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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 2021

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 2021 (the “**Year**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2021

	Note	2021 HK\$'000	2020 HK\$'000
Revenue	2	1,201,784	1,010,653
Cost of goods sold		<u>(975,392)</u>	<u>(807,242)</u>
Gross profit		226,392	203,411
Other income	3	9,550	13,101
Other gains and losses	4	18,078	(13,416)
Selling expenses		(80,957)	(66,404)
Administrative expenses		(124,576)	(96,004)
Impairment of trade receivables		–	(726)
Bad debt written off		–	(251)
Other operating expenses		(591)	(2,422)
Profit from operations		47,896	37,289
Finance costs	5	(19,362)	(17,901)
Profit before tax		28,534	19,388
Income tax credit (expense)	6	123	(7,348)
Profit for the year	7	28,657	12,040
Profit for the year attributable to:			
Owners of the Company		27,326	11,979
Non-controlling interests		1,331	61
		<u>28,657</u>	<u>12,040</u>
Earnings per share	9		
Basic and diluted		<u>HK7.91 cents</u>	<u>HK3.41 cents</u>

* For identification purposes only

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 March 2021

	<i>Note</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Profit for the year	7	<u>28,657</u>	<u>12,040</u>
Other comprehensive income (expense) <i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>41,199</u>	<u>(32,370)</u>
Other comprehensive income (expense) for the year, net of income tax		<u>41,199</u>	<u>(32,370)</u>
Total comprehensive income (expense) for the year		<u><u>69,856</u></u>	<u><u>(20,330)</u></u>
Total comprehensive income (expense) attributable to:			
Owners of the Company		66,461	(19,450)
Non-controlling interests		<u>3,395</u>	<u>(880)</u>
		<u><u>69,856</u></u>	<u><u>(20,330)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Prepaid lease payments		44,867	42,581
Right-of-use assets		244,543	79,724
Property, plant and equipment		249,814	205,343
Investment properties		245,280	242,860
Goodwill		11,631	11,631
Deposits paid for acquisition of property, plant and equipment		14,082	2,818
Rental deposits		3,348	650
Club membership		366	366
		813,931	585,973
Current assets			
Inventories		119,412	93,400
Trade and bills receivables	<i>10</i>	320,499	219,478
Prepayments, deposits and other receivables		25,742	13,405
Tax recoverable		15,713	7,755
Equity securities at fair value through profit or loss (“FVTPL”)		1,916	28,529
Pledged bank deposits		36,943	24,008
Bank and cash balances		158,563	176,650
		678,788	563,225

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 31 March 2021

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current liabilities			
Trade and bills payables	11	179,475	105,305
Accruals and other payables		51,029	36,548
Contract liabilities		7,668	12,114
Lease liabilities		10,167	6,168
Amounts due to non-controlling shareholders		44,783	36,783
Short-term bank borrowings		244,187	228,335
Tax payables		22,024	21,446
Long-term bank borrowings		30,125	30,082
		589,458	476,781
Net current assets		89,330	86,444
Total assets less current liabilities		903,261	672,417
Non-current liabilities			
Long-term bank borrowings		15,989	2,328
Lease liabilities		233,867	83,630
		249,856	85,958
NET ASSETS		653,405	586,459
Capital and reserves			
Share capital		3,439	3,484
Reserves		655,028	591,432
		658,467	594,916
Equity attributable to owners of the Company		658,467	594,916
Non-controlling interests		(5,062)	(8,457)
		653,405	586,459

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the *Amendments to References to the Conceptual Framework* in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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 and the related Amendments ⁵
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2 ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁶
Amendments to HKFRS 16	Covid-19-Related Rent Concessions ¹
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ⁵
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ⁵
Amendments to HKAS 8	Definition of Accounting Estimates ⁵
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ⁴
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ⁴
Amendments to HKFRSs HK(IFRIC)-Int 22	Annual Improvements to HKFRSs 2018-2020 ⁴
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ²

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

- ¹ Effective for annual periods beginning on or after 1 June 2020
- ² Effective for annual periods beginning on or after 1 January 2021
- ³ Effective for annual periods beginning on or after 1 April 2021
- ⁴ Effective for annual periods beginning on or after 1 January 2022
- ⁵ Effective for annual periods beginning on or after 1 January 2023
- ⁶ Effective date to be determined

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 from investment properties 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 paperboard and corrugated paper-based packing products; |
| Offset printed corrugated products | – manufacture and sale of offset printed corrugated paper-based packing products; and |
| Properties leasing | – properties leased in Hong Kong for rental income. |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results

The revenue from sale of corrugated products and offset printed corrugated products are recognised at a point in time when “control” was transferred, while rental income from properties leasing is recognised over term of the leases.

