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 2017

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, the "**Group**") for the six months ended 30 September 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 September 2017

		Six months ended 30 September	
		2017	2016
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*3*	**627,147**	388,288
Cost of goods sold		**(484,715)**	(302,204)
Gross profit		**142,432**	86,084
Other income		**3,869**	4,931
Other gains and losses	*4*	**6,159**	(8,380)
Selling expenses		**(27,152)**	(23,353)
Administrative expenses		**(56,468)**	(47,961)
Other operating income		**476**	2,954
Profit from operations		**69,316**	14,275
Finance costs	*5*	**(5,742)**	(5,595)
Gain on dissolve of subsidiaries		**2,374**	–
Profit before tax		**65,948**	8,680
Income tax expense	*6*	**(9,771)**	(3,633)
Profit for the period	*7*	**56,177**	5,047
Profit for the period attributable to:			
Owners of the Company		**55,894**	5,483
Non-controlling interests		**283**	(436)
		56,177	5,047
Earnings per share	*8*		
Basic and diluted		**15.43 cents**	1.51 cents
Dividend	*9*	**–**	–

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 September 2017

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period	**56,177**	5,047
Other comprehensive income (expenses) for the period:		
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translating foreign operations	**19,837**	(17,432)
Total comprehensive income (expenses)	**76,014**	(12,385)
Total comprehensive income (expenses) for the period attributable to:		
Owners of the Company	**74,986**	(11,164)
Non-controlling interests	**1,028**	(1,221)
	76,014	(12,385)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

	Notes	30 September 2017 HK$'000 (unaudited)	31 March 2017 HK$'000 (audited)
Non-current assets			
Prepaid lease payments		**60,558**	58,674
Property, plant and equipment	*10*	**287,318**	284,175
Investment properties		**212,900**	209,800
Goodwill		**11,631**	11,631
Deposits paid for acquisition of property, plant and equipment		**7,045**	3,893
Club membership		**366**	366
		579,818	568,539
Current assets			
Inventories		**142,829**	95,382
Trade and bills receivables	*11*	**289,222**	214,846
Prepayments, deposits and other receivables		**19,824**	19,825
Amounts due from non-controlling shareholders		**24**	29
Prepaid lease payments		**1,498**	1,434
Tax recoverable		**2,485**	1,000
Held for trading investments		**32,850**	33,392
Pledged bank deposits		**123,229**	145,634
Bank and cash balances		**188,653**	250,414
		800,614	761,956
Current liabilities			
Trade and bills payables	*12*	**169,725**	158,127
Accruals and other payables		**116,618**	93,512
Amounts due to non-controlling shareholders		**30,172**	28,883
Short-term borrowings		**302,683**	364,675
Tax liabilities		**32,756**	26,238
Derivative financial instruments		**–**	2,176
Long-term borrowings		**118,081**	120,819
		770,035	794,430
Net current assets (liabilities)		**30,579**	(32,474)
Total assets less current liabilities		**610,397**	536,065

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
As at 30 September 2017

	30 September 2017 *HK$'000* **(unaudited)**	31 March 2017 *HK$'000* (audited)
Non-current liabilities		
Amounts due to non-controlling shareholders	**1,780**	2,848
Long-term borrowings	**8,739**	7,145
Deferred tax liabilities	**3,984**	3,818
	14,503	13,811
NET ASSETS	**595,894**	522,254
Capital and reserves		
Share capital	**3,623**	3,623
Reserves	**594,692**	519,706
Equity attributable to owners of the Company	**598,315**	523,329
Non-controlling interests	**(2,421)**	(1,075)
	595,894	522,254

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These unaudited consolidated financial statements should be read in conjunction with the 2017 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 2017 except as stated in note 2.

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

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 new Hong Kong Financial Reporting Standards ("**HKFRSs**") and amendments to HKASs issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
HKFRSs	Amendments to HKFRS 12 included in annual Improvements to HKFRSs 2014–2016 Cycle

The application of the above new HKFRSs and amendments to HKASs 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. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective. The Directors anticipate that the application of these new or revised HKFRSs and revised HKASs will have no material impact on the results and the financial position of the Group.

HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[1]
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRSs	Annual Improvements to HKFRS 2014–2016 Cycle except amendments to HKFRS 12[1]
HKAS 40 (Amendments)	Transfers of Investment Property[1]
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]

Notes:

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective date to be determined

3. REVENUE AND SEGMENTAL INFORMATION

Revenue of the Group represents revenue arising on sale of goods sold and gross rental income received during 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 and operating segments under HKFRS 8 as follows:

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

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments:

For the six months ended 30 September 2017

	Corrugated products *HK$'000* **(unaudited)**	**Offset printed corrugated products** *HK$'000* **(unaudited)**	**Properties leasing** *HK$'000* **(unaudited)**	**Elimination** *HK$'000* **(unaudited)**	**Total** *HK$'000* **(unaudited)**
Segment revenue					
External sales	**523,691**	**101,036**	**–**	**–**	**624,727**
Inter-segment sales	**20,158**	**7,846**	**–**	**(28,004)**	**–**
Gross rental income	**–**	**–**	**2,420**	**–**	**2,420**
Total	**543,849**	**108,882**	**2,420**	**(28,004)**	**627,147**
Segment results	**57,419**	**16,459**	**3,196**		**77,074**
Interest income					**2,046**
Fair value changes of derivative financial instruments					**2,176**
Fair value changes of held for trading investments					**1,859**
Dividend income from held for trading investments					**289**
Expense on structured foreign currency forward contracts					**(2,156)**
Income from structured deposits					**1,439**
Loss on disposal of held for trading investments					**(259)**
Gain on dissolve of subsidiaries					**2,374**
Finance costs					**(5,742)**
Corporate income and expenses					**(13,152)**
Profit before tax					**65,948**

3. REVENUE AND SEGMENTAL INFORMATION (Continued)

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)
Segment revenue					
External sales	312,024	74,151	–	–	386,175
Inter-segment sales	14,024	5,040	–	(19,064)	–
Gross rental income	–	–	2,113	–	2,113
Total	326,048	79,191	2,113	(19,064)	388,288
Segment results	17,869	5,496	594		23,959
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)
Profit before tax					8,680

The accounting policies of the operating segments are the same as the Group's accounting policies as described in the 2017 financial statement of the Group. Segment profits or losses represented the profit earned 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, 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, gain on dissolve of subsidiaries, finance costs and corporate income and expenses. For the purposes of resources allocation and performance assessment, segment profits are reported to the chief operating decision maker as standards of assessment.

Inter-segment sales are charged at prevailing market rates.

3. REVENUE AND SEGMENTAL INFORMATION (Continued)

Segment assets and liabilities

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

	Corrugated products *HK$'000* (unaudited)	Offset printed corrugated products *HK$'000* (unaudited)	Properties leasing *HK$'000* (unaudited)	Total *HK$'000* (unaudited)
At 30 September 2017				
Segment assets	**968,836**	**141,591**	**212,128**	**1,322,555**
Segment liabilities	**244,567**	**29,223**	**3,450**	**277,240**

	Corrugated products *HK$'000* (audited)	Offset printed corrugated products *HK$'000* (audited)	Properties leasing *HK$'000* (audited)	Total *HK$'000* (audited)
At 31 March 2017				
Segment assets	919,296	136,321	209,205	1,264,822
Segment liabilities	215,078	28,189	3,611	246,878

All assets are allocated to segments other than leasehold land in Hong Kong for corporate use, investment properties for capital appreciation purposes, goodwill, club membership, amounts due from non-controlling shareholders, held for trading investments, bank balances managed on central basis, 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.

