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 2022

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 2022 (the "**Year**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2022

	Notes	**2022** *HK$'000*	2021 *HK$'000*
Revenue	*2*	**1,177,271**	1,201,784
Cost of goods sold		**(995,012)**	(975,392)
Gross profit		**182,259**	226,392
Other income	*3*	**63,602**	9,550
Other gains and losses	*4*	**12,193**	18,078
Selling expenses		**(89,783)**	(80,957)
Administrative expenses		**(120,220)**	(124,576)
Other operating expenses	*5*	**(86,097)**	(591)
Finance costs	*6*	**(28,465)**	(19,362)
Gain on disposal of subsidiaries	*13*	**31,378**	–
Loss on deregistration of subsidiaries		**(1,704)**	–
(Loss) profit before tax		**(36,837)**	28,534
Income tax (expense) credit	*7*	**(3,045)**	123
(Loss) profit for the year	*8*	**(39,882)**	28,657
(Loss) profit for the year attributable to:			
Owners of the Company		**(38,985)**	27,326
Non-controlling interests		**(897)**	1,331
		(39,882)	28,657
(Loss) earnings per share			
Basic and diluted	*10*	**HK(11.34) cents**	HK7.91 cents

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	**2022** **HK$'000**	2021 HK$'000
(Loss) profit for the year	*8*	**(39,882)**	28,657
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**20,527**	41,199
Release of translation reserve upon disposal of subsidiaries	*13*	**(890)**	–
Other comprehensive income for the year, net of income tax		**19,637**	41,199
Total comprehensive (expense) income for the year		**(20,245)**	69,856
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(19,954)**	66,461
Non-controlling interests		**(291)**	3,395
		(20,245)	69,856

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Prepaid lease payments		**31,112**	44,867
Right-of-use assets		**231,385**	244,543
Property, plant and equipment		**190,727**	249,814
Investment properties		**256,500**	245,280
Goodwill		**11,631**	11,631
Deposits paid for acquisition of property, plant and equipment		**20,621**	14,082
Rental deposits		**3,747**	3,348
Club membership		**366**	366
		746,089	813,931
Current assets			
Inventories		**100,276**	119,412
Trade and bills receivables	*11*	**299,175**	320,499
Prepayments, deposits and other receivables		**16,310**	25,742
Tax recoverable		**10,726**	15,713
Financial assets at fair value through profit or loss ("**FVTPL**")		**3,875**	1,916
Pledged bank deposits		**13,200**	36,943
Bank and cash balances		**109,613**	158,563
		553,175	678,788

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Current liabilities			
Trade and bills payables	12	**126,333**	179,475
Accruals and other payables		**44,069**	51,029
Contract liabilities		**3,096**	7,668
Lease liabilities		**9,768**	10,167
Amounts due to non-controlling shareholders		**–**	44,783
Short-term bank borrowings		**140,412**	244,187
Tax payables		**22,143**	22,024
Long-term bank borrowings		**69,857**	30,125
		415,678	589,458
Net current assets		**137,497**	89,330
Total assets less current liabilities		**883,586**	903,261
Non-current liabilities			
Long-term bank borrowings		**11,200**	15,989
Lease liabilities		**233,931**	233,867
		245,131	249,856
NET ASSETS		**638,455**	653,405
Capital and reserves			
Share capital		**3,439**	3,439
Reserves		**635,016**	655,028
Equity attributable to owners of the Company		**638,455**	658,467
Non-controlling interests		**–**	(5,062)
		638,455	653,405

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 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 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 4, HKFRS 7, HKFRS 9, HKFRS 16 and HKAS 39	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	Covid-19-Related Rent Concessions

The application of the above 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[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[1]
Accounting Guideline 5 (revised)	Merger Accounting for Common Control Combinations[1]
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[2]

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 January 2022
[2] Effective for annual periods beginning on or after 1 January 2023
[3] Effective for annual periods beginning on or after a date to be determined

The directors of the Group 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 packaging products;
Offset printed corrugated products	– manufacture and sale of offset printed corrugated paper-based packaging products; and
Properties leasing	– properties leased in Hong Kong for rental income.

2. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results

The revenue from sale of corrugated 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 2022

	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	942,357	229,195	–	–	1,171,552
Inter-segment sales	24,769	7,564	–	(32,333)	–
	967,126	236,759	–	(32,333)	1,171,552
Revenue from other sources					
Gross rental income	–	–	5,719	–	5,719
Total	967,126	236,759	5,719	(32,333)	1,177,271
Segment results	(40,757)	(18,517)	15,691		(43,583)
Dividend income from equity securities at FVTPL					35
Fair value changes of equity securities at FVTPL					(345)
Income from wealth management products					1,202
Gain on disposal of subsidiaries					31,378
Loss on deregistration of subsidiaries					(1,704)
Finance costs					(7,976)
Corporate income and expenses, net					(15,844)
Loss before tax					(36,837)

2. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

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)	–
	1,065,647	213,402	–	(82,629)	1,196,420
Revenue from other sources					
Gross rental income	–	–	5,364	–	5,364
Total	1,065,647	213,402	5,364	(82,629)	1,201,784
Segment results	22,305	20,423	6,512		49,240
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					(7,892)
Corporate income and expenses, net					(15,588)
Profit before tax					28,534

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profits or losses 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, gain on disposal of subsidiaries, loss on deregistration of subsidiaries, finance costs and corporate income and expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

2. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

At 31 March 2022

	Corrugated products *HK$'000*	Offset printed corrugated products *HK$'000*	Properties leasing *HK$'000*	Total *HK$'000*
Segment assets	**759,139**	**254,040**	**256,322**	**1,269,501**
Total assets for reportable segments				**1,269,501**
Unallocated items:				
Leasehold land in Hong Kong for corporate use				**1,004**
Investment properties for capital appreciation purpose				**1,300**
Goodwill				**11,631**
Club membership				**366**
Financial assets at FVTPL				**3,875**
Tax recoverable				**10,726**
Bank balances managed on central basis				**521**
Others				**340**
Consolidated assets				**1,299,264**
Segment liabilities	**299,564**	**116,158**	**1,451**	**417,173**
Total liabilities for reportable segments				**417,173**
Unallocated items:				
Tax payables				**22,143**
Bank borrowings				**221,469**
Others				**24**
Consolidated liabilities				**660,809**

2. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

At 31 March 2021

	Corrugated products *HK$'000*	Offset printed corrugated products *HK$'000*	Properties leasing *HK$'000*	Total *HK$'000*
Segment assets	1,072,242	132,437	244,953	1,449,632
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
Financial assets at FVTPL				1,916
Tax recoverable				15,713
Bank balances managed on central basis				10,534
Others				603
Consolidated assets				1,492,719
Segment liabilities	454,941	25,732	1,512	482,185
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				21
Consolidated liabilities				839,314

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, financial assets 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.

2. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 March 2022

	Corrugated products *HK$'000*	**Offset printed corrugated products** *HK$'000*	**Properties leasing** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Amounts included in the measurement of segment profit or segment assets:					
Depreciation and amortisation	**34,145**	**19,812**	**–**	**–**	**53,957**
Interest on lease liabilities	**14,912**	**5,577**	**–**	**–**	**20,489**
Labour redundancy costs	**60,295**	**4,219**	**–**	**–**	**64,514**
Additions to non-current assets *(note)*	**42,932**	**27,618**	**–**	**–**	**70,550**

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 2021

	Corrugated products *HK$'000*	Offset printed corrugated products *HK$'000*	Properties leasing *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measurement of segment profit or segment assets:					
Depreciation and amortisation	29,995	10,325	–	–	40,320
Interest on lease liabilities	7,165	4,305	–	–	11,470
Gain on lease modification	(2,226)	(11,129)	–	–	(13,355)
Additions to non-current assets *(note)*	48,645	13,520	364	54	62,583

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

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** *(note)*	
	2022	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**186,242**	167,951	**259,041**	248,529
Macau	**–**	32,295	**5**	14
The PRC except Hong Kong and Macau	**991,029**	1,001,538	**475,412**	553,757
Consolidated total	**1,177,271**	1,201,784	**734,458**	802,300

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:

	2022	2021
	HK$'000	*HK$'000*
Customer A *(note)*	**116,908**	120,573

Note: Revenue from corrugated products.

