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If you have sold or transferred all your shares in Come Sure Group (Holdings) Limited (the “Company”), you should at once hand this circular to the purchaser or the transferee or the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**MAJOR TRANSACTION
IN RELATION TO
TERMINATION OF TENANCY AGREEMENTS**

* for identification purpose only

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the meanings set out below:

“Announcement”	the announcement of the Company dated 18 May 2021 in relation to the entering into of the Lease Termination Agreements and the Disposal
“Board”	Board of Directors
“Business Day(s)”	any day on which the Stock Exchange is open for the business of dealing in securities
“Company”	Come Sure Group (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 794)
“Compensation(s)”	Compensation (A), Compensation (B), Compensation (C), Compensation (D), Compensation (E) and Compensation (F)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of rights-of-use assets pursuant to the Lease Termination Agreements in relation to the early termination of the Tenancy Agreements
“Group”	the Company and its subsidiaries
“Government Decision(s)”	decision(s) made by the relevant government authorities which has an impact on the Premises, including expropriation, evacuation or renovation
“Independent Third Party(ies)”	a party independent of and not connected with the Company and its connected persons
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants

DEFINITIONS

“Landlord(s)”	Shenzhen Xinqiao, being the Landlord for each of the Premises (A) to (F)
“Latest Practicable Date”	12 July 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Lease Termination Agreement(s)”	Lease Termination Agreement (A), Lease Termination Agreement (B), Lease Termination Agreement (C), Lease Termination Agreement (D), Lease Termination Agreement (E) and Lease Termination Agreement (F)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Perfect Group”	Perfect Group Version Limited, a company incorporated in the British Virgin Islands with limited liability and a controlling shareholder of the Company
“PRC”	the People’s Republic of China, which for the purposes of this circular only, excluding Hong Kong, Taiwan and Macau Special Administrative Region of the PRC, unless otherwise specified
“Premise(s)”	Premise (A), Premise (B), Premise (C), Premise (D), Premise (E) and Premise (F)
“Redevelopment Plan”	the redevelopment plan of Shenzhen Municipal Planning and Land Resources Committee* (深圳市規劃和國土資源委員會), which was approved by the Shenzhen Municipal Government in December 2018, in relation to Xinqiao Dongpian Area
“Rent-free Amount”	Rent-free Amount (A), Rent-free Amount (B), Rent-free Amount (C), Rent-free Amount (D), Rent-free Amount (E) and Rent-free Amount (F)
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	ordinary share(s) of HK\$0.01 each in the issued and unissued share capital of the Company
“Shareholder(s)”	the shareholders of the Company
“Shenzhen Xinqiao”	Shenzhen Xinqiao Hongtian Joint-stock Cooperative Company* (深圳市新橋洪田股份合作公司), a joint-stock company established in the PRC

* for identification purpose only

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant(s)”	Tenant (A), Tenant (B), Tenant (C), Tenant (D), Tenant (E) and Tenants (F)
“Tenancy Agreement (A)”	the tenancy agreement dated 22 April 2014 entered into by Tenant (A) with Independent Third Parties (whom later transferred all rights and interests in Premise (A) to Landlord (A)) in relation to the Premise (A)
“Tenancy Agreement (B)”	the tenancy agreement dated 30 March 2015 entered into by Tenant (B) with an Independent Third Party (whom later transferred all rights and interests in Premise (B) to Landlord (B)) in relation to the Premise (B)
“Tenancy Agreement (C)”	the tenancy agreement dated 25 July 2013 entered into by Tenant (C) with Landlord (C) in relation to the Premise (C)
“Tenancy Agreement (D)”	the tenancy agreement dated 1 January 2017 entered into by Tenant (D) with an Independent Third Party (whom later transferred all rights and interests in Premise (D) to Landlord (D)) in relation to the Premise (D)
“Tenancy Agreement (E)”	the tenancy agreement dated 1 January 2017 entered into by Tenant (E) with an Independent Third Party (whom later transferred all rights and interests in Premise (E) to Landlord (E)) in relation to the Premise (E)
“Tenancy Agreements (F)”	the tenancy agreements dated 20 March 2000, 1 August 2001, 13 August 2001 and 1 November 2016 entered into by Tenants (F) with an Independent Third Party (whom later transferred all rights and interest in Premise (F) to Landlord (F)), in relation to the Premise (F)
“Tenancy Agreement(s)”	Tenancy Agreement (A), Tenancy Agreement (B), Tenancy Agreement (C), Tenancy Agreement (D), Tenancy Agreement (E) and Tenancy Agreements (F)
“Village Committee Decision(s)”	decision(s) made by the relevant village committee which has an impact on the Premises, including expropriation, evacuation or renovation

DEFINITIONS

“Xinqiao Dongpian Area”	Xinqiao Dongpian Area, Xinqiao Street, Baoan District, Shenzhen, the PRC* (中國深圳寶安區新橋街道新橋東片區), being the area subject to redevelopment according 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)
“%”	per cent.

* *for identification purpose only*

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. CHONG Kam Chau (*Chairman*)
Mr. CHONG Wa Pan (*Chief Executive Officer*
and President)
Mr. CHONG Wa Ching

Independent Non-executive Directors:

Mr. CHAU On Ta Yuen
Ms. TSUI Pui Man
Mr. LAW Tze Lun

Registered office:

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Unit 8–10, 8th Floor
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50 Wing Tai Road
Chai Wan, Hong Kong

16 July 2021

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO TERMINATION OF TENANCY AGREEMENTS

INTRODUCTION

Reference is made to the Announcement in which the Board announces that as part of the evacuation arrangement as a result of the redevelopment of Xinqiao Dongpian Area, the Tenants of the Premises (all of which are wholly-owned subsidiaries of the Company) have on 18 May 2021 entered into six Lease Termination Agreements with the Landlords, at the aggregate Compensations of RMB46,019,643.60.

* *for identification purpose only*

LETTER FROM THE BOARD

LEASE TERMINATION AGREEMENTS

The principal terms of the Lease Termination Agreements (including the relevant terms of the Tenancy Agreements) are set out below:

Lease Termination Agreement (A)

Date	:	18 May 2021
Landlord (A)	:	Shenzhen Xinqiao Hongtian Joint-stock Cooperative Company* (深圳市新橋洪田股份合作公司)
Tenant (A)	:	Sky Achiever Paper Industrial (Shenzhen) Company Limited* (中洲紙業(深圳)有限公司)
Premise (A)	:	Factory Building A, Hongtian Residential Committee Village, Huangpu, Shajing Street, Baoan District, Shenzhen, the PRC* (中國深圳市寶安區沙井街道黃埔洪田居委會村火山腳下(土名)的A棟廠房)
Original usage of Premise (A)	:	As production plants for corrugated paper-based packaging products and molded pulp products
Gross Floor Area	:	6,818.18 m ² , as measured by third-party contractors engaged by the government authorities
Original Lease Term pursuant to Tenancy Agreement (A)	:	1 January 2014 to 31 December 2028
Monthly rent payable under Tenancy Agreement (A)	:	The monthly rent (including management fees) in the initial amount of RMB13 per actual rental area (m ²) shall be paid on a three-month basis, and shall automatically increase by 5% every three years. The actual rental area of Premise (A) was 6,913 m ² , which was agreed by the Landlord (A) and the Tenant (A) at the time of entering into of the Tenancy Agreement (A) to be measured based on a bird's-eye view that included the eaves of Premise (A), causing slight discrepancies with the Gross Floor Area as measured by third-party contractors engaged by the government authorities.

Accordingly, the monthly rent (including management fees) in the amount of RMB106,736.72 shall be paid by Tenant (A) during the period from 1 January 2019 to 31 December 2021.

* for identification purpose only

LETTER FROM THE BOARD

Tenancy Agreement (A) does not contain any provisions allowing the monthly rent to be re-negotiated by the parties during the term of the tenancy.

