



# COME SURE

## Group (Holdings) Limited

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



Interim Report 2013

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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 (*resigned on 2 September 2013*)  
Mr. LUK Kwok Tung, Eric (*appointed on 2 September 2013*)

### INDEPENDENT NON-EXECUTIVE DIRECTORS

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

### LEGAL ADVISERS TO THE COMPANY

#### As to Hong Kong law:

Loong & Yeung  
Suites 2001–2005, 20th Floor  
Jardine House  
1 Connaught Place  
Central  
Hong Kong

#### As to Cayman Islands law:

Appleby  
Suites 2206–19  
Jardine House  
1 Connaught Place  
Central  
Hong Kong

#### As to PRC law:

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

### AUDITOR

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

### VALUERS

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

### REGISTERED OFFICE

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

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

### COMPANY WEBSITE ADDRESS

[www.comesure.com](http://www.comesure.com)

### COMPANY SECRETARY

Mr. HUNG Man Yuk, Dicson CPA

### AUTHORISED REPRESENTATIVES

Mr. CHONG Wa Ching  
Mr. LUK Kwok Tung, Eric

### 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

## Corporate Information

### MEMBERS OF REMUNERATION COMMITTEE

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

### MEMBERS OF NOMINATION COMMITTEE

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

### PRINCIPAL BANKERS

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

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

Hang Seng Bank Limited  
83 Des Voeux Road Central  
Hong Kong

DBS Bank (Hong Kong) Limited  
G/F, The Centre  
99 Queen's Road Central  
Central  
Hong Kong

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

### PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Appleby Trust (Cayman) Ltd.  
Clifton House  
75 Fort Street  
PO Box 190  
Grand Cayman  
KY1-1104  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

### INVESTOR RELATION CONTACT

iRegular Consulting Limited  
5/F, 23 Queen's Road East  
Wanchai  
Hong Kong

# Management Discussion and Analysis

## INDUSTRY REVIEW

During the six months ended 30 September 2013 (“the Period” or “the Reporting Period”), the global economic growth remained sluggish as massive public debts, insufficient institutional reforms and the U.S. Federal Reserve’s hint at a stimulus exit has been haunting the world’s recovery. For the People’s Republic of China (the “PRC”), constrained by the unsteady global economic environment and economic restructuring, its Gross Domestic Product growth rate has decreased to 7.6% from 7.8% during the first half of 2013, according to the National Bureau of Statistics of China. Yet, according to China Market Research Reports and Consulting Services Platform, the production volume of corrugated paper packaging products reached 19.0 million tons during the first 8 months of 2013, representing an increase of 4.86% from the corresponding period in 2012, which shows a steady growth of the industry.

## BUSINESS REVIEW

During the Period, the turnover of Come Sure Group (Holdings) Limited (the “Company”) and its subsidiaries (collectively the “Group”) increased by approximately 7.9%, as compared to the same period last year. The increase is mainly contributed from the PRC domestic sales, which grew by approximately 23.0%, while the revenue generated from domestic delivery export and direct export sales to Hong Kong dropped by approximately 5.7% and 13.4% respectively as compared to the same period last year.

The increase in the Group’s revenue is in line with the increase in proportion to sales in the high value-added products. The Group continued to provide quality products to the customers, and hence good relationships with the customers are built. Recently, the Group noted that the demand in structural packaging design and high compressive strength packaging products is increasing among the high-end customers, the customers of well-known brands from various industries. Therefore, the Group focused on the high value-added product sales during the Period, such sales not only enabling the Group to earn a higher profit margin, but also securing the orders from the high-end customers.

In addition to securing the sales orders and enhancing the customer and product mix, the Group kept a stringent internal cost control continuously. With the prudent production procedure and financial management, the Group’s production efficiency was enhanced, and the solid financial foundation is maintained during the Period despite the economic uncertainty.

## RESULT OF OPERATION

	For the six months ended 30 September			
	2013		2012	
	HK\$’000	(%)	HK\$’000	(%)
<b>Paper Packaging and Printing</b>				
PRC domestic sales	238,094	55.4	193,515	48.5
Domestic delivery export	175,677	40.8	186,311	46.7
Direct export	16,149	3.8	18,658	4.8
	<b>429,920</b>		<b>398,484</b>	
Gross profit margin		21.7		20.1
Net profit margin		3.9		2.2

# Management Discussion and Analysis

## REVENUE

For the Period, the revenue of the Group increased to approximately HK\$429.9 million, from approximately HK\$398.5 million for the same period last year.

### Guangdong operation

The revenue generated from the operations in Guangdong increased by 9.6% from approximately HK\$352.0 million in 2012 to approximately HK\$385.8 million for the Period.

During the Period, the Group continued its effort on developing the high value-added products, specialized and structural designed packaging, and hence the average selling price for printed cartons and other paper-wares increased sharply by 33.4%. As a result, although the sales volume dropped by 12.4% during the Period, the corresponding revenue lifted up by 16.9% to approximately HK\$330.6 million, from approximately HK\$282.9 million for the corresponding period in 2012.

### Jiangxi operation

The operation in Jiangxi contributed approximately HK\$44.2 million revenue to the Group, which has decreased by 4.9% from approximately HK\$46.5 million for the same period last year.

## GROSS PROFIT

Benefit from the prudent internal cost control, as well as the change in sales mix, in which proportion of the sales on carton and other paper-wares and high value-added products has been increased, the gross profit for the Group increased continuously by 16.8% during the Period, from approximately HK\$80.0 million for the six months ended 2012 to approximately HK\$93.4 million for the Period, and the Group's gross profit margins improved from 20.1% to 21.7%.

### Guangdong operation

During the Period, Shenzhen operation continued to contribute the highest level of gross profit. The gross profit attributable to the operation of Guangdong increased to approximately HK\$85.2 million from approximately HK\$70.9 million in same period last year, the gross profit margin improved from 20.1% to 22.1%.

### Jiangxi operation

The gross profit of the Jiangxi operation dropped in line with the corresponding revenue during the Period. The gross profit and gross margin of the operation in Jiangxi decreased from approximately HK\$9.1 million and 19.7% for the six months ended 2012 to approximately HK\$8.2 million and 18.5% for the Period. Since the commencement of the Jiangxi operation in 2010, the Group develops the operation continuously by market penetration through enhancing business network with our experienced sales team, and actively participate in the production management to enhance the operation efficiency. The Group believes the operation will be further improved with more sales order and increased demand of the high-value products in the surrounding areas.

## SELLING AND ADMINISTRATIVE EXPENSES

In addition to the rapid inflation in the PRC, with the continuous increase in sales order, the goods delivery expenses rose accordingly. Therefore, the selling and distribution expenses increased by 21.7% during the Period, from approximately HK\$19.8 million in the same period last year to approximately HK\$24.1 million for the Period.