3. OTHER INCOME

	2022	2021
	HK$'000	*HK$'000*
Dividend income from equity securities at FVTPL	**35**	107
Government subsidies	**4,504**	6,940
Evacuation compensation	**55,915**	–
Bank interest income	**863**	1,109
Other rental income	**229**	351
Sundry income	**2,056**	1,043
	63,602	9,550

4. OTHER GAINS AND LOSSES

	2022	2021
	HK$'000	*HK$'000*
Gain on disposal of equity securities at FVTPL	**–**	350
Fair value changes of equity securities at FVTPL	**(345)**	606
Fair value changes of investment properties	**10,747**	2,056
Income from wealth management products	**1,202**	1,711
Gain on lease termination	**589**	–
Gain on lease modification	**–**	13,355
	12,193	18,078

5. OTHER OPERATING EXPENSES

	2022	2021
	HK$'000	*HK$'000*
Loss on disposal of property, plant and equipment	**5,089**	–
Write off of property, plant and equipment	**10,520**	–
Labour redundancy costs	**64,514**	–
Moving costs	**1,493**	–
Installation and uninstallation costs	**1,556**	–
Other evacuation costs	**2,216**	–
Others	**709**	591
	86,097	591

6. FINANCE COSTS

	2022	2021
	HK$'000	*HK$'000*
Interest on:		
– bank borrowings	**7,975**	7,883
– bank overdraft	**1**	9
– lease liabilities	**20,489**	11,470
	28,465	19,362

7. INCOME TAX EXPENSE (CREDIT)

	2022	2021
	HK$'000	*HK$'000*
Hong Kong Profits Tax:		
– Current tax	**487**	517
– (Over)/under provision for previous years	**(29)**	1,633
	458	2,150
PRC Enterprise Income Tax ("**EIT**"):		
– Current tax	**1,203**	1,222
– Over provision for previous years	**(784)**	(3,495)
– Withholding tax	**2,168**	–
	2,587	(2,273)
	3,045	(123)

Hong Kong

Hong Kong Profits Tax is calculated at 16.5% (2021: 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.

7. INCOME TAX EXPENSE (CREDIT) (Continued)

PRC (Continued)

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%. During the year ended 31 March 2021, both subsidiaries, Come Sure Packing Products (Shenzhen) Company Limited ("**CSP**") and Sky Achiever Paper Industrial (Shenzhen) Company Limited ("**SAP**") were entitled to preferential rate of 15% as both of them were qualified as HNTE. While during the year ended 31 March 2022, only SAP is qualified as HNTE and enjoys a preferential tax concession and the applicable EIT rate are at a reduced rate of 15% from 9 December 2019 to 8 December 2022. The HNTE designation will be reassessed every three years according to relevant rules and regulations.

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

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

The profits of the PRC subsidiaries of the Group derived since 1 January 2008 are subject to withholding tax at a rate of 5% (2021: 5%) upon distribution of such profits to investors in Hong Kong.

Macau

A portion of the Group's profit for the year ended 31 March 2022 and 2021 were earned by the subsidiaries of the Group incorporated under the Macao Special Administrative Region's Offshore Law. Pursuant to the Macao Special Administrative Region's Offshore Law, such portion of profits is exempted from Macau complimentary tax. However, with effective from 1 January 2021, the licenses of Macau offshore institutions ("**MCOs**") were expired due to the Macao Special Administrative Region's Offshore Law and its supplementary regulations were revoked. As such, these MCO subsidiaries were no longer enjoy tax exemption.

7. INCOME TAX EXPENSE (CREDIT) (Continued)

The Group

During the years ended from 31 March 2016 to 2022, the Inland Revenue Department of Hong Kong ("**IRD**") issued estimated assessment and additional assessment for the years of assessment 2009/10 to 2015/16 to six subsidiaries of the Group amounting to HK$23,247,000. The Group had made objections to IRD on these assessments and purchased tax reserve certificates amounting to HK$9,766,000 in aggregate. IRD has held over the payment of profits tax of HK$13,481,000.

