



COME SURE

Group (Holdings) Limited

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

INTERIM REPORT
2014

CONTENTS

Corporate Information	2
Management Discussion and Analysis	4
Other Information	10
Condensed Consolidated Statement of Profit or Loss	16
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	17
Condensed Consolidated Statement of Financial Position	18
Condensed Consolidated Statement of Changes in Equity	20
Condensed Consolidated Statement of Cash Flows	21
Notes to the Condensed Consolidated Financial Statements	22

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. CHONG Kam Chau (*Chairman*)
Mr. CHONG Wa Pan (*Chief Executive Officer and President*)
Mr. CHONG Wa Ching
Mr. LUK Kwok Tung, Eric

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 2001–2006, 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

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

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
Level 22
Hopewell Centre
183 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

With an increasing interests of environmental protection, the demand for corrugated paper packaging products, especially those with structural packaging design and high compressive strength, kept increasing steadily during the six months ended 30 September 2014 (the “**Period**”). Apart from the high demand, the recognition of the environmental and climatic issues, as well as green economy strongly supported by the PRC government, have speeded up the industry restructuring. Benefiting from phasing out the outdated capacities, the market leaders strived to expand the product mix and customer network, with capacities and product upgrades.

According to National Bureau of Statistics of the PRC as reported by China Information Industry Net (“**CIIN**”), the production volume of corrugated cartons in the PRC amounted to approximately 27.3 million tons during the first nine months in 2014, representing an increase of approximately 4.8% from the corresponding period in 2013.

BUSINESS REVIEW

During the Period, the Come Sure Group (Holdings) Limited and its subsidiaries (collectively, referred to as the (“**Group**”)) managed to increase the revenue significantly by 12.6% to approximately HK\$484.2 million, with a significant increase in PRC domestic sales of 22.8%. The increase in the revenue proved the effectiveness of the Group’s expansion in product mix and customer network in the recent years. The Group has established long-term cooperative relationships with a number of renowned local and overseas clients of different industries. To cope with the increasing demand, the Group closely monitored the construction of the Group’s plant in Fujian (the “**Fujian Plant**”), and expects to commence operation in the year 2014/15 as scheduled.

Due to the increased recognition of the advantages of the structural packaging design and high compressive strength packaging products, as well as high quality offset printed products, the respective demands of such high value-added products rose. High value-added services and products continued to be the Group’s focus during the Period, thus the Group’s gross profit margin remained stable during the Period. The gross profit margin for the Period is approximately 20.5% (for the six months ended 30 September 2013: approximately 21.7%).

Benefit from quality of products, stringent internal control and management, and the closure of outdated capacities as a result of the industry restructuring with a sharp eye on expanding the business, the Group continues to outperform the industry peers significantly during the Period.

In addition to develop the existing business actively, in order to maximise the return to shareholders, the Group is also committed to business diversification. Under the threat of energy crisis, the Group is optimistic about the potential of the solar cell market development, and successfully expanded to solar cell business by completing the acquisition of 20% of Xiamen Weihua Solar Limited (“**Xiamen Weihua**”) at the beginning of the financial year 2014/15. Xiamen Weihua is a high technology enterprise integrated with R&D, production and sales, mainly engaging in the perovskite (“**PVSK**”) solar cells.

In July 2014, the photoelectric conversion efficiency of the PVSK solar cells developed by Xiamen Weihua has reached approximately 19.6%, attaining leading position in the world. PVSK solar cells is a new type of solar cells, a composite of organic and inorganic, with MAPbX₃ as light-absorbing material, as well as appliance of electron and hole transport materials. PVSK solar cells is also known as ultra-thin film solar cells due to its pre-packaging thickness of only a few micrometers, which is much thinner than the traditional thin film solar cells, with the cost at one-third of other solar cells’ elements.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULT OF OPERATION

	For the six months ended 30 September			
	2014		2013	
	HK\$'000	(%)	HK\$'000	(%)
PRC domestic sales	292,412	60.4	238,094	55.4
PRC Domestic delivery export	173,649	35.9	175,677	40.8
Direct export to Hong Kong/ Other countries growth	18,182	3.7	16,149	3.8
	484,243	100	429,920	100
Gross profit margin		20.5		21.7
Net profit margin		5.3		3.9

REVENUE

During the Period, the revenue of the Group increased by 12.6% to approximately HK\$484.2 million, from approximately HK\$429.9 million for the corresponding period last year.

Guangdong operation

The revenue for the Period generated from the operations in Guangdong increased by 15.0% from approximately HK\$385.8 million for the corresponding period in 2013 to approximately HK\$443.8 million.