Relevant terms of termination under Tenancy Agreement (A) : (1) Early Termination by the Landlord:

Landlord (A) shall notify Tenant (A) in writing six months in advance and compensate Tenant (A) for all the economic losses incurred (including but not limited to the total rent amount from the date of early termination of Tenancy Agreement (A) to 31 December 2028, moving costs, and loss from suspension of business), save for due to expropriation, evacuation or renovation by the government.

(2) Early Termination by the Tenant:

Tenant (A) shall notify Landlord (A) two months in advance and compensate Landlord (A) for the economic losses incurred (equivalent to the total amount of rent payable for one year calculated based on the year of early termination of Tenancy Agreement (A)).

(3) Early Termination due to Government Decisions:

The relevant government authorities shall be responsible for compensating renovation cost and machineries to Tenant (A) and Landlord (A) shall not be required to pay any other compensation(s) to Tenant (A). The tenancy shall terminate upon the expropriation, evacuation or renovation requested by the government.

As the termination of the Tenancy Agreement (A) is due to the Government's Decision to expropriate Premise (A) in furtherance to the Redevelopment Plan, it falls within the circumstance as stipulated in "Early Termination due to Government Decisions" as disclosed in paragraph (3) above.

Rent-free period : Three months' rent free period (being any three months from the date of the Lease Termination Agreement (A) to date of evacuation), during which Tenant (A) shall not be required to pay any monthly rent and management fees (but shall be responsible for water and electricity bills).

Rent-free Amount (A) : RMB320,210.16, which is equivalent to three-months rent payable by Tenant (A).

LETTER FROM THE BOARD

- Total amount of Compensation (A) : RMB3,340,908.20
- Payment terms : Compensation (A) shall be payable in cash by Landlord (A) to Tenant (A) in two instalments:
- (1) RMB2,672,726.56, being 80% of the total amount of Compensation (A), within 20 business days after signing of the Lease Termination Agreement (A) and Landlord (A) receiving the invoice of the relevant amount; and
 - (2) RMB668,181.64, being 20% of the total amount of Compensation (A), within 20 business days after the signing of confirmation by the parties confirming the delivery of vacant possession of Premise (A) by Tenant (A) to Landlord (A) and Landlord (A) having received the invoice of the relevant amount.

Lease Termination Agreement (B)

- Date : 18 May 2021
- Landlord (B) : Shenzhen Xinqiao Hongtian Joint-stock Cooperative Company* (深圳市新橋洪田股份合作公司)
- Tenant (B) : Wah Ming Paper Industrial (Shenzhen) Company Limited* (華銘紙業(深圳)有限公司)
- Premise (B) : Factory Building B, Hongtian Residential Committee, Huangpu, Shajing Street, Baoan District, Shenzhen, the PRC* (中國深圳市寶安區沙井街道黃埔洪田居委會火山腳下(土名)的B棟廠房)
- Original usage of Premise (B) : As production plants for offset printed corrugated paper-based packaging products.
- Gross Floor Area : 7,063.86 m², as measured by third-party contractors engaged by the government authorities
- Original Lease Term pursuant to Tenancy Agreement (B) : 1 January 2014 to 31 December 2024

* for identification purpose only

LETTER FROM THE BOARD

Monthly rent payable under Tenancy Agreement (B) : The monthly rent (including management fees) in the initial amount of RMB13 per actual rent area (m²) shall be paid on a three-month basis, and shall automatically increase by 5% every three years. The actual rental area of Premise (B) was 6,913 m², which was agreed by the Landlord (B) and the Tenant (B) at the time of entering into of the Tenancy Agreement (B). Premise (B) was subsequently expanded (but without additional increase in rents), causing the discrepancies with the Gross Floor Area as measured by third-party contractors engaged by the government authorities.

Accordingly, the monthly rent (including management fees) in the amount of RMB106,736.72 shall be paid by Tenant (B) during the period from 1 January 2019 to 31 December 2021.

Tenancy Agreement (B) does not contain any provisions allowing the monthly rent to be re-negotiated by the parties during the term of the tenancy.

Relevant terms of termination under Tenancy Agreement (B) :

- (1) Early Termination by the Landlord:
Landlord (B) shall notify Tenant (B) in writing six months in advance and compensate Tenant (B) for all the economic losses incurred, save for due to expropriation, evacuation or renovation by the government.
- (2) Early Termination by the Tenant:
Tenant (B) shall notify Landlord (B) two months in advance and compensate Landlord (B) for the economic losses incurred.
- (3) Early Termination due to Government Decisions:
The relevant government authorities shall be responsible for compensating renovation cost and machineries to Tenant (B) and Landlord (B) shall not be required to pay any other compensation(s) to Tenant (B). The tenancy shall terminate upon the expropriation, evacuation or renovation requested by the government.

As the termination of the Tenancy Agreement (B) is due to the Government's Decision to expropriate Premise (B) in furtherance to the Redevelopment Plan, it falls within the circumstance as stipulated in "Early Termination due to Government Decisions" as disclosed in paragraph (3) above.

LETTER FROM THE BOARD

- Rent-free period : Three months' rent free period (being any three months from the date of the Lease Termination Agreement (B) to date of evacuation), during which Tenant (B) shall not be required to pay any monthly rent and management fees (but shall be responsible for water and electricity bills).
- Rent-free Amount (B) : RMB320,210.16, which is equivalent to three-months rent payable by Tenant (B).
- Total amount of Compensation (B) : RMB3,461,291.40
- Payment terms : Compensation (B) shall be payable in cash by Landlord (B) to Tenant (B) in two instalments:
- (1) RMB2,769,033.12, being 80% of the total amount of Compensation (B), within 20 business days after signing of the Lease Termination Agreement (B) and Landlord (B) receiving the invoice of the relevant amount; and
 - (2) RMB692,258.28, being 20% of the total amount of Compensation (B), within 20 business days after the signing of confirmation by the parties confirming the delivery of vacant possession of Premise (B) by Tenant (B) to Landlord (B) and Landlord (B) having received the invoice of the relevant amount.

Lease Termination Agreement (C)

- Date : 18 May 2021
- Landlord (C) : Shenzhen Xinqiao Hongtian Joint-stock Cooperative Company* (深圳市新橋洪田股份合作公司)
- Tenant (C) : Come Sure Holdings Limited
- Premise (C) : Factory Building C, Hongtian Village, Huangpu, Shajing Street, Baoan District, Shenzhen, the PRC* (中國深圳市寶安區沙井街道黃埔洪田村火山腳下(土名)的C棟廠房)
- Original usage of Premise (C) : As production plants for offset printed corrugated paper-based packaging products.
- Gross Floor Area : 20,164.18 m², as measured by third-party contractors engaged by the government authorities

* for identification purpose only

LETTER FROM THE BOARD

Monthly rent payable under Tenancy Agreement (C) : The monthly rent (including management fees) in the initial amount of RMB12 per actual rental area (m²), shall be paid on a three-month basis, and shall automatically increase by 5% every ten years. The actual rental area of Premise (C) was 20,360 m², which was agreed by the Landlord (C) and the Tenant (C) at the time of entering into of the Tenancy Agreement (C) to be measured based on a bird's-eye view that included the eaves of Premise (C), causing slight discrepancies with the Gross Floor Area as measured by third-party contractors engaged by the government authorities.

Accordingly, the monthly rent (including management fees) in the amount of RMB244,320.00 shall be paid by Tenant (C) during 1 June 2013 to 31 May 2023.

Tenancy Agreement (C) does not contain any provisions allowing the monthly rent to be re-negotiated by the parties during the term of the tenancy.

Relevant terms of termination under Tenancy Agreement (C) : (1) Early Termination by the Landlord:

Landlord (C) shall notify Tenant (C) in writing one year in advance and compensate Tenant (C) for all the economic losses incurred (including but not limited to the total rent amount from the date of early termination of Tenancy Agreement (C) to 4 March 2049, moving costs, and loss from suspension of business).