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

For the year ended 31 March 2021

	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	1,015,590	180,830	-	-	1,196,420
Inter-segment sales	50,057	32,572	-	(82,629)	-
	<u>1,065,647</u>	<u>213,402</u>	<u>-</u>	<u>(82,629)</u>	<u>1,196,420</u>
Revenue from other sources					
Gross rental income	-	-	5,364	-	5,364
	<u>1,065,647</u>	<u>213,402</u>	<u>5,364</u>	<u>(82,629)</u>	<u>1,201,784</u>
Segment results	<u>29,470</u>	<u>24,728</u>	<u>6,512</u>		<u>60,710</u>
Dividend income from equity securities at FVTPL					107
Fair value changes of equity securities at FVTPL					606
Income from wealth management products					1,711
Gain on disposal of equity securities at FVTPL					350
Finance costs					(19,362)
Corporate income and expenses, net					(15,588)
Profit before tax					<u>28,534</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

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	<u>902,568</u>	<u>174,478</u>	<u>5,342</u>	<u>(71,735)</u>	<u>1,010,653</u>
Segment results	<u>54,777</u>	<u>8,283</u>	<u>(11,726)</u>		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, net					(17,219)
Profit before tax					<u>19,388</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represented the profit earned (loss incurred) from each segment without allocation of dividend income from equity securities at FVTPL, fair value changes of equity securities at FVTPL, income from wealth management products, gain on disposal of equity securities at FVTPL, income from redemption of government bond, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 2021

	Corrugated products <i>HK\$'000</i>	Offset printed corrugated products <i>HK\$'000</i>	Properties leasing <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>1,072,242</u>	<u>132,437</u>	<u>244,953</u>	<u>1,449,632</u>
Total assets for reportable segments				1,449,632
Unallocated items:				
Leasehold land in Hong Kong for corporate use				1,044
Investment properties for capital appreciation purpose				1,280
Goodwill				11,631
Club membership				366
Equity securities at FVTPL				1,916
Tax recoverable				15,713
Bank balances managed on central basis				10,534
Others				<u>603</u>
Consolidated assets				<u>1,492,719</u>
Segment liabilities	<u>454,941</u>	<u>25,732</u>	<u>1,512</u>	<u>482,185</u>
Total liabilities for reportable segments				482,185
Unallocated items:				
Tax payables				22,024
Amounts due to non-controlling shareholders				44,783
Bank borrowings				290,301
Others				<u>21</u>
Consolidated liabilities				<u>839,314</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

At 31 March 2020

	Corrugated products <i>HK\$'000</i>	Offset printed corrugated products <i>HK\$'000</i>	Properties leasing <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>695,703</u>	<u>156,969</u>	<u>242,761</u>	<u>1,095,433</u>
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				<u>843</u>
Consolidated assets				<u>1,149,198</u>
Segment liabilities	<u>150,699</u>	<u>90,515</u>	<u>1,260</u>	<u>242,474</u>
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				<u>1,291</u>
Consolidated liabilities				<u>562,739</u>

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, tax recoverable, bank balances managed on central basis 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 March 2021

	Corrugated products <i>HK\$'000</i>	Offset printed corrugated products <i>HK\$'000</i>	Properties leasing <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measurement of segment profit or segment assets:					
Depreciation and amortisation	29,995	10,325	–	–	40,320
Gain on lease modification	(2,226)	(11,129)	–	–	(13,355)
Additions to non-current assets (<i>note</i>)	<u>48,645</u>	<u>13,520</u>	<u>364</u>	<u>54</u>	<u>62,583</u>

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

For the year ended 31 March 2020

	Corrugated products <i>HK\$'000</i>	Offset printed corrugated products <i>HK\$'000</i>	Properties leasing <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
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 (<i>note</i>)	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	<u>1</u>	<u>250</u>	<u>–</u>	<u>–</u>	<u>251</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. REVENUE AND SEGMENT INFORMATION (Continued)

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 <i>(note)</i>	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	167,951	133,755	248,529	246,920
Macau	32,295	64,757	14	24
The PRC except Hong Kong and Macau	1,001,538	812,141	553,757	327,398
Consolidated total	<u>1,201,784</u>	<u>1,010,653</u>	<u>802,300</u>	<u>574,342</u>

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

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer A <i>(note)</i>	<u>120,573</u>	<u>102,474</u>

Note: Revenue from corrugated products.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Dividend income from equity securities at FVTPL	107	150
Government subsidies	6,940	4,425
Bank interest income	1,109	2,516
Other rental income	351	840
Exchange gain	–	4,298
Sundry income	1,043	872
	<u>9,550</u>	<u>13,101</u>

4. OTHER GAINS AND LOSSES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Gain on disposal of equity securities at FVTPL	350	2,061
Income from redemption of government bond	–	47
Fair value changes of equity securities at FVTPL	606	(1,446)
Fair value changes of investment properties	2,056	(16,440)
Income from wealth management products	1,711	2,362
Gain on lease modification	13,355	–
	<u>18,078</u>	<u>(13,416)</u>

5. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on:		
– bank borrowings	7,883	14,129
– bank overdraft	9	11
– lease liabilities	11,470	3,761
	<u>19,362</u>	<u>17,901</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. INCOME TAX (CREDIT) EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong Profits Tax:		
– Current tax	517	702
– Under provision for previous years	1,633	79
	<u>2,150</u>	<u>781</u>
PRC Enterprise Income Tax (“EIT”):		
– Current tax	1,222	4,849
– Over provision for previous years	(3,495)	(2,634)
– Withholding tax	–	4,352
	<u>(2,273)</u>	<u>6,567</u>
	<u>(123)</u>	<u>7,348</u>

Hong Kong

Hong Kong Profits Tax is calculated at 16.5% (2020: 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.

