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)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

GROUP RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Come Sure Group (Holdings) Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2019 (the "**Year**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2019

	Note	**2019** HK$'000	2018 HK$'000
Revenue	2	**1,184,886**	1,326,986
Cost of goods sold		**(950,570)**	(1,025,211)
Gross profit		**234,316**	301,775
Other income	3	**5,395**	6,246
Other gains and losses	4	**15,419**	7,007
Selling expenses		**(56,538)**	(60,793)
Administrative expenses		**(133,037)**	(108,893)
Other operating expenses		**(165)**	(10,113)
Profit from operations		**65,390**	135,229
Finance costs	5	**(15,336)**	(13,146)
Loss on disposal of subsidiaries		**–**	(3,500)
Loss on deregistration of subsidiaries		**–**	(2,720)
Profit before tax		**50,054**	115,863
Income tax expense	6	**(9,006)**	(20,458)
Profit for the year	7	**41,048**	95,405
Profit (loss) for the year attributable to:			
Owners of the Company		**41,969**	96,496
Non-controlling interests		**(921)**	(1,091)
		41,048	95,405
Earnings per share	9		
Basic and diluted		**HK11.61 cents**	HK26.63 cents

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Note	**2019** **HK$'000**	2018 *HK$'000*
Profit for the year	*7*	**41,048**	95,405
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(34,264)**	46,488
Release of translation reserve upon disposal of subsidiaries		**–**	(842)
Other comprehensive (expense) income for the year, net of income tax		**(34,264)**	45,646
Total comprehensive income for the year		**6,784**	141,051
Total comprehensive income (expense) attributable to:			
Owners of the Company		**8,653**	140,369
Non-controlling interests		**(1,869)**	682
		6,784	141,051

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Note	2019 HK$'000	2018 HK$'000
Non-current assets			
Prepaid lease payments		**45,356**	49,818
Property, plant and equipment		**236,361**	271,823
Investment properties		**228,500**	219,900
Goodwill		**11,631**	11,631
Deposits paid for acquisition of investment property		**5,181**	–
Deposits paid for acquisition of property, plant and equipment		**2,381**	3,053
Club membership		**366**	366
		529,776	556,591
Current assets			
Inventories		**95,222**	119,713
Trade and bills receivables	*10*	**209,073**	260,214
Prepayments, deposits and other receivables		**15,270**	14,640
Prepaid lease payments		**1,150**	1,231
Tax recoverable		**5,711**	2,485
Equity securities at fair value through profit or loss		**29,547**	–
Held-for-trading investments		**–**	26,987
Held-to-maturity investment		**–**	9,023
Pledged bank deposits		**94,658**	123,499
Bank and cash balances		**232,294**	257,513
		682,925	815,305

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 March 2019

	Note	**2019** *HK$'000*	2018 *HK$'000*
Current liabilities			
Trade and bills payables	*11*	**109,516**	166,174
Accruals and other payables		**40,192**	83,720
Contract liabilities		**13,673**	–
Amounts due to non-controlling shareholders		**20,196**	20,196
Short-term bank borrowings		**285,969**	282,647
Tax payables		**20,151**	38,177
Long-term bank borrowings		**71,838**	81,506
		561,535	672,420
Net current assets		**121,390**	142,885
Total assets less current liabilities		**651,166**	699,476
Non-current liability			
Long-term bank borrowings		**18,659**	41,486
NET ASSETS		**632,507**	657,990
Capital and reserves			
Share capital		**3,535**	3,623
Reserves		**636,549**	660,075
Equity attributable to owners of the Company		**640,084**	663,698
Non-controlling interests		**(7,577)**	(5,708)
		632,507	657,990

NOTES

1. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND AMENDMENTS TO HONG KONG ACCOUNTING STANDARDS ("HKASs")

New and amendments to HKFRSs and HKASs that are mandatorily effective for the current year

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs and HKASs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below. None of the above amendments has had a significant financial effect on these financial statements.

(a) Impact and changes in accounting policies of application on HKFRS 9 Financial Instruments

In current year, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

The Directors reviewed and assessed the Group's financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts are detailed in "Summary of effects arising from initial application of HKFRS 9".

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

1. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND AMENDMENTS TO HONG KONG ACCOUNTING STANDARDS ("HKASs") (Continued)

New and amendments to HKFRSs and HKASs that are mandatorily effective for the current year (Continued)

(a) Impact and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

Summary of effects arising from initial application of HKFRS 9 (Continued)

	Held-to-maturity investment *HK$'000*	**Certificate of deposits measured at amortised cost** *HK$'000*
Closing balance at 31 March 2018 – HKAS 39	9,023	N/A
Effect arising from initial application of HKFRS 9:		
Reclassification from held to maturity investment	(9,023)	9,023
Opening balance at 1 April 2018	–	9,023

	Held-for-trading investment *HK$'000*	**Equity securities at fair value through profit or loss ("FVTPL")** *HK$'000*
Closing balance at 31 March 2018 – HKAS 39	26,987	N/A
Effect arising from initial application of HKFRS 9:		
Reclassification from held-for-trading investments	(26,987)	26,987
Opening balance at 1 April 2018	–	26,987

(i) Held-to-maturity investment

Certificate of deposits previously classified as held-to-maturity investment is reclassified and measured at amortised cost upon application of HKFRS 9. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount at 1 April 2018.

(ii) Held-for-trading investments

At the date of initial application of HKFRS 9, the Group's equity securities listed in Hong Kong and PRC were reclassified from held-for-trading investments to equity securities at FVTPL. There was no difference between the previous carrying amount and the revised carrying amount at 1 April 2018.

1. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND AMENDMENTS TO HONG KONG ACCOUNTING STANDARDS (“HKASs”) (Continued)

New and amendments to HKFRSs and HKASs that are mandatorily effective for the current year (Continued)

(a) Impact and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. ECL for other financial assets at amortised cost, including bank balances and cash and other receivables, are assessed on 12-month ECL basis as there had been no significant increase in credit risk since initial recognition. After performing the assessment of ECL on the Group’s existing trade receivables, other receivables and bank balances, no ECL allowance was recognised by the Group as at 1 April 2018 as the amount is not material.