During the Period, due to surge in demand for offset printing and high value-added products, the Group continued to develop high quality offset printed products and structural designed packaging, and secured more orders from the high-end customers. Hence the average selling price for printed cartons and other paperwares slightly increased by 1.6% during the Period, and the corresponding revenue lifted up by 13.5% to approximately HK\$375.3 million, from approximately HK\$330.6 million for the corresponding period in 2013.

Jiangxi operation

The operation in Jiangxi contributed approximately HK\$40.4 million revenue to the Group, which has decreased by 8.4% from approximately HK\$44.1 million for the same period last year.

MANAGEMENT DISCUSSION AND ANALYSIS

GROSS PROFIT

The gross profit margin of the Group maintained stable during the Period, with the Group's consistent prudent internal cost control, as well as continuous focus on carton and other paper-wares and high value-added products. The Group's gross profit margin amounted to approximately 20.5% for the Period (for the same period in 2013: approximately 21.7%). In line with the revenue increase during the Period, despite a slight decrease in Jiangxi operation, the gross profit for the Group increased from approximately HK\$93.4 million for the corresponding period last year to approximately HK\$99.2 million for the Period.

Guangdong operation

During the Period, Shenzhen operation continued to contribute the largest portion of gross profit. The gross profit attributable to the operation of Guangdong increased from approximately HK\$85.2 million in the corresponding period last year to approximately HK\$93.1 million, with a slight decrease in the respective gross profit margin from approximately 22.1% to approximately 21.0%.

Jiangxi operation

The gross profit and gross profit margin of the operation in Jiangxi decreased from approximately HK\$8.2 million and 18.5% for the six months ended 30 September 2013 to approximately HK\$6.1 million and 15.0% for the Period.

Notwithstanding, the Group still believes the operation will be further improved with increased sales order and demand for the high-value products in the surrounding areas.

SELLING AND ADMINISTRATIVE EXPENSES

Despite the increase in revenue and sales order during the Period, the selling expenses for the Period decreased by 1.7% to approximately HK\$23.7 million from approximately HK\$24.1 million in the corresponding period last year, as a result of the Group's effort in enhancing the logistics management as part of stringent cost control.

Due mainly to the increase of salaries and allowance, the administrative expenses increased by 10.3 % from approximately HK\$59.3 million in the same period last year to approximately HK\$65.4 million during the Period.

FINANCE COSTS

Additional bank loans were raised for the general working capital, hence the finance cost for the Period increased from approximately HK\$4.2 million for the same period last year to approximately HK\$4.7 million for the Period.

WORKING CAPITAL

	30 September 2014	31 March 2014
Trade and bills receivable	89	86
Trade and bills payable	63	64
Inventories	41	46
Cash conversion cycle *	67	68

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

MANAGEMENT DISCUSSION AND ANALYSIS

WORKING CAPITAL *(Continued)*

In line with the increase in the revenue during the Period, the trade and bills receivables increased to approximately HK\$246.4 million as at 30 September 2014, increased by 8.5% against approximately HK\$227.1 million as at 31 March 2014, while Trade and bills receivables turnover days slightly increased to 89 days as at 30 September 2014 (as at 31 March 2013: 86 days).

Trade and bills payables decreased from approximately HK\$138.1 million as at 31 March 2014 to approximately HK\$126.4 million as at 30 September 2014. The trade and bills payables turnover days decreased by 1 day to 63 days as compared to 64 days as at 31 March 2014.

Stringent inventories control is implemented by the Group continuously to reduce the holding risk. The inventories turnover decreased to 41 days, as compared to 46 days as at 31 March 2014, while the inventories carried a total worth of approximately HK\$83.7 million as at 30 September 2014, which decreased by 4.2% from approximately HK\$87.4 million as at 31 March 2014.

The Group's enhanced operation efficiency reduced the liquidity risk. Hence, the cash conversion cycle of the Group was reduced to 67 days as at 30 September 2014 compared to 68 days as at 31 March 2014.

LIQUIDITY AND FINANCIAL RESOURCES

	30 September 2014	31 March 2014
Current ratio	1.2	1.2
Gearing ratio	31.1%	29.9%

During the Period, the principal sources of working capital of the Group remained to be the cash flow from operating activities and bank borrowings. As at 30 September 2014, 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\$172.8 million (as at 31 March 2014: approximately HK\$174.9 million), excluding pledged deposit and unused banking facilities of approximately of HK\$149.2 million and HK\$390.8 million respectively.

The current assets and current liabilities increased from approximately HK\$720.7 million and approximately HK\$623.1 million as at 31 March 2014 to approximately HK\$766.8 million and approximately HK\$664.8 million as at 30 September 2014 respectively. Current ratio (current assets divided by current liabilities) as at 30 September 2014 was 1.2 (as at 31 March 2014: 1.2).