4. OTHER GAINS AND LOSSES

	Six months ended 30 September 2017 HK$'000 (unaudited)	2016 HK$'000 (unaudited)
Fair value changes of derivative financial instruments	**2,176**	2,725
Fair value changes of held for trading investments	**1,859**	(4,841)
Fair value changes of financial assets designated as at FVTPL	**–**	136
Fair value changes of investment properties	**3,100**	(80)
Loss on disposal of held for trading investments	**(259)**	(65)
Gain on disposal of financial assets designated as at FVTPL	**–**	99
Expense on structured foreign currency forward contracts	**(2,156)**	(7,026)
Income from structure deposits	**1,439**	672
	6,159	(8,380)

5. FINANCE COSTS

	Six months ended 30 September 2017 HK$'000 (unaudited)	2016 HK$'000 (unaudited)
Interest on:		
— bank borrowings	**5,261**	5,107
— other loans	**202**	206
— amount due to a non-controlling interest	**279**	282
	5,742	5,595

6. INCOME TAX EXPENSE

	Six months ended 30 September 2017 HK$'000 (unaudited)	2016 HK$'000 (unaudited)
Hong Kong Profits Tax:		
— Current tax	**1,595**	1,666
The People's Republic of China (the "**PRC**"/"**China**") Enterprise Income Tax:		
— Current tax	**8,176**	1,967
	9,771	3,633

6. INCOME TAX EXPENSE (Continued)

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2016: 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 profit for the six months ended 30 September 2017 and 2016 are earned by the Macau subsidiaries of the Group incorporated under the Macao SAR's Offshore Law. Pursuant to the Macao SAR's Offshore Law, such portion of profits is exempted from Macau complimentary tax. Furthermore, in the opinion of the directors of the Company, that portion of the Group's profit is not at present subject to taxation in any other jurisdiction in which the Group operates.

During the year ended 31 March 2017, the Inland Revenue Department of Hong Kong ("**IRD**") issued several estimated assessments and additional assessments for the year of assessment 2009/10 and 2010/11 to six subsidiaries of the Group amounting to HK$7,260,000. The Group had made objections to IRD on these assessments and purchased tax reserve certificates amounting to HK$1,000,000 during the year ended 31 March 2017. The Group had purchased another tax reserve certificates amounting to HK$1,485,000 during the period ended 30 September 2017. IRD has held over the payment of profits tax of HK$4,775,000 as of 30 September 2017.

The directors of the Company are of the opinion that, as at 30 September 2017, the provision for taxation made in the consolidated financial statements is sufficient and not excessive.

7. PROFIT FOR THE PERIOD

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

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Depreciation for property, plant and equipment	**11,664**	13,054
Amortisation of prepaid lease payments	**2,991**	746
Total depreciation and amortisation	**14,655**	13,800
Auditors' remuneration	**–**	–
Cost of inventories sold*	**484,715**	302,204
Operating lease charges in respect of land and buildings	**9,819**	10,154
Net foreign exchange loss	**2,245**	237
Staff costs:		
— Directors' emoluments	**4,905**	2,337
— Other staff salaries, bonus and allowances	**66,157**	55,327
— Retirement benefits scheme contributions (excluding directors)	**3,605**	3,534
	74,667	61,198

* Cost of inventories sold includes staff costs, depreciation and operating lease charges totalling to approximately HK$61,428,000 (for the six months ended 30 September 2016: approximately HK$51,471,000) which was 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 was based on the following data:

	Earnings for the six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period attributable to owners of the Company	**55,894**	5,483

	Number of shares at 30 September	
	2017	2016
	(unaudited)	(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 2017 and 2016.

9. DIVIDEND

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Dividend recognised as distribution during the period 2017 Final dividend — Nil (2016 Final dividend: Nil)	**–**	–

The Board does not recommend any of interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2017, the Group acquired property, plant and equipment of approximately HK$4,785,000.

11. 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 2017 *HK$'000* **(unaudited)**	31 March 2017 *HK$'000* (audited)
Trade receivables:		
Not yet due for settlement	**257,581**	191,479
Overdue:		
1 to 30 days	**22,284**	11,744
31 to 90 days	**1,072**	2,857
91 to 365 days	**1,798**	3,453
Over 1 year	**15,716**	13,774
	298,451	223,307
Less: Allowance for doubtful debts	**(15,681)**	(15,760)
	282,770	207,547
Bills receivables	**6,452**	7,299
	289,222	214,846