PRC

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

According to the relevant requirements of the Administrative Measures with regard to the recognition of High and New Technology Enterprise (“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. 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 (“CSP”) and Sky Achiever Paper Industrial (Shenzhen) Company Limited (“SAP”) are qualified as HNTE and are entitled to preferential 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. INCOME TAX EXPENSE (Continued)

PRC (Continued)

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% (2020: 5%) upon distribution of such profits to investors in Hong Kong.

Macau

A portion of the Group's profit for the years ended 31 March 2021 and 2020 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.

The Group

During the years ended from 31 March 2016 to 2021, the Inland Revenue Department of Hong Kong ("IRD") issued estimated assessment and additional assessment for the years of assessment 2009/10 to 2014/15 to six subsidiaries of the Group amounting to HK\$21,717,000. The Group had made objections to IRD on these assessments and purchased tax reserve certificates amounting to HK\$9,146,000 in aggregate. IRD has held over the payment of profits tax of HK\$12,571,000.

Having taken advice from the Group's tax advisor, the Directors are of the opinion that, as at 31 March 2021, the provision for taxation made in the consolidated financial statements is sufficient and not excessive.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. PROFIT FOR THE YEAR

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Depreciation for property, plant and equipment	24,405	27,101
Depreciation for right-of-use assets	14,787	11,488
Amortisation of prepaid lease payments	1,128	1,106
	<u>40,320</u>	<u>39,695</u>
Cost of inventories recognised as an expense	975,270	807,157
Direct operating expense of investment properties that generated rental income	122	85
	<u>975,392</u>	<u>807,242</u>
Auditor's remuneration		
– audit services	1,200	1,100
– non-audit services	140	–
Loss on disposal of property, plant and equipment	–	1,957
Lease payments for short-term lease not included in the measurement of lease liabilities	1,207	1,604
Impairment of trade receivables	–	726
Bad debt written off	–	251
Net foreign exchange loss (gain)	8,664	(4,298)

8. DIVIDEND

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Dividend paid during the year:		
Final dividend for the year ended 31 March 2020 – Nil (Final dividend for the year ended 31 March 2019 – HK4.00 cents per share)	–	14,047

The final dividend for the year ended 31 March 2019 of HK4.00 cents per share totalling to approximately HK\$14,047,000 was distributed subsequent to the year ended 31 March 2019 on 23 October 2019.

No dividend for the year ended 31 March 2021 was paid or proposed during the year ended 31 March 2021, nor has any dividend been proposed since the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit for the year attributable to owners of the Company	<u>27,326</u>	<u>11,979</u>

Number of shares

	Number of shares	
	2021	2020
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	<u>345,299,825</u>	<u>351,268,110</u>

The calculation of diluted earnings per share for the years ended 31 March 2021 and 2020 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 2021 and 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables:		
Not yet due for settlement (<i>note a</i>)	211,033	166,599
Overdue:		
1 to 30 days	25,145	6,162
31 to 90 days	29,964	16,271
91 to 365 days	9,485	3,372
Over 1 year	<u>10,341</u>	<u>10,285</u>
	285,968	202,689
<i>Less:</i> Allowance for expected credit losses	<u>(10,169)</u>	<u>(10,285)</u>
	275,799	192,404
Bills receivables not yet due for settlement (<i>note b</i>)	<u>44,700</u>	<u>27,074</u>
	<u><u>320,499</u></u>	<u><u>219,478</u></u>

Notes:

- (a) Aged within 120 days.
- (b) Aged within 90 days.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 as 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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Overdue by:		
1 to 90 days	55,109	22,433
91 to 365 days	9,485	3,372
Over 1 year	172	–
	<u>64,766</u>	<u>25,805</u>
Total	<u><u>64,766</u></u>	<u><u>25,805</u></u>

Movement in the allowance for expected credit losses

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At 1 April	10,285	12,933
Impairment of trade receivables	–	726
Bad debt written off	–	(3,242)
Exchange differences	(116)	(132)
	<u>10,169</u>	<u>10,285</u>
At 31 March	<u><u>10,169</u></u>	<u><u>10,285</u></u>

In determining the recoverability of a trade receivables, management considers any change in the creditworthiness of trade receivables 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 expected credit losses included individually impaired trade receivables with an aggregate balance of approximately HK\$10,169,000 (2020: approximately HK\$10,285,000) which are either being placed under liquidation or in severe financial difficulties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. TRADE AND BILLS PAYABLES