(2) Early Termination by the Tenant:

Tenant (C) shall notify Landlord (C) in writing one year in advance and compensate Landlord (C) for all the economic losses incurred (equivalent to the total amount of rent payable for one year).

As confirmed by the Company's PRC Legal Adviser, the aforementioned terms of termination would not be applicable as (i) the termination of the Tenancy Agreement (C) is neither the fault of the Landlord (C) nor the Tenant (C) but instead due to the expropriation by the government authorities in furtherance of the Redevelopment Plan and (ii) the expropriation would be considered as a force majeure event in accordance with the Civil Code of the PRC, which allows the parties to re-negotiate for the termination of the Tenancy Agreement (C) without being liable for breach of contract.

LETTER FROM THE BOARD

- Original Lease Term pursuant to Tenancy Agreement (C) : 1 June 2013 to 4 March 2049
- Rent-free period : Three months' rent free period (being any three months from the date of the Lease Termination Agreement (C) to date of evacuation), during which Tenant (C) shall not be required to pay any monthly rent and management fees (but shall be responsible for water and electricity bills).
- Rent-free Amount (C) : RMB732,960.00, which is equivalent to three-months rent payable by Tenant (C).
- Total amount of Compensation (C) : RMB9,880,448.20
- Payment terms : Compensation (C) shall be payable in cash by Landlord (C) to Tenant (C) in two instalments:
- (1) RMB7,904,358.56, being 80% of the total amount of Compensation (C), within 20 business days after signing of the Lease Termination Agreement (C) and Landlord (C) receiving the invoice of the relevant amount; and
 - (2) RMB1,976,089.64, being 20% of the total amount of Compensation (C), within 20 business days after the signing of confirmation by the parties confirming the delivery of vacant possession of Premise (C) by Tenant (C) to Landlord (C) and the Landlord (C) having received the invoice of the relevant amount.

Lease Termination Agreement (D)

- Date : 18 May 2021
- Landlord (D) : Shenzhen Xinqiao Hongtian Joint-stock Cooperative Company* (深圳市新橋洪田股份合作公司)
- Tenant (D) : Wah Ming Colour Printing (Shenzhen) Company Limited* (華銘彩印(深圳)有限公司)
- Premise (D) : 1/F to 4/F Floors, Factory Building A17, Kengweitang 3rd Road, Hongtian, Huangpu, Shajing, the PRC* (中國沙井黃埔洪田坑尾塘三路A17棟1-4樓廠房)
- Original usage of Premise (D) : As production plants for offset printed corrugated paper-based packaging products.

* for identification purpose only

LETTER FROM THE BOARD

Gross Floor Area : 10,562.06 m², as measured by third-party contractors engaged by the government authorities

Original Lease Term pursuant to Tenancy Agreement (D) : 1 January 2017 to 31 December 2026

Monthly rent payable under Tenancy Agreement (D) : The monthly rent (including management fees) in the initial amount of RMB15.21 per actual rental area (m²) shall be paid on a monthly basis, and shall automatically increase by 5% every three years. The actual rental area of Premise (D) was 10,540 m², which was agreed by the Landlord (D) and the Tenant (D) at the time of entering into of the Tenancy Agreement (D) to be measured based on a bird's-eye view that included the eaves of Premise (D), causing slight discrepancies with the Gross Floor Area as measured by third-party contractors engaged by the government authorities.

Accordingly, the monthly rent (including management fees) in the amount of RMB168,429.20 shall be paid by Tenant (D) during the period from 1 January 2019 to 31 December 2021.

Tenancy Agreement (D) does not contain any provisions allowing the monthly rent to be re-negotiated by the parties during the term of the tenancy.

Relevant terms of termination under Tenancy Agreement (D) : (1) Early Termination by the Landlord:

Landlord (D) shall notify Tenant (D) in writing six months in advance and compensate Tenant (D) for all the economic losses incurred (including but not limited to the total rent amount from the date of early termination of Tenancy Agreement (D) to 31 December 2026, moving costs, and loss from suspension of business), save for due to expropriation, evacuation or renovation by the government.

(2) Early Termination by the Tenant:

Tenant (D) shall notify Landlord (D) two months in advance and compensate Landlord (D) for the economic losses incurred (equivalent to the total amount of rent payable for one year).

LETTER FROM THE BOARD

(3) Early Termination due to Government Decisions:

The relevant government authorities shall be responsible for compensating renovation cost and machineries to Tenant (D) and Landlord (D) shall not be required to pay any other compensation(s) to Tenant (D). The tenancy shall terminate upon the expropriation, evacuation or renovation requested by the government.

As the termination of the Tenancy Agreement (D) is due to the Government's Decision to expropriate Premise (D) in furtherance to the Redevelopment Plan, it falls within the circumstance as stipulated in "Early Termination due to Government Decisions" as disclosed in paragraph (3) above.

- Rent-free period : Three months' rent free period (being any three months from the date of the Lease Termination Agreement (D) to date of evacuation), during which Tenant (D) shall not be required to pay any monthly rent and management fees (but shall be responsible for water and electricity bills).
- Rent-free Amount (D) : RMB505,287.60, which is equivalent to three-months rent payable by Tenant (D).
- Total amount of Compensation (D) : RMB5,175,409.40
- Payment terms : Compensation (D) shall be payable in cash by Landlord (D) to Tenant (D) in two instalments:
- (1) RMB4,140,327.52, being 80% of the total amount of Compensation (D), within 20 business days after signing of the Lease Termination Agreement (D) and Landlord (D) receiving the invoice of the relevant amount; and
 - (2) RMB1,035,081.88, being 20% of the total amount of Compensation (D), within 20 business days after the signing of confirmation by the parties confirming the delivery of vacant possession of Premise (D) by Tenant (D) to Landlord (D) and Landlord (D) having received the invoice of the relevant amount.

LETTER FROM THE BOARD

Lease Termination Agreement (E)

Date	:	18 May 2021
Landlord (E)	:	Shenzhen Xinqiao Hongtian Joint-stock Cooperative Company* (深圳市新橋洪田股份合作公司)
Tenant (E)	:	Sky Achiever Paper Industrial (Shenzhen) Company Limited* (中洲紙業(深圳)有限公司)
Premise (E)	:	5/F Floor, Factory Building A17, Kengweitang 3rd Road, Hongtian, Huangpu, Shajing, the PRC* (中國沙井黃埔洪田坑尾塘三路A17棟5樓廠房)
Original usage of Premise (E)	:	As production plants for corrugated paper-based packaging products and molded pulp products.
Gross Floor Area	:	831.95 m ² , as measured by third-party contractors engaged by the government authorities
Original Lease Term pursuant to Tenancy Agreement (E)	:	1 January 2017 to 31 December 2026
Monthly rent payable under Tenancy Agreement (E)	:	The monthly rent (including management fees) in the initial amount of RMB15.21 per actual rental area (m ²) shall be paid on a monthly basis, and shall automatically increase by 5% every three years. The actual rental area of Premise (E) was 902.30 m ² , which was agreed by the Landlord (E) and the Tenant (E) at the time of entering into of the Tenancy Agreement (E) to be measured based on a bird's-eye view that included the eaves of Premise (E), causing slight discrepancies with the Gross Floor Area as measured by third-party contractors engaged by the government authorities.

Accordingly, monthly rent (including management fees) in the amount of RMB14,418.75 shall be paid by Tenant (E) during the period from 1 January 2019 to 31 December 2021.

Tenancy Agreement (E) does not contain any provisions allowing the monthly rent to be re-negotiated by the parties during the term of the tenancy.