12. TRADE AND BILLS PAYABLES

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

	30 September 2017 *HK$'000* **(unaudited)**	31 March 2017 *HK$'000* (audited)
Trade payables:		
0 to 30 days	**116,282**	44,418
31 to 90 days	**1,110**	84
Over 90 days	**476**	429
	117,868	44,931
Bills payables	**51,857**	113,196
	169,725	158,127

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

During the six months ended 30 September 2017 (the "**Period**"), the People's Republic of China (the "**PRC**" or "**China**") continued its gradual growth pace from the economic structural transformation. According to the National Bureau of Statistics of China (the "**NBSC**"), the average gross domestic product (the "**GDP**") growth rate reached 6.9% during the first nine months of 2017, representing a year-on-year ("**YoY**") increase of 0.2% as compared to 6.7% for the last corresponding period. Moreover, the trend of consumer goods industry increased by 7.8% YoY during the first nine months of 2017. The robust consumption impetus showed the effects under the PRC's supply-side structural reform.

During the Period, online shopping remained the major driver for consumption. As stated in the China E-Business Research Center's latest report dated 19 September 2017, the total trading value of e-commerce in the PRC recorded Renminbi ("**RMB**") 13.35 trillion for the first half of 2017, representing a YoY increase of 27.1%. In line with the shifting consumer trends and expectations, the logistics and paper packaging industries had been revolutionizing in terms of both demand and product quality. Moreover, during the Period, the PRC government further implemented stringent environmental inspections, by raising the quality requirements for import waste paper and raw materials. In the meantime, prices of paper and corrugated packaging were led to new heights due to the short supply in quality raw materials. According to the NBSC, the Purchasing Price Index (the "**PPI**") for woods and paper pulp experienced 5.3% increase for the first nine months of 2017. The circumstances gave cost pressure to most of the paper packaging companies, yet allowing the market leaders, which capable to develop value-added products with advanced operating efficiency, to further consolidate their positions.

Business Review

During the Period, in line with the positive paper packaging market trend, the Group managed to demonstrate a sustainable growth in its revenue and profit. The Group's revenue significantly grew to approximately HK$627.1 million for the Period, increased by approximately 61.5% as compared to approximately HK$388.3 million for the last corresponding period. With the rise in revenue, both the gross profit and net profit of the Group increased to approximately HK$142.4 million and approximately HK$56.2 million respectively for the Period, as compared to approximately HK$86.1 million and approximately HK$5.0 million respectively for the last corresponding period.

Benefit from the recent integration process between the Group's Guangdong factories, the Group further enhanced its operation and production efficiency and was able to capture more market opportunities. The Guangdong operation of the Group attained a considerable revenue of approximately HK$520.1 million for the Period, representing a YoY rise of 43.0% from approximately HK$363.7 million. Meanwhile, the Group's new Fujian Plant, which mainly focuses on production of corrugated paper board, had further expanded its revenue to approximately HK$86.9 million during the Period. It has secure its market share in Fujian market since commencement of operation in August 2016.

Business Review (Continued)

Despite the price of raw paper soared from the imbalance between market supply and demand, the Group was able to maintain the gross profit margin at approximately 22.7% during the Period (for the corresponding period in 2016: approximately 22.2%). It was mainly attributed to the Group's prudent cost control and value-added products and service strategies that sustainably improved the Group's profit margin. In particular, the Group's structural-designed cartons and paperwares consume relatively less raw paper in production, comparing to the traditional paper packaging products from other manufacturers, that gave extra profit margin during the cost inflation on raw papers. During those periods with shortage of raw paper supply in the market, the Group continued to enjoy stable and sufficient supply through its long-term close business relationship with its suppliers. With renowned reputation and customer loyalty accumulated over years, the Group was capable to transfer the cost increment to its customers by increase in the selling price. In addition, the Group spared no efforts in enhancing its product mix and carrying out comprehensive research on operation flows to strengthened its profitability and leadership position in paper packaging industry.

