



# COME SURE

Group (Holdings) Limited

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



# 2016

INTERIM REPORT



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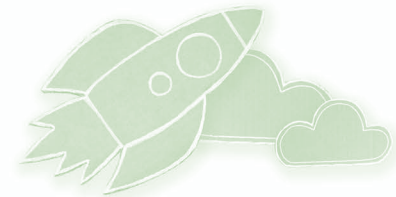
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# CORPORATE INFORMATION



## EXECUTIVE DIRECTORS

Mr. CHONG Kam Chau (*Chairman*)  
Mr. CHONG Wa Pan (*Chief Executive Officer and President*)  
Mr. CHONG Wa Ching

## 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  
Room 1603, 16/F  
China Building  
29 Queen's Road 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  
43/F., Lee Garden One  
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

P.O. Box 1350  
Clifton House  
75 Fort Street  
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

Ms. NGAN Chui Wan, Judy

## AUTHORISED REPRESENTATIVES

Mr. CHONG Wa Pan  
Mr. CHONG Wa Ching

## 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

Estera Trust (Cayman) Limited  
PO Box 1350  
Clifton House  
75 Fort Street  
Grand Cayman, KY1-1108  
Cayman Islands

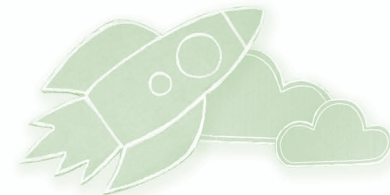
## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 22  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

## INVESTOR RELATION

iRregular Consulting Limited  
RM 3603, 36/F, COSCO Tower  
183 Queen's Road Central  
Hong Kong

# MANAGEMENT DISCUSSION AND ANALYSIS



## INDUSTRY REVIEW

During the six months ended 30 September 2016 (the “**Period**”), the economic transformation and structure upgrades of the People’s Republic of China (the “**PRC**” or “**China**”) has been advancing at a slower pace and entering into the “new normal” stage with stable economic growth. According to the National Bureau of Statistics of China, the gross domestic product (the “**GDP**”) growth rate in China was 6.7% for both second and third quarter of 2016, representing a slight year-on-year (“**YoY**”) decrease of 0.2% and 0.3%, respectively. To stimulate the industry consumption sustainability, the PRC government implementing a green policies and phasing out the obsolete production capacities which resulted the problem of excessive supply relieved gradually. As reported by China Information Industry Net (“**CIIN**”), during the first eight months of 2016, the producer price index (“**PPI**”) for paper packaging products maintained stable at approximately 99.5%, whereas the aggregated production volume of machine-made paper and paperboard increased by approximately 2.4%.

The rapid development of e-commerce and online shopping during the years has brought great potential for logistic industry as well as paper packaging industry. In addition, being recyclable, corrugated paper packaging products designed with advanced structure have been widely used to meet the increasing environmental friendly standards. Driven by such market trends, demand for corrugated paper packaging is expected to enter into a new phase of growth. Meanwhile, the PRC government has been taking great efforts on the transition to a low-carbon economy. Hence, corrugated paper packaging suppliers with strong capabilities will gradually stand out while the accelerated industry integration carries on. As one of the market leaders in the PRC, the Group is optimistic about the sustainable growth and development in corrugated paper packaging industry, given the variety of promising business opportunities.

## BUSINESS REVIEW

The Group’s revenue during the Period was dragged mainly by the recent Renminbi (“**RMB**”) depreciation. The Group’s revenue decreased by approximately 9.0% to approximately HK\$388.3 million during the Period from approximately HK\$426.8 million for the six months ended 30 September 2015. In addition, to maintain its leading position in the PRC corrugated paper packaging industry, the Group, during the Period, continued its efforts in strategic business integration between its factories in Shenzhen and Huidong in order to improve the Group’s overall operating efficiency in long term through resource sharing. Such had caused a temporary suspension of the corrugated paperboard production lines in Huidong Plant, but the affected product lines had resumed operation during the end of the Period, and the sales has been gradually recovering.

Despite the decline in its revenue, given the Group’s constant cost control and ongoing development in high value-added products and services, the level of gross profit margin was maintained. The gross profit margin of the Group was approximately 22.2% for the Period (for the corresponding period in 2015: approximately 20.2%). Moreover, the Group’s new factory plant in Fujian (“**Fujian Plant**”) had entered into trial production stage on 1 August 2016, and planned to commence production officially on 1 December 2016. While the economy growth of the PRC is now slowing down, the overwhelming online shopping trend has driven up the demand for corrugated paper packaging products and the demand is expected to increase continuously. The Group’s business integration in Guangdong and the opening of Fujian Plant is expected to enhance its production capacities and efficiency in long term to cope with the demand as well as to expand the regional markets.

The Group recorded a profit before taxation and a net profit of approximately HK\$8.7 million and approximately HK\$5.0 million, respectively for the Period, as compared to a loss before taxation and a net loss of approximately HK\$34.2 million and approximately HK\$37.2 million, respectively for the corresponding period in 2015.

# MANAGEMENT DISCUSSION AND ANALYSIS



## RESULT OF OPERATION

	For the six months ended 30 September			
	2016		2015	
	HK\$'000	(%)	HK\$'000	(%)
<i>Sales of goods</i>				
PRC domestic sales	277,748	71.9	275,095	64.8
Domestic delivery export sales	92,589	24.0	131,930	31.1
Direct export sales	15,838	4.1	17,388	4.1
	<b>386,175</b>	<b>100.0</b>	424,413	100.0
<i>Properties investment</i>				
Rental income	2,113		2,351	
Total Revenue	<b>388,288</b>		426,764	
Gross profit margin		22.2		20.2
Net profit margin*		1.3		N/A*

\* As the group suffered a net loss for the six months period ended 30 September 2015, the net profit margin calculation was irrelevant.

## REVENUE

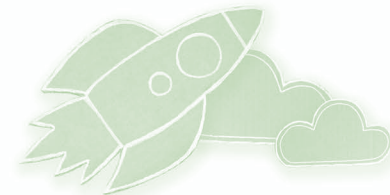
While the majority of the Group's sales was in RMB, the depreciation of RMB during the Period hit the Group's revenue. The revenue of the Group for the Period decreased by approximately 9.0% to approximately HK\$388.3 million, from approximately HK\$426.8 million for the corresponding period in 2015.