* for identification purpose only

LETTER FROM THE BOARD

- Relevant terms of termination : (1) Early Termination by the Landlord:
under Tenancy Agreement (E)
- Landlord (E) shall notify Tenant (E) in writing six months in advance and compensate Tenant (E) for all the economic losses incurred (including but not limited to the total rent amount from the date of early termination of Tenancy Agreement (E) to 31 December 2026, moving costs, and loss from suspension of business), save for due to expropriation, evacuation or renovation by the government.
- (2) Early Termination by the Tenant:
- Tenant (E) shall notify Landlord (E) two months in advance and compensate Landlord (E) for the economic losses incurred (equivalent to one year rent based on the year of early termination of Tenancy Agreement (E)).
- (3) Early Termination due to Government Decisions:
- The relevant government authorities shall be responsible for compensating renovation cost and machineries to Tenant (E) and Landlord (E) shall not be required to pay any other compensation(s) to Tenant (E). The tenancy shall terminate upon the expropriation, evacuation or renovation requested by the government.
- As the termination of the Tenancy Agreement (E) is due to the Government's Decision to expropriate Premise (E) in furtherance to the Redevelopment Plan, it falls within the circumstance as stipulated in "Early Termination due to Government Decisions" as disclosed in paragraph (3) above.
- Rent-free period : Three months' rent free period (being any three months from the date of the Lease Termination Agreement (E) to date of evacuation), during which Tenant (E) shall not be required to pay any monthly rent and management fees (but shall be responsible for water and electricity bills).
- Rent-free Amount (E) : RMB43,256.25, which is equivalent to three-months rent payable by Tenant (E).
- Total amount of Compensation : RMB407,655.50
(E)
- Payment terms : Compensation (E) shall be payable in cash by Landlord (E) to Tenant (E) in two instalments:

LETTER FROM THE BOARD

- (1) RMB326,124.40, being 80% of the total amount of Compensation (E), within 20 business days after signing of the Lease Termination Agreement (E) and Landlord (E) receiving the invoice of the relevant amount; and
- (2) RMB81,531.10, being 20% of the total amount of Compensation (E), within 20 business days after the signing of confirmation by the parties confirming the delivery of vacant possession of Premise (E) by Tenant (E) to Landlord (E) and Landlord (E) having received the invoice of the relevant amount.

Lease Termination Agreement (F)

- Date : 18 May 2021
- Landlord (F) : Shenzhen Xinqiao Hongtian Joint-stock Cooperative Company* (深圳市新橋洪田股份合作公司)
- Tenants (F) : (1) Come Sure Development Limited
(2) Come Sure Packing Products (Shenzhen) Company Limited* (錦勝包裝(深圳)有限公司)
- Premise (F) : Factory Building No. 2 and Dormitory No. 2, Kengweitang 3rd Road, Hongtian Village, Shajing, the PRC* (中國沙井洪田村地名(火山)腳下坑尾塘三路廠房二棟、宿舍二棟廠房)
- Original usage of Premise (F) : As production plants for corrugated paperboard and paper-based packaging products and/or staff quarters.
- Gross Floor Area : 48,477.41 m², as measured by third-party contractors engaged by the government authorities
- Monthly rent payable under Tenancy Agreements (F) : The monthly rent (including management fees) in the initial amount of RMB22 per actual rental area (m²) shall be paid on a three-month basis which shall automatically increase by 10% starting from 1 June 2023. The actual rental area of Premise (F) was 37,391.606 m², which was agreed by the Landlord (F) and the Tenant (F) at the time of entering into of the Tenancy Agreement (F). Premise (F) was subsequently expanded (but without additional increase in rents), causing the discrepancies with the Gross Floor Area as measured by third-party contractors engaged by the government authorities.

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Accordingly, the monthly rent (including management fees) in the amount of RMB822,615.33 shall be paid by Tenants (F) during the period from 1 June 2020 to 31 May 2023.

Tenancy Agreement (F) does not contain any provisions allowing the monthly rent to be re-negotiated by the parties during the term of the tenancy.

- Relevant terms of termination under Tenancy Agreements (F) :
- (1) Early Termination by the Landlord:

Landlord (F) shall compensate Tenant (F) for all the economic losses incurred (including but not limited to the total rent amount from the date of early termination of Tenancy Agreement (F) to 31 May 2025 and moving costs), save for due to expropriation, evacuation or renovation by the government or village committee.
 - (2) Early Termination by the Tenant:

Tenant (F) shall notify Landlord (F) two months in advance and compensate Landlord (F) for the economic losses incurred (equivalent to the total amount of rent payable for one year).
 - (3) Early Termination due to Government or Village Committee Decisions:

Tenants (F) shall be entitled to the compensation for moving costs, and Landlord (F) shall not be required to pay any other compensation(s) to Tenant (F). The tenancy shall terminate upon the expropriation, evacuation or renovation requested by the government or village committee.

As the termination of the Tenancy Agreement (F) is due to the Government's Decision to expropriate Premise (F) in furtherance to the Redevelopment Plan, it falls within the circumstance as stipulated in "Early Termination due to Government or Village Committee Decisions" as disclosed in paragraph (3) above.

Original Lease Term pursuant to Tenancy Agreements (F) : 1 June 2020 to 31 May 2025

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- Rent-free period : Three months' rent free period (being any three months from the date of the Lease Termination Agreements (F) to date of evacuation), during which Tenants (F) shall not be required to pay any monthly rent and management fees (but shall be responsible for water and electricity bills)
- Rent-free Amount (F) : RMB2,467,845.99, which is equivalent to three-months rent payable by Tenants (F)
- Total amount of Compensation (F) : RMB23,753,930.90
- Payment terms : Compensation (F) shall be payable in cash by Landlord (F) to Tenants (F) in two instalments:
- (1) RMB19,003,144.72, being 80% of the total amount of Compensation (F), within 20 business days after signing of the Lease Termination Agreement (F) and Landlord (F) receiving the invoice of the relevant amount; and
 - (2) RMB4,750,786.18, being 20% of the total amount of Compensation (F), within 20 business days after the signing of confirmation by the parties confirming the delivery of vacant possession of Premise (F) by Tenants (F) to Landlord (F) and Landlord (F) having received the invoice of the relevant amount.

Pursuant to the terms of the Lease Termination Agreements, the Tenants shall vacate the Premises before 30 October 2021. Prior to 30 October 2021, the Tenant(s) shall continue to have the right to use and operate in the Premise(s) without any interferences, and move out according to their own schedules. If any of the Tenant(s) is unable to deliver vacant possession of the relevant Premise(s) on or before 30 October 2021, such Tenant(s) shall return the Compensation(s) received and pay the relevant Landlord(s) an amount equivalent to twice the amount of the monthly rent(s) plus the Compensation(s).

In the event that any of the Landlord(s) is unable to pay the Compensation(s) in accordance with the Lease Termination Agreement(s), the Landlord(s) shall pay the damages calculated at the daily interest rate of 0.03% on the outstanding amount; the Tenant(s) can delay the delivery of vacant possession if the Landlord(s) has delayed the payment for 30 days, or halt the evacuation if the Landlord(s) has delayed the payment for more than 60 days, until the Landlord(s) pays the outstanding amount plus damages in full.

As the evacuation of its operations from the Premises was due to the Redevelopment Plan, the Company was given to understand that the relevant government authorities were required to compensate to (i) the owner an amount calculated based on the market value of the expropriated property; and (ii) the lawful user the moving costs, the statutory subsidies for temporary settlement (equivalent to three-month market rent) and loss from suspension of business, pursuant to the Implementation Measures of Shenzhen Municipality for the House Expropriation and Compensation (for trial implementation)* (深圳市房屋征收與補償實施辦法(試行)) (the “**Implementation Measures for Compensation**”)(http://www.szns.gov.cn/main/xxgk/zdlyxxgkml/tdzbhfwzsfwzs/content/post_7167125.html).