8. (LOSS) PROFIT FOR THE YEAR

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

	2022	2021
	HK$'000	*HK$'000*
Depreciation for property, plant and equipment	**29,851**	24,405
Depreciation for right-of-use assets	**23,119**	14,787
Amortisation of prepaid lease payments	**987**	1,128
Total depreciation and amortisation	**53,957**	40,320
Cost of inventories recognised as an expense	**994,848**	975,270
Direct operating expense of investment properties that generated rental income	**164**	122
Total cost of goods sold	**995,012**	975,392
Auditor's remuneration		
– audit services	**1,150**	1,200
– non-audit services	**–**	140
Loss on disposal of property, plant and equipment	**5,089**	–
Write off of property, plant and equipment	**10,520**	–
Lease payments for short-term lease not included in the measurement of lease liabilities	**352**	1,207
Net foreign exchange loss	**4,290**	8,664
Gain on disposal of subsidiaries	**(31,378)**	–

9. DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2022 (2021: Nil).

10. (LOSS) EARNINGS PER SHARE

The calculation of basic and diluted (loss) earnings per share attributable to owners of the Company is based on the following data:

(Loss) earnings

	2022	2021
	HK$'000	*HK$'000*
(Loss) profit for the year attributable to owners of the Company	**(38,985)**	27,326

Number of shares

	Number of shares	
	2022	2021
Weighted average number of ordinary shares (after adjustment for the effects of repurchase of shares) for the purpose of basic and diluted (loss) earnings per share	**343,858,000**	345,299,825

For the year ended 31 March 2022, the calculation of basic and diluted loss per share are the same as all share options of the Company has been lapsed during the year ended 31 March 2021.

For the year ended 31 March 2021, the calculation of diluted earnings per share did not assume the exercise of the Company's share options because the exercise prices of those share options were higher than the average market price of shares.

11. 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:

	2022	2021
	HK$'000	*HK$'000*
Trade receivables:		
Not yet due for settlement *(note a)*	**216,718**	211,033
Overdue:		
1 to 30 days	**24,878**	25,145
31 to 90 days	**23,060**	29,964
91 to 365 days	**8,631**	9,485
Over 1 year	**3,629**	10,341
	276,916	285,968
Less: Allowance for expected credit losses	**(3,427)**	(10,169)
	273,489	275,799
Bills receivables not yet due for settlement *(note b)*	**25,686**	44,700
	299,175	320,499

Notes:

(a) Aged within 120 days.

(b) Aged within 90 days.

11. 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

	2022	2021
	HK$'000	*HK$'000*
Overdue by:		
1 to 90 days	**47,938**	55,109
91 to 365 days	**8,631**	9,485
Over 1 year	**202**	172
Total	**56,771**	64,766

Movement in the allowance for expected credit losses

	2022	2021
	HK$'000	*HK$'000*
At 1 April	**10,169**	10,285
Bad debt written off	**(6,868)**	–
Exchange differences	**126**	(116)
At 31 March	**3,427**	10,169

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$3,427,000 (2021: approximately HK$10,169,000) which are either being placed under liquidation or in severe financial difficulties.

12. TRADE AND BILLS PAYABLES

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

	2022	2021
	HK$'000	*HK$'000*
Trade payables:		
0 to 30 days	**69,630**	95,414
31 days to 90 days	**6,326**	4,355
Over 90 days	**291**	1,316
	76,247	101,085
Bills payables *(note)*	**50,086**	78,390
	126,333	179,475

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.

13. DISPOSAL OF SUBSIDIARIES

On 2 July 2021, the Group entered into a share purchase agreement with a wholly-owned subsidiary of Nine Dragons Paper (Holdings) Limited, which is a connected person under the Listing Rules, to dispose the entire equity interest of 60% shareholdings in Turbo Best Holdings Limited and its subsidiaries ("**TBH Group**") at a consideration of approximately HK$93,074,000. The disposal was completed on 31 August 2021.