Due mainly to the increase of salaries and allowance and the amortisation of intangible assets arising from the acquisition of Think Speed Group Limited, and approximately HK\$2.9 million and HK\$1.5 million administrative expenses attributed to Sky Achiever Holdings Limited and Think Speed Group Limited respectively, the administrative expenses increased by 24.8% from approximately HK\$47.5 million in the same period last year to approximately HK\$59.3 million during the Period.

## Management Discussion and Analysis

### FINANCE COSTS

Additional bank loans were raised for finance of investment properties during second half of the year ended 31 March 2013 and additional bank loans were raised for the working capital of PRC operations during the Period. Hence, the finance cost increased from approximately HK\$3.5 million for the same period last year to approximately HK\$4.2 million for the Period.

### WORKING CAPITAL

	30 September 2013	31 March 2013
Trade and bills receivable	89	91
Trade and bills payable	64	65
Inventories	48	55
Cash conversion cycle*	73	81

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

Trade and bills receivables increased with the revenue during the Period to approximately HK\$224.5 million as at 30 September 2013, increased by 14.8% against approximately HK\$195.6 million as at 31 March 2013. Trade and bills receivables turnover days improved to 89 days as at 30 September 2013 (as at 31 March 2013: 91 days).

Trade and bills payables increased from approximately HK\$104.3 million as at 31 March 2013 to approximately HK\$130.5 million as at 30 September 2013. With effective funds management, the trade and bills payables turnover days remains stable at 64 days compared to 65 days as at 31 March 2013.

The Group has implemented a stringent inventories control to reduce the holding risk. While the inventories carried a total worth of approximately HK\$88.7 million as at 30 September 2013, slightly less than the amount as at 31 March 2013, approximately HK\$89.5 million, the inventories turnover dropped by 7 days to 48 days compared to 55 days as at 31 March 2013.

Liquidity risk is reduced with the Group's improved operation effectiveness. The cash conversion cycle of the Group was reduced to 73 days as at 30 September 2013 compared to 81 days as at 31 March 2013.

### LIQUIDITY AND FINANCIAL RESOURCES

	30 September 2013	31 March 2013
Current ratio	1.2	1.1
Gearing ratio	30.3%	26.8%

During the Period, the principal sources of working capital of the Group were the cash flow from operating activities and bank borrowings. As at 30 September 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\$127.1 million (as at 31 March 2013: approximately HK\$126.3 million), excluding pledged deposit of HK\$119.2 million (as at 31 March 2013: approximately HK\$21.0 million), and the unused banking facilities, excluding the treasury line, was approximately HK\$345.4 million.

## Management Discussion and Analysis

The current assets and current liabilities increased from approximately HK\$535.2 million and approximately HK\$472.0 million as at 31 March 2013 to approximately HK\$662.6 million and approximately HK\$549.3 million as at 30 September 2013 respectively. Current ratio (current assets divided by current liabilities) improved slightly from 1.1 as at 31 March 2013 to 1.2 as at 30 September 2013.

As at 30 September 2013, the Group maintained a healthy liquidity position and possessed sufficient cash and banking facilities to meet the working capital requirement for existing operations and to finance new plant investment. Total outstanding bank borrowings and other borrowings increased from approximately HK\$291.7 million as at 31 March 2013 to approximately HK\$368.6 million as at 30 September 2013. Additional bank loans were raised mainly for the working capital of PRC operations. The gearing ratio (total borrowings divided by total assets) increased from 26.8% as at 31 March 2013 to 30.3% as at 30 September 2013. During the Period, all bank borrowings of the Group carried floating interest rates and were secured, of which approximately HK\$287.6 million was repayable within one year and approximately HK\$72.2 million was repayable within two to more than five years, whereas the other loans of approximately HK\$8.8 million carried a fixed interest of 5.0% and were unsecured and repayable on demand. As at 30 September 2013, all the bank borrowings are denominated in Hong Kong dollars, and the other loans are denominated in Renminbi.

### 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 30 September 2013, the Group maintained USD6.5 million forward contracts and increased Renminbi deposit during the Period to reduce the exchange risk. The Group will continue to monitor the foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

### CHARGE OF ASSETS

As at 30 September 2013, the Group pledged certain assets including bank deposits, prepaid land lease payment, buildings and investment properties with aggregate net book value of approximately HK\$339.5 million (as at 31 March 2013: approximately HK\$238.5 million) to secure banking facilities granted to the Group.

### CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at 30 September 2013, the Group's capital expenditure contracted but not provided for regarding property, plant and equipment was approximately HK\$1.3 million (as at 31 March 2013: approximately HK\$3.0 million).

As at 30 September 2013, the Group did not have any capital expenditure authorised but not contracted for (as at 31 March 2013: Nil).

As at 30 September 2013, the Group had no significant contingent liabilities (as at 31 March 2013: Nil).





# Management Discussion and Analysis

## EMPLOYEES AND REMUNERATION

Salaries are reviewed annually based on merit, working performance and the prevailing market condition. The Group may also grant share options and discretionary bonuses to eligible employees based on the individual performance and the Group's results. During the Period, the total staff cost included directors' emolument amounted to approximately HK\$67.8 million (six month ended 30 September 2012: approximately HK\$54.6 million).

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

As at 30 September 2013, the Group employed 1,649 employees (as at 31 March 2013: 1,702). Competitive remuneration packages and relevant training were offered to employees.

## PROSPECT

Due to the uncertain global economy, with weak demand and rising raw materials and labour costs, the market sentiment remains poor. Yet, it occurs as an opportunity to the Group with a shakeout in the corrugated packaging industry. The closures of weaker players and the resulting consolidation should provide relief to the over-supply situation in the PRC. We look forward to the market with higher standards and we will continuously provide value-added services, such as structural design and logistics management, which can differentiate the Group from other suppliers in the industry.

The domestic consumption market is expanding continuously and the Group will continue to enhance the product mix, expand market share and solidify our market position. We will also improve production efficiency, in order to meet the future surging demand and maximize returns for our shareholders. According to the Group's capacity expansion plan, upon the commencement of the 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. The enhanced product capacity will support the Group to become one of the largest suppliers in the corrugated packaging industry in the PRC.

With the return of inflation pressures, the Group will continuously adopt prudent approach to cost control with internal operation management to ensure effective resource usage and a solid financial foundation for the Group's long term development. The Group will continue to develop potential markets, and strive to improve the profits with the value-added services and exclusive product mix.