Result of Operation

	For the six months ended 30 September			
	2017		2016	
	HK$'000	*(%)*	*HK$'000*	*(%)*
Sales of goods				
PRC domestic sales	**480,115**	**76.9**	277,748	71.9
Domestic delivery export sales	**122,038**	**19.5**	92,589	24.0
Direct export sales	**22,574**	**3.6**	15,838	4.1
	624,727	**100.0**	386,175	100.0
Properties investment				
Rental income	**2,420**		2,113	
Total Revenue	**627,147**		388,288	
Gross profit margin *(%)*		**22.7**		22.2
Net profit margin *(%)*		**9.0**		1.3

Revenue

During the Period, there has been a steady growth of demand for quality paper packaging products, while the outdated capacities were being phased out under the government's stringent environmental regulations. Being a paper packaging supplier focusing on quality and value-added products, the Group had well grasped the business opportunities from the industrial integration. Moreover, the Group's new Fujian plant commenced its operation since August 2016 was managed to explore the new market at Fujian and introducing more new customers to the Group. The Group's revenue thereby significantly increased by 61.5% during the Period to approximately HK$627.1 million, as compared to approximately HK$388.3 million for the corresponding period in 2016.

Guangdong operation

After the Group's business integration process completed last year, the operation and production efficiency between its factories in Shenzhen and Huidong was comprehensively improved. Driven by the enhanced skills and capacities, the sales at Guangdong location recorded a remarkable growth. The revenue for the Period from Guangdong operation increased to approximately HK$520.1 million from approximately HK$363.8 million for the corresponding period in 2016.

Guangdong operation continued to be the Group's main focus throughout the Period. To sustain high profit margin from structural-designed cartons and paperwares products, more resources and efforts contributed to related research and development. With cumulative experience and capability in offering pre-eminent value-added products and services, the Group has been widely recognized by the mid-to-high end customers. The Group's average selling price for printed cartons and other paperwares increased by approximately 19.2% during the Period, and the corresponding revenue increased to approximately HK$489.7 million, as compared to approximately HK$343.7 million for the corresponding period in 2016.

Jiangxi operation

During the Period, the revenue generated from the Jiangxi operations was approximately HK$17.7 million (for the last corresponding period in 2016: approximately HK$18.1 million).

Fujian operation

Fujian plant had been developing smoothly since commencement. It contributed a revenue of approximately HK$86.9 million to the Group with its major production of corrugated paper board during the Period.

Gross Profit

In line with the increase in revenue, the Group's gross profit remarkably increased by approximately 65.4% to approximately HK$142.4 million during the Period, as compared to approximately HK$86.1 million for the corresponding period in 2016. Benefiting from the long-term close business relationship with suppliers, the Group still enjoyed stable and sufficient supply of raw paper during those periods with shortage of raw paper supply in the market. Meanwhile, the Group achieved effective cost control by constantly enhancing the production efficiency. Strategically focused on high quality structural-designed cartons and paperwares, with relatively less raw paper consumption in production, the Group was able to transfer certain cost pressure to its customers and brought competitive advantages to its profit margin. Therefore, the gross profit margin of the Group increased to approximately 22.7% during the Period, as compared to approximately 22.2% for the corresponding period in 2016.

Guangdong operation

The operation in Guangdong, including Shenzhen and Huidong, continued to contribute the most to the Group's gross profit. Equipped with advanced skills and technique in production, the production efficiency was enhanced, gross profit generated from Guangdong factories increased significantly to approximately HK$128.0 million during the Period (for the corresponding period in 2016: approximately HK$82.1 million), while gross profit margin rose to approximately 24.6% (for the corresponding period in 2016: approximately 22.6%).

Jiangxi operation

The gross profit and gross profit margin of the operation in Jiangxi during the Period were approximately HK$2.7 million and approximately 15.2% respectively (for the corresponding period in 2016: approximately HK$1.8 million and approximately 9.9% respectively).

Fujian operation

The operation of Fujian plant achieved a gross profit and gross profit margin of approximately HK$10.2 million and approximately 11.7% respectively during the Period. As the corrugated paper board is the major product of Fujian plant, it generated lower gross profit than the corrugated printed cartons and paperwares manufactured by the Group. Yet, the Group believed that Fujian plant will constantly expand within the regional market and make a substantive contribution to the Group's profit.

