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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 2020

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 2020 (the "**Year**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 March 2020

	Note	**2020** *HK$'000*	2019 *HK$'000*
Revenue	*2*	**1,010,653**	1,184,886
Cost of goods sold		**(807,242)**	(966,950)
Gross profit		**203,411**	217,936
Other income	*3*	**13,101**	5,395
Other gains and losses	*4*	**(13,416)**	15,419
Selling expenses		**(66,404)**	(56,538)
Administrative expenses		**(96,004)**	(116,657)
(Impairment) reversal of impairment of trade receivables		**(726)**	39
Bad debt written off		**(251)**	–
Other operating expenses		**(2,422)**	(204)
Profit from operations		**37,289**	65,390
Finance costs	*5*	**(17,901)**	(15,336)
Profit before tax		**19,388**	50,054
Income tax expense	*6*	**(7,348)**	(9,006)
Profit for the year	*7*	**12,040**	41,048
Profit (loss) for the year attributable to:			
Owners of the Company		**11,979**	41,969
Non-controlling interests		**61**	(921)
		12,040	41,048
Earnings per share	*9*		
Basic and diluted		**HK3.41 cents**	HK11.61 cents

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Note	**2020** *HK$'000*	2019 *HK$'000*
Profit for the year	*7*	**12,040**	41,048
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(32,074)**	(34,264)
Other comprehensive expense for the year, net of income tax		**(32,074)**	(34,264)
Total comprehensive (expense) income for the year		**(20,034)**	6,784
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(19,154)**	8,653
Non-controlling interests		**(880)**	(1,869)
		(20,034)	6,784

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	Note	2020 *HK$'000*	2019 *HK$'000*
Non-current assets			
Prepaid lease payments		**42,581**	45,356
Right-of-use assets		**79,724**	–
Property, plant and equipment		**205,343**	236,361
Investment properties		**242,860**	228,500
Goodwill		**11,631**	11,631
Deposits paid for acquisition of investment property		**–**	5,181
Deposits paid for acquisition of property, plant and equipment		**2,818**	2,381
Club membership		**366**	366
		585,323	529,776
Current assets			
Inventories		**93,400**	95,222
Trade and bills receivables	*10*	**219,478**	209,073
Prepayments, deposits and other receivables		**14,055**	15,270
Prepaid lease payments		**–**	1,150
Tax recoverable		**7,755**	5,711
Equity securities at fair value through profit or loss		**28,529**	29,547
Pledged bank deposits		**24,008**	94,658
Bank and cash balances		**176,650**	232,294
		563,875	682,925

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
Current liabilities			
Trade and bills payables	11	**105,305**	109,516
Accruals and other payables		**36,548**	40,192
Contract liabilities		**12,114**	13,673
Lease liabilities		**6,168**	–
Amounts due to non-controlling shareholders		**36,783**	20,196
Short-term bank borrowings		**228,335**	285,969
Tax payables		**21,446**	20,151
Long-term bank borrowings		**30,082**	71,838
		476,781	561,535
Net current assets		**87,094**	121,390
Total assets less current liabilities		**672,417**	651,166
Non-current liabilities			
Long-term bank borrowings		**2,328**	18,659
Lease liabilities		**83,630**	–
		85,958	18,659
NET ASSETS		**586,459**	632,507
Capital and reserves			
Share capital		**3,484**	3,535
Reserves		**591,432**	636,549
Equity attributable to owners of the Company		**594,916**	640,084
Non-controlling interests		**(8,457)**	(7,577)
		586,459	632,507

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

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

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

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

1.1 Impact and changes in accounting policies of application on HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases and the related interpretations, HK(IFRIC)-Int 4, Determining whether an arrangement contains a lease, HK(SIC) 15, Operating leases - incentives, and HK(SIC) 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("**short-term leases**") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

The Group has initially applied HKFRS 16 from 1 April 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity as at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) Changes in the accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

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

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

1.1 Impact and changes in accounting policies of application on HKFRS 16 Leases (Continued)

(a) Changes in the accounting policies (Continued)

(i) New definition of a lease (Continued)

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the right-of-use assets that meet the definition of investment property are carried at fair value.

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

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

1.1 Impact and changes in accounting policies of application on HKFRS 16 Leases (Continued)

(a) Changes in the accounting policies (Continued)

(ii) Lessee accounting (Continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(iii) Leasehold investment property

Under HKFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and/or for capital appreciation ("**leasehold investment properties**"). The adoption of HKFRS 16 does not have a significant impact on the Group's financial statements as the Group previously elected to apply HKAS 40, Investment properties, to account for all of its leasehold properties that were held for investment purposes as at 31 March 2019. Consequentially, these leasehold investment properties continue to be carried at fair value.

(iv) Lessor accounting

The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under HKAS 17.

(b) Transitional impact

The Group applies the modified retrospective approach under HKFRS 16, and therefore no restatement is made to the comparative amounts for the corresponding year ended 31 March 2019 prior to the first adoption of HKFRS 16. A retrospective adjustment to the Group's retained profits (after tax) as at 1 April 2019, for a cumulative decrease in the amount of approximately HK$8,567,000, was recognised only as referred to in the Group's consolidated statement of changes in equity for the year ended 31 March 2020.

At transition, except for short-term leases of the Group in respect of which the Company or any of its subsidiaries is a lessee and in relation to which the "practical expedient" under HKFRS 16 is applicable, the Group recognises for each of the remaining leases (the "**Remaining Leases**") a right-of-use asset, which is measured at its carrying amount as if HKFRS 16 had been applied since the commencement dates of the Remaining Leases, discounted at the Group's incremental borrowing rate as at 1 April 2019.