During the Period, to meet the working capital requirement for existing operations and to finance the construction of the Fujian Plant, the Group maintained a healthy liquidity position with sufficient cash and banking facilities. The gearing ratio (total borrowings divided by total assets) slightly increased from 29.9% as at 31 March 2014 to 31.1% as at 30 September 2014.

Total outstanding bank borrowings and other borrowings of the Group increased from approximately HK\$378.6 million as at 31 March 2014 to approximately HK\$410.8 million as at 30 September 2014. During the Period, all bank borrowings of the Group carried floating interest rates and were secured, of which approximately HK\$347.7 million was repayable within one year and approximately HK\$54.3 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% and were unsecured and repayable within one year. As at 30 September 2014, all the bank borrowings are denominated in Hong Kong dollars, and the other loans are denominated in Renminbi.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2014, the Group maintained USD8 million pivot 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 2014, the Group pledged certain assets including bank deposits, prepaid land lease payment, buildings and investment properties with an aggregate net book value of approximately HK\$379.6 million (as at 31 March 2014: approximately HK\$353.0 million) to secure banking facilities granted to the Group.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at 30 September 2014, the Group's capital expenditure contracted but not provided for regarding property, plant and equipment was approximately HK\$36.0 million (as at 31 March 2014: approximately HK\$17.1 million).

As at 30 September 2014, the Group did not have any capital expenditure authorised but not contracted for (as at 31 March 2014: Nil).

As at 30 September 2014, the Group had no significant contingent liabilities (as at 31 March 2014: Nil).

EMPLOYEES AND REMUNERATION

During the Period, the total staff cost including directors' emolument amounted to approximately HK\$79.2 million (six month ended 30 September 2013: approximately HK\$67.8 million). Salaries and bonuses are normally reviewed on an annual basis, and will be based on performance appraisals and the prevailing market condition. Share options and discretionary bonuses are also granted to eligible employees based on the individual performance and the Group's results.

The remuneration and bonuses of executive Directors and senior management of the Company 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 2014, the Group employed 1,755 employees (as at 31 March 2014: 1,713).

PROSPECT

During the Period, the global economic downsides have gradually subsided with economic recovery shown. Looking ahead, the steady growth of PRC's macro economy is expected to continue with the stepping up of efforts in phasing out the outdated capacities.

Meanwhile, the fast growing online shopping trend enlarged the market of corrugated packaging products, thus enabling the manufacturing industry of corrugated paperboards and paper-based packaging products to realise a long-term and steady development. In long-term prospective, a rise in the market demand of quality corrugated paper packaging products is expected. To cope with the market demand, the Group enhances the production capacity steadily. The operation of the Fujian Plant is expected to commence in the year 2014/15 as scheduled. Upon the commencement of the operation of Fujian Plant, the total production capacity of the Group will reach more than 500 million square metres of corrugated paper-board and more than 400 million pieces of corrugated paper packaging products.

In addition, to cope with the increasing consumption result from the industry restructuring, the Group will continue its efforts to upgrade the equipments, in order to enhance the value-added services and improve the product mix continuously. To solidify the Group's leading position in the industry, the Group will continue to refine its internal corporate administration and control, and the efforts in product quality management, customer service and equipment automation upgrades.

The management is optimistic with the business future. The Group, by improving the product mix continuously, will seize the opportunity to secure the orders from high-end customers and expand market share, with the target to become one of the largest suppliers of corrugated packaging products in the PRC.

Regarding the newly invested business — Xiamen Weihua, it developed PVSK solar cells with its own innovative structure, giving the cells a higher photoelectric conversion efficiency and longer life. The highest photoelectric conversion efficiency of Xiamen Weihua's latest PVSK solar cells has reached approximately 19.6%. PVSK solar modules can be fabricated via solution technologies which will bring down the production cost significantly to achieve effective economic utilisation of solar cells. Hence, the Group believes that it is an emerging high-potential solar cells product for the time being and the competence of Xiamen Weihua provides an effective experimental foundation for the future industrialisation development.

Xiamen Weihua has completed the construction of the first small-scale pilot production line for PVSK solar cells in the PRC, and a medium-scale production line is currently under construction. The Group is optimistic with Xiamen Weihua's business and will pay close attention to its development, in order to accumulate sufficient knowledge of the business to plan for the future moves, and strive for optimum returns on the investments.