Selling and Administrative Expenses

In line with the increase in sales volume, the Group's selling expenses increased to approximately HK$27.2 million during the Period (for the corresponding period in 2016: approximately HK$23.4 million). Although the increased revenue and cost-push inflation caused an expected increase in administrative expenses, the Group continued to strengthen the internal cost control. Administrative expenses rose by approximately 17.7% to approximately HK$56.5 million during the Period from approximately HK$48.0 million for the corresponding period in 2016.

Finance Costs

Finance cost mainly occurred from bank loans for general working capital and capital expenditure. During the Period, the finance costs of the Group was approximately HK$5.7 million, representing a slight increase of approximately 1.8% from approximately HK$5.6 million for the corresponding period in 2016.

Other Gains and Losses

During the Period, other gains and losses of the Group recorded gains of approximately HK$6.2 million. It mainly represented the fair value gains on investment properties amounting to HK$3.1 million and gain on fair value changes of held for trading investments HK$1.9 million (for the corresponding period in 2016: loss of approximately HK$8.4 million).

Working Capital

	30 September 2017 Turnover Days	31 March 2017 Turnover Days
Trade and bills receivables	**74**	89
Trade and bills payables	**62**	71
Inventories	**45**	45
Cash conversion cycle*	**57**	63

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

In addition to achieving steady growth in its revenue during the Period, the Group continued to manage the credit risks by closely monitoring the credit worthiness and the collection history of its customers. In line with the increase in revenue, the trade and bills receivables as at 30 September 2017 were approximately HK$289.2 million (as at 31 March 2017: approximately HK$214.8 million), with trade and bill receivables turnover days was shortened to 74 days as compared to 89 days for the year ended 31 March 2017.

Working Capital (Continued)

During the Period, trade and bills payable turnover days of the Group was 62 days as compared to 71 days for the for the year ended 31 March 2017. The trade and bills payables of the Group rose to approximately HK$169.7 million as at 30 September 2017 from approximately HK$158.1 million as at 31 March 2017. The Group will continue to maintain solid and steady relationship with its suppliers.

The Group remained its stringent control over the stock level in order to reduce the inventory risk associated. The inventories turnover days maintained at 45 days for both the Period and the year ended 31 March 2017. In addition to the rise in cost of raw papers, Fujian plant had been receiving considerable orders since its production commencement last year, inventories thereby increased by approximately 49.7% to approximately HK$142.8 million as at 30 September 2017 from approximately HK$95.4 million as at 31 March 2017.

The Group's efficient and effective operation control further reduced the liquidity risk, improved its financial strength and cash-flow. The cash conversion cycle of the Group reduced to 57 days for the Period as compared to 63 days for the year ended 31 March 2017.

Liquidity and Financial Resources

	30 September 2017	31 March 2017
Current ratio	**1.04**	0.96
Gear ratio	**31.1%**	37.0%

The principal sources of working capital of the Group remained to be the cash flow from operating activities and bank borrowings during the Period. As at 30 September 2017, the Group's bank balances and cash amounted to approximately HK$188.7 million (as at 31 March 2017: approximately HK$250.4 million), excluding pledged deposit and unused banking facilities of approximately HK$123.2 million and approximately HK$425.3 million, respectively.

The current assets held by the Group as at 30 September 2017 increased to approximately HK$800.6 million, as compared to approximately HK$762.0 million as at 31 March 2017; and the current liability of the Group decreased to approximately HK$770.0 million from approximately HK$794.4 million as at 31 March 2017. The current ratio (current assets divided by current liabilities) as at 30 September 2017 improved to approximately 1.04 (as at 31 March 2017: approximately 0.96).

Liquidity and Financial Resources (Continued)

As at 30 September 2017, the bank borrowings of the Group were mainly denominated in Hong Kong dollars, all carried floating interest rate and were secured, the total outstanding bank borrowings decreased to approximately HK$421.3 million from approximately HK$484.7 million as at 31 March 2017, of which approximately HK$294.5 million was repayable within one year, approximately HK$118.1 million of long-term loan was classified as current liabilities, and approximately HK$8.7 million was repayable within two to more than five years, whereas the other loans of approximately HK$8.2 million (as at 31 March 2017: approximately HK$7.9 million) carried a fixed interest rate of 5% and were unsecured when repayable within one year.