(b) Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from the following major source which arises from contracts with customers:

- Sale of corrugated board, corrugated paper-based packing products and offset printed corrugated products

The revenue from sale of corrugated board, corrugated paper-based packing products and offset printed corrugated products are recognised at a point in time when “control” was transferred. The application of HKFRS 15 does not have significant impact on the amounts reported in the consolidated financial statements for the year 2018 and 2019.

Summary of effects arising from initial application of HKFRS 15

Receipts in advance from customers in relation to deposits or payments received in advance for sale of corrugated board, corrugated paper-based packing products and offset printed corrugated products, which was previously included in “Accruals and other payables” has been reclassified as “Contract liabilities”.

1. **APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND AMENDMENTS TO HONG KONG ACCOUNTING STANDARDS ("HKASs") (Continued)**

New and amendments to HKFRSs and HKASs that are mandatorily effective for the current year (Continued)

(b) ***Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers (Continued)***

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2018	Reclassification	Carrying amounts under HKFRS 15 at 1 April 2018
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities			
Accruals and other payables	83,720	(24,251)	59,469
Contract liabilities	–	24,251	24,251

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019 for each of the line items affected. Items that were not affected by the changes have not been included.

	As reported	Reclassification	Amounts without application of HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities			
Accruals and other payables	40,192	13,673	53,865
Contract liabilities	13,673	(13,673)	–

1. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND AMENDMENTS TO HONG KONG ACCOUNTING STANDARDS ("HKASs") (Continued)

New and amendments to HKFRSs and HKASs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and HKASs that have been issued but are not yet effective:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 3	Definition of a Business[5]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[1]

[1] Effective for annual periods beginning on or after 1 January 2019
[2] Effective for annual periods beginning on or after 1 January 2020
[3] Effective for annual periods beginning on or after 1 January 2021
[4] Effective date to be determined
[5] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

Except for the new HKFRS mentioned below, the Directors do not anticipate that the application of these new and amendments to HKFRSs and HKASs will have any material impact on the Group's consolidated financial statements in the foreseeable future.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as sales. HKFRS 16 also includes requirements relating to subleases and the lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

1. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND AMENDMENTS TO HONG KONG ACCOUNTING STANDARDS ("HKASs") (Continued)

New and amendments to HKFRSs and HKASs issued but not yet effective (Continued)

HKFRS 16 Leases (Continued)

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for own use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of approximately HK$74,421,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosures as indicated above.

2. REVENUE AND SEGMENT INFORMATION

Revenue of the Group represents revenue arising from sale of goods and gross rental income earned during the year.

Segment 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 reports in order to assess performance and allocate resources. Management determined the operating segments based on the internal 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 revenue from sale of corrugated board, corrugated paper-based packing products and offset printed corrugated products are recognised at a point in time when "control" was transferred, while rental income from property leasing is recognised on a time basis.

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

For the year ended 31 March 2019

	Corrugated products *HK$'000*	Offset printed corrugated products *HK$'000*	Properties leasing *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Segment revenue from contracts with customers within the scope of HKFRS 15					
External sales	977,854	202,367	–	–	1,180,221
Inter-segment sales	52,493	12,047	–	(64,540)	–
	1,030,347	214,414	–	(64,540)	1,180,221
Revenue from other sources					
Gross rental income	–	–	4,665	–	4,665
Total	1,030,347	214,414	4,665	(64,540)	1,184,886
Segment results	49,389	19,658	8,850		77,897
Dividend income from equity securities at FVTPL					158
Fair value changes of equity securities at FVTPL					1,109
Income from wealth management products					3,801
Gain on disposal of certificate of deposits measured at amortised cost					162
Gain on disposal of equity securities at FVTPL					2,967
Finance costs					(15,336)
Corporate income and expenses					(20,704)
Profit before tax					50,054

2. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

For the year ended 31 March 2018

	Corrugated products *HK$'000*	Offset printed corrugated products *HK$'000*	Properties leasing *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Segment revenue from contracts with customers within the scope of HKFRS 15					
External sales	1,128,028	194,339	–	–	1,322,367
Inter-segment sales	49,566	17,673	–	(67,239)	–
	1,177,594	212,012	–	(67,239)	1,322,367
Revenue from other sources					
Gross rental income	–	–	4,619	–	4,619
Total	1,177,594	212,012	4,619	(67,239)	1,326,986
Segment results	139,597	19,157	10,902		169,656
Fair value changes of derivative financial instruments					2,176
Dividend income from held-for-trading investments					332
Fair value changes of held-for-trading investments					(5,797)
Loss on structured foreign currency forward contracts					(2,156)
Income from wealth management products					2,554
Loss on disposal of subsidiaries					(3,500)
Loss on deregistration of subsidiaries					(2,720)
Gain on disposal of held-for-trading investments					130
Finance costs					(13,146)
Corporate income and expenses					(31,666)
Profit before tax					115,863

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profits represented the profit earned from each segment without allocation of fair value changes of derivative financial instruments, fair value changes of equity securities at FVTPL/held-for-trading investments, loss on structured foreign currency forward contracts, income from wealth management products, dividend income from equity securities at FVTPL/held-for-trading investments, gain on disposal of certificate of deposits measured at amortised cost, gain on disposal of equity securities at FVTPL/held-for-trading investments, loss on disposal of subsidiaries, loss on deregistration of subsidiaries, finance costs 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.