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

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

1.1 Impact and changes in accounting policies of application on HKFRS 16 Leases (Continued)

(b) Transitional impact (Continued)

At transition, lease liabilities were measured at the present value of the Remaining Leases payments, discounted at the Group's incremental borrowing rate as at 1 April 2019. When measuring lease liabilities, the Group discounted lease payments using its weighted average incremental borrowing rate as at 1 April 2019 of 3.8% per annum.

	At 1 April 2019
	HK$'000
Operating lease commitments disclosed as at 31 March 2019	161,625
Less: Commitments relating to lease exempt from capitalisation:	
Short-term lease and other lease with Remaining Leases term ending on or before 31 March 2020	(2,600)
	159,025
Less: Total future interest expenses	(51,917)
Total lease liabilities recognised as at 1 April 2019	107,108
Analysed as	
Current	14,156
Non-current	92,952
	107,108

	At 1 April 2019
	HK$'000
Right-of-use assets relating to operating lease recognised upon application of HKFRS 16	96,527
By class:	
Production plant	96,527

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

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

1.1 Impact and changes in accounting policies of application on HKFRS 16 Leases (Continued)

(b) Transitional impact (Continued)

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported as at 31 March 2019	Adjustment	Carrying amounts under HKFRS 16 at 1 April 2019
	HK$'000	*HK$'000*	*HK$'000*
	Dr/(Cr)	Dr/(Cr)	Dr/(Cr)
Non-current assets			
Right-of-use assets	–	96,527	96,527
Current liabilities			
Accruals and other payables	(40,192)	2,014	(38,178)
Lease liabilities	–	(14,156)	(14,156)
Non-current liabilities			
Lease liabilities	–	(92,952)	(92,952)
Capital and reserves			
Retained profits	(259,078)	8,567	(250,511)

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

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 3	Definition of a Business[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKFRS 16	Covid-19-Related Rent Concessions[4]

[1] Effective for annual period beginning on or after 1 January 2020.
[2] Effective for annual periods beginning on or after 1 January 2021
[3] Effective for annual periods beginning on or after a date to be determined.
[4] Effective for annual periods beginning on or after 1 June 2020

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in HKFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of these new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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.

2. REVENUE AND SEGMENT INFORMATION (Continued)

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 over time.

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

For the year ended 31 March 2020

	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	856,183	149,128	–	–	1,005,311
Inter-segment sales	46,385	25,350	–	(71,735)	–
	902,568	174,478	–	(71,735)	1,005,311
Revenue from other sources					
Gross rental income	–	–	5,342	–	5,342
Total	902,568	174,478	5,342	(71,735)	1,010,653
Segment results	54,777	8,283	(11,726)		51,334
Dividend income from equity securities at FVTPL					150
Fair value changes of equity securities at FVTPL					(1,446)
Income from wealth management products					2,362
Gain on disposal of equity securities at FVTPL					2,061
Income from redemption of government bond					47
Finance costs					(17,901)
Corporate income and expenses					(17,219)
Profit before tax					19,388

2. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

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

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 equity securities at FVTPL, income from wealth management products, dividend income from equity securities at FVTPL, gain on disposal of certificate of deposits measured at amortised cost, gain on disposal of equity securities at FVTPL, 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 2020

	Corrugated products *HK$'000*	Offset printed corrugated products *HK$'000*	Properties leasing *HK$'000*	Total *HK$'000*
Segment assets	**695,703**	**156,969**	**242,761**	**1,095,433**
Total assets for reportable segments				**1,095,433**
Unallocated items:				
Leasehold land in Hong Kong for corporate use				**1,085**
Investment properties for capital appreciation purpose				**1,260**
Goodwill				**11,631**
Club membership				**366**
Equity securities at FVTPL				**28,529**
Tax recoverable				**7,755**
Bank balances managed on central basis				**2,296**
Others				**843**
Consolidated assets				**1,149,198**
Segment liabilities	**150,699**	**90,515**	**1,260**	**242,474**
Total liabilities for reportable segments				**242,474**
Unallocated items:				
Tax payables				**21,446**
Amounts due to non-controlling shareholders				**36,783**
Bank borrowings				**260,745**
Others				**1,291**
Consolidated liabilities				**562,739**

2. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

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 for capital appreciation purpose				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

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 purpose, goodwill, club membership, equity securities at FVTPL, bank balances managed on central basis, tax recoverable and other corporate assets; and

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

2. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 March 2020

	Corrugated products *HK$'000*	Offset printed corrugated products *HK$'000*	Properties leasing *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measurement of segment profit or segment assets:					
Depreciation and amortisation	**27,281**	**12,304**	**–**	**110**	**39,695**
Additions to non-current assets *(note)*	**14,261**	**213**	**25,619**	**1,831**	**41,924**
Loss on disposal of property, plant and equipment	**1,957**	**–**	**–**	**–**	**1,957**
Impairment of trade receivables	**597**	**129**	**–**	**–**	**726**
Bad debt written off	**1**	**250**	**–**	**–**	**251**

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

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	**(2,472)**	**(41)**	**–**	**(3)**	**(2,516)**
Interest expenses	**12,299**	**5,183**	**419**	**–**	**17,901**
Income tax expense	**6,237**	**470**	**544**	**97**	**7,348**

2. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information (Continued)

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 measurement 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)

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.