## Other Information

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

As at 30 September 2013, the interests and short positions of the directors of the Company ("Directors") and chief executives of the Company in the shares (the "Shares"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to provisions of Divisions 7 and 8 of Part XV of the SFO or Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, were as follows:

#### Long positions in the shares

Name	Capacity/Nature	Number of shares/ underlying Shares held/interested	Percentage of shareholding (approximately)
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 <sup>#</sup>	0.47%
Mr. CHONG Wa Pan (Notes 1 & 3)	Beneficiary of a discretionary trust	223,202,000	61.61%
	Beneficial owner	1,200,000 <sup>#</sup>	0.33%
Mr. CHONG Wa Ching (Notes 1 & 3)	Beneficiary of a discretionary trust	223,202,000	61.61%
	Beneficial owner	600,000 <sup>#</sup>	0.17%
Mr. CHONG Wa Lam (Notes 1 & 3)	Beneficiary of a discretionary trust	223,202,000	61.61%
	Beneficial owner	600,000 <sup>#</sup>	0.17%
Mr. LUK Kwok Tung, Eric	Beneficial owner	2,000	less than 0.01%
	Beneficial owner	300,000 <sup>#</sup>	0.08%
Mr. CHAU On Ta Yuen	Beneficial owner	500,000 <sup>#</sup>	0.14%
Ms. TSUI Pui Man	Beneficial owner	400,000	0.11%
	Beneficial owner	500,000 <sup>#</sup>	0.14%
Mr. LAW Tze Lun	Beneficial owner	500,000 <sup>#</sup>	0.14%

<sup>#</sup> These long positions represent the share options granted to the respective Directors under the share option scheme of the Company. Each share option shall entitle the holder thereof to subscribe for one Share.



## Other Information

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES *(Continued)* Long positions in the ordinary shares of associated corporation

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

Notes:

- The entire issued shares of Perfect Group Version Limited ("Perfect Group") are held by Jade City Assets Limited, which in turn is held by HSBC International Trustee Limited acting as the trustee of the CHONG Family Trust. The CHONG Family Trust is an irrevocable discretionary trust set up by Mr. CHONG Kam Chau as settlor and HSBC International Trustee Limited as trustee on 2 February 2009. The beneficiaries of the CHONG Family Trust include Mr. CHONG Kam Chau, Ms. CHAN Po Ting, Mr. CHONG Wa Pan, Mr. CHONG Wa Ching and Mr. CHONG Wa Lam and the issues of Mr. CHONG Wa Pan, Mr. CHONG Wa Ching and Mr. CHONG Wa Lam.
- Mr. CHONG Kam Chau is the founder, an executive Director and the Chairman of the board of directors (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 all the Shares held by Perfect Group under the SFO.
- Mr. CHONG Wa Pan, the Chief Executive Officer and the President of the Group, together with Mr. CHONG Wa Ching, as an executive Director and Mr. CHONG Wa Lam, who resigned as the executive Director on 2 September 2013 and beneficiaries and the issues of Mr. CHONG Wa Pan, namely, Mr. CHONG Kam Hung, Mr. CHONG Kam Shing and Ms. CHONG Sum Yee as beneficiaries of the CHONG Family Trust, are deemed or taken to be interested in entire issued shares of Perfect Group and all the Shares held by Perfect Group under the SFO.

Save as disclosed above, none of the Directors or chief executive, had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations as at 30 September 2013.

## Other Information

### SUBSTANTIAL SHAREHOLDERS

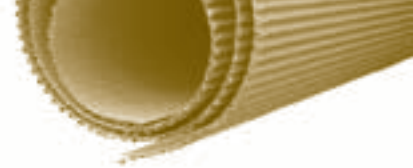
As at 30 September 2013, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

#### Long positions in the Shares

Name	Capacity/Nature	Number of shares	Percentage of shareholding (approximately)
Perfect Group Version Limited (Note 1)	Beneficial owner	223,202,000	61.61%
Jade City Assets Limited (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	62.07%
Ms. HUNG Woon Cheuk (formerly known as HUNG Shan Shan) (Note 4)	Family interests	224,402,000	61.93%
Ms. Yuen Chung Yan (Note 5)	Family interests	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:

- The entire issued shares of Perfect Group are held by Jade City Assets Limited, which is in turn held by HSBC International Trustee Limited acting as the trustee of the CHONG Family Trust. The CHONG Family Trust is an irrevocable discretionary trust set up by Mr. CHONG Kam Chau as settlor and HSBC International Trustee Limited as trustee on 2 February 2009. The beneficiaries of the CHONG Family Trust include Mr. CHONG Kam Chau, Ms. CHAN Po Ting, Mr. CHONG Wa Pan, Mr. CHONG Wa Ching and Mr. CHONG Wa Lam and the issues of Mr. CHONG Wa Pan, Mr. CHONG Wa Ching and Mr. CHONG Wa Lam. Mr. CHONG Kam Hung, Mr. CHONG Kam Shing and Ms. CHONG Sum Yee are issues of Mr. CHONG Wa Pan.
- Such Shares are held by Perfect Group, the entire issued shares of which are held by Jade City Assets Limited. The entire issued capital of Jade City Assets Limited is held by HSBC International Trustee Limited acting as the trustee of the CHONG Family Trust.
- Ms. CHAN Po Ting, the spouse of Mr. CHONG Kam Chau and one of the beneficiaries of the CHONG Family Trust, is deemed or taken to be interested in the interests held by Mr. CHONG Kam Chau and Perfect Group under the SFO.
- Ms. HUNG Woon Cheuk (formerly known as HUNG Shan Shan), is the spouse of Mr. CHONG Wa Pan, and Mr. CHONG Kam Hung, Mr. CHONG Kam Shing and Ms. CHONG Sum Yee are children under 18 of Ms. HUNG Woon Cheuk. Therefore, Ms. HUNG Woon Cheuk is deemed or taken to be interested in the interests held by Mr. CHONG Wa Pan, Mr. CHONG Kam Hung, Mr. CHONG Kam Shing and Ms. CHONG Sum Yee under the SFO.
- Ms. YUEN Chung Yan, the spouse of Mr. CHONG Wa Ching, is deemed or taken to be interested in the interests held by Mr. CHONG Wa Ching under the SFO.



## Other Information

### **PURCHASE, SALES OR REDEMPTION OF COMPANY'S LISTED SECURITIES**

During the Period, the Company and its subsidiaries had not purchased, sold or redeemed any of the Company's listed securities.

### **CORPORATE GOVERNANCE**

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

The Company has complied with the code provisions set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Listing Rules on the Stock Exchange during the six months ended 30 September 2013.

### **MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code 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 enquiries by the Company, that they had complied with the required standards set out in the Model Code throughout the Period.

### **AUDIT COMMITTEE**

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

The Audit Committee has reviewed with management the interim results announcement and the unaudited consolidated financial statements of the Group for the Period, including the accounting principles and practices adopted, internal controls and financial reporting matters.