2. **REVENUE AND SEGMENT INFORMATION (Continued)**

Segment assets and liabilities

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

At 31 March 2019

	Corrugated products *HK$'000*	Offset printed corrugated products *HK$'000*	Properties leasing *HK$'000*	Total *HK$'000*
Segment assets	**790,120**	**136,144**	**228,274**	**1,154,538**
Total assets for reportable segments				**1,154,538**
Unallocated items:				
Leasehold land in Hong Kong for corporate use				**1,125**
Investment properties				**1,300**
Goodwill				**11,631**
Club membership				**366**
Equity securities at FVTPL				**29,547**
Tax recoverable				**5,711**
Bank balances managed on central basis				**5,171**
Others				**3,312**
Consolidated assets				**1,212,701**
Segment liabilities	**140,566**	**20,239**	**1,294**	**162,099**
Total liabilities for reportable segments				**162,099**
Unallocated items:				
Tax payables				**20,151**
Amounts due to non-controlling shareholders				**20,196**
Bank borrowings				**376,466**
Others				**1,282**
Consolidated liabilities				**580,194**

2. **REVENUE AND SEGMENT INFORMATION (Continued)**

Segment assets and liabilities (Continued)

At 31 March 2018

	Corrugated products *HK$'000*	Offset printed corrugated products *HK$'000*	Properties leasing *HK$'000*	Total *HK$'000*
Segment assets	950,666	143,797	219,348	1,313,811
Total assets for reportable segments				1,313,811
Unallocated items:				
Leasehold land in Hong Kong for corporate use				1,165
Investment properties for capital appreciation				1,200
Goodwill				11,631
Club membership				366
Held-to-maturity investment				9,023
Tax recoverable				2,485
Held-for-trading investments				26,987
Bank balances managed on central basis				1,914
Others				3,314
Consolidated assets				1,371,896
Segment liabilities	218,318	20,718	1,138	240,174
Total liabilities for reportable segments				240,174
Unallocated items:				
Tax payables				38,177
Amounts due to non-controlling shareholders				20,196
Bank borrowings				405,639
Others				9,720
Consolidated liabilities				713,906

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to segments other than leasehold land in Hong Kong for corporate use, investment properties for capital appreciation, goodwill, club membership, held-to-maturity investment, equity securities at FVTPL, held-for-trading investments, bank balances managed on central basis, tax recoverable and corporate assets; and

- all liabilities are allocated to segments other than tax payables, amounts due to non-controlling shareholders, bank borrowings and corporate liabilities.

2. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 March 2019

	Corrugated products *HK$'000*	Offset printed corrugated products *HK$'000*	Properties leasing *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or segment assets:					
Depreciation and amortisation	**21,023**	**7,867**	**–**	**110**	**29,000**
Additions to non-current assets *(note)*	**5,898**	**4,472**	**6,401**	**482**	**17,253**
Loss on disposal of property, plant and equipment	**131**	**–**	**–**	**–**	**131**
Write-off of property, plant and equipment	**24**	**–**	**–**	**–**	**24**
Reversal of impairment of trade receivables	**–**	**(39)**	**–**	**–**	**(39)**

Amounts regularly provided to the chief operating decision maker but not included in the measurement of segment profit or loss or segment assets:

	Corrugated products *HK$'000*	Offset printed corrugated products *HK$'000*	Properties leasing *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Interest income	**(2,894)**	**(39)**	**–**	**–**	**(2,933)**
Interest expenses	**12,786**	**2,237**	**313**	**–**	**15,336**
Income tax expense	**6,395**	**2,611**	**–**	**–**	**9,006**

Note: Additions to non-current assets included property, plant and equipment, investment properties, deposits paid for acquisition of property, plant and equipment and deposits paid for acquisition of investment property.

2. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 31 March 2018

	Corrugated products *HK$'000*	Offset printed corrugated products *HK$'000*	Properties leasing *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or segment assets:					
Depreciation and amortisation	23,446	7,826	–	110	31,382
Additions to non-current assets *(note)*	15,686	3,701	–	550	19,937
Loss on disposal of property, plant and equipment	38	88	–	–	126
Impairment of property, plant and equipment	10,119	–	–	–	10,119
Write-off of property, plant and equipment	522	–	–	–	522
Reversal of impairment of trade receivables	(657)	(4)	–	–	(661)

Amounts regularly provided to the chief operating decision maker but not included in the measurement of segment profit or loss or segment assets:

	Corrugated products *HK$'000*	Offset printed corrugated products *HK$'000*	Properties leasing *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Interest income	(3,147)	(50)	–	(177)	(3,374)
Interest expenses	11,025	1,842	279	–	13,146
Income tax expense	17,956	2,479	–	23	20,458

Note: Additions to non-current assets included property, plant and equipment and deposits paid for acquisition of property, plant and equipment.

Geographical information

The Group's operations are located in the People's Republic of China (the "**PRC**" or "**China**"), Hong Kong and Macau.

Information about the Group's revenue from external customers is presented based on the location of the customers and information about its non-current assets is presented based on the geographical location as detailed below:

	Revenue from external customers		**Non-current assets**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**148,801**	145,162	**236,665**	222,880
Macau	**86,570**	126,880	**34**	45
The PRC except Hong Kong and Macau	**949,515**	1,054,944	**281,446**	322,035
Consolidated total	**1,184,886**	1,326,986	**518,145**	544,960

Note: Non-current assets included prepaid lease payments, property, plant and equipment, investment properties, deposits paid for acquisition of investment property, deposits paid for acquisition of property, plant and equipment and club membership.

2. REVENUE AND SEGMENT INFORMATION (Continued)

Information about major customers

Details of the customers who accounted for 10% or more of the aggregate revenue of the Group during the year are as follows:

	2019	2018
	HK$'000	*HK$'000*
Customer A[1]	**137,356**	133,119
Customer B[1]	**–**	169,660

[1] Revenue from corrugated products.

Note: Customer B contributed less than 10% revenue during the year.

3. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Dividend income from held-for-trading investments	**–**	332
Dividend income from equity securities at FVTPL	**158**	–
Government subsidies	**1,361**	707
Interest income	**2,933**	3,374
Other rental income	**773**	–
Write-off of other payables	**–**	402
Sundry income	**170**	1,431
	5,395	6,246

4. OTHER GAINS AND LOSSES

	2019	2018
	HK$'000	*HK$'000*
Gain on disposal of certificate of deposits measured at amortised cost	**162**	–
Gain on disposal of held-for-trading investments	**–**	130
Gain on disposal of equity securities at FVTPL	**2,967**	–
Fair value changes of derivative financial instruments	**–**	2,176
Fair value changes of held-for-trading investments	**–**	(5,797)
Fair value changes of equity securities at FVTPL	**1,109**	–
Fair value changes of investment properties	**7,380**	10,100
Income from wealth management products	**3,801**	2,554
Loss on structured foreign currency forward contracts	**–**	(2,156)
	15,419	7,007

5. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest on:		
– bank borrowings	**15,330**	12,323
– bank overdraft	**6**	10
– other borrowings	**–**	342
– amount due to a non-controlling shareholder	**–**	471
	15,336	13,146

6. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Hong Kong Profits Tax:		
– Current tax	**998**	1,157
– Over provision in previous years	**(511)**	(539)
	487	618
PRC enterprise income tax ("**EIT**"):		
– Current tax	**11,661**	18,750
– (Over) under provision in previous years	**(4,408)**	1,216
– Withholding tax	**1,266**	–
	8,519	19,966
Deferred tax credit	**–**	(126)
	9,006	20,458

Hong Kong Profits Tax is calculated at 16.5% (2018: 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.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

6. INCOME TAX EXPENSE (Continued)

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

The Group's subsidiaries in the PRC are subject to EIT at the rate of 25% except that Come Sure Packing Products (Shenzhen) Company Limited is entitled to preferential rate of 15% for the Group's financial year ended 31 March 2019 as Come Sure Packing Products (Shenzhen) Company Limited fulfils the requirements of High and New Technology Enterprise ("**HNTE**").

According to the relevant requirements of the Administrative Measures with regard to the Recognition of HNTE, an enterprise which has obtained the HNTE Qualification is entitled to enjoy tax preferential treatment from the year in which the certificate is issued; and in accordance with the relevant requirements of the EIT Law, HNTEs are entitled to enjoy a preferential tax rate at the EIT rate of 15%. Come Sure Packing Products (Shenzhen) Company Limited, therefore enjoys a preferential tax concession and its applicable EIT rate is at the reduced rate of 15% form 1 January 2018 to 31 December 2020. The HNTE designation should be reassessed every three years according to relevant rules and regulations.

The profits of the PRC subsidiaries of the Group derived since 1 January 2008 are subject to withholding tax at a rate of 5% (2018: 5%) upon distribution of such profits to foreign investors in Hong Kong.

A portion of the Group's profit for the years ended 31 March 2019 and 2018 are earned by the subsidiaries of the Group incorporated under the Macao Special Administrative Region'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, 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 years ended 31 March 2016, 2017, 2018 and 2019, the Inland Revenue Department of Hong Kong ("**IRD**") issued estimated assessment and additional assessment for the year of assessment 2009/10 to 2012/13 to six subsidiaries of the Group amounting to HK$12,782,000. The Group had made objections to IRD on these assessments and purchased tax reserve certificates amounting to HK$5,081,000 in aggregate. IRD has held over the payment of profits tax of HK$7,701,000.

Having taken advice from the Group's tax advisor, the Directors are of the opinion that, as at 31 March 2019, the provision for taxation made in the consolidated financial statements is sufficient and not excessive.

7. PROFIT FOR THE YEAR

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

	2019	2018
	HK$'000	*HK$'000*
Depreciation for property, plant and equipment	**27,823**	29,936
Amortisation of prepaid lease payments	**1,177**	1,446
Total depreciation and amortisation	**29,000**	31,382
Cost of inventories recognised as an expense	**950,314**	1,024,237
Direct operating expense of investment properties that generate rental income	**256**	974
Total cost of goods sold	**950,570**	1,025,211
Auditors' remuneration:		
– Audit service	**1,100**	1,000
– Non-audit service	**–**	100
	1,100	1,100
Loss on disposal of property, plant and equipment	**131**	126
Minimum lease payment paid under operating lease in respect of land and buildings	**18,647**	20,229
Reversal of impairment of trade receivables (included in other operating expenses)	**(39)**	(661)
Net foreign exchange loss (gain)	**6,096**	(9,207)
Impairment of property, plant and equipment	**–**	10,119
Write-back of other payables	**–**	(402)
Write-off of property, plant and equipment	**24**	522

8. DIVIDEND

	2019	2018
	HK$'000	*HK$'000*
Dividend paid during the year:		
2018 final dividend – HK7.00 cents per share (2018: 2017 final dividend – Nil)	**25,361**	–

Subsequent to the end of the reporting period, a final dividend for the year ended 31 March 2019 of HK4.00 cents per share has been proposed by the Directors and is subject to approval by shareholders in the forthcoming annual general meeting. (2018: HK7.00 cents per share was proposed).

9. 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

	2019	2018
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company	**41,969**	96,496

Number of shares

	2019	2018
	Number of Shares	*Number of Shares*
Weighted average number of ordinary shares after adjustment for the effects of repurchase of shares during the year for the purpose of basic and diluted earnings per share	**361,361,008**	362,300,000

The calculation of diluted earnings per share for the year ended 31 March 2019 and 2018 did 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 both 2019 and 2018.

10. TRADE AND BILLS RECEIVABLES

Payment terms with customers are mainly on credit, cash on delivery and payment in advance. Credit periods range from 15 days to 120 days after the end of the month in which the revenue is recognised and invoiced. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The aging analysis of trade and bills receivables, based on the due date for settlement, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Trade receivables:		
Not yet due for settlement *(note a)*	**173,217**	227,698
Overdue:		
1 to 30 days	**14,240**	20,441
31 to 90 days	**17,439**	6,791
91 to 365 days	**666**	567
Over 1 year	**13,956**	14,549
	219,518	270,046
Less: Allowance for doubtful debts	**(12,933)**	(13,398)
	206,585	256,648
Bills receivables *(note b)*	**2,488**	3,566
	209,073	260,214

Notes:

(a) All trade receivables are aged within 120 days.

(b) All bills receivables are aged within 90 days.

10. TRADE AND BILLS RECEIVABLES (Continued)

The balance of trade receivables included debtors (see below for ageing analysis) who are past due as at the reporting date for which the Group has not provided for impairment due to no significant change in the creditworthiness of these debtors and, hence, the amounts are still considered recoverable. Trade receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default. The management of the Group have assessed the ECL of all trade and bills receivables as insignificant and therefore it did not result in any impairment allowance for current year.