### Guangdong operation

In addition to the depreciation in RMB, the Group's business integration process between its factories in Shenzhen and Huidong continued during the Period, the corrugated paperboard production lines in Huidong Plant were temporary suspended, the Group therefore proceeded less corrugated paperboard orders, and the revenue generated from the operations in Guangdong correspondingly decreased to approximately HK\$363.8 million (for the six months ended 30 September 2015: approximately HK\$398.3 million). The Group kept its concentration on the high profit margin business of the structural-design printed cartons and paperwares, however, due to the depreciation of RMB, the average selling price for printed cartons and other paperwares decreased by approximately 9.0% for the Period, with the corresponding revenue decreased to approximately HK\$343.7 million, as compared to approximately HK\$367.9 million for the corresponding period in 2015.

Since the suspended corrugated paperboard production line had resumed operation during the end of the Period, with improved internal resource allocation, the Group's revenue has been recovering gradually. The Group is optimistic with the market demand of the quality paper packaging products, while the industry integration phases out plenty of substandard competitors. Therefore, although the sales volume decreased during the Period, by looking ahead, the enhanced business operation of the Group is believed to facilitate its production optimisation so as to satisfy the rising demand.

# MANAGEMENT DISCUSSION AND ANALYSIS



## **REVENUE** *(Continued)*

### **Jiangxi operation**

The Group spared no efforts in leveraging the regional strengths for the operation in Jiangxi. During the Period, the revenue generated from the operations in Jiangxi was approximately HK\$18.1 million (for the corresponding period in 2015: approximately HK\$26.2 million).

## **GROSS PROFIT**

During the Period, despite the decline in revenue, the Group managed to maintain a stable gross profit. The Group's gross profit slightly increased to approximately HK\$86.1 million from approximately HK\$86.0 million for the corresponding period in 2015. Moreover, the Group continued its strategy in providing quality high value-added products, bringing about competitive advantage in its pricing. The Group's gross profit margin managed to maintain stable during the Period, which was increased to approximately 22.2% from approximately 20.2% for the corresponding period in 2015. Responding to varied demands from both existing and potential customers, the Group will continue to proactively improve its value-added products and services to further boost its profitability and market share in the industry.

### **Guangdong operation**

Operation in Shenzhen continued to contribute most of the Group's gross profit. Benefit from the improved operation efficiency of the Group, the gross profit generated from Guangdong operation increased to approximately HK\$82.1 million during the Period (for the corresponding period in 2015: approximately HK\$80.5 million), while its gross profit margin recorded approximately 22.6% (for the corresponding period in 2015: approximately 20.2%).

### **Jiangxi operation**

The gross profit and gross profit margin of the operation in Jiangxi for the Period were approximately HK\$1.8 million and approximately 9.9%, respectively (for the corresponding period in 2015: approximately HK\$2.9 million and approximately 11.1%, respectively). The Group will provide further resources and efforts on the operation in Jiangxi in order to establish a foundation for sustainable business growth.

## **SELLING AND ADMINISTRATIVE EXPENSES**

The Group's selling expenses increased to approximately HK\$23.4 million during the Period (for the corresponding period in 2015: approximately HK\$22.0 million) mainly due to the increase in "delivery expenses" by approximately HK\$2.2 million because of the increased domestic sales of molded-pulp related products of approximately 65% despite the overall revenue decreased. Attributed to the Group's optimized cost control management as well, the administrative expenses fell to approximately HK\$48.0 million, representing a decrease of approximately 13.4% from approximately HK\$55.4 million for the corresponding period in 2015.

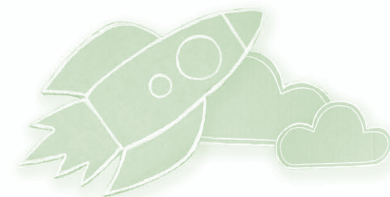
## **FINANCE COSTS**

Finance costs mainly occurred from bank loans to replenish general working capital and capital expenditure. For the Period, the finance costs of the Group was approximately HK\$5.6 million, representing a slight decrease of approximately 3.4% from approximately HK\$5.8 million for the corresponding period in 2015.

## **OTHER GAINS AND LOSSES**

Other gains and losses of the Group decreased significantly to loss of approximately HK\$8.4 million (for the corresponding period in 2015: loss of approximately HK\$44.2 million). The loss for the six months period ended 30 September 2016 was mainly attributable to the loss on structured foreign currency forward contracts of approximately HK\$4.3 million and the fair value loss on equity securities listed in Hong Kong and the PRC of approximately HK\$4.8 million.

# MANAGEMENT DISCUSSION AND ANALYSIS



## WORKING CAPITAL

	30 September 2016 Turnover Days	31 March 2016 Turnover Days
Trade and bills receivables	95	94
Trade and bills payables	62	64
Inventories	43	42
Cash conversion cycle*	76	72

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

The Group started to pick up the turnover gradually since the Fujian Plant commenced trial production and improved its operation efficiency during the Period. The Group also continued to manage the credit risks by closely monitoring the credit worthiness and collection history of its customers. The trade and bills receivables as at 30 September 2016 were approximately HK\$201.1 million (as at 31 March 2016: approximately HK\$198.1 million), with trade and bill receivables turnover days remained stable to 95 days as compared 94 days for the year ended 31 March 2016.

The Group's trade and bills payables increased to approximately HK\$104.1 million as at 30 September 2016, from approximately HK\$99.1 million as at 31 March 2016. The Group managed to maintain a stable trade and bills payable turnover period of around two months, given its long established steady relationship with the suppliers. The trade and bills payable turnover days of the Group was 62 days for the Period, which has slightly decreased by 2 days from 64 days as in the year ended 31 March 2016.

The Group's inventories turnover days maintained stable, 43 days as of the Period (for the year ended 31 March 2016: 42 days), with its continuous stringent control over its inventories to minimize the holding risk. In order to maintain a reasonable inventories level of Fujian Plant, the Group's inventories had increased by approximately 8.2% to approximately HK\$73.7 million as at 30 September 2016 from approximately HK\$68.1 million as at 31 March 2016.