## Other Information

### SHARE OPTION SCHEME

Details of the share options outstanding as at 30 September 2013 under the Share Option Scheme are as follows:

Name or category of grantees	Date of grant	Exercisable period	Exercise price (HK\$) (Note 1)	Share options held on 31 March 2013	Share options granted during the period	Share options exercised during the period	Share options cancelled/ lapsed during the period	Share options held as at 30 September 2013
<b>Executive Directors of the Company</b>								
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. LUK Kwok Tung, Eric	6 January 2010	6 January 2011 to 5 January 2020	1.18	120,000	-	-	-	120,000
	6 January 2010	6 January 2012 to 5 January 2020	1.18	90,000	-	-	-	90,000
	6 January 2010	6 January 2013 to 5 January 2020	1.18	90,000	-	-	-	90,000
				300,000	-	-	-	300,000
<b>Independent Non-executive Directors of the Company (Note 1)</b>								
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
<b>Seven other eligible participants of the Group</b>								
	6 January 2010	6 January 2011 to 5 January 2020	1.18	660,000	-	-	-	660,000
	6 January 2010	6 January 2012 to 5 January 2020	1.18	495,000	-	-	-	495,000
	6 January 2010	6 January 2013 to 5 January 2020	1.18	495,000	-	-	-	495,000
	17 May 2010	13 November 2010 to 16 May 2020	1.05	3,000,000	-	-	-	3,000,000
				4,650,000	-	-	-	4,650,000
<b>One other eligible participant of the Group (Note 1)</b>								
	6 January 2010	6 January 2011 to 5 January 2020	1.18	150,000	-	-	-	150,000
				150,000	-	-	-	150,000
				10,100,000	-	-	-	10,100,000



## Other Information

### **SHARE OPTION SCHEME** *(Continued)*

Notes:

1. All the share options granted to the three independent non-executive Directors and one eligible participant of the Group on 6 January 2010 would vest on the first anniversary of the date(s) on which they respectively accepted the grant of share options (the "Acceptance Date").
2. Save as disclosed in Note (1) above, 40% of the remaining share options granted on 6 January 2010 would vest on the first anniversary of the Acceptance Date(s), the remaining 60% would vest as to 30% on each of the second anniversary and the third anniversary of the Acceptance Date(s), such that the share options granted will be fully vested on the third anniversary of the Acceptance Date(s). All the share options granted on 17 May 2010 would vest on the 180th day after the Acceptance Date(s).

### **EVENTS AFTER THE REPORTING PERIOD**

No significant event occurring after the end of Reporting Period.

### **PUBLIC FLOAT**

As far as the Company is aware, more than 25% of the issued shares of the Company were held in public hands as at 30 September 2013.

# Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 September 2013

	Note	Six months ended 30 September	
		2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
<b>Turnover</b>	3	429,920	398,484
Cost of goods sold		(336,520)	(318,476)
<b>Gross profit</b>		93,400	80,008
Other income		3,673	2,991
Other gains and losses	4	10,017	(1,624)
Selling expenses		(24,116)	(19,825)
Administrative expenses		(59,300)	(47,459)
Other operating expenses		(372)	(299)
Share-based payment		–	(166)
<b>Profit from operations</b>		23,302	13,626
Finance costs	5	(4,157)	(3,485)
<b>Profit before tax</b>		19,145	10,141
Income tax expense	6	(2,175)	(1,362)
<b>Profit for the period</b>	7	16,970	8,779
<b>Profit for the period attributable to:</b>			
Owners of the Company		19,179	9,766
Non-controlling interests		(2,209)	(987)
		16,970	8,779
<b>Earnings per share</b>	8		
Basic and diluted		5.29 cents	2.70 cents
<b>Dividend</b>	9	–	–





# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2013

	Six months ended 30 September	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
<b>Profit for the period</b>	16,970	8,779
<b>Other comprehensive income (expense):</b> <i>Items that may be subsequently reclassified to profit or loss</i>		
Exchange differences on translating foreign operations	9,563	(4,177)
Net gain from cash flow hedge	–	66
<b>Other comprehensive income (expense) for the period</b>	9,563	(4,111)
<b>Total comprehensive income</b>	26,533	4,668
<b>Total comprehensive income (expense) for the period attributable to:</b>		
Owners of the Company	28,392	5,812
Non-controlling interests	(1,859)	(1,144)
	26,533	4,668

# Condensed Consolidated Statement of Financial Position

As at 30 September 2013

	Note	30 September 2013 HK\$'000 (unaudited)	31 March 2013 HK\$'000 (audited)
<b>Non-current assets</b>			
Prepaid lease payments		58,254	58,016
Property, plant and equipment	10	254,011	255,528
Investment properties		185,600	182,500
Goodwill		23,113	23,113
Intangible assets		3,363	4,981
Deposits paid for prepaid lease payments		12,928	12,693
Deposits paid for acquisition of property, plant and equipment		10,667	10,027
Available-for-sale investment		3,542	3,542
Financial assets designated as at fair value through profit or loss		341	341
Derivative financial instruments		2,898	203
Club membership		366	366
		<b>555,083</b>	<b>551,310</b>
<b>Current assets</b>			
Inventories		88,742	89,508
Trade and bills receivables	11	224,515	195,567
Prepayments, deposits and other receivables		30,745	26,977
Amounts due from non-controlling shareholders	13	24	24
Amounts due from indemnifiers		–	3,159
Prepaid lease payments		1,313	1,289
Financial assets designated as at fair value through profit or loss		65,092	67,133
Derivative financial instruments		2,881	462
Held for trading investments		2,981	3,725
Pledged bank deposits		119,176	20,984
Bank and cash balances		127,136	126,334
		<b>662,605</b>	<b>535,162</b>
<b>Current liabilities</b>			
Trade and bills payables	12	130,473	104,253
Accruals and other payables		82,428	71,215
Amounts due to non-controlling shareholders	13	13,121	11,770
Short-term bank borrowings		254,292	162,280
Current tax liabilities		7,453	9,437
Current portion of long-term borrowings		61,383	112,913
Amount due to a director		135	135
		<b>549,285</b>	<b>472,003</b>
<b>Net current assets</b>		<b>113,320</b>	<b>63,159</b>
<b>Total assets less current liabilities</b>		<b>668,403</b>	<b>614,469</b>
<b>Non-current liabilities</b>			
Amounts due to non-controlling shareholders	13	7,687	8,805
Long-term borrowings		52,917	16,513
Deferred tax liabilities		5,698	5,612
		<b>66,302</b>	<b>30,930</b>
<b>NET ASSETS</b>		<b>602,101</b>	<b>583,539</b>
<b>Capital and reserves</b>			
Share capital	15	3,623	3,623
Reserves		585,212	564,791
Equity attributable to owners of the Company		<b>588,835</b>	<b>568,414</b>
Non-controlling interests		13,266	15,125
		<b>602,101</b>	<b>583,539</b>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2013

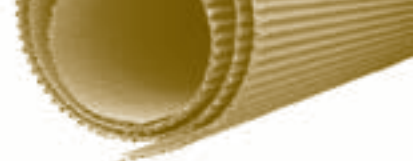
(Unaudited)