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

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 locations detailed below:

	Revenue from external customers		Non-current assets	
	2020 *HK$'000*	2019 *HK$'000*	**2020** *HK$'000*	2019 *HK$'000*
Hong Kong	**133,755**	148,801	**246,920**	236,665
Macau	**64,757**	86,570	**24**	34
The PRC except Hong Kong and Macau	**812,141**	949,515	**326,748**	281,446
Consolidated total	**1,010,653**	1,184,886	**573,692**	518,145

Note: Non-current assets included prepaid lease payments, right-of-use assets, 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:

	2020	2019
	HK$'000	*HK$'000*
Customer A *(note)*	**102,474**	137,356

Note: Revenue from corrugated products.

3. OTHER INCOME

	2020	2019
	HK$'000	*HK$'000*
Dividend income from equity securities at FVTPL	**150**	158
Government subsidies	**4,425**	1,361
Bank interest income	**2,516**	2,933
Other rental income	**840**	773
Exchange gain	**4,298**	–
Sundry income	**872**	170
	13,101	5,395

4. OTHER GAINS AND LOSSES

	2020	2019
	HK$'000	*HK$'000*
Gain on disposal of certificate of deposits measured at amortised cost	**–**	162
Gain on disposal of equity securities at FVTPL	**2,061**	2,967
Income from redemption of government bond	**47**	–
Fair value changes of equity securities at FVTPL	**(1,446)**	1,109
Fair value changes of investment properties	**(16,440)**	7,380
Income from wealth management products	**2,362**	3,801
	(13,416)	15,419

5. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest on:		
– bank borrowings	**14,129**	15,330
– bank overdraft	**11**	6
– lease liabilities	**3,761**	–
	17,901	15,336

6. INCOME TAX EXPENSE

	2020	2019
	HK$'000	*HK$'000*
Hong Kong Profits Tax:		
– Current tax	**702**	998
– Under (over) provision for previous years	**79**	(511)
	781	487
PRC Enterprise Income Tax ("**EIT**"):		
– Current tax	**4,849**	11,661
– Over provision for previous years	**(2,634)**	(4,408)
– Withholding tax	**4,352**	1,266
	6,567	8,519
	7,348	9,006

Hong Kong

Hong Kong Profits Tax is calculated at 16.5% (2019: 16.5%) on the estimated assessable profits except for the first HK$2,000,000 of a qualifying group entity's assessable profit which is calculated at 8.25%, in accordance with the two-tiered profit tax rate regime.

6. INCOME TAX EXPENSE (Continued)

PRC

Under the Enterprise Income Tax Law of the PRC (the "**EIT Law**") and implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25% from 1 January 2008 onward.

Except that Come Sure Packing Products (Shenzhen) Company Limited ("**CSP**") and Sky Achiever Paper Industrial (Shenzhen) Company Limited ("**SAP**") are entitled to preferential rate of 15% for the year ended 31 March 2020 as both of the subsidiaries fulfil 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. Furthermore, 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%. CSP and SAP therefore enjoy a preferential tax concession and the applicable EIT rate are at a reduced rate of 15% from 1 January 2018 to 31 December 2020 and 1 January 2019 to 31 December 2021 respectively. The HNTE designation will be reassessed every three years according to relevant rules and regulations.

Apart from the above, certain PRC subsidiaries concurrently meet the following three conditions classified as small low-profit enterprises. These conditions are: (1) annual taxable amount of not more than RMB3 million; (2) number of employees of not more than 300; and (3) total assets of not exceeding RMB50 million.

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Implementation of Inclusive Tax Relief Policy for Small Low-profit Enterprises (No. 13 [2019], Ministry of Finance) and Announcement of the State Administration of Taxation on Issues Relating to Implementation of Inclusive Income Tax Relief Policy for Small Low-profit Enterprises (No. 2 [2019] of the State Administration of Taxation), the portion of annual taxable income of a small low-profit enterprise which does not exceed RMB1 million shall be calculated at a reduced rate of 25% as taxable income amount and be subject to EIT at 20% tax rate; the portion over RMB1 million but not exceeding RMB3 million shall be calculated at a reduced rate of 50% as taxable income amount and be subject to EIT at 20% tax rate.

The profits of the PRC subsidiaries of the Group derived since 1 January 2008 are subject to withholding tax at a rate of 5% (2019: 5%) upon distribution of such profits to foreign investors in Hong Kong.

Macau

A portion of the Group's profit for the years ended 31 March 2020 and 2019 were earned by the subsidiaries of the Group incorporated under the Macao Special Administrative Region's Offshore Law. Pursuant to the Macao Special Administration Region'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 from 31 March 2016 to 2020, the Inland Revenue Department of Hong Kong ("**IRD**") issued estimated assessment and additional assessment for the years of assessment 2009/10 to 2013/14 to six subsidiaries of the Group amounting to HK$16,867,000. The Group had made objections to IRD on these assessments and purchased tax reserve certificates amounting to HK$6,876,000 in aggregate. IRD has held over the payment of profits tax of HK$9,991,000.

Having taken advice from the Group's tax advisor, the Directors are of the opinion that, as at 31 March 2020, 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:

	2020 *HK$'000*	2019 *HK$'000*
Depreciation for property, plant and equipment	**27,101**	27,823
Depreciation for right-of-use assets	**11,488**	–
Amortisation of prepaid lease payments	**1,106**	1,177
Total depreciation and amortisation	**39,695**	29,000
Cost of inventories recognised as an expense	**807,157**	966,694
Direct operating expense of investment properties that generate rental income	**85**	256
Total cost of goods sold	**807,242**	966,950
Auditors' remuneration	**1,100**	1,100
Loss on disposal of property, plant and equipment	**1,957**	131
Minimum lease payment paid under operating lease in respect of land and buildings previously classified as operating lease under HKAS 17 *(note)*	**–**	18,647
Lease payments for short-term lease not included in the measurement of lease liabilities *(note)*	**1,604**	–
Impairment (reversal of impairment) of trade receivables	**726**	(39)
Bad debt written off	**251**	–
Net foreign exchange (gain) loss	**(4,298)**	6,096
Write-off of property, plant and equipment	**–**	24

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets at 1 April 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. Please refer to note 2 for details.