Ageing of trade receivables which are past due but not impaired

	2019	2018
	HK$'000	*HK$'000*
Overdue by:		
1 to 90 days	**31,679**	27,232
91 to 365 days	**666**	567
Over 1 year	**1,023**	1,151
Total	**33,368**	28,950

Movement in the allowance for doubtful debts

	2019	2018
	HK$'000	*HK$'000*
At 1 April	**13,398**	15,760
Reversal of impairment of trade receivables	**(39)**	(661)
Derecognition upon disposal of subsidiaries	**–**	(2,754)
Exchange differences	**(426)**	1,053
At 31 March	**12,933**	13,398

In determining the recoverability of a trade receivable, management considers any change in the creditworthiness of trade receivable from the date when credit was initially granted up to the end of the reporting period. Concentration of credit risk is limited due to the customer base being large and unrelated.

The allowance for doubtful debts included individually impaired trade receivables with an aggregate balance of approximately HK$12,933,000 (2018: approximately HK$13,398,000) which are either being placed under liquidation or in severe financial difficulties.

The carrying amounts of the trade and bills receivables are denominated in the following currencies:

	2019	2018
	HK$'000	*HK$'000*
HK$	**29,918**	34,486
United States dollars	**11,420**	14,470
Renminbi ("RMB")	**167,470**	210,993
Australian dollars	**265**	265
	209,073	260,214

11. TRADE AND BILLS PAYABLES

The aging analysis of trade payables, based on due date for settlement, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Trade payables:		
0 to 30 days	**63,176**	83,488
31 days to 90 days	**258**	731
Over 90 days	**396**	669
	63,830	84,888
Bills payables *(Note)*	**45,686**	81,286
	109,516	166,174

Note:

All bills payables are due within 90 days based on due date for settlement.

Payment terms granted by suppliers are mainly on credit and on cash on delivery. Credit periods range from 15 days to 90 days after invoice date when the relevant purchase occurred. The Group has financial risk management policies in place to ensure that all payables are settled within the credit term.

The carrying amounts of trade and bills payables are denominated in the following currencies:

	2019	2018
	HK$'000	*HK$'000*
HK$	**17,029**	16,866
RMB	**92,487**	149,308
	109,516	166,174

12. CAPITAL COMMITMENTS

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

	2019	2018
	HK$'000	*HK$'000*
Capital expenditure contracted but not provided for:		
Purchase of property, plant and equipment and investment property	**27,316**	3,401

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

During the Year, the economy of the PRC was dragged by the China-US trade war (the "**Trade War**"), the soften business confidence hindered the consumer demand and retail brands' sales plans, retailers hence being cautious in placing paper packaging orders. At the same time, the PRC government's drive in cutting regional corporate debt brought down the corporate borrowing levels, thus weakening business investments further. The PRC recorded the slowest growth pace of its economic growth in the past 28 years, according to the National Bureau of Statistics of China (the "**NBSC**"), the PRC's Gross Domestic Product (the "**GDP**") growth rate was 6.6% in 2018 (2017: 6.9%).

In addition to the economic uncertainty, the PRC government continued to tighten environmental policies, increase operating pressure to the paper packaging manufacturers during the Year. According to the NBSC reports, a negative year-on-year ("**YoY**") growth of 8.5% was recorded for the profit earnings of the paper and paper products industry in 2018; the negative YoY growth further increased to 24.7% for the first quarter of 2019, implying that the paper and paper product industry was going through a challenging business environment.

The strengthening environmental policies, however, enhanced the overall industry standards and further phased out outdated capacities, thereby bringing competitive benefits and market opportunities to the well-reputed market leaders. Equipped with cutting edge facilities in production lines, such market leaders could constantly supply value-added and environmentally friendly products, allowing them to gain more sales orders from the phased-out competitors, as well as to transfer certain cost pressure to the mid-to-high end customers whom are willing to pay more for high quality products. As such, the industry environment during the Year provided a business opportunity for the market leaders to adjust their business plans and strategies, in order to establish sustainable development in the paper product manufacturing industry.

Business Review

Over the past years, the Group has built a strong loyal customer base by providing high quality paper packaging products and services. However, the slowed down China's economy underscoring the challenge posed by the Trade War, the sales order volume from the existing customers was dragged, especially those from the customers engaged in international trade. Considering the change in demand, the Group responded to the market change quickly by proactively reached out to the potential domestic customers in order to expand its revenue sources and sustain a stable level of production capacity. With efficient execution of the sales strategy, the Group maintained a stable revenue level despite the fluctuated economy. Its revenue for the Year was approximately HK$1,184.9 million (2018: approximately HK$1,327.0 million). The Group's factory in Fujian (the "**Fujian Plant**") also built a strong brand recognition with regional customers and surrounding markets since its commencement of operation in August 2016. During the Year, the production capacity of the Fujian Plant reached over 80%, and contributed a revenue of approximately HK$227.5 million to the Group.

During the Year, the Group managed to maintain its gross profit and gross profit margin at a sound level of approximately HK$234.3 million and 19.8% respectively (2018: approximately HK$301.8 million and 22.7%). The Group's higher gross profit level for 2018 was mainly due to low-cost raw paper inventory brought forward. Such inventories were consumed in last financial year and had no positive accounting effects left over for the Year; yet the Group continued to impose stringent cost management in order to maintain its profitability. The long-term collaborative relationship between the Group and its major suppliers ensured stable supplies of raw paper. However, the cost of raw paper in domestic market continued to fluctuate during the Year, the Group enhanced its cost management strategy by increased the proportion of imported raw paper, especially from the Vietnam plant of one of its major suppliers. Such strategy improved the Group's sourcing flexibility to meet the demands from its growing production capacity. Coupled with the Group's strong research and development ("**R&D**") capability and internal fiscal control, the Group's sustainable profitability is believed to be further enhanced in long run.

Being one of the market leaders in paper packaging industry, the Group has been keeping up its production technology and efficiency. During the Year, the Group's wholly-owned subsidiaries, Come Sure Packing Products (Shenzhen) Company Limited and Sky Achiever Paper Industrial (Shenzhen) Company Limited, were successfully recognised as the National and the HNTE for 2018-2020 respectively. The recognitions not only further strengthened the Group's corporate profile and reputation, according to the PRC's core innovation tax policies, the National HNTEs also enjoy tax incentives and relevant preferential policies that lowering the Group's tax burden. This provided both motivation and financial supports to the Group to develop R&D and high quality of value-added products and service further in order to meet the industrial demands for sustainable business development.