Summarising the data above, the cash conversion cycle of the Group was increased by 4 days from 72 days of the year ended 31 March 2016 to 76 days of the Period, implying the Group's operation efficiency and liquidity was maintained at a sound level.

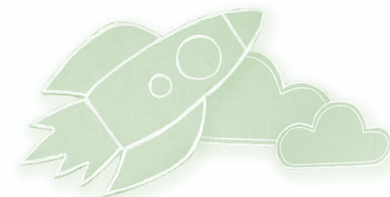
## LIQUIDITY AND FINANCIAL RESOURCES

	30 September 2016	31 March 2016
Current ratio	0.92	0.93
Gear ratio	36.3%	36.3%

During the Period, the principal sources of working capital of the Group remained to be the cash flow from operation activities and bank borrowing. As at 30 September 2016, the Group's bank balances and cash amounted to approximately HK\$183.4 million (as at 31 March 2016: approximately HK\$121.9 million), excluding pledged deposit and unused banking facilities of approximately HK\$111.4 million and approximately HK\$486.4 million, respectively.



# MANAGEMENT DISCUSSION AND ANALYSIS



## **LIQUIDITY AND FINANCIAL RESOURCES** *(Continued)*

The current assets held by the Group as at 30 September 2016 increased to approximately HK\$650.7 million, as compared to approximately HK\$639.8 million as at 31 March 2016; while the current liability of the Group increased to approximately HK\$708.0 million from approximately HK\$686.5 million as at 31 March 2016. The current ratio (current assets divided by current liabilities) as at 30 September 2016 remained stable at approximately 0.92 (as at 31 March 2016: approximately 0.93).

As at 30 September 2016, the bank borrowings of the Group were mainly denominated in Hong Kong dollars, all carried floating interest rate and were secured, of which approximately HK\$334.1 million was repayable within one year, approximately HK\$103.0 million of long-term loan was classified as current liabilities under demand clauses, and approximately HK\$7.9 million was repayable within two to more than five years, whereas the other loans of approximately HK\$8.1 million carried a fixed interest of 5% and were secured which repayable within one year. The total outstanding bank borrowings and other borrowings as at 30 September 2016 slightly increased to approximately HK\$453.1 million, from approximately HK\$450.2 million as at 31 March 2016.

The Group kept maintaining sufficient cash and banking facilities to meet the working capital requirements for the business operations, developments, as well as to finance the potential investment opportunities. The gearing ratio (total borrowings divided by total assets) as at 30 September 2016 was approximately 36.3%, remained stable from approximately 36.3% as at 31 March 2016.

## **FOREIGN EXCHANGE RISK**

The Group is exposed to foreign currency risk as some of its business transactions, assets and liabilities are denominated in currencies other than the functional currency of the respective members of the Group. As at 30 September 2016, the Group maintained USD3.0 million currency forward contracts. The Group will continue to closely monitor the foreign currency exposure and will consider taking appropriate initiatives, including but not limited to hedging significant foreign currency exposure should the need arise.

## **CHARGE OF ASSETS**

As at 30 September 2016, the Group pledged certain assets such as bank deposits, prepaid land lease payment, buildings and investment properties with aggregate net book value of approximately HK\$347.5 million (as at 31 March 2016: approximately HK\$376.1 million) to secure banking facilities granted to the Group.

## **CAPITAL COMMITMENT AND CONTINGENT LIABILITIES**

As at 30 September 2016, the Group's capital expenditure contracted but not provided for regarding property, plant and equipment was approximately HK\$14.8 million (as at 31 March 2016: approximately HK\$15.3 million) while the capital expenditure authorized but not contracted for was approximately HK\$6.8 million (as at 31 March 2016: Nil).

As at 30 September 2016, the Group did not have any significant contingent liabilities (as at 31 March 2016: Nil).

# MANAGEMENT DISCUSSION AND ANALYSIS



## EMPLOYEES AND REMUNERATION

As at 30 September 2016, the Group had 1,420 employees in total (as at 31 March 2016: 1,469). For the Period, the Group's total expenses on the remuneration of employees including emolument of the company's directors amounted to approximately HK\$61.2 million (for the six months ended 30 September 2015: approximately HK\$71.4 million).

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

Besides medical insurance and MPF scheme, competitive remuneration packages, discretionary bonuses, as well as employee share options, which generally structured to market terms by reference, are also awarded to eligible employees in accordance with the appraisal of individual performance. The Group's emolument policies are primarily formulated based on the performance of individual employees and the current market situation, which will be reviewed periodically.

## DISPOSAL OF INVESTMENT

During the Period, the Group has entered into a sales and purchase agreement ("**S&P Agreement**") to dispose the investment of Xiamen Weihua Solar Limited (廈門惟華光能有限公司) ("**Xiamen Weihua**"). Pursuant to the S&P Agreement dated 31 July 2016, the Group agreed to transfer 20% shareholdings of Xiamen Weihua to an independent third party for a consideration of approximately RMB10,245,000. The consideration is payable in accordance with the status of transfer. As of 30 September 2016, the Group recorded a receipt of deposits amounting to approximately RMB2,049,000. Subsequent to the end of the Period, the Group had further received deposits of approximately RMB6,146,000. The transaction is expected to be completed during the year ending 31 March 2017.

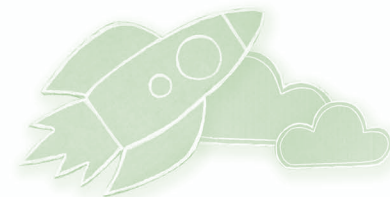
## Prospect

With rising global awareness on environmental protection and raising industrial standards motivated by the PRC government, outdated production capacities have being phased out gradually. In addition, benefit from the fast-growing development of online shopping, the logistic industry has been driven up the demand of quality corrugated packaging products with structural and environmental friendly design. Pursuant to a investigation report, the global corrugated paper demand volume is expected to maintain a steady growth approximately at 4.2%. Being recognized as a paper packaging supplier for satisfying quality products by the market, the Group, also being one of the market leaders in the PRC corrugated paper packaging industry, is optimistic towards the prospect of the industry and will seize the golden opportunities to further expand its market share.