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables:		
0 to 30 days	95,414	60,959
31 days to 90 days	4,355	416
Over 90 days	<u>1,316</u>	<u>681</u>
	101,085	62,056
Bills payables (<i>note</i>)	<u>78,390</u>	<u>43,249</u>
	<u><u>179,475</u></u>	<u><u>105,305</u></u>

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. COMPARATIVE FIGURES

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

13. EVENT AFTER THE REPORTING PERIOD

On 18 May 2021, as part of the evacuation arrangements as a result of the redevelopment of Xinqiao Dongpian Area, the tenants of various premises in Shenzhen Boan District (all of which are wholly-owned subsidiaries of the Company) entered into six lease termination agreements with the respective landlords, at the aggregate compensations of approximately RMB46,019,000. In line with the Group's cost control measures, the production lines originally at the Shenzhen Boan Premises will be taken up by the extra spaces in other production plants of the Company that are also engaged in the production of corrugated paperboard and paper-based packaging products, so as to minimise the time required and potential disruption to the Company's production capacity.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

The outbreak of novel coronavirus pandemic (“**Pandemic**”) in the People’s Republic of China (the “**PRC**” or “**China**”) had been under effective control since the second half of 2020. Driven by the recovery of retail spending, industrial and investment activities, the PRC’s economy staged a stable recovery during the year ended 31 March 2021 (the “**Year**”), with accelerated growth of gross domestic product (“**GDP**”) registering at the rate of 3.2%, 4.9% and 6.5% in the second, third and fourth quarter of 2020 respectively, according to the National Bureau of Statistics of China (the “**NBSC**”). The domestic demand growth momentum encouraged the manufacturers in the PRC to expand domestic sales, offsetting the decline in export demand from overseas customers while the Pandemic continued spreading globally. The competitive landscape of the PRC manufacturing industry has taken shape, so that the industry leaders with well-established operation and brand recognition could outperform other industry participants by identifying business opportunities in the PRC domestic market.

Due to the Pandemic, the consumers have been more concerned with hygiene and safety and prefer contactless payment and delivery, boosting a sustainable growth in online retail industry during the Year. According to the statistics of the State Post Bureau of the People’s Republic of China, the total business volume of express service companies in China has risen by approximately 31.2% year-on-year (“**YoY**”) to approximately 83.36 billion pieces in 2020, leading to the increase in demand for quality paper packaging products. Despite the suspension of business activities during the first quarter of 2020 with the strict pandemic prevention measures implemented by the PRC government, the total profit generated by sizable manufacturers of raw paper and paper products in China recorded a YoY increase of approximately 21.2% to approximately RMB82.67 billion in 2020 according to the NBSC, representing remarkable resilience of China’s leading manufacturers in recovering from the economic downturn caused by the Pandemic.

To achieve environmental sustainability, the PRC government pressed ahead to achieve zero import of wastepaper since the beginning of 2021 to prevent pollution, and encouraged the domestic raw paper manufacturers to be self-sufficient in pulp production in line with the rising industry standard. The new regulation has led to supply gap in raw paper, pushing up the price of raw paper and resulting in cost increment in production and environment protection for manufacturers of raw paper and paper packaging products. Industrial concentration accelerated as small and medium-scaled companies with outdated production technologies and insufficient production capacities were phased out from the challenging business environment. The industry leaders, leveraging on advanced production technique and consistent raw material paper from collaborative suppliers, were capable of maintaining sustainable business development in long term.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review

The Pandemic continued to spread across the world during the Year, resulting in decrease in demand from overseas market. Having established a forward-looking strategy of strengthening business development in the domestic market in the PRC since years earlier, the Group identified the growing consumption trends and managed to meet the customers' rising expectation despite the Pandemic, leveraging on its exceptional capabilities in production and customisation. With the existing production facilities approaching their maximum utilisation rate, the Group started to lease (a) a new factory in Dongguan city (the “**Dongguan Factory I**”) pursuant to the lease agreement with Dongguan City Ruixing Paper Products Company Limited* (東莞市瑞興紙製品有限公司) commenced on 1 September 2020, which mainly manufactured corrugated paperboard and paper-based packaging products; and (b) another factory in Dongguan city (the “**Dongguan Factory II**”) pursuant to the lease agreement with Dongguan Manshengjia Shiye Investment Company Limited *(東莞市滿盛佳實業投資有限公司) commenced on 1 November 2020, which will mainly manufacture offset printed corrugated paper-based packaging products. In particular, the operation in Dongguan Factory I has been running smoothly and efficiently since the commencement of lease in September 2020, with production value reaching approximately RMB117.2 million during the Year with only 7-months of operation, paving the way for achieving its expected annual capacity of RMB200 million. Attributable to the Group's well-recognised brand reputation and upon commencement of operation in the Dongguan Factory I, the Group successfully expanded its business in Dongguan and the surrounding regions and attracted additional orders from new customers, which contributed to the Group's revenue growth. The Group attained an increase in revenue of approximately 18.9% to approximately HK\$1,201.8 million during the Year, as compared to approximately HK\$1,010.7 million for the corresponding period in 2020. The Group expects the Dongguan Factory II will be able to commence operation in the second half of 2021 after the renovations have been completed, so as to further assist the Group's business expansion in the Dongguan city.