OTHER INFORMATION

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

As at 30 September 2014, 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 Futures 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 [#]	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. LUK Kwok Tung, Eric	Beneficial owner	2,000	less than 0.01%
	Beneficial owner	300,000 [#]	0.08%
Mr. CHAU On Ta Yuen	Beneficial owner	500,000 [#]	0.14%
Ms. TSUI Pui Man	Beneficial owner	500,000 [#]	0.14%
Mr. LAW Tze Lun	Beneficial owner	500,000 [#]	0.14%

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

OTHER INFORMATION

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

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

Notes:

- The entire issued shares of Perfect Group Version Limited ("**Perfect Group**") are held by Jade City Assets Limited, which in turn is held by HSBC International Trustee Limited acting as the trustee of the CHONG Family Trust. The CHONG Family Trust is an irrevocable discretionary trust set up by Mr. CHONG Kam Chau as settlor and HSBC International Trustee Limited as trustee on 2 February 2009. The beneficiaries of the CHONG Family Trust include Mr. CHONG Kam Chau, Ms. CHAN Po Ting, Mr. CHONG Wa Pan, Mr. CHONG Wa Ching and Mr. CHONG Wa Lam and the issues of Mr. CHONG Wa Pan, Mr. CHONG Wa Ching and Mr. CHONG Wa Lam.
- Mr. CHONG Kam Chau is the founder, an executive Director and the Chairman of the board 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 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 an executive Director on 2 September 2013), and the issues of Mr. CHONG Wa Pan, namely, Mr. CHONG Kam Hung, Mr. CHONG Kam Shing and Ms. CHONG Sum Yee, all being beneficiaries of the CHONG Family Trust, are deemed or taken to be interested in 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 2014.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2014, 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	62.08%
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 interests	223,802,000	61.77%
Mr. CHONG Wa Lam (Note 1)	Beneficiary of a discretionary trust Beneficial owner	223,202,000 600,000 (Note 6)	61.61% 0.17%
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.
- These long positions represent the share option granted to the then Director under the share option scheme of the Company. Each share option shall entitle the holder thereof to subscribe for one Share.

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 maintain 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 as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange during the Period.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

All the members of the Board have confirmed, following specific enquiries by the Company, that they had complied with the required standards set out in the Model Code throughout the 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 this interim report 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 2014 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 2014	Share options granted during the Period	Share options exercised during the Period	Share options cancelled/lapsed during the Period	Share options held on 30 September 2014
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. 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
Independent Non-executive Directors of the Company (Note 1)								
Mr. CHAU On Ta Yuen	6 January 2010	6 January 2011 to 5 January 2020	1.18	200,000	-	-	-	200,000
	17 May 2010	13 November 2010 to 16 May 2020	1.05	300,000	-	-	-	300,000
				500,000	-	-	-	500,000
Ms. TSUI Pui Man	6 January 2010	6 January 2011 to 5 January 2020	1.18	200,000	-	-	-	200,000
	17 May 2010	13 November 2010 to 16 May 2020	1.05	300,000	-	-	-	300,000
				500,000	-	-	-	500,000
Mr. LAW Tze Lun	6 January 2010	6 January 2011 to 5 January 2020	1.18	200,000	-	-	-	200,000
	17 May 2010	13 November 2010 to 16 May 2020	1.05	300,000	-	-	-	300,000
				500,000	-	-	-	500,000
Seven other eligible participants of the Group								
	6 January 2010	6 January 2011 to 5 January 2020	1.18	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
One other eligible participant of the Group (Note 1)								
	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

There is no significant event occurring after the end of the 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 2014.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2014

	Notes	Six months ended 30 September	
		2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Turnover	3	484,243	429,920
Cost of goods sold		(385,065)	(336,520)
Gross profit		99,178	93,400
Other income		11,014	3,673
Other gains and losses	4	13,142	10,017
Selling expenses		(23,698)	(24,116)
Administrative expenses		(65,408)	(59,300)
Other operating income (expenses)		20	(372)
Profit from operations		34,248	23,302
Finance costs	5	(4,662)	(4,157)
Profit before tax		29,586	19,145
Income tax expense	6	(4,005)	(2,175)
Profit for the period	7	25,581	16,970
Profit (loss) for the period attributable to:			
Owners of the Company		25,688	19,179
Non-controlling interests		(107)	(2,209)
		25,581	16,970
Earnings per share	8	7.09 cents	5.29 cents
Basic and diluted			
Dividend	9	–	–

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2014

	Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Profit for the period	25,581	16,970
Other comprehensive income for the period: <i>Items that may be subsequently reclassified to profit or loss</i>		
Exchange differences on translating foreign operations	417	9,563
Total comprehensive income	25,998	26,533
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	26,084	28,392
Non-controlling interests	(86)	(1,859)
	25,998	26,533