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As disclosed above, the original terms of termination (the “**Original Terms of Termination**”) in the Tenancy Agreements either (a) specified that the Tenants would be entitled to the statutory compensations; or (b) carve out or are not applicable to the early termination due to government decision or expropriation, meaning that the Tenants are entitled to receive from the government authorities the statutory compensations payable to the land user in accordance with the Implementation Measures for Compensation. Having considered that the Tenants would be entitled to the statutory compensations in either situation (a) or (b) above (instead of compensations due to early termination by the Landlords or the Tenants without the influence of any Government Decisions) and having understand that the government will pay all statutory compensations (i.e. compensations to the land user of the Premises for the expected moving costs, statutory subsidies for temporary settlement and loss from suspension of business together with compensations to the owner of the Premises for the market value of the property) in one-go directly to the Landlords for administrative purposes, the Company therefore proceed to discuss the arrangements with the Landlords so as to receive the Tenants’ entitlement to the statutory compensations in accordance with the Implementation Measures for Compensation from the government through the Landlords, and do not consider such arrangements as a deviation from the Original Terms of Termination. During the course of negotiation, the Company was given to understand that the Compensations payable by the Landlords pursuant to the Lease Termination Agreements are equivalent to the amount of statutory compensations payable by the government authorities to the Tenants through the Landlords (i.e. on the expected moving costs, statutory subsidies for temporary settlement and loss from suspension of business), in line with and not less than those stipulated under the Implementation Measures for Compensation; whilst the Landlords shall retain for themselves the amount of statutory compensations for the market value of the Premises payable by the government authorities to the land owner. Accordingly, the Compensations in the aggregate amount of RMB46,019,643.60 and the Rent-free Amount in the aggregate amount of RMB4,389,770.16 are determined after arm’s length negotiations between the parties with reference to, among others, the valuation (the “**Valuation**”) on the expected moving cost of RMB15,718,308.00, statutory subsidies for temporary settlement (equivalent to three-month market rent) of RMB5,635,059.00 and loss from suspension of business due to early termination of the Tenancy Agreements of RMB24,131,399.48, in the aggregate amount of RMB45,484,766.48 as at 30 April 2021 as assessed by Shenzhen Pengxin Appraisal Limited (the “**Independent Valuer**”), an independent valuer appointed by the Company.

VALUATION

Pursuant to the Implementation Measures for Compensation, the relevant government authorities will conduct a valuation to determine the amount of statutory compensations which is payable under such measures. It is on this basis that when assessing the fairness and reasonableness of the Compensation and Rent-free Amount, the Board engaged the Independent Valuer to independently assess the Compensation payable to Wah Ming Colour Printing (Shenzhen) Company Limited* (華銘彩印(深圳)有限公司), Wah Ming Paper Industrial (Shenzhen) Company Limited* (華銘紙業(深圳)有限公司), Sky Achiever Paper Industrial (Shenzhen) Company Limited* (中洲紙業(深圳)有限公司) and Come Sure Packing Products (Shenzhen) Company Limited* (錦勝包裝(深圳)有限公司) (collectively, the “**Appraised Entities**”), which are the actual operating subsidiaries of the Premises, to ensure the Compensations are calculated in accordance with and not less than the entitlement stipulated under the Implementation Measures for Compensation. According to the valuation report issued by the Independent Valuer dated 13 May 2021, the Independent Valuer adopted the cost approach to assess the market value of the statutory compensation payable by the Shenzhen government authorities (the “**Appraised Asset**”) as at 30 April 2021 (the “**Valuation Date**”). In order to determine whether the Compensations are calculated according to the statutory requirements, the key assumptions and the value of inputs adopted in the Valuation are detailed as follows:

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Key Assumptions

1. The Appraised Asset and the Appraised Entities are subject to market transactions as at the Valuation Date, which the Board was given to understand that the market transactions include the engagement of moving and transportation services, the payment of market rent pursuant to the Tenancy Agreements and the business operations conducted by the Appraised Entities in the Premises.
2. The Appraised Asset and the Appraised Entities are traded in the open market to realise their market value.
3. The Appraised Entities will relocate their operations to other premises as at the Valuation Date.
4. There has been no material change in relation to the applicable laws and regulations, policies, macroeconomic situation, political, economic or social environment, interest rates, exchange rates, tax rates etc, and there has been no force majeure or unforeseeable event causing any adverse material changes.
5. All the required licenses, certificates, consents, or other legislative or administrative authority from any local, provincial, or national government or private entity or organisation have been or can readily be obtained or renewed on which the Valuation is based.
6. All business activities of the Appraised Entities can be carried out in accordance with the relevant laws and regulations, industry standards and safety standards.
7. The information provided to the Independent Valuer, including the financial and operational information as well as the list of assets, are accurate, complete and valid.
8. The acquisition of the rights to use the Premises and the actual use of the Premises remained unchanged as at the Valuation Date and are assumed to be in compliance with the laws, regulations and regulatory documents.

Major inputs and parameters adopted in the Valuation

In accordance with the Implementation Measures for Compensation:

1. Market value of the expropriated property was not included as the Premises are only occupied by the Group as Tenants without having any legal ownership to the Premises.

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2. The moving costs were calculated with reference to the installation cost (estimated to be 0% - 20% of the re-installation cost), disassemble cost (estimated to be 0% - 10% of the re-installation cost) and transportation cost (estimated to be 1% of the re-installation cost), whilst the re-installation costs was calculated based on the original purchase price and the historical book value of the assets in the Premises. The rate of the installation cost and transportation cost were sourced from Asset Appraisal Parameter Manual* (資產評估常用數據及參數手冊) (ISBN: 7530413953; Lu Faqin* (呂發欽), Yang Yixin* (楊宜新) and Li Bin* (李斌) (2011). Beijing Science & Technology Press* (北京科學技術出版社)), and the rate of disassemble cost, being half of the installation cost, were sourced from Manual on Estimations and Parameters for Machinery Construction Projects* (機械工業建設項目概算編制辦法及各項概算指標) (ISBN: 7543308827; Ministry of Machine-building Industry of the PRC* (中華人民共和國機械工業部)(1996). Tianjin Science & Technology Translation & Publishing Corp. * (天津科技翻譯出版公司)). Both manuals are considered as industry guidelines commonly referenced by valuers in China conducting similar asset valuations.
3. The amount of statutory subsidies for temporary settlement were equivalent to the actual market rent payable by the Tenants for three months according to the Tenancy Agreements, in accordance with the statutory requirement.
4. The loss from suspension of business were calculated based on the profit of the Appraised Entities (being the actual operation subsidiaries of the Premises) for the six months ended 30 June 2019. A more prudent approach was adopted in calculating the loss from suspension of business, having referenced to (a) the four-month period from the signing of the Lease Termination Agreements in May 2021 to the latest evacuation date in October 2021 and (b) the actual profits of the Appraised Entities before being adversely impacted by the COVID-19 pandemic (the “**Pandemic**”).

Background and qualification of the Independent Valuer

In addition to the above, the Board has also reviewed independence and experiences of the Independent Valuer. In particular, the Board note that:

- (i) the Independent Valuer has over 20 years of experience in performing valuations on various kinds of assets and properties for transactions of their clients, including private companies and companies listed in the Stock Exchange;
- (ii) the Independent Valuer possess various qualifications for, inter alia, asset appraisal relating securities and futures, property appraisal (first level) and land appraisal (level A) etc. It is also registered with the Shenzhen Financial Committee* (深圳市財政委員會) as an assets evaluation agency;
- (iii) Ms. Chen Yizhi, the person responsible for conducting the Valuation, has 15 years of experience in conducting properties and assets valuations and has obtained qualifications on asset valuation, property valuation and land valuation; and

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- (iv) the Independent Valuer confirmed that, as at the Latest Practicable Date, (a) it is a third party independent to the Company, the Landlords and their respective connected persons; (b) it does not have any interest, direct or indirect, in any asset which has been, since 31 March 2021, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group; and (c) it does not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

INFORMATION OF THE TENANTS

The Tenants are indirect wholly-owned subsidiaries of the Company, all of which are principally engaged in the trading and manufacturing of corrugated paperboard, paper-based packing products, offset printed corrugated paper-based packaging products and molded pulp products in the PRC as well as investment and property holding in Hong Kong.