In line with the increase in revenue, the Group recorded an increase in gross profit to approximately HK\$226.4 million for the Year, as compared to approximately HK\$203.4 million for the corresponding period in 2020. During the Year, the enhanced environmental protection requirements in China had lead to an increase in the raw paper prices and costs for the paper packaging products manufacturers. Despite the additional cost in securing the quality of raw papers and fulfilling the environmental protection requirements, the Group was capable of maintaining stable and quality supply of raw papers with reasonable cost due to the long-standing cooperation relationship established with the major suppliers. Yet, since the commencement of operations at Dongguan Factory I had contributed to an increase in production of corrugated paperboard which generated a relatively lower gross profit margin as compared to the Group's main business of printed corrugated paper-based packaging products, the Group's overall gross profit margin was slightly reduced due to the commencement of production at Dongguan Factory I to approximately 18.8% during the Year (2020: approximately 20.1%).

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review (Continued)

With the uncertainties raised from the impact of the Pandemic, the price in Hong Kong property market fluctuated during the Year and rebounded gently in the second half of 2020. The Group hence managed to record a fair value gain on its investment properties of approximately HK\$2.1 million during the Year (2020: fair value loss of approximately HK\$16.4 million). The Group will continue to closely monitor the market changes and evaluate its strategies for long-term growth in its investment.

During the Year, the Group maintain high standards of corporate governance, including striving for fulfilling its responsibilities as an employer. Having recognised that the importance of providing sufficient safeguards to employees in terms of social security (in particular amid the Pandemic), the Group made a further one-off contribution to the housing provident fund for all PRC employees during the Year which amounted to approximately HK\$17.6 million. Such one-off contribution reduced the Group's operating profit for the Year; however, the Company believed that good practice of being socially responsible was an integral part to ensure the long-term stability of the Group.

Furthermore, the Group recorded a gain on lease modification of approximately HK\$13.4 million resulting from the termination of tenancy agreements in Shenzhen Boan District due to inevitable evacuation from the premises (the “**Shenzhen Boan Premises**”) pursuant to the redevelopment plan of Shenzhen Municipal Planning and Land Resources Committee* (深圳市規劃和國土資源委員會). In line with the Group's cost control measures, the production lines originally at the Shenzhen Boan Premises will be taken up by the extra spaces in other production plants of the Company that are also engaged in the production of corrugated paperboard and paper-based packaging products, so as to minimise the time required and potential disruption to the Company's production capacity. Please refer to the paragraph headed “Event after the reporting period” for details.

Notwithstanding the early termination of tenancy agreements of the Shenzhen Boan Premises, the Company continued to maintain its operations and presence in Shenzhen city. In particular, the Company leased a factory (the “**Yanluo Factory**”) on Yanluo Street of Shenzhen city (which is not affected by or subject to the government's redevelopment plan) pursuant to the lease agreement with Shenzhen Kejiying Shareholding Cooperative Company* (深圳市科集盈股份合作公司) commenced in December 2020 which is mainly used for light industry and supporting facilities.

Despite the above-mentioned one-off income and expenses, the Group managed to attain a surge in its net profit to approximately HK\$28.7 million during the Year, as compared to approximately HK\$12.0 million for the corresponding period in 2020.

* For identification purposes only

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Result of Operation

	2021		2020	
	HK\$'000	(%)	HK\$'000	(%)
Paper-based packaging				
PRC domestic sales	1,001,538	83.7	812,141	80.8
Domestic delivery export sales	147,321	12.3	142,141	14.1
Direct export sales	47,561	4.0	51,029	5.1
	<u>1,196,420</u>	<u>100.0</u>	<u>1,005,311</u>	<u>100.0</u>
Properties investment				
Rental income	<u>5,364</u>		<u>5,342</u>	
Total revenue	<u>1,201,784</u>		<u>1,010,653</u>	
Gross profit margin		18.8		20.1
Net profit margin		2.4		1.2

Revenue

Despite the drop in export orders caused by the prolonged Pandemic during the Year, due to its well-established corporate reputation and strong production capabilities, the Group leveraged its edge as one of the leading paper packaging manufacturers in the PRC market and further focused on the PRC domestic market during the Year to seize business opportunities to enlarge its market share. Hence, the revenue of the Group for the Year remarkably increased by approximately 18.9% to approximately HK\$1,201.8 million, as compared to approximately HK\$1,010.7 million for the last corresponding year.