13. DISPOSAL OF SUBSIDIARIES (Continued)

Analysis of assets and liabilities as at the date of disposal is as follow:

	HK$'000
Property, plant and equipment	**68,487**
Prepaid lease payments	**14,296**
Trade and bills receivables	**435**
Prepayment, deposits and other receivables	**1,388**
Inventories	**6,247**
Pledged bank deposits	**18**
Bank balances and cash	**18,954**
Trade and bills payables	**(2,519)**
Accruals and other payables	**(1,165)**
Contract liabilities	**(2,175)**
Amount due to non-controlling shareholder	**(44,783)**
Tax payables	**(191)**
Net assets disposed	**58,992**
Release of translation reserve	**(890)**
Release of statutory reserve	**(58)**
Non-controlling interests	**3,652**
	61,696
Less: Consideration	**(93,074)**
Gain on disposal	**31,378**

	HK$'000
Consideration	**93,074**
Less: Cash and cash equivalent balances disposed	**(18,954)**
Net cash inflow arising from disposal	**74,120**

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

During the year ended 31 March 2022 (the "**Year**"), with the spread of new variants of the novel coronavirus ("**COVID-19**" or the "**Pandemic**") around the world, manufacturers in the People's Republic of China (the "**PRC**" or "**China**") were exposed to greater uncertainties in relation to export tradings due to weakened demand from overseas customers and disrupted supply chains, resulting in a consequential economic slowdown in China. According to the National Bureau of Statistics of China (the "**NBSC**"), China's economic growth rate in Q1 2022 was 4.8% year-on-year ("**YoY**"), whereas the corresponding growth rate was 18.3% YoY in Q1 2021. Nevertheless, China was committed to boosting local consumers' confidence by adopting discretionary fiscal measures to encourage dual circulation in China. Meanwhile, China's retail industry has evolved to adapt to the market changes through diversifying business approaches during the protracted Pandemic situation. To counterbalance the decrease in exports, more Chinese paper and paper-based packaging manufacturers turned to focus on the domestic sales markets, increasing the competition amongst manufacturers within the industry. Benefiting from the increase in demand from China's retail industry, paper and paper-based packaging manufacturers with solid customer base in the domestic market and advanced production techniques were able to take advantage of the opportunities to increase their market share despite such the competitive environment.

The ongoing Pandemic has led to a gradual change in customers' shopping habits and attitude, further boosting the appeal of online shopping in China. According to the NBSC, online retail sales amounted to RMB13,088.4 billion in 2021, which represented a YoY increase of 14.1%. The total number of delivery delivered through express delivery services in China exceeded 100 billion pieces for the first time in 2021, with a YoY growth of 29.9%, according to the statistics of the State Post Bureau of the People's Republic of China. Such increase in online retail sales in China drives the demand for quality paper-based packaging products.

Furthermore, the Chinese government's plastic restriction order prompted the demand in high-quality, environmental friendly paper-based packaging, which allows paper-based packaging manufacturers that fulfill industry standards to further expand their business potentials and receive economic benefits. To achieve progress towards maintaining a green eco-environment for sustainable development, the PRC government ramped up its efforts, in particular through the implementation of the "The Scheme to Refine Dual-Control of Energy Intensity and Total Energy Consumption" (《完善能源消費強度和總量雙控制度方案》) released by the National Development and Reform Commission in the third quarter of 2021, during the Year. The implementation of the scheme resulted in a surge in energy prices which in turn led to a sharp rise in manufacturing costs. China's paper-based packaging industry as a whole inevitably faces challenges due to the rising costs and operational constrains. Despite the challenging business environment, the leading paper-based packaging manufacturers would be able to meet customers' demand with guaranteed delivery thanks to a steady supply of raw paper from supportive suppliers; meanwhile, manufacturers that are unable to maintain steady supply from suppliers and keep their production capabilities in line with the customers' demands would be forced to be phased out gradually.