INFORMATION OF THE LANDLORDS

To the best knowledge of the Directors, Shenzhen Xinqiao, being the Landlord of each of the Premises (A) to (F), is principally engaged in, among others, leasing of properties. Based on the information provided by Shenzhen Xinqiao, Shenzhen Xinqiao is owned as to (a) 80% in form of cooperative stocks held by approximately 150 villagers of Hongtian Village with their beneficial interests divided equally amongst themselves and (b) 20% in form of collective stocks held by the collective asset management committee* (集體資產管理委員會) (the “**Collective Asset Management Committee**”); the Collective Asset Management Committee is in turn ultimately owned by all of the aforementioned villagers of Hongtian Village with their beneficial interests divided equally amongst themselves.

Each of the Landlord(s) and their respective ultimate beneficial owners, to the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, is an Independent Third Party.

REASONS FOR AND BENEFITS OF THE LEASE TERMINATION AGREEMENTS

The principal activity of the Company is investment holding. The Group is principally engaged in the manufacturing and trading of corrugated paperboards and paper-based packaging products to customers with production base in the PRC. The Premises were leased under the respective Tenancy Agreements and used by the Group as production plant for corrugated paperboards and paper-based packaging products as well as staff quarters.

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As mentioned above, the Premises are located within Xinqiao Dongpian Area which is subject 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), which was approved by the Shenzhen Municipal Government back in December 2018. Since then and in furtherance of such Redevelopment Plan, the representatives of the relevant government authorities had intermittently approached the Company on a confidential basis regarding the Redevelopment Plan, but during these preliminary discussions the Company was not given any concrete timeline on when and how the Redevelopment Plan would proceed. It was not until April 2021 that the Company was notified by the relevant government authorities regarding the evacuation of its operations from the Premises before 30 October 2021. Having understand that certain Original Terms of Termination did not cover the situation where the Premises are expropriated by government authorities (whilst others specified that the Tenants would be compensated according to the applicable laws and regulations), the Company started to engage in negotiations with the Landlords regarding the Compensations to cover costs for early termination of the Tenancy Agreements, including moving costs, and redundancy. As a result, on 18 May 2021, the Tenants of the Premises entered into six Lease Termination Agreements in relation to the Disposal, pursuant to which the Group shall be entitled to Compensations in cash.

Having considered (i) the concrete timetable of the Redevelopment Plan was not disclosed to the Company until April 2021; (ii) the extra spaces in other staff quarters as well as other productions plants used by the Company, which are also engaging in the production of corrugated paper board and paper-based packaging products and molded pulp products, to further take up these production lines; (iii) the addition rent payable, the time required and the potential disruption to the Company's production capacity if the Company has to locate a suitable place, renovate the new plants to suit their needs and move the machineries from the Premises to the new plants; and (iv) the cost of redundancy payable to the employees working at the Premises all being laid-off due to the relocation of production lines to cities outside Shenzhen city, terminating their respective employment contracts, the Company considered it to be more practicable and cost-effective to relocate their production lines and new staff (if any) from the Premises to other plants and staff quarters currently used by the Company. The Company currently aim to complete the relocation and commence the operation of these production lines by 30 October 2021 latest.

In view of the above, the Company does not have any plans to identify any additional plants for the purpose of relocating the production lines from the Premises in the near future, but will from time to time review its production capacity for meeting the market demand and consider whether any expansion is required.

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LETTER FROM THE BOARD

The Compensations payable to the Group under the Lease Termination Agreements of RMB46,019,643.60 will be fully utilised to cover costs for early termination of the Tenancy Agreements, including redundancy of approximately RMB50,039,600 (which is determined by the actual cost payable for dismissing all of the employees (approximately 850 people) working in the Premises in accordance with their respective employment contracts and in compliance with the applicable labour laws) and moving costs of approximately RMB3,000,000 (which is determined by estimating the man power and transportation required by moving the non-fixtures from the Premise to other production plants) incurred by the Group as a result of the Premises being vacated.

Having regard to:

- (a) the Disposal being the direct consequence of inevitable early termination of the leases in accommodation of the Redevelopment Plan of Shenzhen Municipal Planning and Land Resources Committee* (深圳市規劃和國土資源委員會);
- (b) the Original Terms of Termination either (i) specified that the Tenants would be entitled to the statutory compensations; or (ii) carve out or are not applicable to the early termination due to government decision or expropriation, resulting in the Tenants having the re-negotiate with the Landlords on the terms of termination;
- (c) the Valuation in the amount of RMB45,484,766.48 as at 30 April 2021 calculated, and was conducted for the purpose of ensuring the Compensations are paid, in accordance to the Implementation Measures for Compensation on the expected moving cost, statutory subsidies for temporary settlement (equivalent to three-month market rent) and loss from suspension of business due to early termination of the Tenancy Agreements, which the Board having reviewed the aforementioned key assumptions and major inputs adopted understood that (i) the cost approach used in the Valuation was most appropriate for calculating the moving costs as there is a lack of appropriate comparables for moving such corrugated carton production line and packing machineries in nearby areas to determine the market value and the moving of machineries is not a revenue-generating activity; (ii) the statutory subsidiaries for temporary settlement and loss from suspension of business were derived from the actual market rent payable by the Tenants and the profits from actual operations of the Appraised Entities; (iii) the cost of redundancy was not being considered in the Valuation as it is not part of the statutory compensation under the Implementation Measures for Compensation (but due to the Company's decision to relocate the production lines to other production plants used by the Group outside Shenzhen city, having balanced the aforementioned considerations and the cost of redundancy); and (iv) the expected moving costs under the Valuation was calculated under a more prudent assumption that all machineries and production lines are relocated to a new production plant instead of relocation plan adopted by the Company which would end up with a much lower moving costs;
- (d) the terms of the Lease Termination Agreements including the Compensations in the aggregate amount of RMB46,019,643.60 and the Rent-free Amount in the aggregate amount of RMB4,389,770.16; and

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- (e) the shortfall of approximately RMB7,019,956 between the Compensations of RMB46,019,643.60 and the expected cost of early termination of the Group of approximately RMB53,039,600, which was attributable to the cost of redundancy of approximately RMB50,039,600 that is not being part of the statutory compensation, that would be sufficiently funded through the internal resources of the Group, including the Rent-free Amount of approximately RMB4,389,770 and the amount of rent that would have been payable by the Tenants (but no longer be payable due to the early termination of the tenancies) for the remainder of lease terms should the tenancies have not been terminated by the Lease Termination Agreements,

the Board is of the view that the Compensations and the Rent-free Amount pursuant to the Lease Termination Agreements are made in accordance with and in the amount not less than the statutory compensations under the Implementation Measures for Compensations, and that the Disposal and the terms of the Lease Termination Agreements (including the Compensations) are fair and reasonable and on normal commercial terms, and are in the interests of the Company and the Shareholders as a whole.

FINANCIAL IMPACT OF THE DISPOSAL

Based on (i) the Compensations in the aggregate amount of RMB46,019,643.60 and the Rent-free Amount in the aggregate amount of RMB4,389,770.16; (ii) the carrying value of the rights-of-use assets to be disposed pursuant to the Lease Termination Agreements in the amount of approximately RMB62,835,249 and considering the gain on lease modifications in respect to the termination of lease amounting to RMB11,664,604; (iii) carrying value of the lease liabilities to be disposed regarding the tenancies pursuant to the Tenancy Agreements in the amount of approximately RMB74,499,853; and (iv) the estimated costs for redundancy in the aggregate amount of RMB50,039,600 and moving costs of approximately RMB3,000,000, it is estimated as at the Latest Practicable Date that the Group will record a net gain of RMB9,034,417.76 (before taxation) from the Disposal. The actual amount of the gain or loss on the Disposal to be recognised in the consolidated financial statements of the Group depends on the net assets/liabilities of the Disposal at the date of completion and therefore may be different from the amount mentioned above.