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

	Notes	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
Non-current assets			
Prepaid lease payments		69,565	57,765
Property, plant and equipment	10	251,686	260,669
Investment properties		198,650	189,400
Goodwill		14,431	14,431
Intangible assets		–	–
Deposits paid for prepaid lease payments		–	12,925
Deposits paid for acquisition of property, plant and equipment		5,780	5,115
Available-for-sale investment		10,095	3,542
Derivative financial instruments	18	1,661	1,070
Club membership		366	366
Deferred tax asset		1,401	1,401
		553,635	546,684
Current assets			
Inventories		83,703	87,378
Trade and bills receivables	11	246,358	227,111
Prepayments, deposits and other receivables		42,459	29,985
Amounts due from non-controlling shareholders	13	24	24
Prepaid lease payments		1,604	1,313
Tax recoverable		1,054	1,054
Financial assets designated as at fair value through profit or loss ("FVTPL")	18	66,767	66,514
Held for trading investments	18	2,851	2,999
Pledged bank deposits		149,169	129,467
Bank and cash balances		172,783	174,898
		766,772	720,743

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 September 2014

	Notes	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
Current liabilities			
Trade and bills payables	12	126,363	138,145
Accruals and other payables		85,395	78,891
Dividend payables		12,681	–
Amounts due to non-controlling shareholders	13	25,803	26,119
Short-term borrowings		337,083	288,560
Current tax liabilities		14,461	12,353
Derivative financial instruments	18	–	1,735
Current portion of long-term borrowings		62,888	77,160
Amount due to a director		135	135
		664,809	623,098
Net current assets			
		101,963	97,645
Total assets less current liabilities			
		655,598	644,329
Non-current liabilities			
Amounts due to non-controlling shareholders	13	7,691	7,685
Long-term borrowings		10,870	12,928
Deferred tax liabilities		4,793	4,789
		23,354	25,402
NET ASSETS			
		632,244	618,927
Capital and reserves			
Share capital	14	3,623	3,623
Reserves		616,486	603,083
Equity attributable to owners of the Company		620,109	606,706
Non-controlling interests		12,135	12,221
		632,244	618,927

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2014

	Attributable to owners of the Company												Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Share-based	Foreign	Warrant reserve HK\$'000	Statutory reserve HK\$'000	Contingent		Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
				payment reserve HK\$'000	currency translation reserve HK\$'000			consideration reserve HK\$'000	Contribution reserve HK\$'000				
At 1 April 2013 (audited)	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 (unaudited)	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
At 1 April 2014 (audited)	3,623	193,212	105,309	3,698	79,404	-	20,250	-	15,840	185,370	606,706	12,221	618,927
Total comprehensive income (expense) for the period	-	-	-	-	396	-	-	-	-	25,688	26,084	(86)	25,998
Final Dividend of 2014 (note 9)	-	-	-	-	-	-	-	-	-	(12,681)	(12,681)	-	(12,681)
Change in equity for the period	-	-	-	-	396	-	-	-	-	13,007	13,403	(86)	13,317
At 30 September 2014 (unaudited)	3,623	193,212	105,309	3,698	79,800	-	20,250	-	15,840	198,377	620,109	12,135	632,244

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2014

	Note	Six months ended 30 September	
		2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES		2,924	34,209
Purchases of property, plant and equipment	10	(8,491)	(7,057)
Proceeds from disposals of property, plant and equipment		1,374	107
Increase in pledged bank deposits		(19,702)	(98,192)
Increase in deposits paid for acquisition of property, plant and equipment		(665)	(452)
Proceed from disposal of an available-for-sales investment		2,995	–
Acquisition of an available-for-sales investment		(10,095)	–
Proceed from disposal of trading securities		128	–
Interest received		1,996	630
NET CASH USED IN INVESTING ACTIVITIES		(32,460)	(104,964)
Drawing of short term loans, net		48,518	92,012
Repayment of long term borrowings		(16,330)	(15,287)
Advances from indemnifiers		–	3,159
Dividend paid		–	(7,971)
Interest paid		(4,982)	(4,157)
NET CASH GENERATED FROM FINANCING ACTIVITIES		27,206	67,756
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,330)	(2,999)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		215	3,801
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		174,898	126,334
CASH AND CASH EQUIVALENTS AT END OF PERIOD		172,783	127,136
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		172,783	127,136

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

1. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 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 consolidated financial statements should be read in conjunction with the 2014 annual financial statements. The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2014 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 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2014.

In the current interim period, the Group has applied, for the first time, the following new Interpretation and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements.

Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

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

Annual Improvements to HKFRSs 2010–2012 Cycle

The “Annual Improvements to HKFRSs 2010–2012 Cycle” include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of “vesting condition” and “market condition”; and (ii) add definitions for “performance condition” and “service condition” which were previously included within the definition of “vesting condition”.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss.

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

(Continued)

Annual Improvements to HKFRSs 2010–2012 Cycle *(Continued)*

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have “similar economic characteristics”; and (ii) clarify that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of the amendments included in the “Annual Improvements to HKFRSs 2010 – 2012 Cycle” will have a material effect on the Group’s condensed consolidated financial statements.