In addition to the expected official operation commencement of Fujian Plant on 1 December 2016, followed by its trial production started during the Period, the business integration continues between the Guangdong factories, the Group will put extra efforts in enhancing production efficiency with expanded capacity. Meanwhile, striving to differentiate itself from the competitors, the Group has been continuously providing quality products and value added services, including structural designs and offset printing and has been further contributing in Research and Development ("**R&D**") on its production technologies and facilities in order to cater for the demand and expectation in quality paper packaging products from high-end customers and further improve the profit margin in the long run.

The Group has been striving for a long term healthy financial status by adopting prudent yet flexible internal control and risk management as well as reviewing its investment plan constantly, both of which aims to support its sustainable development and improve operation efficiencies. By means of coping with the increased market demand of quality paper packaging products, and exploring the surrounding regional markets upon the completion of the Fujian Plant, it is believed that the Group's leadership position in the PRC's corrugated paper packaging industry will be further strengthened.

## OTHER INFORMATION



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

As at 30 September 2016, the interests and short positions of the 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 of interest	Number of Shares	Percentage of issued Shares
Mr. CHONG Kam Chau ("Mr. CHONG") (Notes 1 & 2)	Interest of a controlled corporation; founder and beneficiary of a discretionary trust	228,958,000	63.20%
	Beneficial owner	1,700,000*	0.47%
Mr. CHONG Wa Pan (Notes 1 & 3)	Beneficiary of a discretionary trust	228,958,000	63.20%
	Beneficial owner	1,200,000*	0.33%
Mr. CHONG Wa Ching (Notes 1 & 3)	Beneficiary of a discretionary trust	228,958,000	63.20%
	Beneficial owner	600,000*	0.17%
Mr. CHONG Wa Lam (Notes 1 & 3)	Beneficiary of a discretionary trust	228,958,000	63.20%
	Beneficial owner	600,000**	0.17%
Mr. CHAU On Ta Yuen	Beneficial owner	500,000*	0.14%
Ms. TSUI Pui Man	Beneficial owner	500,000*	0.14%
Mr. LAW Tze Lun	Beneficial owner	500,000*	0.14%

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

\*\* 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



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

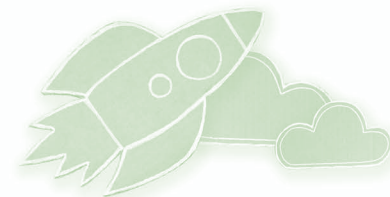
Name	Name of associated corporation	Capacity/Nature of interest	Number of securities	Percentage of shareholding
Mr. CHONG Kam Chau (Notes 1 & 2)	Perfect Group Version Limited	Interest of a controlled corporation; founder and beneficiary of a discretionary trust	10,000 ordinary shares	100%
Mr. CHONG Wa 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 as settlor and HSBC International Trustee Limited as trustee on 2 February 2009. The beneficiaries of the CHONG Family Trust include Mr. CHONG, 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 is the founder, an Executive Director and the Chairman of the board of Directors (the "**Board**"). Mr. CHONG is the sole director of Perfect Group and therefore Mr. CHONG is deemed or taken to be interested in the 228,958,000 Shares beneficially owned by Perfect Group for the purposes of the SFO. Mr. CHONG 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, as a senior management, 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 2016.

## OTHER INFORMATION



### SUBSTANTIAL SHAREHOLDERS

As at 30 September 2016, 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:

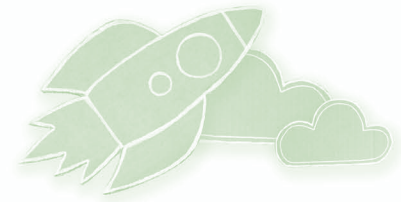
#### Long positions in the Shares

Name	Capacity/Nature of interest	Number of shares	Percentage of issued shares
Perfect Group Version Limited (Notes 1 & 2)	Beneficial owner	228,958,000	63.20%
Jade City Assets Limited (Notes 1 & 2)	Beneficial owner	228,958,000	63.20%
HSBC International Trustee Limited (Notes 1 & 2)	Trustee	228,958,000	63.20%
Ms. CHAN Po Ting (Notes 1 & 3)	Family interests; Beneficiary of a discretionary trust	230,658,000	63.66%
Ms. HUNG Woon Cheuk (Note 4)	Family interests	230,158,000	63.53%
Ms. Yuen Chung Yan (Note 5)	Family interests	229,558,000	63.36%
Mr. CHONG Kam Hung (Note 1)	Beneficiary of a discretionary trust	228,958,000	63.20%
Mr. CHONG Kam Shing (Note 1)	Beneficiary of a discretionary trust	228,958,000	63.20%
Ms. CHONG Sum Yee (Note 1)	Beneficiary of a discretionary trust	228,958,000	63.20%

Notes:

1. 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.
2. 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.
3. Ms. CHAN Po Ting, the spouse of Mr. CHONG Kam Chau and one of the beneficiaries of the CHONG Family Trust, is deemed or taken to be interested in the interests held by Mr. CHONG Kam Chau and Perfect Group under the SFO.
4. Ms. HUNG Woon Cheuk is the spouse of Mr. CHONG Wa Pan, and Mr. CHONG Kam Hung, Mr. CHONG Kam Shing and Ms. CHONG Sum Yee are children under 18 of Ms. HUNG Woon Cheuk. Therefore, Ms. HUNG Woon Cheuk is deemed or taken to be interested in the interests held by Mr. CHONG Wa Pan, Mr. CHONG Kam Hung, Mr. CHONG Kam Shing and Ms. CHONG Sum Yee under the SFO.
5. Ms. YUEN Chung Yan, the spouse of Mr. CHONG Wa Ching, 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 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 had complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules 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.

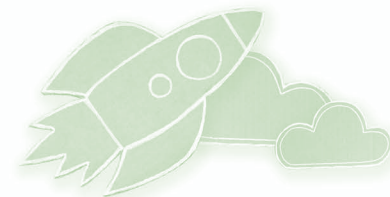
All the members of the Board confirmed, following specific enquiries by the Company, that they had complied with the required standards set out in the Model Code throughout the Period.