8. DIVIDEND

	2020	2019
	HK$'000	*HK$'000*
Dividend paid during the year:		
Final dividend for the year ended 31 March 2019 – HK4.00 cents per share (2019: Final dividend for the year ended 31 March 2018 – HK7.00 cents per share)	**14,047**	25,361

No dividend for the year ended 31 March 2020 was paid or proposed during the year ended 31 March 2020, nor has any dividend been proposed since the end of the reporting period (2019: HK4.00 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

	2020	2019
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company	**11,979**	41,969

Number of shares

	Number of shares	
	2020	2019
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	**351,268,110**	361,361,008

The calculation of diluted earnings per share for the year ended 31 March 2020 and 2019 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 2020 and 2019.

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:

	2020	2019
	HK$'000	*HK$'000*
Trade receivables:		
Not yet due for settlement *(note a)*	**166,599**	173,217
Overdue:		
1 to 30 days	**6,162**	14,240
31 to 90 days	**16,271**	17,439
91 to 365 days	**3,372**	666
Over 1 year	**10,285**	13,956
	202,689	219,518
Less: Allowance for doubtful debts	**(10,285)**	(12,933)
	192,404	206,585
Bills receivables *(note b)*	**27,074**	2,488
	219,478	209,073

Notes:

(a) Aged within 120 days.

(b) 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 expected credit losses of all trade and bills receivables and made impairment when they considered as appropriate.

Ageing of trade receivables which are past due but not impaired

	2020	2019
	HK$'000	*HK$'000*
Overdue by:		
1 to 90 days	**22,433**	31,679
91 to 365 days	**3,372**	666
Over 1 year	**–**	1,023
Total	**25,805**	33,368

Movement in the allowance for doubtful debts

	2020	2019
	HK$'000	*HK$'000*
At 1 April	**12,933**	13,398
Impairment of trade receivables	**726**	–
Bad debt written off	**(3,242)**	–
Reversal of impairment of trade receivables	**–**	(39)
Exchange differences	**(132)**	(426)
At 31 March	**10,285**	12,933

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$10,285,000 (2019: approximately HK$12,933,000) which are either being placed under liquidation or in severe financial difficulties.

11. TRADE AND BILLS PAYABLES

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

	2020	2019
	HK$'000	*HK$'000*
Trade payables:		
0 to 30 days	**60,959**	63,176
31 days to 90 days	**416**	258
Over 90 days	**681**	396
	62,056	63,830
Bills payables *(note)*	**43,249**	45,686
	105,305	109,516

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.

12. CAPITAL COMMITMENTS

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

	2020	2019
	HK$'000	*HK$'000*
Capital expenditure contracted but not provided for:		
– Purchase of property, plant and equipment	**8,964**	2,676
– Purchase of investment property	**–**	24,640
	8,964	27,316

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

The global economic activities continued to slow down during the year ended 31 March 2020 (the "**Year**") amid the prolonged China-U.S. trade war (the "**Trade War**"). The decline in exports and consumer spending weighed on the economy in the People's Republic of China (the "**PRC**" or "**China**"), leading to the lowest growth rate of 6.1% in the gross domestic product ("**GDP**") of 2019 among the past 29 years, as compared with that of 6.6% in 2018 according to the National Bureau of Statistics of China (the "**NBSC**"). The weakened manufacturing output persisted, offsetting the recovery in domestic consumption driven by the PRC government's measure in stimulating domestic demand; meanwhile, export-oriented packaging manufacturers shifted their focus to domestic markets, intensifying the industrial competition in China during the Year. According to China Light Industry Information Center (the "**CLII**"), the operating income and profit of the overall paper and paper products industry in China in 2019 were approximately RMB1,337.01 billion and RMB68.19 billion respectively, representing a year-to-year ("**YOY**") decrease of approximately 3.0% and approximately 9.1% respectively, demonstrating the decrease in industrial profitability together with the decrease in industrial product prices and sales during the Year.

In addition, the recent outbreak of novel coronavirus during the Year unprecedentedly disrupted the manufacturing industry worldwide. Both paper and paper products manufacturers in the PRC closed down the factories temporarily in response to restrictions imposed by the government and struggled to ramp up their production and sales afterwards, dragging down the operating performance. Also, the suppliers had to spend additional efforts and costs in procuring, storing and cleaning raw materials, exerting mounting cost pressure for paper packaging manufacturers. In the first three months of 2020, sizable paper and paper products manufacturers in China recorded profits of approximately RMB11.5 billion, representing a decrease of approximately 5.5% as compared to the corresponding period in 2019, according to NBSC. Nevertheless, the industrial concentration was accelerated with the phasing out of some small and medium size manufacturers, while the industry leaders were more resilient on business recovery which is attributed to their long-established reputation and solid customer bases.