	Attributable to owners of the Company														
	Share capital	Share premium	Special reserve	Share-based payment reserve	Foreign currency translation reserve	Warrant reserve	Statutory reserve	Hedging reserve	Contingent		Contribution reserve	Retained profits	Total	Non-controlling interests	Total equity
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'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
Total comprehensive income (expense) for the period	-	-	-	-	(4,020)	-	-	66	-	-	-	9,766	5,812	(1,144)	4,668
Acquisition of additional equity interest in a subsidiary from non-controlling shareholders	-	-	-	-	-	-	-	-	(9)	-	-	-	(9)	12	3
Acquisition of subsidiaries (note 14(a))	-	-	-	-	-	-	-	-	-	7,861	-	-	7,861	7,307	15,168
Final dividend of 2012 (note 9)	-	-	-	-	-	-	-	-	-	-	-	(4,348)	(4,348)	-	(4,348)
Share option lapsed and cancelled	-	-	-	(118)	-	-	-	-	-	-	-	118	-	-	-
Recognition of share-based payments	-	-	-	167	-	-	-	-	-	-	-	-	167	-	167
Change in equity for the period	-	-	-	49	(4,020)	-	-	66	(9)	7,861	-	5,536	9,483	6,175	15,658
At 30 September 2012	3,623	193,212	105,309	3,698	64,199	40	19,106	-	-	7,861	-	138,991	536,039	21,916	557,955
At 1 April 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
Total comprehensive income (expense) for the period	-	-	-	-	9,213	-	-	-	-	-	-	19,179	28,392	(1,859)	26,533
Final dividend of 2013 (note 9)	-	-	-	-	-	-	-	-	-	-	-	(7,971)	(7,971)	-	(7,971)
Change in equity for the period	-	-	-	-	9,213	-	-	-	-	-	-	11,208	20,421	(1,859)	18,562
At 30 September 2013	3,623	193,212	105,309	3,698	79,570	40	20,250	-	-	7,861	15,840	159,432	588,835	13,266	602,101

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2013

	Note	Six months ended 30 September	
		2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
<b>NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES</b>		<b>34,209</b>	<b>(227)</b>
Purchases of property, plant and equipment	10	(7,057)	(21,701)
Purchases of investment properties		–	(89,768)
Proceeds from disposals of property, plant and equipment		107	–
Net cash outflow from acquisition of subsidiaries	14(a)	–	(14,166)
(Increase)/decrease in pledged bank deposits		(98,192)	24,455
Decrease in deposit paid for acquisition of subsidiaries		–	10,000
(Increase)/decrease in deposits paid for acquisition of property, plant and equipment		(452)	762
Redemption of financial assets designated at FVTPL		–	10,856
Decrease in time deposits maturing after three months		–	617
Interest received		630	1,159
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(104,964)</b>	<b>(77,786)</b>
Drawing of short term loans, net		92,012	49,690
New long term borrowings		–	53,450
Repayment of long term borrowings		(15,287)	(5,123)
Advances from indemnifiers		3,159	–
Dividend paid		(7,971)	(4,346)
Interest paid		(4,157)	(3,485)
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>		<b>67,756</b>	<b>90,186</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(2,999)</b>	<b>12,173</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>		<b>3,801</b>	<b>(1,726)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		<b>126,334</b>	<b>102,276</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>127,136</b>	<b>112,723</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Bank and cash balances		127,136	112,723



# Notes to the Condensed Financial Statements

For the six months ended 30 September 2013

## 1. BASIS OF PREPARATION

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

These unaudited condensed financial statements should be read in conjunction with the 2013 annual financial statements. The accounting policies and methods of computation used in the preparation of these unaudited condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2013 except as stated below.

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

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

In the current interim period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standard ("HKFRS") issued by the HKICPA.

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income;
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle;
Amendments to HKFRS 1	Government loans;
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities;
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance;
HKFRS 10	Consolidated Financial Statements;
HKFRS 11	Joint Arrangements;
HKFRS 12	Disclosure of Interests in Other Entities;
HKFRS 13	Fair Value Measurement;
HKAS 19 (as revised in 2011)	Employee Benefits;
HKAS 27 (as revised in 2011)	Separate Financial Statements;
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures; and
HK(International Financial Reporting Interpretations Committee)—Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine.

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

# Notes to the Condensed Financial Statements

For the six months ended 30 September 2013

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

*(Continued)*

### **Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income**

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, 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 additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

### **Amendments to HKFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities**

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

The amendments to HKFRS 7 are effective for 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.

### **HKFRS 13 Fair Value Measurement**

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and 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, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 19 to the unaudited condensed financial statements.

### **Amendments to HKAS 34 Interim Financial Reporting (as part of the Annual Improvements to HKFRSs 2009–2011 Cycle)**

The Group has applied the amendments to HKAS 34 Interim Financial Reporting as part of the Annual Improvements to HKFRSs 2009–2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

# Notes to the Condensed Financial Statements

For the six months ended 30 September 2013

## 3. TURNOVER AND SEGMENTAL INFORMATION

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

### Segmental information

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

The Group has three reportable segments 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 six months ended 30 September 2013

	Corrugated products HK\$’000 (unaudited)	Offset printed corrugated products HK\$’000 (unaudited)	Properties leasing HK\$’000 (unaudited)	Elimination HK\$’000 (unaudited)	Total HK\$’000 (unaudited)
<b>Segment revenue</b>					
External sales	355,909	74,011	—	—	429,920
Inter-segment sales	4,905	13,138	—	(18,043)	—
<b>Total</b>	<b>360,814</b>	<b>87,149</b>	<b>—</b>	<b>(18,043)</b>	<b>429,920</b>
<b>Segment results</b>	<b>11,550</b>	<b>5,923</b>	<b>5,050</b>		<b>22,523</b>
Interest income					630
Fair value changes of held for trading investments					(744)
Fair value changes of derivative financial instruments					5,114
Fair value changes of financial assets designated as at fair value through profit or loss (“ <b>FVTPL</b> ”)					(2,041)
Income from structured foreign currency forward contracts					3,967
Income from structured deposits					621
Corporate income and expenses					(10,925)
<b>Profit before tax</b>					<b>19,145</b>

# Notes to the Condensed Financial Statements

For the six months ended 30 September 2013

## 3. TURNOVER AND SEGMENTAL INFORMATION *(Continued)*

### Segment revenues and results *(Continued)*

For the six months ended 30 September 2012

	Corrugated products HK\$'000 (unaudited) (restated)	Offset printed corrugated products HK\$'000 (unaudited)	Properties leasing HK\$'000 (unaudited) (restated)	Elimination HK\$'000 (unaudited)	Total HK\$'000 (unaudited) (restated)
<b>Segment revenue</b>					
External sales	333,520	64,964	–	–	398,484
Inter-segment sales	10,132	10,529	–	(20,661)	–
<b>Total</b>	<b>343,652</b>	<b>75,493</b>	<b>–</b>	<b>(20,661)</b>	<b>398,484</b>
<b>Segment result</b>	<b>19,414</b>	<b>841</b>	<b>333</b>		<b>20,588</b>
Interest income					1,159
Fair value changes of derivative financial instruments					(1,950)
Fair value changes of held for trading investments					(928)
Fair value changes of financial assets designated as at FVTPL					244
Gain on disposal of derivative financial instruments					106
Income from structured foreign currency forward contracts					704
Income from structured deposits					200
Corporate income and expenses					(9,982)
<b>Profit before tax</b>					<b>10,141</b>

The accounting policies of the operating segments are the same as the Group's accounting policies described in preparing the 2013 financial statement of the Group. Segment profits or losses represented the profit earned/loss from each segment without allocation of interest income, fair value changes of derivative financial instruments, fair value changes of financial assets designated as at FVTPL, fair value changes of held for trading investments, gain on disposal of derivative financial instruments, income from structured foreign currency forward contracts, income from structured deposits, and corporate income and expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.