### **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 Ta 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 2016 under the share option scheme adopted by the Company on 5 February 2009 (the "Share Option Scheme" or the "Scheme") are as follows:

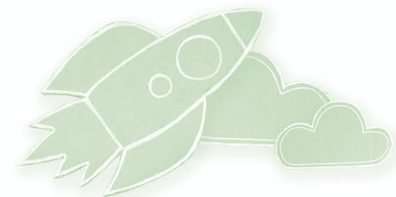
Name or category of grantees	Date of grant	Exercisable period	Exercise price (HK\$) (Note 1)	Share options held on 31 March 2016	Share options granted during the Period	Share options exercised during the Period	Share options lapsed during the Period	Share options held on 30 September 2016
<b>Executive Directors</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
<b>Independent Non-executive Directors</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</b>								
	6 January 2010	6 January 2011 to 5 January 2020	1.18	150,000	-	-	-	150,000
				150,000	-	-	-	150,000
				9,800,000	-	-	-	9,800,000

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

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

2. For details of the value of the options granted, please refer to note 17 to the unaudited consolidated financial statements.

## OTHER INFORMATION



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

No significant events occurring after the end of the six months ended 30 September 2016.

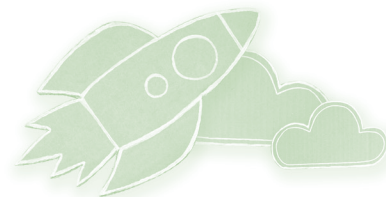
### **PUBLIC FLOAT**

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 2016.



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

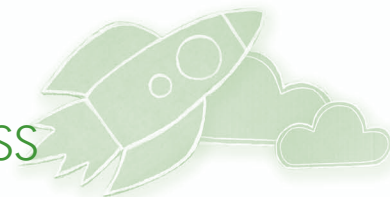
For the six months ended 30 September 2016



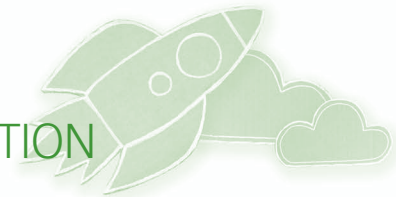
	Notes	Six months ended 30 September	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
<b>Revenue</b>	3	388,288	426,764
Cost of goods sold		(302,204)	(340,969)
<b>Gross profit</b>		86,084	86,000
Other income		4,931	7,324
Other gains and losses	4	(8,380)	(44,171)
Selling expenses		(23,353)	(21,993)
Administrative expenses		(47,961)	(55,429)
Other operating income (expenses)		2,954	(2)
<b>Profit (loss) from operations</b>		14,275	(28,476)
Finance costs	5	(5,595)	(5,766)
<b>Profit (loss) before tax</b>		8,680	(34,242)
Income tax expense	6	(3,633)	(2,953)
<b>Profit (loss) for the period</b>	7	5,047	(37,195)
<b>Profit (loss) for the period attributable to:</b>			
Owners of the Company		5,483	(35,328)
Non-controlling interests		(436)	(1,867)
		5,047	(37,195)
<b>Earnings (loss) per share</b>	8		
Basic and diluted		1.51 cents	(9.75) cents
<b>Dividend</b>	9	–	–

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2016



	<b>Six months ended 30 September</b>	
	<b>2016 HK\$'000 (unaudited)</b>	<b>2015 HK\$'000 (unaudited)</b>
<b>Profit (loss) for the period</b>	5,047	(37,195)
<b>Other comprehensive expenses for the period:</b> <i>Items that may be subsequently reclassified to profit or loss</i>		
Exchange differences on translating foreign operations	(17,432)	(19,767)
<b>Total comprehensive expenses</b>	(12,385)	(56,962)
<b>Total comprehensive expenses for the period attributable to:</b>		
Owners of the Company	(11,164)	(54,266)
Non-controlling interests	(1,221)	(2,696)
	(12,385)	(56,962)



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

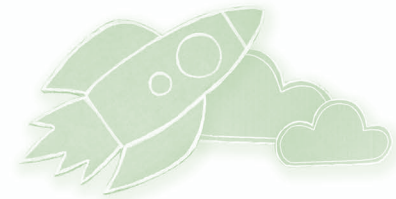
	Notes	30 September 2016 HK\$'000 (unaudited)	31 March 2016 HK\$'000 (audited)
<b>Non-current assets</b>			
Prepaid lease payments		61,240	64,041
Property, plant and equipment	10	305,265	283,125
Investment properties		208,100	208,180
Goodwill		11,631	11,631
Intangible assets		–	–
Deposits paid for acquisition of property, plant and equipment	11	782	23,832
Available-for-sale investments		10,567	10,609
Club membership		366	366
		<b>597,951</b>	<b>601,784</b>
<b>Current assets</b>			
Inventories		73,706	68,057
Trade and bills receivables	12	201,066	198,112
Prepayments, deposits and other receivables		29,376	24,527
Amounts due from non-controlling shareholders	14	29	29
Prepaid lease payments		1,479	1,528
Tax recoverable		–	285
Financial assets designated as at fair value through profit or loss ("FVTPL")	15, 20	19,268	53,301
Held for trading investments	20	30,987	36,493
Pledged bank deposits		111,401	135,640
Bank and cash balances		183,371	121,867
		<b>650,683</b>	<b>639,839</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016



	Notes	30 September 2016 HK\$'000 (unaudited)	31 March 2016 HK\$'000 (audited)
<b>Current liabilities</b>			
Trade and bills payables	13	104,077	99,126
Accruals and other payables		94,688	81,807
Amounts due to non-controlling shareholders	14	29,459	27,886
Short-term borrowings		320,044	326,648
Current tax liabilities		23,904	22,350
Derivative financial instruments	20	11,106	13,831
Current portion of long-term borrowings		125,201	114,851
		708,479	686,499
<b>Net current assets</b>			
		(57,796)	(46,660)
<b>Total assets less current liabilities</b>			
		540,155	555,124
<b>Non-current liabilities</b>			
Amounts due to non-controlling shareholders	14	2,937	4,627
Long-term borrowings		7,904	8,671
Deferred tax liabilities		3,933	4,060
		14,774	17,358
<b>NET ASSETS</b>			
		525,381	537,766
<b>Capital and reserves</b>			
Share capital	16	3,623	3,623
Reserves		520,799	531,963
Equity attributable to owners of the Company		524,422	535,586
Non-controlling interests		959	2,180
		525,381	537,766