Annual Improvements to HKFRSs 2011–2013 Cycle

The “Annual Improvements to HKFRSs 2011–2013 Cycle” include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

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

(Continued)

Annual Improvements to HKFRSs 2011–2013 Cycle *(Continued)*

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

- (a) the property meets the definition of investment property in terms of HKAS 40; and
- (b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Company do not anticipate that the application of the amendments included in the “Annual Improvements to HKFRSs 2011 – 2013 Cycle” will have a material effect on the Group’s condensed consolidated financial statements.

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

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 for the first time in the current interim period. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with 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 have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

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.

Amendments to HKAS 19 Defined Benefit Plans — Employee Contributions

The amendments to HKAS 19 simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. Specifically, contributions that are linked to services are attributed to periods of services as a negative benefit. The amendments to HKAS 19 specifies that such negative benefit are attributed in the same way as the gross benefit, i.e. attribute to periods of services under the plan’s contribution formula or on a straight-line basis.

Besides, the amendments also states that if the contributions are independent of the number of years of employee service, such contributions may be recognised as a reduction of the service cost as they fall due.

The directors of the Company anticipate that the application of the amendments to HKAS 19 will have no material impact to the Group.

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

(Continued)

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKAS 32 for the first time in the current interim period. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of “currently has a legally enforceable right of set-off” and “simultaneous realisation and settlement”.

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

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied the amendments to HKAS 36 for the first time in the current interim period. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (“CGU”) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13.

The directors of the Company anticipate that the application of the amendments to HKAS 36 will have no material impact to the Group.

HK(IFRIC)-Int 21 Levies

The Group has applied HK(IFRIC)-Int 21 for the first time in the current interim period.

HK(IFRIC)-Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The directors of the Company anticipate that the application of the amendments to HK(IFRIC)-Int 21 will have no material impact to the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

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 segments:

For the six months ended 30 September 2014

	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)
Segment revenue					
External sales	404,588	79,655	—	—	484,243
Inter-segment sales	5,157	9,971	—	(15,128)	—
Total	409,745	89,626	—	(15,128)	484,243
Segment results	13,284	6,981	11,220		31,485
Interest income					1,996
Fair value changes of derivative financial instruments					2,326
Fair value changes of held for trading investments					5
Fair value changes of financial assets designated as at FVTPL					253
Income from structured foreign currency forward contracts					920
Income from structured deposits					960
Corporate income and expenses					(8,359)
Profit before tax					29,586

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

3. TURNOVER AND SEGMENTAL INFORMATION *(Continued)* 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)
Segment revenue					
External sales	355,909	74,011	–	–	429,920
Inter-segment sales	4,905	13,138	–	(18,043)	–
Total	360,814	87,149	–	(18,043)	429,920
Segment results	11,550	5,923	5,050		22,523
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 FVTPL					(2,041)
Income from structured foreign currency forward contracts					3,967
Income from structured deposits					621
Corporate income and expenses					(10,925)
Profit before tax					19,145

The accounting policies of the operating segments are the same as the Group's accounting policies described in preparing the 2014 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, 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 CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

3. TURNOVER AND SEGMENTAL INFORMATION *(Continued)*

Segment assets and liabilities

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

	Corrugated products HK\$'000 (unaudited)	Offset printed corrugated products HK\$'000 (unaudited)	Properties leasing HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
At 30 September 2014				
Segment assets	865,368	125,695	198,768	1,189,831
Segment liabilities	169,961	33,188	849	203,998

	Corrugated products HK\$'000 (audited)	Offset printed corrugated products HK\$'000 (audited)	Properties leasing HK\$'000 (audited)	Total HK\$'000 (audited)
At 31 March 2014				
Segment assets	880,581	97,472	189,688	1,167,741
Segment liabilities	189,295	21,185	843	211,323

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, deferred tax asset, amounts due from non-controlling shareholders, 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.

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 CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

4. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Fair value changes of derivative financial instruments	2,326	5,114
Fair value changes of held for trading investments	5	(744)
Fair value changes of financial assets designated as at FVTPL	253	(2,041)
Fair value changes of investment properties	9,250	3,100
Loss on disposal of available-for-sale investment	(547)	–
Loss on disposal of trading securities	(25)	–
Income from structured foreign currency forward contracts	920	3,967
Income from structure deposits	960	621
	13,142	10,017

5. FINANCE COSTS

	Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Interest on:		
bank borrowings		
— wholly repayable within five years	4,123	3,618
other loans		
— wholly repayable within five years	220	220
amount due to a non-controlling interest		
— not wholly repayable within five years	319	319
	4,662	4,157

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Hong Kong Profits Tax		
Current tax	2,684	916
The People's Republic of China (the "PRC") enterprise income tax ("EIT")		
Current tax	1,321	1,259
	4,005	2,175

Hong Kong Profits Tax is calculated at 16.5% (2013: 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 for both years.