Guangdong operation

The Group continued to focus the business development in its Guangdong factories, which are mainly engaged in high value-added business, including high-quality corrugated paperboard and structural-designed paper-based packaging products. During the Year, the Group's new factory, Dongguan Factory I, which has commenced operation since 1 September 2020 operated smoothly and reached its expected capacity and contributed to a production value of approximately RMB117.2 million to the Group during the Year. It demonstrates its advanced production efficiency and capability to cope with future market demand. Revenue contribution from operations at Dongguan Factory I to the Group amounted to approximately HK\$134.2 million for the Year, driving the revenue generated from Guangdong operations to increase to approximately HK\$1,011.3 million during the Year, as compared to approximately HK\$830.3 million for the last corresponding year.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Revenue (Continued)

Fujian operation

With the Group's strenuous efforts in expanding its corrugated paperboard business in Fujian Plant throughout these years, Fujian Plant had been capable of retaining loyal customer base in Fujian province and its surroundings area, developing a promising revenue source to the Group in the long term. Due to the higher cost of the raw paper supply during the Year, the average selling price of Fujian Plant's products increased accordingly while maintaining the quality standard to meet customers' satisfaction. The revenue generated from Fujian Plant operation during the Year was increased to approximately HK\$185.1 million, as compared to approximately HK\$175.1 million for the last corresponding year.

Properties investment

The revenue generated from the properties leasing business remained stable at approximately HK\$5.4 million for the Year (2020: approximately HK\$5.3 million).

Gross Profit

In line with the increase in revenue, the Group's gross profit increased by approximately 11.3% to approximately HK\$226.4 million, as compared to approximately HK\$203.4 million for the last corresponding year. As the commencement of operations at Dongguan Factory I contributed to an increase in production of corrugated paperboard, which generated relatively lower gross profit margin as compared to that of the Group's main business of printed corrugated paper-based packaging products, the Group's gross profit margin was slightly reduced to approximately 18.8% during the Year (2020: approximately 20.1%). Owing to the stable and long-term relationship with major suppliers, the Group maintained cost-efficient inventory management by securing sufficient quality supply of raw papers with diversified procurement approaches from suppliers' domestic and overseas bases.

Guangdong operation

The Group's factories in Guangdong are mainly engaged in high quality corrugated paperboard and high value-added structural-designed paper-based packaging products business and continued to be the core operation of the Group. Supported by the efficient production of the newly leased factory of Dongguan Factory I, the Group further expanded its customer bases in Dongguan and the surrounding areas. Correspondingly, the Guangdong operation continued to contribute the most to the Group's gross profit of approximately HK\$202.0 million during the Year, representing an increase of approximately 13.6% from approximately HK\$177.8 million for the last corresponding year. Since Dongguan Factory I had contributed to an increase in sales of corrugated paperboard (which generates relatively lower gross profit margin due to the product nature), the gross profit margin of the Group's Guangdong operation for the Year slightly decreased to approximately 20.0% (2020: approximately 21.4%). The Group expects the Dongguan Factory II will be able to commence operation in the second half of 2021 after the renovations have been completed, so as to further assist the Group's business expansion in the Dongguan city.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Gross Profit (Continued)

Fujian operation

With the Group's increased efforts in identifying business opportunities for accelerating the growth of Fujian Plant, the increase in raw paper price had resulted in a slight decrease of gross profit in Fujian operation to approximately HK\$19.2 million for the Year (2020: approximately HK\$20.3 million). In addition, the corrugated paperboard business in Fujian Plant generated relatively lower gross profit than the Group's main business of printed corrugated paper-based packaging products. Therefore, the gross profit margin of Fujian operation for the Year was approximately 10.4% (2020: approximately 11.6%).

Properties investment

The cost of properties leasing represented the direct outgoings of the investment properties. The gross profit of properties leasing business maintained stable at approximately HK\$5.2 million for the Year (2020: approximately HK\$5.3 million).

Selling and Administrative Expenses

Following the commencement of operation of Dongguan Factory I, the Group strengthened its efforts in exploring new opportunities with customers from surrounding areas. The Group also explored the domestic market further during the Year while the export market was hit by the Pandemic. Hence, the selling expenses of the Group for the Year increased to approximately HK\$81.0 million (2020: approximately HK\$66.4 million). In addition, in an endeavor to provide adequate safeguards to employees, the Group made an one-off contribution to housing provident fund of approximately HK\$17.6 million for the PRC employees in Shenzhen during the Year; therefore, the Group's administrative expenses increased to approximately HK\$124.6 million for the Year. (2020: approximately HK\$96.0 million).

Finance Costs

The finance costs mainly represented interest on lease liabilities and bank loans. Upon the application of HKFRS 16 Leases, the Group's interest expenses for lease liabilities for the Year increased to approximately HK\$11.5 million (2020: approximately HK\$3.8 million), mainly arising from newly leased Dongguan Factory I, Dongguan Factory II and the Yanluo Factory. Attributable to the Group's lower average bank borrowing rate during the Year, the Group's interest on bank borrowings for the Year decreased to approximately HK\$7.9 million, as compared to approximately HK\$14.1 million for the last corresponding year.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Other Gains and Losses

The Group recorded a fair value gain on investment properties of approximately HK\$2.1 million during the Year, whereas the fair value loss of investment properties for the year ended 31 March 2020 was approximately HK\$16.4 million.