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2016

	Attributable to owners of the Company										
	Share capital	Share premium	Special reserve	Share-based payment reserve	Foreign currency translation reserve	Statutory reserve	Contribution reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2015 (audited)	3,623	193,212	105,309	3,698	80,059	20,250	15,840	226,624	648,615	7,907	656,522
Total comprehensive expense for the period	-	-	-	-	(18,938)	-	-	(35,328)	(54,266)	(2,696)	(56,962)
Final Dividend of 2015 (note 9)	-	-	-	-	-	-	-	(19,921)	(19,921)	-	(19,921)
Change in equity for the period	-	-	-	-	(18,938)	-	-	(55,249)	(74,187)	(2,696)	(76,883)
At 30 September 2015 (unaudited)	3,623	193,212	105,309	3,698	61,121	20,250	15,840	171,375	574,428	5,211	579,639
At 1 April 2016 (audited)	3,623	193,212	105,309	3,579	52,959	20,250	15,840	140,814	535,586	2,180	537,766
Total comprehensive income (expense) for the period	-	-	-	-	(16,647)	-	-	5,483	(11,164)	(1,221)	(12,385)
Change in equity for the period	-	-	-	-	(16,647)	-	-	5,483	(11,164)	(1,221)	(12,385)
At 30 September 2016 (unaudited)	3,623	193,212	105,309	3,579	36,312	20,250	15,840	146,297	524,422	959	525,381

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2016



	Notes	Six months ended 30 September	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>35,403</b>	<b>29,979</b>
Purchases of property, plant and equipment	10, 11	(26,706)	(10,977)
Proceeds from disposals of property, plant and equipment		4,697	72
Decrease in pledged bank deposits		24,239	22,353
Increase in deposits paid for acquisition of property, plant and equipment		(315)	(17,031)
Cash inflow from disposal of financial assets designated as at FVTPL		34,276	–
Proceed from disposal of held-to-maturity investment		–	9,608
Acquisition of an available-for-sales investments		(300)	(1,050)
Acquisition of held-to-maturity investments		–	(10,033)
Acquisition of held for trading investments		(6,048)	(63,107)
Proceed from disposal of held for trading investments		5,704	60
Cash (outflow) inflow from structured foreign currency forward contracts		(7,026)	2,986
Cash inflow from structured deposits		672	711
Dividend from held for trading investments		376	38
Interest received		1,704	4,903
<b>NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES</b>		<b>31,273</b>	<b>(61,467)</b>
Repayment of short term loans, net		(6,333)	(15,682)
Drawing of new long-term borrowings		21,000	20,000
Repayment of long term borrowings		(11,417)	(8,568)
Advances from non-controlling shareholders		282	–
Dividend paid		–	(19,918)
Interest paid		(5,595)	(6,085)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(2,063)</b>	<b>(30,253)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>64,613</b>	<b>(61,741)</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>		<b>(3,109)</b>	<b>(6,595)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		<b>121,867</b>	<b>204,232</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>183,371</b>	<b>135,896</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Bank and cash balances		183,371	135,896

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016



## 1. BASIS OF PREPARATION

These unaudited 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 Listing Rules.

These unaudited consolidated financial statements should be read in conjunction with the 2016 annual financial statements. The accounting policies and methods of computation used in the preparation of these unaudited consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2016 except as stated below.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties, financial assets designated as at FVTPL, held for trading investments and derivative financial instruments which were measured at fair value of the reporting date.

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

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

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

## 3. TURNOVER AND SEGMENTAL INFORMATION

Revenue of the Group represents net invoiced value of goods sold and gross rental income from properties leased in Hong Kong 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016



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

### 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 2016**

	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	312,024	74,151	–	–	386,175
Inter-segment sales	14,024	5,040	–	(19,064)	–
Gross rental income	–	–	2,113	–	2,113
<b>Total</b>	<b>326,048</b>	<b>79,191</b>	<b>2,113</b>	<b>(19,064)</b>	<b>388,288</b>
<b>Segment results</b>	<b>17,869</b>	<b>5,496</b>	<b>594</b>		<b>23,959</b>
Interest income					1,704
Fair value changes of derivative financial instruments					2,725
Fair value changes of held for trading investments					(4,841)
Fair value changes of financial assets designated as at FVTPL					136
Dividend income from held for trading investments					376
Expense on structured foreign currency forward contracts					(7,026)
Income from structured deposits					672
Loss on disposal of held for trading investments					(65)
Gain on disposal of financial assets designated as at FVTPL					99
Finance costs					(5,595)
Corporate income and expenses					(3,464)
<b>Profit before tax</b>					<b>8,680</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016



## 3. TURNOVER AND SEGMENTAL INFORMATION *(Continued)* For the six months ended 30 September 2015

	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	344,291	80,122	–	–	424,413
Inter-segment sales	11,315	5,184	–	(16,499)	–
Gross rental income	–	–	2,351	–	2,351
<b>Total</b>	<b>355,606</b>	<b>85,306</b>	<b>2,351</b>	<b>(16,499)</b>	<b>426,764</b>
<b>Segment results</b>	<b>8,134</b>	<b>7,976</b>	<b>8,472</b>		<b>24,582</b>
Interest income					4,903
Fair value changes of derivative financial instruments					(26,725)
Fair value changes of held for trading investments					(26,579)
Fair value changes of financial assets designated as at FVTPL					3
Dividend income from held for trading investments					38
Income from structured foreign currency forward contracts					2,986
Income from structured deposits					711
Loss on disposal of held for trading investments					(907)
Finance costs					(5,766)
Corporate income and expenses					(7,488)
<b>Loss before tax</b>					<b>(34,242)</b>

The accounting policies of the operating segments are the same as the Group's accounting policies as described in the 2016 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 held for trading investments, fair value changes of financial assets designated as at FVTPL, dividend income from held for trading investment, income from/expense on structured foreign currency forward contracts, income from structured deposits, loss on disposal of held for trading investments, gain on disposal of financial assets designated as at FVTPL, finance costs and corporate income and expenses. For the purposes of resource allocation and performance assessment, segment profits or losses are reported to the chief operating decision maker as standards of assessment.