Despite the stagnant market condition hindering the business growth of paper packaging providers during the Year, there are still business opportunities for the PRC's paper packaging industry as the PRC government further strengthened the control over environmental protection regulations. The Ministry of Ecology and Environment and National Development and Reform Commission of the PRC jointly issued the Opinion on Further Strengthening Plastics Prevention and Control in January 2020, with an aim to gradually reduce the use of single-use, non-degradable plastics parcel packaging for the next five years starting from 2020. Quality paper packaging, being the irreplaceable eco-friendly substitute, is expected to have potential increase in demand. In particular, the corrugated cardboard packaging, which is widely used for express delivery, will be benefitted from the continuing trends of growth in e-commerce businesses and food and beverage takeaway services. Such emerging opportunities are expected to result in economic benefits for the paper packaging industry.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review

As a result of the PRC government requesting factories to close temporarily as quarantine efforts amid the coronavirus outbreak, the sales orders and revenue of the Group dropped during the Year. The Group's factories in China were close during January and February 2020 in respond to the PRC government's quarantine measures and then resumed production in mid February with the PRC government's prior approval, which was granted due to the Group's well-performing epidemic prevention measures with high standard of corporate governance. After the resumption of production, the Group's sale has gradually returned to its normal level. While the effects of the novel coronavirus pandemic on the economy continued in the United States of America (the "**U.S.**") and in Europe, China's economy and manufacturing industry started to recover in March 2020. The Group's management timely adjusted its sales strategies in response to the market environment by increasing its focus on the customers who engaged in the PRC domestic market during the Year. With effective and efficient adjustment on sales strategies, the Group partially offset the negative impact of deteriorating global trade and expected these strategies to facilitate the Group's sustainable business growth in long term. Coupled with the continued economic impact of the Trade War, raw paper price fluctuated throughout the Year. The overall selling price of the Group's products were adjusted downwards accordingly and resulted in a decrease in the Group's revenue to approximately HK$1,010.7 million during the Year from approximately HK$1,184.9 million for the corresponding period in 2019.

In line with the decrease in the Group's revenue and fluctuated raw paper price during the Year, the Group recorded a decrease in gross profit to approximately HK$203.4 million for the Year (2019: approximately HK$217.9 million). In view of the unsteady global business environment, the Group extended its efforts to strengthen the cost management. Despite the overall global supply chain logistics were adversely affected by the Trade War and the novel coronavirus pandemic, the Group was supported by the long-standing business relationship with its major supplier and was capable to carry on its flexible sourcing strategy during the Year along with maintaining stable raw materials inventory in cost-efficient manner through importing raw materials from its major supplier. Having the internal control measures implemented in a prudent manner, the Group managed to improve its gross profit margin at a sound level at approximately 20.1% during the Year (2019: approximately 18.4%).

Under the adverse economic situation caused by the Trade War throughout the Year, the novel coronavirus pandemic further intensified long term uncertainty with the Hong Kong property market. The Group inevitably recorded a fair value loss on its investment properties of approximately HK$16.4 million during the Year (2019: fair value gain of approximately HK$7.4 million). With the decrease in gross profits and fair value loss on investment properties, the Group recorded a decrease in net profit during the Year to approximately HK$12.0 million (2019: approximately HK$41.0 million). The Group will closely monitor the market dynamics and evaluate the operation and performance of its investment portfolio in a timely manner in order to identify potential opportunities to enhance yields in long term.

Result of Operation

	2020		2019	
	HK$'000	*(%)*	*HK$'000*	*(%)*
Paper-based packaging				
PRC domestic sales	**812,141**	**80.8**	949,516	80.5
Domestic delivery export	**142,141**	**14.1**	183,149	15.5
Direct export	**51,029**	**5.1**	47,556	4.0
	1,005,311	**100.0**	1,180,221	100.0
Properties investment				
Rental income	**5,342**		4,665	
Total revenue	**1,010,653**		1,184,886	
Gross profit margin		**20.1**		18.4
Net profit margin		**1.2**		3.5

Revenue

During the Year, the unsteady global economy and Trade War adversely affected the sales of the Group's paper packaging products, especially for the export products. To mitigate the negative impact on the sales volume, the Group accelerated its pace in reaching potential customers engaged in the PRC domestic market to expand its source of revenue effectively during the Year. However, the unexpected outbreak of novel coronavirus and the subsequent temporary closure of factories as quarantine measures halted the Group's operation during January and February 2020 and dragged down the Group's sales performance for the Year. The Group's revenue for the Year decreased to approximately HK$1,010.7 million (2019: approximately HK$1,184.9 million). Attributed to the Group's responsive measures in compliance with the regulations of the PRC government, the Group was allowed to resume its operations in mid February 2020 with the PRC government's prior approval, which minimised the unfavourable impact on the Group's business.

Guangdong operation

Engaged in high value-added business including structural-designed corrugated paperboard and paper based packaging products, Guangdong operation had always been the focus of the Group's business. During the Year, the sales growth from Guangdong operation slowed down against the challengeable business environment, as well as the suspension in operation under the PRC government's quarantine measures in January and February 2020. As a result, the revenue generated from Guangdong operation dropped to approximately HK$830.3 million during the Year, representing a decrease of approximately 12.8% as compared to approximately HK$952.7 million for the corresponding period in 2019. Having foreseen the potential market demand in Huidong County of Guangdong Province, the Group was proactively seeking for business opportunities in Guangdong Province and the surrounding areas in order to expand its domestic customers bases and its market presence in the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Revenue (Continued)

Fujian operation

The Group's Fujian Plant is principally engaged in production of corrugated paperboard business, products of which have a relatively low average selling price. The operation continued to boost the Group's revenue source and expand the Group's business. During the Year, in additional to the unfavourable impact on macro business environment, the raw material price fluctuated throughout the Year, the average selling price of Fujian Plant's products were adjusted downwards accordingly caused the revenue decreased by approximately 23.0% to approximately HK$175.1 million, as compared to approximately HK$227.5 million for the corresponding period in 2019. With the Group's continuous effort in improving the production process in Fujian Plant, its brand recognition has been enhanced in corrugated paperboard market of Fujian and the surrounding areas with greater customers' satisfaction and established a solid foundation for achieving constant growth in the Group's corrugated paperboard business in future.