Result of Operation

	2019		2018	
	HK$'000	*(%)*	*HK$'000*	*(%)*
Paper-based packaging				
PRC domestic sales	**949,516**	**80.5**	1,054,944	79.8
Domestic delivery export	**183,149**	**15.5**	220,916	16.7
Direct export	**47,556**	**4.0**	46,507	3.5
	1,180,221	**100.0**	1,322,367	100.0
Properties investment				
Rental income	**4,665**		4,619	
Total revenue	**1,184,886**		1,326,986	
Gross profit margin		**19.8**		22.7
Net profit margin		**3.5**		7.2

Revenue

During the Year, under the circumstances brought by the global economic uncertainties and Trade War, the global consumer spending was weaken and hence influenced the market demand for paper packaging products, as well as the Group's sales. The Group's sales order from customers engaged in export market to The United States of America had dropped during the Year due to the cautious market sentiment and it responded quickly by reaching the potential customers engaged in domestic market in order to expand the source of revenue. With high quality products and reputation built for years, the Group was compensated by receiving more sales orders from domestic customers and, therefore, despite the fluctuated economic conditions, the Group managed to maintain its revenue at a stable level. The Group's revenue for the Year was approximately HK$1,184.9 million (2018: approximately HK$1,327.0 million). Fujian Plant, which commenced operation since August 2016, had recorded a significant rise in revenue to approximately HK$227.5 million during the Year compared to approximately HK$178.5 million for the last corresponding year, showing that the Group's brand awareness was well-built in Fujian and surrounding markets.

Revenue (Continued)

Guangdong operation

The Group had been mainly focusing on its Guangdong operation, which engaged in high value-added business, including structural design printed cartons and other corrugated products. Under the unfavorable business environment, Guangdong operation recorded a slight decline in its sales volume. Nevertheless, being widely valued as a mid-to-high end paper packaging product and service supplier, the Group increased its efforts to optimise the production capacity to ensure stable sales in corrugated products which are of higher price, the average selling price was therefore increased and minimised the unfavourable effect on revenue. The revenue generated from Guangdong operation maintained at a stable level of approximately HK$952.7 million (2018: approximately HK$1,109.9 million). In view of the foreseeable market demand in Huizhou and Greater Bay Area, the Group is considering to expand the production capacity and floor area of its Huidong plant in order to capture new business opportunities in surrounding areas.

Fujian operation

Riding on the expertise in factory operation and management and focusing on corrugated paperboard business, the revenue of Fujian Plant rose remarkably by approximately 27.5% to approximately HK$227.5 million during the Year compared to approximately HK$178.5 million for the last corresponding year. The process of operation in Fujian Plant was carried out smoothly since commencement and further reinforced the Group's market recognition in Fujian and surrounding areas. The continuous improvement in quality and supply chain management in Fujian Plant is believed to facilitate its stable growth in sales in near future.

Properties investment

The revenue generated from the properties investment business remained stable at approximately HK$4.7 million for the Year (2018: approximately HK$4.6 million).

Gross Profit

In order to mitigate operational risk against the rising labour and delivery costs, the Group enhanced its internal control management during the Year aligning to the business needs. With years of long-term business relationship with suppliers, the Group continued to enjoy the stable supply of raw paper with consistent quality. Given the cost volatility of raw paper in domestic market during the Year, the Group increased the proportion of imported raw paper procurement. Reliable and adequate supplies of raw paper allowed the Group, especially its Guangdong operation, to receive more sales orders without any concerns on shortage of raw paper. Although Fujian Plant generated lower gross profit margin than the Group's overall sustainable level though, due to the nature of its corrugated paperboard production business, Fujian Plant is expected to contribute a substantial increase to the Group's sales volume in the long run. The overall gross profit and gross profit margin of the Group maintained at a relatively stable performance of approximately HK$234.3 million and 19.8% respectively for the Year, although higher gross profit level was recorded in 2018, which primarily attributed to lower cost of raw paper inventory brought forward. The Group will scale up its effort to diversify its sources of procurement from overseas supplier to stabilise the raw paper inventory at reasonable cost and therefore achieve long-term growth in business and profits.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Gross Profit (Continued)

Guangdong operation

During the Year, the Group's Guangdong factory, which mainly engaged in high quality value-added structural-designed corrugated paperboard and paper packaging products business, continued to contribute most to the Group's gross profit. As mentioned above, although the advantages benefited by the Group in relation to its low-cost inventory was exhausted in the last corresponding year and facing the unfavorable market conditions during the Year, the Group was able to reach customers engaged in domestic market and strengthened its operation efficiency to maintain its gross profit and gross profit margin at a healthy range. The gross profit and gross profit margin generated from the Guangdong operation for the Year were approximately HK$211.5 million and approximately 22.2% respectively (2018: approximately HK$275.8 million and approximately 24.9% respectively). Equipped with advanced equipment and techniques, the Group was also committed in conducting R&D to enhance its value-added products and services in order to secure more orders from medium-to-high customers in long term.

Fujian operation

The gross profit of Fujian operation was increased to approximately HK$18.4 million for the Year from approximately HK$16.7 million for the last corresponding year. Fujian Plant mainly operated in corrugated paperboard production business, which generate a lower gross profit margin as compared to the Group's other printed corrugated carton business. The gross profit margin of Fujian operation was decreased slightly to approximately 8.1% for the Year (2018: approximately 9.4%). To attract more customers from surrounding areas and boost sales orders, Fujian Plant had been expanding its product range of corrugated paperboard.

Properties investment

The cost of properties leasing represented the direct outgoings of the investment properties. The gross profit of properties leasing increased to approximately HK$4.4 million for the Year (2018: approximately HK$3.6 million).

Selling and Administrative Expenses

In line with the decrease in sales volume, the selling expenses of the Group for the Year reduced to approximately HK$56.5 million (2018: approximately HK$60.8 million). The administrative expenses of the Group increased from approximately HK$108.9 million for last corresponding year to approximately HK$133.0 million for the Year, mainly due to depreciation of RMB throughout the Year and increase in costs relating to sales expansion plans. The Group has been putting great effort in its stringent risk control and internal cost management to maintain a strong financial and operational foundation for sustainable development.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Other Operating Expenses

Other operating expenses of the Group significantly decreased to approximately HK$0.16 million during the Year. The Group's other operating expenses for the corresponding period of 2018 was approximately HK$10.1 million mainly due to the impairment of building locating in Jiangxi accounted for as construction-in-progress.