IMPLICATIONS UNDER THE LISTING RULES

In accordance with HKFRS 16 “Leases”, the Company recognises the value of the right-of-use assets on its consolidated statement of financial position in connection with the lease of the Premises under the Tenancy Agreements with effect from the beginning of its accounting period on 1 April 2019. Accordingly, the entering into of the Lease Termination Agreements and the transactions contemplated thereunder is regarded as a disposal of assets by the Tenants under the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal is 25% or more but less than 75%, the Disposal constitutes a major transaction for the Company and is subject to notification, announcement, reporting and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

The Company has obtained written approval in accordance with Rule 14.44 of the Listing Rules from Perfect Group, the controlling shareholder of the Company, which has beneficially interested in an aggregate of 233,000,000 Shares, representing approximately 67.76% of the entire issued capital of the Company as at the Latest Practicable Date. On the basis that (i) no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Disposal; and (ii) the written approval of Perfect Group for the Disposal has been obtained, no extraordinary general meeting will be convened for the purpose of approving the Disposal as permitted under Rule 14.44 of the Listing Rules.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the Disposal and the terms of the Lease Termination Agreements (including the Compensations) are fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

1. FINANCIAL INFORMATION OF THE GROUP FOR THE THREE FINANCIAL YEARS ENDED 31 MARCH 2021

The published audited consolidated financial statements of the Group for the years ended 31 March 2019, 2020 and 2021 are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.comesure.com):

- annual report of the Company for the year ended 31 March 2019 published on 25 July 2019 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0725/ltm20190725739.pdf>;
- annual report of the Company for the year ended 31 March 2020 published on 30 July 2020 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0730/2020073000863.pdf>; and
- annual results announcement of the Company for the year ended 31 March 2021 published on 30 June 2021 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0630/2021063001576.pdf>

2. INDEBTEDNESS STATEMENT OF THE GROUP**Bank borrowings**

As at 25 May 2021, the Group had outstanding bank borrowings of approximately HK\$279,157,000 comprising of short-term borrowings of approximately HK\$234,675,000 and long-term borrowings of approximately HK\$44,482,000. All bank borrowings are secured by the followings:–

(A) Short-term borrowings

- (i) corporate guarantees given by certain subsidiaries and the Company;
- (ii) corporate guarantees given by a connected party of a subsidiary; and
- (iii) bank deposits, investment properties and leasehold land and buildings of the Group situated in Hong Kong.

(B) Long-term borrowings

- (i) corporate guarantees given by certain subsidiaries and the Company; and
- (ii) investment properties and leasehold land and buildings of the Group situated in Hong Kong.

Pledge deposits

As at 25 May 2021, bank deposits of the Group of approximately HK\$48,705,000 were pledged to banks to secure short-term bank loans in the amount of approximately HK\$21,856,000 and bank acceptance draft in the amount of approximately HK\$105,150,000 and undrawn short-term banking facilities in the amount of approximately HK\$571,176,000 granted to the Group.

Amounts due to a non-controlling shareholder

As at 25 May 2021, the Group had outstanding amounts due to a non-controlling shareholder of approximately HK\$44,783,000, which are non-trade related, unsecured, unguaranteed, interest-free and repayable on demand.

Lease liabilities

As at 25 May 2021, the Group had outstanding lease liabilities (including both current and non-current portions) of approximately HK\$247,326,000.

	At 25 May 2021 <i>(HK\$'000)</i> (unaudited)
Amounts payable	456,776
Less: future finance charges	<u>(209,450)</u>
	<u><u>247,326</u></u>

As at 25 May 2021, the weighted average incremental borrowing rate for lease liabilities of the Group was 8.66% per annum.

Contingent liabilities

As at 25 May 2021, the Inland Revenue Department of Hong Kong (the “**IRD**”) issued estimated assessments and additional assessments 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 had raised objections to the IRD and will continue to monitor the progress and to defend the subsidiaries’ tax position vigorously. Therefore, no tax provision was provided at 25 May 2021 in this regard.

The Group had no other contingent liabilities as at 25 May 2021.

The directors of the Company have confirmed that, save as disclosed above, there has not been any material change in the indebtedness and contingent liabilities of the Group since 25 May 2021 and up to the Latest Practicable Date.

Disclaimer

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Group did not have any bank borrowings, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures or other loan capital, mortgage, charges, finance leases or hire purchases commitments, guarantees or other material contingent liabilities outstanding at the close of business on 25 May 2021.

3. WORKING CAPITAL

The Directors are of the opinion that, taking into account the business prospects of the Group, the internal resources and the existing available credit facilities of the Group, upon the completion of the Disposal pursuant to the Lease Termination Agreements, the Group has sufficient working capital for its present requirements, that is for at least the next twelve months from the date of this circular.

4. MATERIAL ACQUISITION SINCE LATEST PUBLISHED AUDITED ACCOUNTS

On 2 July 2021, Mass Winner Holdings Limited (being an indirect wholly-owned subsidiary of the Company) entered into a share purchase agreement (the “**Share Purchase Agreement**”) with Wiseland International Holdings Limited (being a connected person at the subsidiary level pursuant to Chapter 14A of the Listing Rules) to dispose 60% issued shares of Turbo Best Holdings Limited at a total consideration of HK\$100,000,000. For details, please refer to the announcement of the Company dated 2 July 2021.

Save as disclosed above, the Group does not have any material acquisition after the latest published audited accounts of the Company.

5. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change to the financial or trading position of the Group since 31 March 2021, being the date to which the latest published audited financial statements of the Company were made up.

6. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

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 its factory in Dongguan which commenced its operations in September 2020 (“**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 another newly-leased factory in Dongguan (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.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in the compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executive

As at the Latest Practicable Date, the following Directors or the chief executive of the Company had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules:

Long positions in the Shares

Name	Capacity/Nature of Interest	Number of Shares/ underlying Shares	Percentage of issued Shares
Mr. CHONG Kam Chau (<i>Notes 1 & 2</i>)	Interest of a controlled corporation; founder and beneficiary of a discretionary trust	233,000,000	67.76%
Mr. CHONG Wa Pan (<i>Notes 1 & 3</i>)	Beneficiary of a discretionary trust	233,000,000	67.76%
Mr. CHONG Wa Ching (<i>Notes 1 & 3</i>)	Beneficiary of a discretionary trust	233,000,000	67.76%
Mr. CHONG Wa Lam (<i>Notes 1 & 3</i>)	Beneficiary of a discretionary trust	233,000,000	67.76%

Long positions in the ordinary shares of associated corporation

Name	Name of associated corporation	Capacity/Nature of Interests	Number of securities	Percentage of shareholding
Mr. CHONG Kam Chau (Notes 1 & 2)	Perfect Group	Interest of a controlled corporation; founder and beneficiary of a discretionary trust	10,000 ordinary shares	100%
Mr. CHONG Wa Pan (Notes 1 & 3)	Perfect Group	Beneficiary of a discretionary trust	10,000 ordinary shares	100%
Mr. CHONG Wa Ching (Notes 1 & 3)	Perfect Group	Beneficiary of a discretionary trust	10,000 ordinary shares	100%
Mr. CHONG Wa Lam (Notes 1 & 3)	Perfect Group	Beneficiary of a discretionary trust	10,000 ordinary shares	100%

Notes:

- The entire issued shares of Perfect Group are held by Jade City Assets Limited, which is in turn held by HSBC International Trustee Limited acting as the trustee of the CHONG Family Trust. The CHONG Family Trust is an irrevocable discretionary trust set up by Mr. CHONG Kam Chau as settlor and HSBC International Trustee Limited as trustee on 2 February 2009. The beneficiaries of the CHONG Family Trust include Mr. CHONG Kam Chau, Ms. CHAN Po Ting, Mr. CHONG Wa Pan, Mr. CHONG Wa Ching, Mr. CHONG Wa Lam and Mr. CHONG Kam Shing, who is the son of Mr. CHONG Wa Pan.
- Mr. CHONG Kam Chau is the founder, an executive Director and the Chairman. Mr. CHONG Kam Chau is the sole director of Perfect Group and therefore Mr. CHONG Kam Chau is deemed or taken to be interested in the entire issued shares of Perfect Group and the 233,000,000 Shares beneficially owned by Perfect Group for the purposes of the SFO. Mr. CHONG Kam Chau as settlor and a beneficiary of the CHONG Family Trust is also deemed or taken to be interested in the 233,000,000 Shares held by Perfect Group under the SFO.
- Mr. CHONG Wa Pan, the Chief Executive Officer and the President of the Company, together with Mr. CHONG Wa Ching, the executive Director, and Mr. CHONG Wa Lam, the senior management of the Company, all as beneficiaries and Mr. CHONG Kam Shing, the son of Mr. CHONG Wa Pan, as beneficiary of the CHONG Family Trust, are deemed or taken to be interested in entire issued shares of Perfect Group and the 233,000,000 Shares held by Perfect Group under the SFO.