Properties Investments

As the Group completed the acquisition of a property on 13 June 2019, the revenue generated from properties investment business increase to approximately HK$5.3 million (2019: approximately HK$4.7 million). Please refer to page 35 of this result announcement and the announcements of the Company dated 18 March 2019 and 13 June 2019 for further details.

Gross Profit

During the Year, affected by the weakened sales momentums under the aforementioned business environment, the Group's gross profit decreased to approximately HK$203.4 million (2019: approximately HK$217.9 million), in line with the decrease in the revenue. Despite the negative influence on the global economy due to the novel coronavirus pandemic during the Year, the Group were able to obtain stable and quality supply of raw materials and enhance cost effectiveness through leveraging on its long-standing liaison and cooperative business relationship with its major supplier and importing raw paper from them. Therefore, the Group managed to improve its gross profit margin at approximately 20.1% during the Year (2019: approximately 18.4%).

Guangdong operation

The high quality value-added structural-designed corrugated paperboard and paper-based packaging products, being the focus of the Group's business, continued to contribute the most to the Group's gross profit during the Year. Although the long-established brand reputation in commitment to quality standards offered the Group with pricing advantage and facilitated the Group to gain sufficient market share over high value-added corrugated paperboard and packaging business during the Year, in line with the decrease in revenue, the gross profit generated from the Guangdong operation for the Year decreased by approximately 8.9% to approximately HK$177.8 million (2019: approximately HK$195.1 million). The gross profit margin of the Group's Guangdong operation for the Year slightly improved at approximately 21.4% (2019: approximately 20.5%).

Gross Profit (Continued)

Fujian operation

Despite the lower revenue for the Year that Fujian operation generated, the gross profit increased to approximately HK$20.3 million from approximately HK$18.4 million for the last corresponding year as a result of effective cost management in operation. Fujian Plant mainly operated in corrugated paperboard production business, products of which are offered at a relatively low gross profit margin as compared to the Group's main business of printed corrugated carton, recorded a gross profit margin of approximately 11.6% for the Year (2019: approximately 8.1%). Nevertheless, the premium quality and diversity of product range of corrugated paperboard in the Fujian Plant extended the Group's market coverage in Fujian and the surrounding areas and the Group is expecting to attract sustainable sales orders in long term while maintaining satisfactory utilisation rate of production capacity.

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$5.3 million for the Year (2019: approximately HK$4.4 million).

Selling and Administrative Expenses

The Group increased its efforts in exploring new customers and maintaining the relationship with existing quality customers, the selling expenses of the Group for the Year increased to approximately HK$66.4 million (2019: approximately HK$56.5 million). With the Group's effort in strengthening its stringent cost management, the administrative expenses of the Group decreased to approximately HK$96.0 million for the Year from approximately HK$116.7 million for last corresponding year that paving the way for maintaining a sound profit level in long term.

Other Operating Expenses

Other operating expenses of the Group during the Year increased to approximately HK$2.4 million (2019: approximately HK$0.2 million), mainly representing the loss on disposal of equipment in Huidong Plant amounting to approximately HK$1.5 million. These equipment disposed of were mostly obsolete machines which did not have sufficient capability to handle current customers' orders.

Finance Costs

The finance costs mainly represented interest expenses on bank borrowings and lease liabilities. The Group's interest on bank borrowings for the Year was approximately HK$14.1 million (2019: approximately HK$15.3 million). Upon the application in "HKFRS 16 Leases", the Group recorded an interest expenses on lease liabilities for the Year amounting to approximately HK$3.8 million. As the Group adopted the modified retrospective approach on HKFRS 16 Leases accounting since 1 April 2019, no restatement was made to comparative figures for the corresponding period in 2019 in this regard.

Net Profit and Earnings Per Share

The Group's net profit for the Year decreased significantly to approximately HK$12.0 million from approximately HK$41.0 million for the last corresponding year. In addition to the Trade War and recent outbreak of novel coronavirus adversely affected the Group's performance, the decrease is mainly attributed to the loss on fair value change of investment properties of approximately HK$16.4 million was recorded for the Year, whereas the Group recorded a fair value gain of investment properties of approximately HK$7.4 million for the year ended 31 March 2019. The Group's net profit margin for the Year decreased accordingly to approximately 1.2% (2019: approximately 3.5%).

The basic and diluted earnings per share for the Year was HK3.41 cents (2019: HK11.61 cents).

Capital Structure

During the Year, the Group has adopted a prudent treasury policy, and maintained stable current ratio (calculated as current assets divided by current liabilities), at approximately 1.18 as at 31 March 2020 (as at 31 March 2019: at the level of approximately 1.22).

The Company's issued share capital as at 31 March 2020 was HK$3,483,780 divided into 348,378,000 shares of HK$0.01 each.

Working Capital

	2020 Number of days	2019 Number of days
Trade and bills receivable	**78**	72
Trade and bills payable	**49**	52
Inventories	**43**	41
Cash conversion cycle*	**72**	61

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

The Group's trade and bills receivables as at 31 March 2020 were approximately HK$219.5 million (as at 31 March 2019: approximately HK$209.1 million). Adopting a stringent credit risks management, the Group closely monitored the creditworthiness and collection history of its customers. Under the unfavourable economic situation, the Group accepted a longer credit terms for certain creditworthy customers, which was still considered as a healthy turnover pattern. The Group's trade and bill receivables turnover days for the Year increased to 78 days as compared to 72 days for the last corresponding year.

