–**	25,700

45. Lease Commitments

The Group as lessor

Property rental income earned during the year was approximately HK$2,537,000 (2012: HK$938,000). The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from one to eight years. The terms of the leases generally require the tenants to pay security deposits. The investment properties are expected to generate rental yield of 2.31% (2012: nil) on an ongoing basis.

At the end of the reporting period, the Group had future minimum lease receivables under non-cancellable operating leases as follows:

	2013 HK$'000	2012 HK$'000
Within one year	**3,528**	–
In the second to fifth year, inclusive	**8,333**	–
After fifth year	**1,040**	–
	12,901	–

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45. Lease Commitments (Continued)

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:

	2013 HK$'000	2012 HK$'000
Within one year	**17,794**	19,035
In the second to fifth year, inclusive	**54,306**	44,195
After fifth year	**104,404**	75,695
	176,504	138,925

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 38 years and rentals are fixed over the lease terms and do not include contingent rentals.

46. 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:

	2013 HK$'000	2012 HK$'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))	**1,006**	1,995
Transportation fee paid to a related company owned by a close family member of Mr. CHONG (note (iii))	**–**	610

Note:

(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 for the year ended 31 March 2012.

46. Related Party Transactions (Continued)

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

(c) As mentioned in note 11, the Group reached a settlement agreement with the IRD for two subsidiaries of the Group for the years of assessment 2002/03 to 2008/09 for a total sum of profits tax of approximately HK$17,566,000 together with related tax penalties and interests in aggregate of HK$2,311,000. Pursuant to the deed of indemnity dated 13 February 2009, Perfect Group, Mr. Chong, Mr. Chong Wa Pan, Mr. Chong Wa Ching and Mr. Chong Wa Lam have given indemnities among taxation and related penalty and liability resulting from any income, profits or gains earned, accrued or received on or before the date of the Listing. Pursuant to the above arrangement, Mr. Chong, acting on behalf of the Indemnifiers, agreed to settle the additional tax and related tax penalties and interests in aggregate of approximately HK$15,840,000 as abovementioned to the Group. During the year ended 31 March 2013, approximately HK$12,681,000 was settled.

47. Government Grant

For the year ended 31 March 2013, the Group received from the PRC government a government grant of approximately HK$8,260,000 towards the cost of its prepaid lease payment. The amount has been deducted from the carrying amount of the prepaid lease payment. The amount is transferred to income in the form of reduced amortisation charges over the lease term of the prepaid lease payment. This policy has resulted in a credit to income in the current period of approximately HK$31,000. As at 31 March 2013, an amount of approximately HK$8,229,000 remains to be amortised.

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48. Particulars of Subsidiaries

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

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Attributable equity interest 2013	Attributable equity interest 2012	Principal activities/ place of operation
Directly held					
Jumbo Match Limited	BVI	Ordinary USD1	**100%**	100%	Investment holding/HK
Indirectly held					
Chance Bright Limited – Macao Commercial Offshore	Macau	Ordinary MOP100,000	**100%**	100%	Trading of corrugated raw paper and accessories/ Macau
Come Sure Development Limited	Hong Kong	Ordinary HK$60,000,000	**100%**	100%	Investment and property holding/HK
Come Sure Group Limited – Macao Commercial Offshore	Macau	Ordinary MOP100,000	**100%**	100%	Trading of corrugated paperboards and paper-based packaging products/Macau
Come Sure Holdings Limited	BVI	Ordinary US$13,500,000	**100%**	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%**	100%	Trading and manufacturing of corrugated paperboards and paper-based packaging products/PRC
* 錦勝紙業(深圳)有限公司 Come Sure Paper Industrial (Shenzhen) Company Limited	PRC wholly foreign owned enterprise	Registered capital HK$30,000,000 and paid up capital HK$30,000,000	**100%**	100%	Trading and manufacturing of corrugated paperboards and paper-based packaging products/PRC
* 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%**	100%	Trading and manufacturing of corrugated paperboards and paper-based packaging products/PRC
Joy Honest Holdings Limited	Hong Kong	Ordinary HK$10,000	**100%**	70%	Property investment holding/HK

48. Particulars of Subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Attributable equity interest 2013	2012	Principal activities/ place of operation
Indirectly held (Continued)					
Keen Rise International Development Limited	Hong Kong	Ordinary HK$100	**100%**	100%	Trading of corrugated paperboards and paper-based packaging products/HK
Luck Sea Investment Limited	Hong Kong	Ordinary HK$1,000,000	**100%**	100%	Provision of management service/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	**100%**	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%**	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) Company Limited	PRC Wholly foreign owned enterprise	Registered capital HK$50,000,000 Paid up capital HK$19,500,000 (2012: HK$14,500,000)	**60%**	60%	Investment holding/PRC
* 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	**100%**	100%	Investment Holding/PRC
協升紙業(江西)有限公司 Rising Sun Paper (Jiangxi) Company Limited	PRC Sino-foreign joint venture enterprise	Registered capital and paid up capital HK$31,200,000	**51%**	51%	Trading and manufacturing of corrugated paperboard and paper-based packaging products/PRC
Wise Luck International (HK) Limited	Hong Kong	Ordinary HK$10,000	**100%**	100%	Property investment holding/HK
Smart Profit Capital Investment Limited	Hong Kong	Ordinary HK$10,000	**100%**	100%	Property investment holding/HK