The Group kept a sound liquidity position during the Period, with gearing ratio (total borrowings divided by total assets) at approximately 31.1% as at 30 September 2017 (as at 31 March 2017: approximately 37.0%). The Group constantly maintained sufficient cash level and banking facilities to meet its working capital requirements for existing operations, as well as to finance potential 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 members of the Group. 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 2017, 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$362.8 million (as at 31 March 2017: approximately HK$381.7 million), to secure banking facilities granted to the Group.

Capital Commitment

As at 30 September 2017, the Group did not have any capital expenditure contracted but not provided for (as at 31 March 2017: approximately HK$2.7 million).

As at 30 September 2017, the Group did not have any capital expenditure authorized but not contracted for (as at 31 March 2017: Nil).

Contingent Liabilities

The IRD issued several estimated assessments and additional assessments for the year of assessment 2009/10 and 2010/11 to six subsidiaries of the Group amounting to HK$7,260,000. In the opinion of the Directors, there is no specific basis for adjusting the subsidiaries' tax position for the years of assessment 2009/10 and 2010/2011 specified in the estimated assessment and additional assessment. Therefore, the Directors are of the view that no tax provision for Hong Kong Profits Tax is required at this stage. The subsidiaries will discuss with the IRD and will continue to monitor the progress and to defend the subsidiaries' tax position vigorously. Therefore, no tax provision was provided in relation to this aspect for the six months ended 30 September 2017 (for the year ended 31 March 2017: Nil). Please also refer to note 6 to the financial statements on page 9 and 10 of this announcement for further details.

Employees and Remuneration

As at 30 September 2017, the Group had 1,451 employees in total (as at 31 March 2017: 1,445). For the Period, the Group's total expenses on the remuneration of employees including emolument of the company's directors amounted to approximately HK$74.7 million (for the six months ended 30 September 2016: approximately HK$61.2 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.

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. In addition to 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 according to the assessment of individual performance.

Prospect

As the Ministry of Commerce of the PRC forecasted in its Guiding Opinions dated 14 December 2016, the retail sales of consumer goods will reach RMB480 billion at average annual growth of approximately 10% by 2020. According to a recent research on china retail e-commerce, the transaction volume of China's retail e-commerce market is forecasted to grow to RMB7.5 trillion in 2018. With the ongoing increase in purchasing power and consumption standard, the e-commerce platform in PRC has been further promoting customers' online shopping activities at an unprecedented pace, which will accelerate the growth of paper packaging industry. The Group will continue to improve its production capacities to satisfy the demand and strive the opportunities to increase its market share, especially with the potential development of its Fujian factory, which recently commenced operation in 2016.

Prospect (Continued)

The PRC government is determined to enhance environmental monitoring over paper packaging industry, and has been intensifying its enforcement measures over the years. Companies with outdated capacities, therefore, have been rapidly phasing out, unleashing considerable potential demand growth. Keeping pace with the rising industrial standards, the Group will endeavor to utilise the research and development resources, as well as to enhance its production technologies and facilities. By providing quality products and value added services constantly, including structural designs and offset printing, the Group has differentiated itself from its industrial competitors, and strengthened its leadership position in the PRC's corrugated paper packaging industry.

In order to keep constant growth in financial strength and competitiveness, the Group has been adopting prudent cost control and investment planning management. Moreover, the Group will maintain close business relationship with its suppliers in order to secure stable supply, despite the shortage of raw paper supply in the market. The Group is optimistic about the business prospect and will consistently strive for sustainable profitability, as well as maximum returns for the Shareholders in long run.

PURCHASE, SALES OR REDEMPTION OF COMPANY'S LISTED SECURITIES

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

CORPORATE GOVERNANCE

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

The Company had complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (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 the 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 results announcement and the unaudited consolidated financial statements of the Group for the Period, including the accounting principles and practices adopted, internal controls and financial reporting matters.

EVENTS AFTER THE REPORTING PERIOD

No significant events occurring after the end of the six months ended 30 September 2017.

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 2017.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

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 despatched to the Company's shareholders and published on 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 2017

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