Working Capital (Continued)

The Group had been maintaining mutually trusting business relationships with its suppliers, allowing the Group to source some raw papers from suppliers' overseas division to stabilise the supply of quality raw paper and to better respond to the fluctuation in raw paper supply and price. As some imported raw material required cash on delivery as settlement method, which differed from the general credit terms, the trade and bills payables turnover days was slightly shortened to 49 days for the Year from 52 days for the last corresponding year. The trade and bills payables maintained at approximately HK$105.3 million as at 31 March 2020 (as at 31 March 2019: approximately HK$109.5 million).

In response to the fluctuating market demands, the Group has been maintaining its inventories at a stable level of approximately HK$93.4 million as at 31 March 2020 (as at 31 March 2019: approximately HK$95.2 million), ensuring a smooth and cost-effective operation. The inventories turnover days slightly increased to 43 days for the Year from 41 days for the last corresponding year.

Affected by the abovementioned factors, the Group's cash conversion cycle increased to 72 days for the Year (as at 31 March 2019: 61 days).

Liquidity and Financial Resources

	As at 31 March	
	2020	2019
Current ratio	**1.18**	1.22
Gearing ratio	**22.7%**	31.0%

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 the Group committed to reduce financial burden by restructuring the bank borrowings portfolio to cope with market uncertainties, its bank and cash balances decreased to approximately HK$176.7 million as at 31 March 2020 (as at 31 March 2019: approximately HK$232.3 million), excluding pledged deposit of approximately HK$24.0 million (2019: approximately HK$94.7 million). The Group also had unused banking facilities of approximately HK$540.0 million as at 31 March 2020 in order to secure future cashflow.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Liquidity and Financial Resources (Continued)

The current ratio (current assets divided by current liabilities) of the Group remained stable at approximately 1.18 as at 31 March 2020 (as at 31 March 2019: approximately 1.22). The current assets and current liabilities of the Group as at 31 March 2020 were approximately HK$563.9 million and approximately HK$476.8 million respectively, as compared to approximately HK$682.9 million and approximately HK$561.5 million respectively, as at 31 March 2019.

As at 31 March 2020, 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 were approximately HK$260.7 million as at 31 March 2020 (as at 31 March 2019: approximately HK$376.5 million), of which approximately HK$248.7 million was repayable within one year and approximately HK$12.0 million was repayable after one year.

The Group had been keeping a sound liquidity position. As at 31 March 2020, the gearing ratio (total borrowings divided by total assets) of the Group was approximately 22.7% (as at 31 March 2019: approximately 31.0%). By keeping sufficient cash level and banking facilities, the Group was in a better position to maintain a sustainable business development and finance potential investment opportunities in the future.

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 2020, the Group pledged certain assets including bank deposits, property, plant and equipment, and investment properties, with aggregate net book value of approximately HK$266.7 million (as at 31 March 2019: approximately HK$323.0 million), to secure banking facilities granted to the Group.

Capital Commitment

As at 31 March 2020, the Group's capital expenditure regarding property, plant and equipment and investment property, which are contracted but not provided, was approximately HK$9.0 million (as at 31 March 2019: approximately HK$27.3 million).

As at 31 March 2020, the Group did not have any capital expenditure authorised but not contracted for (as at 31 March 2019: Nil).

Contingent Liabilities

IRD issued estimated assessment and additional assessment for the year of assessment 2009/10 to 2013/14 to six subsidiaries of the Group amounting to HK$16,687,000. 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 2013/14 specified in the estimated assessment and additional assessment. 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 2020 in this regard (31 March 2019: Nil).

Employees and Remuneration

The Group had 1,211 employees in total as at 31 March 2020 (as at 31 March 2019: 1,243). For the Year, the Group's total expenses on the remuneration of employees, including the emolument of the Directors were approximately HK$144.7 million (2019: approximately HK$166.0 million). 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 Mandatory Provident Fund scheme, competitive remuneration packages, discretionary bonuses, as well as employee share options schemes (which generally structured by referencing to market terms) are also awarded to eligible employees in accordance with the assessment of individual performance.

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 but not limited to the individual performance, qualification, competence, the Group's financial position and the prevailing market condition.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Prospect

In addition to the persisting Trade War tensions, the spreading of novel coronavirus pandemic across Europe, the U.S. and other countries is expected to threaten the prosperity globally, dragging down the volume of retail sales orders from overseas in general. With the Group's strong reputation built in the PRC's corrugated paper packaging industry, the Group will carry on its forward-looking strategy of strengthening domestic business development and striving for extensive sales orders from customers engaging in business in China, in order to offset certain effects of weakened exporting sales and ensure its business sustainability in the years ahead.

Despite the unfavourable business environment, quarantine measures for novel coronavirus pandemic has been driving another surge in e-commerce traffic as consumers prefer safe and hygienic online shopping experience, boosting the demand for quality and eco-friendly packaging for e-commerce transportation and delivery services. The Group will continue to explore these growth and business opportunities, especially from the domestic market in the PRC. Meanwhile, the Group is planning to expand its production area by adding production lines in Huidong Plant in Guangdong Province, which is located in the rapidly developing Greater Bay Area. The Group aims to achieve sufficient capacity to capture the foreseeable customer demands from Greater Bay Area and surrounding areas, thereby reinforcing its market leadership in the paper packaging industry in the PRC.