Furthermore, the Group recorded a gain on lease modification of approximately HK\$13.4 million during the Year due to termination of tenancy agreements in Shenzhen Boan District. Please refer to the paragraph headed “Event after the reporting period” for details.

Net Profit and Dividend

As mentioned in the paragraph headed “Other Gains and Losses”, the turnaround from loss to gain in fair value of investment properties and gain on lease modification had led to an increase in net profit of the Group to approximately HK\$28.7 million from approximately HK\$12.0 million for the last corresponding year. Correspondingly, the Group’s net profit margin increased to approximately 2.4% for the Year, as compared to approximately 1.2% for the last corresponding year.

The basic and diluted earnings per share for the Year was HK7.91 cents (2020: HK3.41 cents). The Board does not propose payment of final dividend for the Year.

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 1.15 as at 31 March 2021 (as at 31 March 2020: at the level of approximately 1.18).

The Company’s issued share capital as at 31 March 2021 was HK\$3,438,580 divided into 343,858,000 shares of HK\$0.01 each.

Working Capital

	2021	2020
	Number of days	Number of days
Trade and bills receivable	82	78
Trade and bills payable	53	49
Inventories	40	43
Cash conversion cycle*	69	72

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

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Working Capital (Continued)

Driven by the contribution of operations at Dongguan Factory I to the Group's sales performance during the Year, the Group's trade and bills receivables as at 31 March 2021 increased to approximately HK\$320.5 million (as at 31 March 2020: approximately HK\$219.5 million). As Dongguan Factory I commenced operation since 1 September 2020, which had credit terms of trade receivables ranging from 15 days to 120 days from the month in which the revenue is recognized, the Group's trade and bill receivables turnover days increased to 82 days for the year as compared to 78 days for the year ended 31 March 2020.

Following the commencement of operation of Dongguan Factory I, the Group increased procurement of raw paper during the Year to ensure continuous smooth daily production. As a result, the Group's trade and bills payables turnover days prolonged to 53 days for the Year (for the year ended 31 March 2020: 49 days), and the trade and bills payables increased accordingly to approximately HK\$179.5 million as at 31 March 2021 (as at 31 March 2020: approximately HK\$105.3 million).

The Group's inventories increased to approximately HK\$119.4 million as at 31 March 2021 (as at 31 March 2020: approximately HK\$93.4 million) with turnover days shortened to 40 days for the Year from 43 days for the year ended 31 March 2020.

Affected by the abovementioned factors, the Group's cash conversion cycle shortened to 69 days for the Year (for the year ended 31 March 2020: 72 days).

Liquidity and Financial Resources

	As at 31 March	
	2021	2020
Current ratio	1.15	1.18
Gearing ratio	19.4%	22.7%

During the Year, the principal sources of working capital of the Group remained to be the cash flow from operating activities and bank borrowings. In terms of the Group's available financial resources, the Group's bank and cash balances amounted to approximately HK\$195.5 million as at 31 March 2021 (as at 31 March 2020: approximately HK\$200.7 million), including pledged bank deposits of approximately HK\$36.9 million (as at 31 March 2020: approximately HK\$24.0 million). The Group also had unused banking facilities of approximately HK\$550.5 million 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 1.15 as at 31 March 2021 (as at 31 March 2020: approximately 1.18). Attributable to the increase in trade and bills receivables, as well as the appreciation of Renminbi against Hong Kong dollars during the Year, the Group's current assets increased to approximately HK\$678.8 million as at 31 March 2021 from approximately HK\$563.2 million as at 31 March 2020. Accordingly, due to the increase in trade and bills payables, the current liabilities of the Group increased to approximately HK\$589.5 million as at 31 March 2021, as compared to approximately HK\$476.8 million as at 31 March 2020.

The total outstanding bank borrowings of the Group were approximately HK\$290.3 million as at 31 March 2021 (as at 31 March 2020: approximately HK\$260.7 million), of which approximately HK\$254.4 million was repayable within one year and approximately HK\$35.9 million was repayable after one year. As at 31 March 2021, all the bank borrowings of the Group were secured, mostly denominated in Hong Kong dollars and Renminbi and carried floating interest rates.

As at 31 March 2021, the Group maintained sufficient cash balance level and banking facilities, as well as a sound liquidity position, with the Group's gearing ratio (total borrowings divided by total assets) further improved to approximately 19.4% (as at 31 March 2020: approximately 22.7%), which will provide support for sustainable business growth of the Group 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 2021, the Group pledged certain assets including bank deposits, property, plant and equipment, and investment properties, with aggregate net book value of approximately HK\$282.0 million (as at 31 March 2020: approximately HK\$266.7 million), to secure banking facilities granted to the Group.