Finance Costs

The Group's finance cost was mainly incurred from bank borrowings for general working capital and capital expenditure. Due to the increased interest rate, the Group's finance cost increased to approximately HK$15.3 million for the Year compared to approximately HK$13.1 million for the last corresponding year.

Net Profit and Dividend

The Group experienced an increased administrative expense and finance cost, which mainly caused by the depreciation of RMB driven to exchange loss and the increase in interest rate. Along with the decrease in gross profit, the Group's net profit for the Year thereby decreased to approximately HK$41.0 million as compared to approximately HK$95.4 million for the last corresponding year. As mentioned in the gross profit section, the exceptional high profit in the last corresponding year was mainly due to the positive effect of the low-cost inventory brought forward. Comparing to the net profit of approximately HK$16.5 million for the year ended 31 March 2017, the net profit for the Year was satisfying and the Group will continue its stringent cost control to maintain stable profitability in long term. The Group's net profit margin for the Year was approximately 3.5% (2018: approximately 7.2%). The basic and diluted earnings per share for the Year was HK11.61 cents (2018: HK26.63 cents). The Board proposed a payment of final dividend of HK4.00 cents per ordinary share (the "**Share**") of the Company.

Capital Structure

During the Year, the Group has adopted a prudent treasury policy and the current ratio (calculated as current assets divided by current liabilities) as at 31 March 2019 was approximately at the level of 1.22 (as at 31 March 2018: approximately at the level of 1.21).

The Company's issued share capital as at 31 March 2019 was HK$3,534,720 divided into 353,472,000 shares of HK$0.01 each.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Working Capital

	2019 Number of days	2018 Number of days
Trade and bills receivable	**72**	65
Trade and bills payable	**53**	58
Inventories	**41**	38
Cash conversion cycle*	**60**	45

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

The Group had been adopting stringent credit risks management through closely monitoring the creditworthiness and collection history of customers. The Group's trade and bills receivables as at 31 March 2019 were approximately HK$209.1 million (as at 31 March 2018: approximately HK$260.2 million). As the retail industry was facing a challenging time associated with the economic uncertainties throughout the Year, customers tended to settle their account slower. Therefore, the Group's trade and bill receivables turnover days for the Year increased to 72 days as compared to 65 days for the last corresponding year, which was still considered as a healthy turnover pattern.

In order to diversify the raw paper supply and price fluctuation risk, the Group increased its raw paper procurement from overseas during the Year. As the oversea supplies required "Letter of Credit" as settlement instead of settling on credit terms, the trade and bills payables turnover days was shortened to 53 days for the Year from 58 days for the last corresponding year. The Group maintained solid and close relationship with its suppliers and securing steady supply of quality raw paper. The trade and bills payables decreased to approximately HK$109.5 million as at 31 March 2019 (as at 31 March 2018: approximately HK$166.2 million).

The Group remained its stringent control over the inventory level in order to reduce the inventory risk. Facing the slowing down economy, the Group reduced its inventory level without affecting the operation. The inventories decreased to approximately HK$95.2 million as at 31 March 2019 from approximately HK$119.7 million as at 31 March 2018. Due to the Group's effective control, the inventories turnover days only increased slightly to 41 days for the Year from 38 days for the last corresponding year.

In order to maintain working capital efficiency, the Group strengthened its internal control, therefore, although the market conditions are volatile, the Group managed to keep its cash conversion cycle at a healthy level of 60 days for the Year (2018: 45 days).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Liquidity and Financial Resources

	As at 31 March	
	2019	2018
Current ratio	**1.22**	1.21
Gearing ratio	**31.0%**	29.6%

During the Year, the principal sources of working capital of the Group remained to be the cash flow from operating activities and bank borrowings. As at 31 March 2019, the Group's bank and cash balances amounting to approximately HK$232.3 million (as at 31 March 2018: approximately HK$257.5 million), excluding pledged deposit of approximately HK$94.7 million. In addition, the Group has unused banking facilities of approximately HK$531.4 million in order to secure future cashflow. The Group's cash and cash equivalents were mostly denominated in Hong Kong dollars ("**HKD**") and RMB.

The Group maintained its current ratio (current assets divided by current liabilities) at a stable level, as at 31 March 2019, at approximately 1.22 (as at 31 March 2018: approximately 1.21). The current assets and current liabilities of the Group as at 31 March 2019 were approximately HK$682.9 million and approximately HK$561.5 million, respectively, as compared to approximately HK$815.3 million and approximately HK$672.4 million for the last corresponding year.

As at 31 March 2019, all the bank borrowings of the Group were secured, mostly denominated in HKD and RMB and carried floating interest rates. The total outstanding bank borrowings decreased to approximately HK$376.5 million as at 31 March 2019 from approximately HK$405.6 million as at 31 March 2018, of which approximately HK$338.5 million was repayable within one year and approximately HK$38.0 million was repayable after one year.

The Group constantly kept a sound liquidity position, with sufficient cash level and banking facilities to ensure a balanced continuity of funding and flexibility for sustainable business development, as well as to financing potential investment opportunities. The gearing ratio (total borrowings divided by total assets) as at 31 March 2019 maintained at a stable level at approximately 31.0% (as at 31 March 2018: approximately 29.6%).

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 monitor the foreign currency exposure closely and will consider taking appropriate initiatives to hedge significant foreign currency exposure if necessary.

Charge of Assets

As at 31 March 2019, the Group pledged certain assets including bank deposits, property, plant and equipment, and investment properties, with aggregate net book value of approximately HK$323.0 million (as at 31 March 2018: approximately HK$343.3 million), to secure banking facilities granted to the Group.

Capital Commitment

As at 31 March 2019, the Group's capital expenditure regarding property, plant and equipment and investment property, which are contracted but not provided, was approximately HK$2.7 million (as at 31 March 2018: approximately HK$3.4 million) and approximately HK$24.6 million (as at 31 March 2018: Nil).

As at 31 March 2019, the Group did not have any capital expenditure authorised but not contracted for (as at 31 March 2018: Nil).