Inter-segment sales are charged at prevailing market rates.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016



## 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)
<b>At 30 September 2016</b>				
<b>Segment assets</b>	824,997	123,383	207,976	1,156,356
<b>Segment liabilities</b>	145,548	28,104	3,413	177,065

	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 2016</b>				
<b>Segment assets</b>	778,256	120,329	208,014	1,106,599
<b>Segment liabilities</b>	141,791	33,339	893	176,023

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, held for trading investments, bank balances managed on central basis, available-for-sale investment, 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, derivative financial instruments, borrowings and corporate liabilities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016



## 4. OTHER GAINS AND LOSSES

	<b>Six months ended 30 September</b>	
	<b>2016 HK\$'000 (unaudited)</b>	<b>2015 HK\$'000 (unaudited)</b>
Fair value changes of derivative financial instruments	2,725	(26,725)
Fair value changes of held for trading investments	(4,841)	(26,579)
Fair value changes of financial assets designated as at FVTPL	136	3
Fair value changes of investment properties	(80)	6,340
Loss on disposal of held for trading investments	(65)	(907)
Gain on disposal of financial assets designated as at FVTPL	99	–
(Expense on) income from structured foreign currency forward contracts	(7,026)	2,986
Income from structure deposits	672	711
	<b>(8,380)</b>	<b>(44,171)</b>

## 5. FINANCE COSTS

	<b>Six months ended 30 September</b>	
	<b>2016 HK\$'000 (unaudited)</b>	<b>2015 HK\$'000 (unaudited)</b>
Interest on:		
bank borrowings	5,107	5,233
other loans	206	219
amount due to a non-controlling interest	282	314
	<b>5,595</b>	<b>5,766</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016



## 6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Hong Kong Profits Tax		
Current tax	1,666	1,608
The PRC enterprise income tax		
Current tax	1,967	1,345
	3,633	2,953

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2015: 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.

Under the Law of the PRC 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 profits/loss for the six months ended 30 September 2016 and 2015 were earned by the Macau subsidiaries of the Group incorporated under the Macao Special Administrative Region's ("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, that portion of the Group's profits is not at present subject to taxation in any other jurisdiction in which the Group operates.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016



## 7. PROFIT (LOSS) FOR THE PERIOD

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

	<b>Six months ended 30 September</b>	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Depreciation for property, plant and equipment	13,054	13,884
Amortisation of prepaid lease payments	746	795
<b>Total depreciation and amortisation</b>	<b>13,800</b>	14,679
Auditors' remuneration	–	–
Cost of inventories sold*	302,204	340,969
Operating lease charges in respect of land and buildings	10,154	10,600
Net foreign exchange loss (gain)	237	(1,354)
Staff costs		
Directors' emoluments	2,337	2,985
Other staff salaries, bonus and allowances	55,327	64,218
Retirement benefits scheme contributions (excluding directors)	3,534	4,213
	<b>61,198</b>	71,416

\* Cost of inventories sold includes staff costs, depreciation and operating lease charges totalling to approximately HK\$51,471,000 (for the six months ended 30 September 2015: approximately HK\$59,265,000) which was included in the amounts disclosed separately above.

## 8. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted earnings (loss) per share attributable to owners of the Company was based on the following data:

	<b>Earnings (loss) for the six months ended 30 September</b>	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Profit (loss) for the period attributable to owners of the Company	5,483	(35,328)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016



## 8. EARNINGS (LOSS) PER SHARE *(Continued)*

	Number of shares at 30 September	
	2016 (unaudited)	2015 (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 exercise of the Company's share options because the exercise prices of those options were higher than the average market price of shares for the six months ended 30 September 2016 and 2015.

## 9. DIVIDEND

	Six months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Dividend recognised as distribution during the period		
2016 Final dividend — Nil (2015 Final dividend: HK5.5 cents per share)	—	19,921

The Board does not recommend any of interim dividend for the six months ended 30 September 2016 (six months ended 30 September 2015: Nil).

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2016, the Group acquired property, plant and equipment of approximately HK\$49,525,000.

## 11. DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

As of 31 March 2016, the deposits paid for acquisition of property, plant and equipment mainly represented a deposit paid for the acquisition of plant and machinery amounting to approximately RMB19,554,000 (equivalent to approximately HK\$23,467,000) for a subsidiary. During the six months period ended on 30 September 2016, the entire amount of RMB19,554,000 (equivalent to approximately HK\$22,819,000) was transferred to property, plant and equipment as part of the acquisitions during the period shown in Note 10.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016



## 12. TRADE AND BILLS RECEIVABLES

Payment terms with customers are mainly by 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 2016 HK\$'000 (unaudited)	31 March 2016 HK\$'000 (audited)
Trade receivables:		
Not yet due for settlement	175,207	172,509
Overdue:		
1 to 30 days	12,211	5,897
31 to 90 days	2,770	7,589
91 to 365 days	744	2,813
Over 1 year	16,559	18,669
	207,491	207,477
Less: Allowance for doubtful debts	(11,310)	(14,590)
	196,181	192,887
Bills receivables	4,885	5,225
	201,066	198,112

## 13. TRADE AND BILLS PAYABLES

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

	30 September 2016 HK\$'000 (unaudited)	31 March 2016 HK\$'000 (audited)
Trade payables:		
0 to 30 days	54,405	41,067
31 to 90 days	830	1,037
Over 90 days	651	554
	55,886	42,658
Bills payables	48,191	56,468
	104,077	99,126

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016



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

	30 September 2016 HK\$'000 (unaudited)	31 March 2016 HK\$'000 (audited)
Amounts due from non-controlling shareholders	29	29

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

	30 September 2016 HK\$'000 (unaudited)	31 March 2016 HK\$'000 (audited)
Amounts due to non-controlling shareholders:		
The amount due is repayable as follows:		
On demand or within one year	29,459	27,886
In the second year	1,180	1,157
In the third to fifth year, inclusive	1,757	3,470
After five years	–	–
	32,396	32,513
Less: Amount due for settlement within 12 months (shown under current liabilities)	(29,459)	(27,886)
Amount due for settlement after 12 months	2,937	4,627