## Notes to the Condensed Financial Statements

For the six months ended 30 September 2013

### 3. TURNOVER AND SEGMENTAL INFORMATION *(Continued)*

#### Segment assets and liabilities

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

	Corrugated products HK\$'000 (unaudited)	Offset printed corrugated products HK\$'000 (unaudited)	Properties leasing HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
<b>At 30 September 2013</b>				
<b>Segment assets</b>	814,239	106,521	186,497	1,107,257
<b>Segment liabilities</b>	182,396	23,221	1,146	206,763

	Corrugated products HK\$'000 (audited)	Offset printed corrugated products HK\$'000 (audited)	Properties leasing HK\$'000 (audited)	Total HK\$'000 (audited)
<b>At 31 March 2013</b>				
<b>Segment assets</b>	677,815	97,404	184,307	959,526
<b>Segment liabilities</b>	145,898	25,682	1,132	172,712

All assets are allocated to segments other than leasehold land in Hong Kong for corporate use, investment properties for capital appreciation purposes, goodwill, intangible assets, club membership, amounts due from non-controlling shareholders, amounts due from indemnifiers, held for trading investments, bank balances managed on central basis, available-for-sale investment, derivative financial instruments, financial assets designated as at FVTPL and corporate assets.

All liabilities are allocated to segments other than current tax liabilities, deferred tax liabilities, amounts due to non-controlling shareholders, borrowings, amount due to a director and corporate liabilities.

# Notes to the Condensed Financial Statements

For the six months ended 30 September 2013

## 4. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Fair value changes of derivative financial instruments	5,114	(1,950)
Fair value changes of held for trading investments	(744)	(928)
Fair value changes of financial assets designated as at FVTPL	(2,041)	244
Fair value changes of investment properties	3,100	–
Gain on disposal of derivative financial instruments	–	106
Income from structured foreign currency forward contracts	3,967	704
Income from structure deposits	621	200
	<b>10,017</b>	<b>(1,624)</b>

## 5. FINANCE COSTS

	Six months ended 30 September	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Interest on:		
bank borrowings		
— wholly repayable within five years	3,618	2,947
other loans		
— wholly repayable within five years	220	227
amount due to a non-controlling interest		
— not wholly repayable within five years	319	311
	<b>4,157</b>	<b>3,485</b>

# Notes to the Condensed Financial Statements

For the six months ended 30 September 2013

## 6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Hong Kong Profits Tax		
Current tax	916	236
PRC enterprise income tax ("EIT")		
Current tax	1,259	1,126
	2,175	1,362

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 People's Republic of China (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 period is earned by the Macau subsidiaries of the Group incorporated under the Macao Special Administrative Region's Offshore Law. Pursuant to the Macao Special Administrative Region's Offshore Law, such portion of profits is exempted from Macao complimentary tax. Further, in the opinion of the Directors, that portion of the Group's profit is not at present subject to taxation in any other jurisdiction in which the Group operates.

On 16 March 2007, the EIT law passed by the Tenth National People's Congress introduced 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's 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.

# Notes to the Condensed Financial Statements

For the six months ended 30 September 2013

## 6. INCOME TAX EXPENSE *(Continued)*

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.

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 at the end of the reporting period. In the opinion of the directors, as at 30 September 2013, the provision for taxation made in the consolidated financial statements is sufficient and not excessive.

## Notes to the Condensed Financial Statements

For the six months ended 30 September 2013

### 7. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging the followings:

	<b>Six months ended 30 September</b>	
	<b>2013 HK\$'000 (unaudited)</b>	<b>2012 HK\$'000 (unaudited)</b>
Depreciation for property plant and equipment	13,262	13,871
Amortisation of prepaid lease payments	833	636
Amortisation of intangible assets	1,618	–
<b>Total depreciation and amortisation</b>	<b>15,713</b>	<b>14,507</b>
Auditors' remuneration	–	–
Cost of inventories sold*	336,520	318,476
Operating lease charges in respect of land and buildings	8,972	8,804
Net foreign exchange loss	2,690	214
Staff costs		
Directors' emoluments	2,580	2,702
Other staff salaries, bonus and allowances	62,167	49,607
Retirement benefits scheme contributions (excluding directors)	3,013	2,254
	<b>67,760</b>	<b>54,563</b>

\* Cost of inventories sold includes staff costs, depreciation and operating lease charges totalled approximately HK\$56,505,000 (for the six months ended 30 September 2012: HK\$48,277,000) which are included in the amounts disclosed separately above.

# Notes to the Condensed Financial Statements

For the six months ended 30 September 2013

## 8. EARNINGS PER SHARE

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

	Earnings for the six months ended 30 September	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Profit for the period attributable to owners of the Company	19,179	9,766

	Number of shares at 30 September	
	2013 (unaudited)	2012 (unaudited)
Weighted average number of ordinary shares at end of period	362,300,000	362,300,000

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

- the exercise of all (six months ended 30 September 2012: all) 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 periods ended 30 September 2013 and 2012; and
- the issuance of the Consideration Shares because the TSGL's Profit Amount did not equal to or exceed the TSGL's Guaranteed Amount for the period ended 30 September 2013 (2012: nil) (referred to Note 14(a) for details).

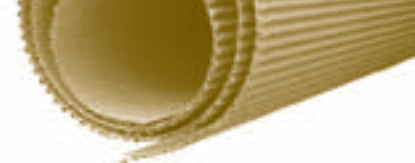
## 9. DIVIDEND

	Six months ended 30 September	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Dividend recognised as distribution during the period		
2013 Final dividend — HK2.2 cents (2012: HK1.2 cents) per share	7,971	4,348

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2013 (six months ended 30 September 2012: Nil).

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2013, the Group acquired property, plant and equipment of approximately HK\$7,057,000.



