Come Sure Group (Holdings) Limited
錦勝集團(控股)有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00794)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

GROUP RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Come Sure Group (Holdings) Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 September 2012 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2012

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

* *for identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2012

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2012

	Note	**30 September 2012 *HK$'000* (unaudited)**	31 March 2012 *HK$'000* (audited)
Non-current assets			
Prepaid lease payments		**57,768**	58,920
Property, plant and equipment	*10*	**259,273**	253,759
Investment properties		**98,037**	420
Intangible assets		**20,566**	–
Goodwill		**11,613**	–
Deposits paid for prepaid lease payments		**12,534**	12,645
Deposits paid for acquisition of property, plant and equipment		**10,752**	11,514
Deposits paid for acquisition of investment properties		**–**	7,849
Deposits paid for acquisition of subsidiaries		**–**	10,000
Available-for-sale investment		**5,000**	5,000
Derivative financial instruments		**–**	824
Club membership		**366**	366
		475,909	361,297
Current assets			
Inventories		**75,454**	93,528
Trade and bills receivables	*11*	**193,919**	186,447
Deposits paid for acquisition of subsidiaries		**20,000**	20,000
Prepayments, deposits and other receivables		**40,271**	32,071
Amount due from a non-controlling shareholder		**17**	3
Prepaid lease payments		**1,269**	1,280
Tax recoverable		**11,113**	11,113
Financial assets designated as at fair value through profit or loss		**57,490**	64,899
Derivative financial instruments		**63**	15
Held for trading investments		**2,648**	3,576
Pledged bank deposits		**28,655**	53,110
Time deposits of original maturity of more than three months		**–**	617
Bank and cash balances		**112,723**	102,276
		543,622	568,935

	Note	30 September 2012 HK$'000 (unaudited)	31 March 2012 HK$'000 (audited)
Current liabilities			
Trade and bills payables	*12*	**88,204**	111,986
Accruals and other payables		**74,636**	78,652
Dividend payables		**2**	–
Amounts due to non-controlling shareholders		**9,212**	9,223
Short-term bank borrowings		**159,506**	109,816
Current tax liabilities		**319**	741
Derivative financial instruments		**–**	277
Current portion of long-term borrowings		**58,091**	28,345
		389,970	339,040
Net current assets		**153,652**	229,895
Total assets less current liabilities		**629,561**	591,192
Non-current liabilities			
Amounts due to non-controlling shareholders		**11,205**	11,304
Long-term borrowings		**50,374**	31,877
Deferred tax liabilities		**8,697**	5,573
Derivative financial instruments		**1,330**	141
		71,606	48,895
NET ASSETS		**557,955**	542,297
Capital and reserves			
Share capital		**3,623**	3,623
Reserves		**532,416**	522,933
Equity attributable to owners of the Company		**536,039**	526,556
Non-controlling interests		**21,916**	15,741
TOTAL EQUITY		**557,955**	542,297

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

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

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

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

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

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

3. TURNOVER AND SEGMENTAL INFORMATION

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

Segmental information

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

The Group has two reportable segments as follows:

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

Segment revenues and results

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

For the six months ended 30 September 2012

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

For the six months ended 30 September 2011

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

The accounting policies of the operating segments are the same as the Group's accounting policies described in preparing the 2012 financial statement of the Group. Segment profits or losses represented the profit earned/loss from each segment without allocation of interest income, fair value changes of derivative financial instruments, fair value changes of financial assets designated as at FVTPL, fair value changes of held for trading investment, gain on disposal of held for trading investments, gain on disposal of derivative financial instruments, income from pivot bonus forward contracts, target digital pivot forward contract, strip of bullish structure forward contract and structure product and corporate income and expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

Segment assets

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

	Corrugated products ***HK$'000*** **(unaudited)**	**Offset printed corrugated products** ***HK$'000*** **(unaudited)**	**Total** ***HK$'000*** **(unaudited)**
At 30 September 2012			
Segment assets	**781,286**	**118,153**	**899,439**

	Corrugated products *HK$'000* (audited)	Offset printed corrugated products *HK$'000* (audited)	Total *HK$'000* (audited)
At 31 March 2012			
Segment assets	684,380	113,561	797,941

All assets are allocated to segments other than leasehold land in Hong Kong for corporate use, investment properties, club membership, deposit paid for acquisition of investment properties, amount due from a non-controlling shareholder, deposit paid for acquisition of subsidiaries, held for trading investments, bank balance managed on central basis, available-for-sale investment, derivative financial instruments, financial assets designated as at FVTPL, tax recoverable and corporate assets.

4. OTHER GAINS AND LOSSES

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

5. FINANCE COSTS

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

6. INCOME TAX EXPENSE

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

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

The mode of manufacturing operations of Wah Ming International Limited ("**Wah Ming**") is within the scope of the Departmental Interpretation Practice Note No. 21 issued by the Inland Revenue Department of Hong Kong, that Wah Ming conducted its manufacturing operations by entering into processing arrangements with a processing factory in the PRC and hence 50% of the adjusted profits were treated as offshore and not taxable in Hong Kong.