Contingent Liabilities

IRD issued estimated assessment and additional assessment for the year of assessment 2009/10 to 2012/13 to six subsidiaries of the Group amounting to HK$12,782,000. In the opinion of the Directors, there is no specific basis for adjusting the subsidiaries' tax position for the years of assessment 2009/10 to 2012/13 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 thereon at 31 March 2019 (31 March 2018: Nil).

Significant Investments and Material Acquisition

On 18 March 2019, Cheer Fame Holdings Limited ("**Cheer Fame**"), an indirect wholly-owned subsidiary of the Group, entered into a provisional agreement with Power Benefit Company Limited ("**Power Benefit**"), an independent third party pursuant to which Power Benefit conditionally agreed to sell, and Cheer Fame conditionally agreed to acquire the property located at Shop No. 2, Ground Floor, Ka Hing Building, 41–47 Java Road, North Point, Hong Kong with a total gross floor area of approximately 763 square feet at a total consideration of HK$28 million. The acquisition of the said property was completed on 13 June 2019. Further details in respects of the above acquisition are set out in the Group's announcements dated 18 March 2019 and 13 June 2019.

Employees and Remuneration

The Group had 1,243 employees in total as at 31 March 2019 (as at 31 March 2018: 1,411). For the Year, the Group's total expenses on the remuneration of employees, including the emolument of the Directors, slightly increased to approximately HK$166.0 million (2018: approximately HK$158.1 million).

Besides medical insurance and mandatory provident fund 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.

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

Prospect

Experiencing the slow-down growth in the PRC's export volume under the persisting Trade War tensions, the Group proactively reviews its business strategies to seek opportunities to expand the customer base with the enterprises focus in domestic sales in China. Looking ahead, according to a recent report related to corrugated packaging industry, the e-commerce retail sales growth is projected to over USD5.5 trillion in 2023, benefitting the parcel delivery providers worldwide and therefore boosting the demand for paper packaging products. Along with the industry standard being further enhanced under the PRC Government's emphasis in eco-friendly development, the Group's high quality paper packaging products and services are expected to demonstrate its presence in the market, leveraging on the Group's advantages in advanced technology and operational experience.

Corporate governance is regarded as an integral part of the Group's business strategy and the Group adjusts its cost control strategies from time to time adapting to the market changes. Since expanding the source of raw paper, from domestic supplies to proportional import from supplies in other countries including the papermill of one of major suppliers in Vietnam, the Group becomes more capable to resist the cost pressure from domestic raw paper supply. While maintaining long-cooperative relationship with the existing suppliers, the Group will continue to seek for more source of raw paper from overseas, with a view to maintaining its cost effectiveness and ensuring the operational efficiency in long term.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Prospect (Continued)

Being recognised as HNTEs, the qualified Group's subsidiaries bring preferential tax incentives to the Group during 2018-2020 in the PRC. The recognitions affirmed the Group's constant efforts in R&D innovations, as well as strengthened the Group's competitiveness and reputation, giving the Group a favourable opportunity to secure its existing customers and capture new customers. The Group will continue to dedicate itself to pursue operation efficiency and product optimisation through various effective measures, such as integrating the production processes among its factories, exploring stable source of raw materials, which would enhance the business efficiency and minimise the business risks. With the timely-reviewed strategies and stringent internal control, the Group is confident to maintain sustainable business development, thereby creating maximum values to its shareholders in long run.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year, the Company repurchased a total of 8,828,000 ordinary shares of HK$0.01 each of the Company on the Stock Exchange at an aggregate consideration of approximately HK$6.9 million. During the Year, all 8,828,000 repurchased shares were subsequently cancelled.

Particulars of the repurchases during the Year are as follows:

Month of repurchase	No. of Ordinary shares of HK$0.01 each	Price per share Highest	Price per share Lowest	Aggregate consideration paid
		HK$	HK$	HK$
December 2018	3,604,000	0.80	0.67	2,739,760
January 2019	1,728,000	0.80	0.77	1,361,600
February 2019	2,364,000	0.80	0.76	1,862,680
March 2019	1,132,000	0.80	0.79	905,580
	8,828,000			6,869,620

Subsequent to 31 March 2019 and up to the date of this announcement, the Company repurchased a total of 742,000 shares at an aggregate consideration of HK$593,560. All 742,000 repurchased shares were subsequently cancelled in April 2019. The number of issued shares of the Company as at the date of this announcement was 352,730,000 shares.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

CORPORATE GOVERNANCE

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

The Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") during the Year.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

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

AUDIT COMMITTEE

The main duties of the audit committee (the "**Audit Committee**") of the Company 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, risk management 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, together with the management of the Company and the external auditors, have reviewed this results announcement and the audited consolidated financial statements of the Group for the Year, the accounting principles and practices adopted and discussed auditing, internal controls, risk management and financial reporting matters.

DIVIDENDS

The Board proposed the payment of a final dividend of HK4 cents per share for the Year, amounting to approximately HK$14.1 million in total. The proposed final dividend is subject to the passing of an ordinary resolution by the shareholders of the Company at the forthcoming annual general meeting (the "**AGM**") of the Company. The record date for entitlement to the proposed final dividend is 2 October 2019. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 27 September 2019 to 2 October 2019, both days inclusive, and no transfer of shares will be effected on such date. In order to qualify for the proposed final dividend, all transfer of shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on 26 September 2019. It is expected that the final dividend will be paid on or around 23 October 2019.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on 23 September 2019, the register of members of the Company will be closed from 18 September 2019 to 23 September 2019, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer of shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on 17 September 2019.

EVENT AFTER REPORTING PERIOD

Save as disclosed in the paragraph headed "Significant Investments and Material Acquisition" in the section headed "Management Discussion and Analysis" above, the Group had no other material event after the reporting period.

PUBLIC FLOAT

As far as the Company is aware, more than 25% of the issued shares of the Company were held in public hands as of 31 March 2019.

SCOPE OF WORK OF HLM CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this results announcement have been agreed by the Group's auditors, HLM CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by HLM CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLM CPA Limited on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company will be despatched to the Company's shareholders and published on the websites of the Company and the Stock Exchange in due course.

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

Hong Kong, 28 June 2019

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.