In response to the adverse impact on the Group's profitability resulted from the external business environment and market conditions during the Year, the Group has always been aware of its approaches for effective internal management, including the cost control and corporate governance. Meanwhile, the Group will keep up the collaborative relationship with existing suppliers to purchase raw materials from overseas and continue its diversified sourcing strategy to assure stable and quality supply at reasonable cost. In face of the increasing uncertainties from the external environment in the coming years, the Group will continue to stay alert to the development of its existing investment properties and carry out its investment decisions cautiously, with a view to create sustainable and optimal returns to shareholders in long term.

Discloseable Transaction in relation to the Acquisition of Property

On 18 March 2019, Cheer Fame Holdings Limited ("**Cheer Fame**"), an indirect wholly-owned subsidiary of the Company, 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 a property situated at Shop No.2, Ground Floor, Ka Hing Building, 41-47 Java Road, North Point, Hong Kong (the "**Property**") at a total consideration of HK$28,000,000. The acquisition of the Property was completed on 13 June 2019 pursuant to the formal sale and purchase agreement entered into between Cheer Fame and Power Benefit regarding the sale and purchase of the Property. For further information, please refer to the announcements of the Company dated 18 March 2019 and 13 June 2019.

Discloseable and Connected Transaction - Non-exercise of Pre-emptive Rights and the entering into of the Deed of Adherence

Under the joint venture agreement dated 29 July 2010 (the "**Joint Venture Agreement**") entered into between (1) Mass Winner Holdings Limited ("**Mass Winner**"), a wholly-owned subsidiary of the Company; and (2) Crown Gold Limited ("**Crown Gold**"), a company wholly-owned by Mr. Zhang Cheng Fei, an executive director and controlling shareholder of Nine Dragons Paper (Holdings) Limited ("**Nine Dragons**"), each joint venture party may, subject to having given notice to and the consent of the other party, transfer its/his equity interest in Turbo Best Holdings Limited ("**Turbo Best**", being the joint venture company) to a third party provided that the other joint venture party shall be entitled to pre-emptive rights (the "**Pre-emptive Rights**") of such transfer.

On 13 September 2019, Mass Winner received a notice from Crown Gold in respect of the proposed transfer of 40% of the issued share capital of Turbo Best (the "**Relevant Interest**") held by Crown Gold (the "**Proposed Transfer**") to Wiseland International Holdings Limited, an indirect wholly-owned subsidiary of Nine Dragons.

By a resolution dated 20 September 2019, the Board approved that Mass Winner would not exercise the Pre-emptive Rights to acquire the Relevant Interest under the Proposed Transfer. As a result of the non-exercise of the Pre-emptive Rights and by a resolution dated 20 September 2019, the Board approved that Mass Winner to enter into the deed of adherence with Turbo Best, Crown Gold and Wiseland International, pursuant to which Wiseland International covenants to be bound by all the terms of the Joint Venture Agreement. For further details, please refer to the Company's announcements dated 29 July 2010, 26 July 2019, 20 September 2019 and 3 October 2019.

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

During the Year, the Company repurchased a total of 5,094,000 ordinary shares of HK$0.01 each of the Company on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") at an aggregate consideration (including transaction cost) of approximately HK$3.1 million. 4,472,000 repurchased shares were cancelled during the year. 622,000 repurchased shares were subsequently cancelled in April 2020.

Particulars of the repurchases during the Year are as follows:

Month of repurchase	**Number of ordinary shares of HK$0.01 each**	**Price per share Highest**	**Price per share Lowest**	**Aggregate consideration paid**
		HK$	*HK$*	*HK$*
April 2019	742,000	0.80	0.79	596,737
August 2019	1,558,000	0.57	0.54	887,753
October 2019	546,000	0.60	0.57	324,663
December 2019	1,626,000	0.60	0.58	978,995
March 2020	622,000	0.51	0.50	315,127
	5,094,000			**3,103,275**

Subsequent to 31 March 2020 and up to the date of this announcement, the Company repurchased a total of 1,120,000 shares at an aggregate consideration (including transaction cost) of HK$576,057. All 1,120,000 repurchased shares were subsequently cancelled in April 2020. The number of issued shares of the Company as at the date of this announcement was 347,258,000 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 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 (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 does not propose any payment of final dividend for the Year.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on 7 September 2020, the register of members of the Company will be closed from 2 September 2020 to 7 September 2020, 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 1 September 2020.

EVENT AFTER THE REPORTING PERIOD

With effect from 6 April 2020, the Company's principal share registrar and transfer agent in the Cayman Islands changed its company name from Estera Trust (Cayman) Limited to Ocorian Trust (Cayman) Limited. The address of the principal share registrar and transfer agent of the Company in the Cayman Islands remains unchanged.

On 24 June 2020 (after trading hours), Come Sure Packaging Products (Shenzhen) Company Limited*(錦勝包裝(深圳)有限公司), being an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") with Dongguan City Ruixing Paper Products Company Limited* (東莞市瑞興紙製品有限公司), an independent third party, to purchase certain assets and machineries used for the production of corrugated paperboards and paper-based packaging products (the "**Assets**") at a total consideration of RMB21,880,000 (equivalent to approximately HK$23,849,200). The Assets to be acquired under the Sale and Purchase Agreement are mainly for the purpose of ensuring smooth operation and enhancing the production capacity. For further details, please refer to the Company's announcement dated 24 June 2020.

Save as disclosed 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 2020.

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, 30 June 2020

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.