A portion of the Group's profits for the year is earned by the 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, that portion of the Group's profit is not at present subject to taxation in any other jurisdiction in which the Group operates.

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

In prior year, the Inland Revenue Department of Hong Kong (the "**IRD**") issued several letters to a director of the Company, Mr. Chong Kam Chau ("**Mr. Chong**"), the Company and some of its subsidiaries requesting for certain information for the years of assessment from 2002/03 to 2006/07. The Group has already submitted several replies and provided part of the financial information to the IRD. On 16 March 2009, the IRD issued estimated assessments for the year of assessment 2002/03 to two of the subsidiaries of the Group which amounted to HK$640,000. On 15 March 2010, the IRD issued estimated assessments for the year of assessment 2003/04 to three of the subsidiaries of the Group which amounted to HK$2,800,000. On 8 February 2012, the IRD issued estimated assessments for the year of assessment of 2004/05 to five of subsidiaries of the Group which amounted to HK$6,300,000. On 13 January and 29 February 2012, the IRD issued estimated assessment for year of assessment of 2005/06 to five subsidiaries of the Group which amounted to HK$15,660,000 in aggregate. The Group has made objections to the IRD on those estimated assessments on 9 April 2009, 23 March 2010, 7 March 2011 and 18 February 2012 respectively.

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

7. PROFIT FOR THE PERIOD

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

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

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

8. EARNINGS PER SHARE

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

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

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

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

9. DIVIDEND

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

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

10. PROPERTY, PLANT AND EQUIPMENT

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

11. TRADE AND BILLS RECEIVABLES

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

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

12. TRADE AND BILLS PAYABLES

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

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

13. ACQUISITION OF SUBSIDIARIES

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

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

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

Business Review

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

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

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

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

Result of Operation

	For the six months ended 30 September			
	2012		2011	
	HK$'000	*(%)*	*HK$'000*	*(%)*
PRC domestic sales	**193,515**	**48.5**	189,132	47.2
Domestic delivery export	**186,311**	**46.7**	190,039	47.4
Direct export	**18,658**	**4.8**	21,736	5.4
	398,484		400,907	
Gross profit margin		**20.1**		17.8
Net profit margin#		**2.7**		2.6

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

Revenue

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

Guangdong operation

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

Jiangxi operation

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

Gross Profit

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

Guangdong operation

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

Jiangxi operation

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

Selling and Administrative Expenses

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

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

Finance Cost

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

Working Capital

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

Trade receivable turnover days + Inventories turnover days – Trade payables turnover days

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

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

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

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

Liquidity and Financial Resources

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

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

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

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

As at 30 September 2012, the Group maintained a sound liquidity position and had sufficient cash and banking facilities to meet its working capital requirement for existing operations and to finance emerging investment opportunities.

Foreign Exchange Risk

The Group is exposed to foreign currency risk as some of its business transactions, assets and liabilities are denominated in currencies other than the functional currency of the respective member of the Group. During the Period, the Group entered into certain pivot forward contracts amounted to US$6.0 million and increased the Renminbi deposit to reduce the exchange risk of Renminbi. The Group will continue to monitor the foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Charge of Assets

As at 30 September 2012, the Group pledged certain assets including bank deposits, prepaid land lease payment and buildings with aggregate net book value of approximately HK$161.1 million (as at 31 March 2012: approximately HK$88.9 million) to secure banking facilities granted to the Group.

Capital Commitment and Contingent Liabilities

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

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

Significant Investment Held and Material Acquisition and Disposal

Acquisition of online games and synchronization software businesses

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

TSGL is principally engaged in development and design of online games and operating online game website(s) and has obtained the exclusive operative rights to promote and operate the business of provision of the software management and synchronization software owned by 深圳市創想天空科技有限公司 (Shenzhen Thinksky Technology Co., Ltd.*) including without limitation to iTools in the regions outside the PRC and the right and interest to receive 70% operating income (after tax) generated from such business. Please also refer to the announcements of the Company dated 10 November 2011, 6 January 2012, 4 May 2012, 18 June 2012 and 21 June 2012 and note 13 to the condensed financial statement of this announcement for details.

Employees and Remuneration

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

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

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

Prospects

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

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

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

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

PURCHASE, SALES OR REDEMPTION OF COMPANY'S LISTED SECURITIES

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

CORPORATE GOVERNANCE

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

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

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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

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

AUDIT COMMITTEE

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

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

EVENTS AFTER THE REPORTING PERIOD

Acquisition of property

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

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

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

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

PUBLIC FLOAT

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

PUBLICATION OF RESULTS ANNOUNCEMENT

This results announcement is available for viewing on the Company's website at www.comesure.com and the Stock Exchange's website at www.hkexnews.hk, and the interim report of the Company containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published in the Company's and the Stock Exchange's websites in due course.

By Order of the Board
Come Sure Group (Holdings) Limited
CHONG Kam Chau
Chairman

Hong Kong, 30 November 2012

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. CHONG Kam Chau, Mr. CHONG Wa Pan, Mr. CHONG Wa Ching and Mr. CHONG Wa Lam; and three independent non-executive Directors, namely Mr. CHAU On Ta Yuen, Ms. TSUI Pui Man and Mr. LAW Tze Lun.