The mode of manufacturing operations of Wah Ming International Limited ("**Wah Ming**") was 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. The contract processing arrangements were expired on 22 September 2012 and no offshore profit was claimed after the expiry.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

A portion of the Group's profit for the years ended 31 March 2014 and 2013 are earned by the Macau subsidiaries of the Group incorporated under the Macao SAR's Offshore Law. Pursuant to the Macao SAR's Offshore Law, such portion of profits is exempted from Macau complimentary tax. Further, in the opinion of the directors 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.

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.

6. INCOME TAX EXPENSE *(Continued)*

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. For the year ended 31 March 2014, the IRD has finalised the tax assessment to two of those subsidiaries for which profits tax of approximately HK\$3,234,000 has been held over previously. No profits tax are required upon finalisation of profits tax assessment for these two subsidiaries. For the remaining one with estimated profits tax under previous assessment of approximately HK\$3,500,000, 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 years ended 31 March 2013 and 2014, approximately HK\$15,840,000 and HK\$3,159,000 were settled respectively. Further details of the Tax Indemnity are set out in the Company’s prospectus for the Listing issued on 16 February 2009.

As of 31 March 2014, the Group’s tax advisor confirmed that the IRD assessor verbally confirmed that no tax adjustment would be required for other group entities and the Group’s Hong Kong profits tax position for the years of assessment 2002/03 to 2008/09 has been finalised and settled with the IRD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

7. PROFIT FOR THE PERIOD

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

	Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Depreciation for property plant and equipment	16,429	13,262
Amortisation of prepaid lease payments	884	833
Amortisation of intangible assets	–	1,618
Total depreciation and amortisation	17,313	15,713
Auditors' remuneration	–	–
Cost of inventories sold*	385,065	336,520
Operating lease charges in respect of land and buildings	9,503	8,972
Net foreign exchange loss	2,600	2,690
Staff costs		
Directors' emoluments	2,784	2,580
Other staff salaries, bonus and allowances	72,932	62,167
Retirement benefits scheme contributions (excluding directors)	3,520	3,013
	79,236	67,760

* Cost of inventories sold includes staff costs, depreciation and operating lease charges totalled approximately HK\$66,554,000 (2013: HK\$56,505,000) which are included in the amounts disclosed separately above.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

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	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Profit for the period attributable to owners of the Company	25,688	19,179

	Number of shares at 30 September	
	2014 (unaudited)	2013 (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 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 periods ended 30 September 2014 and 2013; and
- the issuance of the consideration shares because the Think Speed Group Limited's ("TSGL") profit amount did not equal to or exceed the TSGL's guaranteed amount for the period ended 30 September 2014 (2013: nil).

9. DIVIDEND

	Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Dividend recognised as distribution during the period 2014 Final dividend — HK3.5 cents (2013: HK2.2 cents) per share	12,681	7,971

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2014 (six months ended 30 September 2013: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2014, the Group acquired property, plant and equipment of approximately HK\$8,491,000.

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 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
Trade receivables:		
Not yet due for settlement	205,287	125,641
Overdue:		
1 to 30 days	18,618	57,481
31 to 90 days	10,665	34,488
91 to 365 days	7,686	8,390
Over 1 year	11,770	10,818
	254,026	236,818
Less: Allowance for doubtful debts	(12,062)	(12,059)
	241,964	224,759
Bills receivables	4,394	2,352
	246,358	227,111

12. TRADE AND BILLS PAYABLES

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

	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
Trade payables:		
0 to 30 days	49,358	64,851
31 to 90 days	1,111	1,846
Over 90 days	255	386
	50,724	67,083
Bills payables	75,639	71,062
	126,363	138,145

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

13. AMOUNTS DUE FROM/TO NON-CONTROLLING SHAREHOLDERS

	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
Amounts due from non-controlling shareholders	24	24

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

	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
Amounts due to non-controlling shareholders:		
The amount due is repayable as follows:		
On demand or within one year	25,803	26,119
In the second year	1,282	1,281
In the third to fifth year, inclusive	3,845	3,842
After five years	2,564	2,562
	33,494	33,804
Less: Amount due for settlement within 12 months (shown under current liabilities)	(25,803)	(26,119)
Amount due for settlement after 12 months	7,691	7,685

As at 30 September 2014, the amount of US\$1,500,000 (equivalent to approximately HK\$12,818,000) (31 March 2014: US\$1,500,000 (equivalent to approximately HK\$12,809,000)) 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 2014, the amount of approximately HK\$20,196,000 (31 March 2014: HK\$20,196,000) 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 CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

14. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 April 2013, 31 March 2014 and 30 September 2014	2,000,000	20,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 April 2013, 31 March 2014 and 30 September 2014	362,300	3,623