# Notes to the Condensed Financial Statements

For the six months ended 30 September 2013

## 11. TRADE AND BILLS RECEIVABLES

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

	30 September 2013 HK\$'000 (unaudited)	31 March 2013 HK\$'000 (audited)
Trade receivables:		
Not yet due for settlement	182,702	144,831
Overdue:		
1 to 30 days	22,399	16,808
31 to 90 days	7,595	27,941
91 to 365 days	3,838	2,693
Over 1 year	11,392	11,694
	227,926	203,967
Less: Allowance for doubtful debts	(11,231)	(11,140)
	216,695	192,827
Bills receivables	7,820	2,740
	224,515	195,567

## 12. TRADE AND BILLS PAYABLES

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

	30 September 2013 HK\$'000 (unaudited)	31 March 2013 HK\$'000 (audited)
Trade payables:		
0 to 30 days	57,289	52,823
31 to 90 days	888	1,050
Over 90 days	499	1,030
	58,676	54,903
Bills payables	71,797	49,350
	130,473	104,253

# Notes to the Condensed Financial Statements

For the six months ended 30 September 2013

## 13. AMOUNTS DUE FROM/TO NON-CONTROLLING SHAREHOLDERS

	30 September 2013 HK\$'000 (unaudited)	31 March 2013 HK\$'000 (audited)
Amounts due from non-controlling shareholders	24	24
Amounts due to non-controlling shareholders:		
The amount due is repayable as follows:		
Within one year	13,121	11,770
In the second year	1,281	1,231
In the third to fifth year, inclusive	3,844	3,800
After five years	2,562	3,774
	20,808	20,575
Less: Amount due for settlement within 12 months (shown under current liabilities)	(13,121)	(11,770)
Amount due for settlement after 12 months	7,687	8,805

As at 30 September 2013, the amount of US\$1,500,000 (equivalent to approximately HK\$12,812,000) (31 March 2013: US\$1,500,000 (equivalent to approximately HK\$12,579,000)) due to a non-controlling shareholder of a subsidiary, Fully Chance Holdings Limited ("Fully Chance"), is unsecured and interest bearing at 5% per annum. The principal is repayable in ten annual installments (commencing on 11 June 2011) plus interest on the outstanding balance.

As at 30 September 2013, the amount of approximately HK\$7,996,000 (31 March 2013: HK\$7,996,000) due to a non-controlling interest of a subsidiary, Turbo Best Holdings Limited, is unsecured, non-interest bearing and repayable on demand.



# Notes to the Condensed Financial Statements

For the six months ended 30 September 2013

## 14. ACQUISITION OF SUBSIDIARIES

### (a) Acquisition of Think Speed Group Limited

On 21 June 2012, Fortune Port Technology Limited (“**Fortune Port**”), a wholly-owned subsidiary of the Company, acquired 51% equity interest in Think Speed Group Limited (“**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.coplay.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 year ended 31 March 2013, within the administrative expenses in the consolidated income statement.

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 as at 31 March 2012			(10,000)
			4,166

# Notes to the Condensed Financial Statements

For the six months ended 30 September 2013

## 14. ACQUISITION OF SUBSIDIARIES *(Continued)*

### (a) Acquisition of Think Speed Group Limited *(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 Deson Technology Limited (“**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 10,570,000 shares (the “**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.

As at acquisition date and 31 March 2013, the TSGL’s Put Option has been valued as no value. As a result, no related financial instrument has been recognised.

# Notes to the Condensed Financial Statements

For the six months ended 30 September 2013

## 14. ACQUISITION OF SUBSIDIARIES *(Continued)*

### (a) Acquisition of Think Speed Group Limited *(Continued)*

Pursuant to the announcement dated 17 October 2013, the Group has been orally notified by the owners (the “**SZ Thinksky Owners**”) of the 80.01% of the equity interest in Shenzhen Thinksky of their intention to terminate the management agreement and other related documents entered into between Magic Thinksky and the SZ Thinksky Owners in respect of the management of the equity interest in Shenzhen Thinksky held by the SZ Thinksky Owners (the “**the Possible Termination**”). The Possible Termination contributes uncertainties to the occurrence of the put option, therefore, on 30 September 2013, the put option has been valued as approximately HK\$2,789,000 and recognised a fair value gain on derivative financial instruments.

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.

During the six months ended 30 September 2013, TSGL contributed net amount of approximately HK\$548,000 (six months ended 30 September 2012: approximately HK\$339,000) to the Group’s other income, loss of approximately HK\$1,424,000 (six months ended 30 September 2012: approximately HK\$1,610,000) to the Group’s profit and no contribution to the Group’s turnover.

### (b) Acquisition of Sky Achiever Holdings Limited

On 31 December 2012, Jumbo Match Limited (“**Jumbo Match**”), a wholly-owned subsidiary of the Company, acquired 100% equity interest in Sky Achiever Holdings Limited (“**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 year ended 31 March 2013, within the administrative expenses in the consolidated income statement.

# Notes to the Condensed Financial Statements

For the six months ended 30 September 2013

## 14. ACQUISITION OF SUBSIDIARIES *(Continued)*

### (b) Acquisition of Sky Achiever Holdings Limited *(Continued)*

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

	Acquirees' carrying amounts before combination	Fair value adjustments	Fair value
	HK\$'000	HK\$'000	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			
as at 31 March 2012			(20,000)
			(3,794)

# Notes to the Condensed Financial Statements

For the six months ended 30 September 2013

## 14. ACQUISITION OF SUBSIDIARIES *(Continued)*

### (b) Acquisition of Sky Achiever Holdings Limited *(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 on 31 March 2013.

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\$29,459,000 to the Group's turnover and profit of approximately HK\$4,634,000 to the Group's profit for the period ended 30 September 2013.

## 15. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each		
At 1 April 2012, 31 March 2013 and 30 September 2013	2,000,000	20,000
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.01 each		
At 1 April 2012, 31 March 2013 and 30 September 2013	362,300	3,623

# Notes to the Condensed Financial Statements

For the six months ended 30 September 2013

## 16. SHARE-BASED PAYMENTS

### Equity-settled share option scheme

The Company's share option scheme (the "Scheme") was adopted on 5 February 2009. A summary of the principal terms of the Scheme is set out in the 2013 annual financial statements of the Company.

Details of the specific categories of options are as follows:

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

Notes:

- (a) The vesting period of the share options is from the date of the grant until the commencement of the exercise period.
- (b) The exercise price of the share options is subject to adjustment in the case of rights or bonus issue, or other similar changes in the Company's share capital.
- (c) The price of the Company's share disclosed as at the date of grant of the share options is the higher of the average of closing price listed on the Stock Exchange for the five business days immediately preceding the date of the grant of the share options or the closing price at the date of grant.

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

	Number of share options granted to directors	Weighted average exercise price HK\$	Number of share options granted to employees	Weighted average exercise price HK\$	Total number of share options	Weighted average exercise price HK\$
Outstanding at 1 April 2013	5,600,000	1.16	4,500,000	1.09	10,100,000	1.13
Lapsed during the period	—	—	—	—	—	—
Outstanding at 30 September 2013	5,600,000	1.16	4,500,000	1.09	10,100,000	1.13
Exercisable at 30 September 2013	5,600,000	1.16	4,500,000	1.09	10,100,000	1.13

# Notes to the Condensed Financial Statements

For the six months ended 30 September 2013

## 16. SHARE-BASED PAYMENTS *(Continued)*

No share options have been exercised during the period. The options outstanding at 30 September 2013 have a weighted average remaining contractual life of 6.41 years (2012: 7.91 years) and the exercise price of HK\$1.13 (2012: HK\$1.12).