Save as disclosed above, none of the Directors and chief executive of the Company and/or any of their respective associates had any interest and short position in the Shares, underlying Shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Interests of substantial and other Shareholders

As at the Latest Practicable Date, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Long positions in the Shares

Name	Capacity/Nature of Interest	Number of Shares	Percentage of issued Shares
Perfect Group (<i>Note 1 & 2</i>)	Beneficiary owner	233,000,000	67.76%
Jade City Assets Limited (<i>Note 1 & 2</i>)	Interest of controlled corporation	233,000,000	67.76%
HSBC International Trustee Limited (<i>Note 1 & 2</i>)	Trustee	233,000,000	67.76%
Ms. CHAN Po Ting (<i>Note 1 & 3</i>)	Family interest; Beneficiary of a discretionary trust	233,000,000	67.76%
Ms. HUNG Woon Cheuk (formerly known as HUNG Shan Shan) (<i>Note 4</i>)	Family interest	233,000,000	67.76%
Ms. YUEN Chung Yan (<i>Note 5</i>)	Family interest	233,000,000	67.76%
Mr. CHONG Kam Shing (<i>Note 1</i>)	Beneficiary of a discretionary trust	233,000,000	67.76%

Notes:

- The entire issued shares of Perfect Group are held by Jade City Assets Limited, which is in turn held by HSBC International Trustee Limited acting as the trustee of the CHONG Family Trust. The CHONG Family Trust is an irrevocable discretionary trust set up by Mr. CHONG Kam Chau as settlor and HSBC International Trustee Limited as trustee on 2 February 2009. The beneficiaries of the CHONG Family Trust include Mr. CHONG Kam Chau, Ms. CHAN Po Ting, Mr. CHONG Wa Pan, Mr. CHONG Wa Ching, Mr. CHONG Wa Lam and Mr. CHONG Kam Shing, who is the son of Mr. CHONG Wa Pan. Mr. Chong Kam Chau is the director of Perfect Group.

2. Such Shares are held by Perfect Group, the entire issued shares of which are held by Jade City Assets Limited. The entire issued capital of Jade City Assets Limited is held by HSBC International Trustee Limited acting as the trustee of the CHONG Family Trust.
3. Ms. CHAN Po Ting, the spouse of Mr. CHONG Kam Chau and one of the beneficiaries of the CHONG Family Trust, is deemed or taken to be interested in the interests held by Mr. CHONG Kam Chau and Perfect Group under the SFO.
4. Ms. HUNG Woon Cheuk (formerly known as HUNG Shan Shan), is the spouse of Mr. CHONG Wa Pan. Therefore, Ms. HUNG Woon Cheuk is deemed or taken to be interested in the interests held by Mr. CHONG Wa Pan under the SFO.
5. Ms. YUEN Chung Yan, the spouse of Mr. CHONG Wa Ching, is deemed or taken to be interested in the interests held by Mr. CHONG Wa Ching under the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, there was no existing or proposed service contract, excluding contract expiring or terminable by the employer within one year, without payment of compensation (other than statutory compensation) made between any of the Directors and any member of the Group.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective associates (as defined in the Listing Rules) was interested in any business (apart from the Group's business) which competes or is likely to compete, either directly or indirectly, with the Group's business (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them were a controlling shareholder).

5. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, (i) none of the Directors nor their respective close associate(s) had any direct or indirect interest in any assets which had been, since 31 March 2021 (being the date of which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and (ii) none of the Directors was materially interested in any contract or arrangement which was significant in relation to the business of the Group.

6. LITIGATION

As at the Latest Practicable Date, the Directors were not aware of any litigation or claim of material importance pending or threatened against any member of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by the Group within the two years immediately preceding the Latest Practicable Date and up to and including the Latest Practicable Date which are, or may be, material:

- (i) the sale and purchase agreement dated 24 June 2020 entered into between Dongguan City Ruixing Paper Products Company Limited* (東莞市瑞興紙製品有限公司) and Come Sure Packing Products (Shenzhen) Company Limited* (錦勝包裝(深圳)有限公司) in relation to the acquisition of production machineries, office equipment, computer equipment and consumables, etc. in the consideration of RMB21,880,000;
- (ii) the tenancy agreement dated 23 July 2020 (the “**Xiaoqian Road Tenancy Agreement**”) entered into between Wah Ming Colour Printing (Shenzhen) Company Limited*(華銘彩印(深圳)有限公司), and Dongguan Manshengjia Shiye Investment Company Limited*(東莞市滿盛佳實業投資有限公司) in relation to the lease of premises for staff quarters and the production plant for a term of 10 years constituting an acquisition of rights-of-use assets in accordance with HKFRS 16 “Leases” in aggregate amount of approximately RMB62,075,000;
- (iii) the tenancy agreement (the “**Dadong Road Tenancy Agreement**”) dated 10 August 2020 entered into between Come Sure Packing Products (Shenzhen) Company Limited*(錦勝包裝(深圳)有限公司) and Dongguan City Ruixing Paper Products Company Limited*(東莞市瑞興紙製品有限公司) in relation to the lease of premises for staff quarters and the production plant for a term of 20 years constituting an acquisition of rights-of-use assets in accordance with HKFRS 16 “Leases” in aggregate amount of approximately RMB105,585,000;
- (iv) the tenancy agreement dated 3 December 2020 entered into between Sky Achiever Paper Industrial (Shenzhen) Company Limited*(中洲紙業(深圳)有限公司) and Shenzhen Kejiying Shareholding Cooperative Company*(深圳市科集盈股份合作公司) in relation to the lease of premises for production plant for a term of 9 years constituting an acquisition of rights-of-use assets in accordance with HKFRS 16 “Leases” in aggregate amount of RMB27,959,647;
- (v) the Share Purchase Agreement; and
- (vi) the Lease Termination Agreements.

* for identification purpose only

8. MISCELLANEOUS

- (a) The registered office of the Company is situated at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The head office and principal place of business in Hong Kong of the Company is situated at Unit 8–10, 8th Floor, Cornell Centre, 50 Wing Tai Road, Chai Wan, Hong Kong.
- (b) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (c) Ms. BOK Yuk Wan (濮玉云女士) (“**Ms. Bok**”), who is the company secretary of the Company, is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Ms. BOK obtained a bachelor degree of Accountancy awarded by the University of South Australia in January 2009. Ms. Bok has over 10 years of experience in accounting, auditing and corporate management.
- (d) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the head office and the principal place of business of the Company in Hong Kong at Unit 8–10, 8th Floor, Cornell Centre, 50 Wing Tai Road, Chai Wan, Hong Kong during normal business hours on any business day from the date of this circular up to 14 days thereafter:

- (a) the memorandum of association and articles of the Company;
- (b) the annual reports of the Company for the two financial years ended 31 March 2020;
- (c) the annual results announcement of the Company for the year ended 31 March 2021;
- (d) the material contracts referred to in the section headed “Material Contracts” in this appendix;
- (e) the circular of the Company dated 8 September 2020 in relation to the Xiaoqian Road Tenancy Agreement;
- (f) the circular of the Company dated 23 September 2020 in relation to the Dadong Road Tenancy Agreement; and
- (g) this circular.