15. 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 2014 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

15. SHARE-BASED PAYMENTS (Continued)

Equity-settled share option scheme (Continued)

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 2014	5,600,000	1.16	4,500,000	1.09	10,100,000	1.13
Lapsed during the period	—	—	—	—	—	—
Outstanding at 30 September 2014	<u>5,600,000</u>	1.16	<u>4,500,000</u>	1.09	<u>10,100,000</u>	1.13
Exercisable at 30 September 2014	<u>5,600,000</u>	1.16	<u>4,500,000</u>	1.09	<u>10,100,000</u>	1.13

No share options have been exercised during the Period. The options outstanding at 30 September 2014 have a weighted average remaining contractual life of 5.41 years (2013: 6.41 years) and the exercise price of HK\$1.13 (2013: HK\$1.13).

At 30 September 2014, the number of shares in respect of which options have been granted and remained outstanding under the Scheme was 10,100,000 (2013: 10,100,000), representing 2.79% (2013: 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

15. SHARE-BASED PAYMENTS *(Continued)*

Equity-settled share option scheme *(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.

16. CAPITAL COMMITMENTS

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

	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
Capital expenditure contracted but not provided for:		
Purchase of property, plant and equipment	36,010	17,144

17. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 September 2014 (As at 31 March 2014: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

18. 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).

The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period for recurring measurement, grouped into Levels 1 to 3 based on the degree to which the fair value is observable in accordance to the Group's accounting policy.

	30 September 2014			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Financial assets at FVTPL				
Held for trading investments	2,851	–	–	2,851
Financial assets designated at FVTPL				
— Equity linked notes	–	52,996	–	52,996
— Profit guarantees	–	–	13,771	13,771
Derivative financial instruments	–	1,661	–	1,661
	2,851	54,657	13,771	71,279

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

18. 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)*

	31 March 2014			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Financial assets at FVTPL				
Held for trading investments	2,999	–	–	2,999
Financial assets designated at FVTPL				
— Equity linked notes	–	52,743	–	52,743
— Profit guarantees	–	–	13,771	13,771
Derivative financial instruments	–	1,070	–	1,070
	2,999	53,813	13,771	70,583
Financial liabilities at FVTPL				
Derivative financial instrument	–	1,735	–	1,735

There were no transfer between levels of fair value hierarchy in the current and prior years.

The valuation techniques and inputs used in Level 2 fair value measurements of financial instruments as set out below:

	Valuation technique	Key input
Equity linked notes	Monte-Carlo simulation	Fair value is obtained by repeated random sampling of results based on: <ul style="list-style-type: none"> (a) Risk-free rate (b) Volatility (c) Average date market price (d) Initial reference price (e) Contractual amount (f) Time to maturity
Structured foreign currency forward contracts	Monte-Carlo simulation	Fair value is obtained by repeated random sampling of results based on: <ul style="list-style-type: none"> (a) Contractual amount (b) Risk-free rate (c) Time to maturity (d) Spot exchange rate (e) Volatility (f) Settlement date market forward exchange rate (g) Target knock-out rate limit

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

18. 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)*

	Valuation technique	Key input
Structured performance swap	Discounted cash flow	Future cash flows are estimated based on: <ul style="list-style-type: none"> (a) Contract interest rate (b) Yield curves (c) Time to maturity (d) Volatility (e) Contractual amount

Information about Level 3 fair value measurements on financial instruments as set out below:

	Valuation technique	Key input	Significant unobservable inputs
Profit guarantees	Discounted cash flow	Future cash flows are estimated based on: <ul style="list-style-type: none"> (a) Discount rate (b) Risk-free rate (c) Equity risk premium (d) Market exchange rate 	<ul style="list-style-type: none"> i) Probabilities with different profit scenarios, taking into account management's experience and knowledge of the profit guarantee. (a) Weighted average cost of capital ("WACC"), determined using a capital asset pricing model.

For financial instruments measured at fair value on a recurring basis, the Group determines whether transfer has occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Professional valuer performs the valuation of financial instruments required for financial reporting purposes, including Level 3 fair values, at the end of each reporting period. The impact due to changes in fair value of the Level 3 financial instruments is insignificant to the Group.

Reconciliation of Level 3 fair value measurements of financial assets on recurring basis:

Reconciliation of Level 3 fair value measurements of financial assets	Profit guarantees designated as financial assets at FVTPL HK\$'000
At 1 March 2014 (audited) and 30 September 2014 (unaudited)	13,771

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

19. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Rental in respect of land and buildings paid to a related company owned by Mr. Chong Kam Chau ("Mr. Chong") and Mr. Chong Wa Pan (note (i))	236	236

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.

20. SEASONALITY

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

21. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 28 November 2014.