At 30 September 2013, the number of shares in respect of which options have been granted and remained outstanding under the Scheme was 10,100,000 (2012: 10,100,000), representing 2.79% (2012: 2.79) of the shares of the Company in issue at that date.

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

The estimated fair value of the options granted during the years ended 31 March 2011 and 2010 calculated using the Black-Scholes option pricing model was approximately HK\$6,285,000 and HK\$3,315,000 respectively. The inputs into the model were as follows:

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

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

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

# Notes to the Condensed Financial Statements

For the six months ended 30 September 2013

## 17. CAPITAL COMMITMENTS

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

	30 September 2013 HK\$'000 (unaudited)	31 March 2013 HK\$'000 (audited)
Capital expenditure contracted but not provided for:		
Purchase of property, plant and equipment	1,284	3,003

## 18. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 September 2013 (As at 31 March 2013: Nil).

## 19. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### Fair value of the Group's financial assets that are measured at fair value on a recurring basis

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

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

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

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



# Notes to the Condensed Financial Statements

For the six months ended 30 September 2013

## 19. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

### Fair value of the Group's financial assets that are measured at fair value on a recurring basis

*(Continued)*

Financial assets	Fair value as at 30 September 2013	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
(1) Listed equity securities classified as held for trading investments in the statement of financial position	HK\$2,981,000	Level 1	Quoted bid prices in an active market	N/A	N/A
(2) Structured foreign currency forward contracts classified as derivative financial instruments in the statement of financial position	HK\$2,990,000	Level 2	Garman-Kohlhagen Model with Monte-Carlo simulation process. Future cash flows are estimated based on future exchange rates calculated by Garman-Kohlhagen Model (derived with observable input, i.e, risk-free interest rate differentials and volatility of foreign exchange rate) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties through the application of Monte-Carlo simulation process	N/A	N/A
(3) Equity-linked notes classified as financial assets designated as at FVTPL in the statement of financial position	HK\$52,810,000	Level 2	Monte-Carlo simulation process. Future cash flows are estimated using the estimated future index based on their historical volatility and the contracted index, discounted at a rate that reflects the credit risk of various counterparties, through the application of Monte-Carlo simulation process	N/A	N/A

# Notes to the Condensed Financial Statements

For the six months ended 30 September 2013

## 19. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

### Fair value of the Group's financial assets that are measured at fair value on a recurring basis

*(Continued)*

Financial assets	Fair value as at 30 September 2013	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
(4) Profit guarantees classified as financial assets designated as at FVTPL in the statement of financial position	HK\$12,623,000	Level 3	Discounted cash flow  The key inputs are: Probability of shortfall in net profits, estimated future net profits, discount rate	Probability of shortfall in net profits, taking into account of historical and forecast net profits generated by TSGL and SAH estimated by the management  Estimated future net profits of TSGL and SAH, taking into account of management's experience and knowledge of market conditions of the specific industries  Discount rate derived from the default rates of corporates with credit rating of CCC published by S&P's 2012 Annual Global Corporate Default Study	The higher the probability of shortfall in net profits, the higher the fair value  The higher the estimated future net profits, the lower the fair value  The higher the discount rate, the lower the fair value

# Notes to the Condensed Financial Statements

For the six months ended 30 September 2013

## 19. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

### Fair value of the Group's financial assets that are measured at fair value on a recurring basis

*(Continued)*

Financial assets	Fair value as at 30 September 2013	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
(5) Put option classified as derivative financial instruments in the statement of financial position	HK\$2,789,000	Level 3	Binomial option pricing model  The key inputs are: Estimated equity value, volatility, and probability of option to be exercised	Estimated equity value, determined by using the discounted cash flow model  Volatility, determined by referring to the volatility of stock price of comparable listed company calculated by Bloomberg  Probability of option to be exercised, determined by the management's judgement on the Possible Termination (as defined in note 14(a))	The higher the estimated equity value, the lower the fair value  The higher the volatility, the higher the fair value  The higher the probability of option to be exercised, the higher the fair value

There were no transfers between Level 1, 2 and 3 in the current period and prior periods.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

The reconciliation of level 3 fair value measurements of financial assets and/or financial liabilities is as follows:

	Profit guarantees designated as financial assets as at FVTPL HK\$'000	Put option HK\$'000
At 1 April 2013	12,159	–
Total gain in profit or loss	464	2,789
At 30 September 2013	12,623	2,789

# Notes to the Condensed Financial Statements

For the six months ended 30 September 2013

## 19. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

### Fair value of the Group's financial assets that are measured at fair value on a recurring basis

*(Continued)*

Of the total gains for the period included in profit or loss, approximately HK\$3,253,000 relates to fair value changes on profit guarantees designated as financial assets at FVTPL and put option held at the end of the reporting period (2012: nil) which are included in "other gains and losses".

### Fair value measurements and valuation processes

The Group's finance department reviews the valuations of financial assets designated as at FVTPL and derivative financial instruments for financial reporting purposes, including Level 3 fair values. These valuation results are then reported to the directors of the Company and the senior management for discussions in relation to the valuation processes and results.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The finance department works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The finance department reports the findings to the directors of the Company regularly to explain the cause of fluctuations in the fair value of the assets and liabilities.

## 20. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 September	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Rental in respect of land and buildings paid to a related company owned by Mr. Chong Kam Chau (" <b>Mr Chong</b> ") and Mr. Chong Wa Pan (note (i))	236	204
Rental in respect of land and buildings paid to a related company owned by Mr. Chong (note (ii))	—	1,000

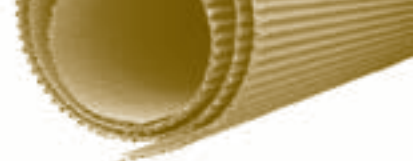
Notes:

### (i) Tenancy Agreement with a Related Company

In 2013 and 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 2013 until 31 March 2014 and from 1 April 2012 to 31 March 2013 at prevailing market rates respectively. 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. Transaction was conducted with terms mutually agreed with the contracting parties pursuant to signed agreements.



# Notes to the Condensed Financial Statements

For the six months ended 30 September 2013

## 21. SEASONALITY

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

## 22. COMPARATIVE AMOUNTS

As a result of an additional reportable segment related to "properties leasing" being identified during the current period, certain comparative figures set out in note 3 have been reclassified to conform with the current period's presentation as reclassification of segment profit of approximately HK\$333,000 from "corrugated products" to "properties leasing" segment for the period ended 30 September 2012.

## 23. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 29 November 2013.