As at 30 September 2016, the amount of approximately US\$1,475,000 (equivalent to approximately HK\$11,592,000) (31 March 2016: US\$1,500,000 (equivalent to approximately HK\$11,556,000)) due to a non-controlling shareholder of a subsidiary, Fully Chance Holdings Limited ("**Fully Chance**"), is unsecured with 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 2016, the amount of approximately HK\$20,196,000 (31 March 2016: 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 CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016



## 15. FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets designated as at FVTPL represent equity linked notes with financial institutions in Hong Kong as follows:

	30 September 2016 HK\$'000	31 March 2016 HK\$'000
Equity-linked note A	19,268	19,148
Equity-linked notes B	–	34,153
	19,268	53,301
Analysed for reporting purpose as:		
Current assets	19,268	53,301

### Equity-linked note A

The equity linked note contained embedded derivative, the return of which was determined with reference to average quarterly performance of a basket of twelve exchange traded funds listed in different countries (the “**Performance Linkage 1**”). The principal amount was US\$2,500,000 (equivalent to approximately HK\$19,412,000 on the acquisition date) and due on 15 March 2017. The redemption payment on maturity of the equity linked note is linked to the average quarterly performance of Performance Linkage 1 over a period commencing on the trade date to the maturity date. The Group will receive their initial investment if the equity linked note is held to maturity irrespective of the average quarterly performance of the Performance Linkage 1 and even if such performance is negative. The note is subject to the option for early termination at the discretion of holders.

### Equity-linked notes B

The equity linked notes contained embedded derivative, the return of which was determined with reference to average quarterly performance of a basket of eight exchange traded funds listed in different countries (the “**Performance Linkage 2**”). The total principal amounts were US\$2,500,000 (equivalent to approximately HK\$19,412,000 on the acquisition date) and US\$1,920,000 (equivalent to approximately HK\$14,907,000 on the acquisition date) which are due on 17 June 2016 and 4 August 2016 respectively. The redemption payment on maturity of the equity linked note is linked to the average quarterly performance of Performance Linkage 2 over a period commencing on their trade dates to the maturity dates. The Group will receive their initial investment if the equity linked notes are held to maturity irrespective of the average quarterly performance of the Performance Linkage 2 and even if such performance is negative. The notes are subject to the option for early termination at the discretion of holders.

At 30 September 2016 and 31 March 2016, the equity linked notes were designated as financial assets at FVTPL upon initial recognition as it contained embedded derivatives, and HKAS 39 permits the entire combined contract to be designated as at FVTPL. The amounts were stated at fair values at 30 September 2016 and 31 March 2016 based on valuation reports prepared by independent qualified professional valuers not connected with the Group.

During the six months period ended 30 September 2016, the Group received approximately HK\$34,252,000 on maturity with a gain on disposal of HK\$99,000.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016



## 16. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each		
At 1 April 2015, 31 March 2016, 1 April 2016 and 30 September 2016	2,000,000	20,000
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.01 each		
At 1 April 2015, 31 March 2016, 1 April 2016 and 30 September 2016	362,300	3,623

## 17. SHARE-BASED PAYMENTS

### Equity-settled share option scheme

The Share Option Scheme was adopted on 5 February 2009. A summary of the principal terms of the Share Option Scheme is set out in the 2016 annual report 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.

No share-based payment expense in relation to share options granted by the Company was recognised for the periods ended 30 September 2016 and 2015.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016



## 17. 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 2016	5,300,000	1.16	4,500,000	1.09	9,800,000	1.13
Lapsed during the period	-	-	-	-	-	-
Outstanding at 30 September 2016	5,300,000	1.16	4,500,000	1.09	9,800,000	1.13
Exercisable at 30 September 2016	5,300,000	1.16	4,500,000	1.09	9,800,000	1.13

No share options have been exercised during the Period. The options outstanding at 30 September 2016 have a weighted average remaining contractual life of 3.41 years (as at 30 September 2015: 4.41 years) and the exercise price of HK\$1.13 (as at 30 September 2015: HK\$1.13).

At 30 September 2016, the number of shares in respect of which options have been granted and remained outstanding under the Scheme was 9,800,000 (as at 30 September 2015: 10,100,000), representing 2.79% (as at 30 September 2015: 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%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016



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

### Equity-settled share option scheme *(Continued)*

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.

## 18. CAPITAL COMMITMENTS

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

	30 September 2016 HK\$'000	31 March 2016 HK\$'000
Purchase of property, plant and equipment		
— contracted but not provided for	14,792	15,283
— authorised but not contracted for	6,816	—
	21,608	15,283

## 19. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 September 2016 (31 March 2016: Nil).

## 20. 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 CONSOLIDATED FINANCIAL STATEMENTS

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## 20. 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)*

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 according to the Group's accounting policy.

	30 September 2016			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Financial assets at FVTPL</b>				
Held for trading investments	30,987	–	–	30,987
Financial assets designated at FVTPL — Equity linked notes	–	19,268	–	19,268
	30,987	19,268	–	50,255
<b>Financial liabilities at FVTPL</b>				
Derivative financial instrument	–	11,106	–	11,106
	31 March 2016			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Financial assets at FVTPL</b>				
Held for trading investments	36,493	–	–	36,493
Financial assets designated at FVTPL — Equity linked notes	–	53,301	–	53,301
	36,493	53,301	–	89,794
<b>Financial liabilities at FVTPL</b>				
Derivative financial instrument	–	13,831	–	13,831

There was no transfer between levels of fair value hierarchy in the current and prior periods.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016



## 20. 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)*

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016



## 21. 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	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Rental in respect of land and buildings paid to a related company owned by Mr. CHONG and Mr. CHONG Wa Pan (note (i))	300	236

Notes:

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

In 2016 and 2015, 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 2016 until 31 March 2017 and from 1 April 2015 to 31 March 2016 at prevailing market rates respectively. Transactions were conducted with terms mutually agreed with the contracting parties pursuant to signed agreements.

## 22. 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.

## 23. APPROVAL OF FINANCIAL STATEMENTS

The unaudited consolidated financial statements were approved and authorised for issue by the Board of Directors on 30 November 2016.