Capital Commitment

As at 31 March 2021, the Group's capital expenditure regarding property, plant and equipment, which are contracted but not provided, was approximately HK\$10.2 million (as at 31 March 2020: approximately HK\$9.0 million).

As at 31 March 2021, the Group did not have any capital expenditure authorized but not contracted for (as at 31 March 2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Contingent Liabilities

The Inland Revenue Department of Hong Kong (“**IRD**”) issued estimated assessment and additional assessment for the year of assessment 2009/10 to 2014/15 to six subsidiaries of the Group amounting to HK\$21,717,000. 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 2014/15 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 as at 31 March 2021 in this regard (31 March 2020: Nil).

Employees and Remuneration

The Group’s emolument policies are formulated based on the performance of individual employees and the prevailing market situation, which will be reviewed periodically. As at 31 March 2021, the Group had 1,469 employees in total (as at 31 March 2020: 1,211). The Group’s total expenses on the remuneration of employees, including the emolument of the Directors for the Year were approximately HK\$192.3 million (2020: approximately HK\$144.7 million).

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.

In addition to medical insurance and Mandatory Provident Fund scheme, competitive remuneration packages, discretionary bonuses, as well as employee share options, which are generally structured with reference to market terms, are also awarded to eligible employees in accordance with the assessment of individual performance.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Prospect

Looking ahead, the impact of the Pandemic on the global economy will continue and recovery of export demand is not foreseeable in near future. Leveraging on its leading presence of paper packaging production business in the PRC, the Group will maintain its competitive strengths in providing quality and eco-friendly products, while sticking to its strategy in further developing its domestic business in the PRC, striving for sustainable sales in the long term.

Resulting from the rising consciousness of social distancing amid the Pandemic, the popularity of online shopping will continue to prevail and stimulate the increase in demand of paper packaging products for retail shipping. The Group will closely monitor the operation efficiency in Dongguan Factory I. With the expected annual production capacity of Dongguan Factory I of RMB200 million, it is expected to facilitate the Group to accommodate the growing demand from the region and surrounding markets, expanding the Group's source of revenue and market share in the PRC corrugated paper packaging industry.

In line with the stringent environmental protection standards further imposed by the PRC government, the Group will keep up its efforts in strengthening internal cost management while adhering to the latest environmental protection standard requirements. Faced with the challenges of rising cost pressure for environmental protection and sourcing of quality raw papers, the Group will maintain close communication with major suppliers with long-established business relationship in order to ensure stable and quality supply of raw paper in cost-effective manner, as well as to explore alternative procurement channels, such as domestic and overseas supplies taking into account proportionality to manage supply chain risk. The Group's Dongguan Factory I and Dongguan Factory II (which is planned to commence operation in the second half of 2021) will assist in further expanding the Group's business in the region in long term. Meanwhile, the Group will pay additional attention to the fluctuations of property and financial markets, to evaluate the performance of its investment portfolio in a timely manner, achieving sustainable profitability and maximum returns for the shareholders in the long run.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group does not have any intended plans for material investments or capital assets as at 31 March 2021.

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

During the Year, the Company repurchased a total of 4,520,000 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 (excluding transaction cost) of approximately HK\$2.9 million. 4,520,000 repurchased shares were cancelled during the Year.

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		Aggregate consideration paid HK\$
		Highest HK\$	Lowest HK\$	
April 2020	1,120,000	0.51	0.51	571,200
July 2020	1,534,000	0.69	0.69	1,058,460
August 2020	1,866,000	0.68	0.66	1,263,280
	<u>4,520,000</u>			<u>2,892,940</u>

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 standard 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 with the external auditors, to review the financial statements of the Group and to oversee the Group’s financial reporting system, risk management and internal control systems. 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 by the Group and discussed, among other things, 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 annual general meeting (“**AGM**”) to be held on 6 September 2021, the register of members of the Company will be closed from 1 September 2021 to 6 September 2021, 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 31 August 2021.

EVENT AFTER THE REPORTING PERIOD

On 18 May 2021, as part of the evacuation arrangements as a result of the redevelopment of Xinqiao Dongpian Area, the tenants of the Shenzhen Boan Premises (all of which are wholly-owned subsidiaries of the Company) entered into six lease termination agreements with the respective landlords to terminate the tenancies regarding the Shenzhen Boan Premises, at the aggregate compensations of RMB46,019,643.60. In line with the Group’s cost control measures, the production lines originally at the Shenzhen Boan Premises will be taken up by the extra spaces in other production plants of the Company that are also engaged in the production of corrugated paper board and paper-based packaging products, so as to minimise the time required and potential disruption to the Company’s production capacity. For further details, please refer to the Company’s announcement dated 18 May 2021.

Save as disclosed above, the Group had no other material event after the reporting period.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, more than 25% of the issued shares of the Company were held in public hands as of 31 March 2021.

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, 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 in this 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 2021

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.