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48. Particulars of Subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Attributable equity interest 2013	2012	Principal activities/ place of operation
Indirectly held (Continued)					
* 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$30,000,000 (2012: HK$25,000,000) Paid up capital HK$30,000,000 (2012: HK$5,000,000)	**100%**	100%	Trading and manufacturing of offset printed corrugated paper-based packaging products/PRC
Mass Linker Limited	Hong Kong	Ordinary HK$10,000	**100%**	100%	Property investment holding/HK
Sky Achiever Holdings Limited	Hong Kong	Ordinary HK$10,000	**100%**	–	Trading of molded pulp products
*中州紙業(深圳)有限公司 Sky Achiever Paper Industrial (Shenzhen) Company Limited	PRC Wholly foreign owned enterprise	Registered capital and paid up capital HK$12,500,000	**100%**	–	Trading and manufacturing of molded pulp products
Think Speed Group Limited	BVI	USD1,000	**51%**	–	Investment holding
Magic Thinksky Limited	BVI	USD1	**51%**	–	Mobile software development
Soho Union International Limited	BVI	USD1,000	**51%**	–	Online game development
Unlimited Space Limited	Hong Kong	Registered capital HK$10,000 Paid up Capital HK$100	**51%**	–	Online game development
*廣州市碧福蓋斯信息技術有限公司 Guangzhou Playful Games Informational Technology Company Limited	PRC	Registered capital and paid up capital USD490,000	**51%**	–	Provision of management service

* 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.

49. Statement of Financial Position of the Company

	2013 HK$'000	2012 HK$'000
Non-current asset		
Investments in subsidiaries (note (a))	**231,870**	201,321
Current assets		
Prepayments, deposits and other receivables	**610**	3,540
Amounts due from subsidiaries (note (b))	**207,104**	200,485
Bank balances	**292**	2,633
	208,006	206,658
Current liabilities		
Accruals	**77**	–
Amounts due to subsidiaries (note (b))	**13,886**	11,564
Financial guarantee contracts (note (c))	**30,472**	33,516
	44,435	45,080
Net current assets	**163,571**	161,578
NET ASSETS	**395,441**	362,899
Capital and reserves		
Share capital	**3,623**	3,623
Reserves (note (d))	**391,818**	359,276
TOTAL EQUITY	**395,441**	362,899

Notes:

(a) Investments in subsidiaries

	2013 HK$'000	2012 HK$'000
Unlisted investment, at cost	**141,631**	141,631
Deemed capital contribution to subsidiaries	**90,239**	59,690
	231,870	201,321

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49. Statement of Financial Position of the Company (Continued)
Notes: (Continued)

(b) Amounts due from/to subsidiaries

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

(c) Financial guarantee contracts

At 31 March 2013, the Company has issued guarantees of approximately HK$888,019,000 (2012: HK$903,907,000) and unlimited corporate guarantees to banks in respect of the banking facilities granted to fourteen (2012: 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$283,038,000 (2012: HK$160,170,000).

(d) Reserves

	Share premium HK$'000	Special reserve HK$'000	Warrant reserve HK$'000	Share-based payment reserve HK$'000	Contingent consideration HK$'000	Retained profits HK$'000	Total HK$'000
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 38(a))	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
At 1 April 2012	193,212	141,681	40	3,649	–	20,694	359,276
Profit for the year	–	–	–	–	–	28,952	28,952
Acquisition of a subsidiary	–	–	–	–	7,861	–	7,861
Lapsed of share-based payments	–	–	–	(118)	–	28	(90)
Share-based payments	–	–	–	167	–	–	167
Dividend recognised as distribution (note 14)	–	–	–	–	–	(4,348)	(4,348)
At 31 March 2013	**193,212**	**141,681**	**40**	**3,698**	**7,861**	**45,326**	**391,818**

50. Comparative Figures
As a result of an additional reportable segment related to "properties leasing" being identified during the current year, certain comparative figures set out in note 7 have been reclassified to conform with the current year's presentation as follows:

(a) Reclassification of segment losses of approximately HK$89,000 from "corporate income and expense" to "properties leasing" segment for the year ended 31 March 2012.

(b) Reclassification of segment assets of approximately HK$7,913,000 from "deposits paid for acquisition of investment properties" of approximately HK$7,849,000 and "bank balance managed on central basis" of approximately HK$64,000 to "properties leasing" segment at 31 March 2012.

(c) Reclassification of additions to non-current assets of approximately HK$7,849,000 from "unallocated" segment to "properties leasing" segment in other segment information at 31 March 2012.