Business Review

In view of the volatile export demand, the Group continued to concentrate its efforts in expanding domestic sales. During the Year, the Group managed to attract additional orders from new customers, mainly from the domestic market, owing to the Group's well-built brand reputation over the years, as well as its enhanced production capacity with its new Dongguan factory ("**Dongguan Factory I**") in meeting the increased domestic market demand. The revenue generated from Dongguan Factory I during the Year was partially offset by the loss of sales orders due to completion of the disposal of the TBH Group (together with its operation in Fujian ("**Fujian Plant**")) on 31 August 2021 (the "**Disposal**"). As a result, the Group's revenue for the Year slightly decreased to approximately HK$1,177.3 million as compared to approximately HK$1,201.8 million for the corresponding period in 2021.

Since the commencement of its production in July 2021, the Group's another factory located in Dongguan ("**Dongguan Factory II**", together with Dongguan Factory I as "**Dongguan Factories**") had been maintaining a smooth and efficient operation during the Year. With its newly updated production lines and advanced automated production facilities, Dongguan Factory II effectively boosted the Group's production efficiency and capacity during the Year with lower labour and production costs, assisting the Group to expand further in Guangdong province. Notwithstanding the Group's main business operation had been evacuated from Shenzhen, the Group during the Year continued to maintain its operation in a factory located on Yanluo Street of Shenzhen city ("**Yanluo Factory**"), which was mainly used for light industry and supporting facilities.

The Group had been maintaining long-standing business relationship with its major suppliers. Having maintained close relationships with them, the Group was able to benefit from its ability to access a variety of procurement channels for raw paper from both overseas and domestic suppliers. Taking into account of the supply chain risk and estimated delivery time, the Group would adjust its sourcing strategy from time to time to maintain an optimal inventory level matching its production needs. During the Year, the Group increased its purchase from domestic suppliers to meet its mass production requirements, as well as to ensure the Group was able to meet customers' delivery schedules. In addition, thanks to the mutually trusted collaborations with suppliers, the Group managed to acquire sufficient quality raw paper at a reasonable price (despite the overall increase in procurement costs due to the tightening environmental restrictions) and maintain the sustainable cost level during the Year, allowing the Group to have competitive pricing strategy. Hence the Group was able to maintain competitive selling prices to retain orders from existing customers and attract new customers during the Year. Although the revenue of the Group for the Year remained relatively stable when compared to the corresponding period in 2021, after upgrading its manufacturing facilities at Dongguan Factories and incurring additional marketing expenses for securing the new orders, the Group's gross profit for the Year declined to approximately HK$182.3 million (2021: approximately HK$226.4 million). In addition, with the increase in sales volume of corrugated paperboard products from operations at Dongguan Factory I, which generated relatively lower gross profit margin due to its product nature as compared to the Group's main business of high value-added printed corrugated paper-based packaging products, the Group's overall gross profit margin for the Year dropped to approximately 15.5% (2021: approximately 18.8%).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review (Continued)

With close monitoring of the economic development and property market conditions, the Group recorded an increase in fair value gain on its investment properties of approximately HK$10.7 million during the Year (2021: approximately HK$2.1 million), despite the volatility in property prices in Hong Kong due to the resurgence of the COVID-19 confirmed cases in early 2022.

In addition to the decrease in gross profit, the Group bore an one-off expense associated with the evacuation arrangement resulting from the redevelopment of the Xinqiao Dongpian area. Pursuant to the lease termination agreements dated 18 May 2021 in relation to six premises (the "**Premises**") leased by the Group (the "**Lease Termination**"), the Group enjoyed three-month rent-free periods for the Premises and received one-off compensation of approximately RMB46.0 million, which were recognised as other income of the Group for the Year. The costs and expenses related to the Lease Termination (including the labour redundancy cost and moving costs) of approximately RMB56.1 million were recognised for the Year, whilst the gain on lease modifications in respect of the Lease Termination of approximately HK$13.4 million were recognised in the Group's financial statements for the year ended 31 March 2021. Such costs and expenses include those additional redundancies and rental costs incurred due to parallel operations in the Dongguan Factories and the Premises as part of the Lease Termination arrangements to ensure a smooth transition and minimal disruption to the Group's operations. For details of the Lease Termination, please refer to the announcement of the Company dated 18 May 2021 and the circular of the Company dated 16 July 2021. As a result, the Group recorded net loss of approximately HK$39.9 million during the Year (2021: net profit of approximately HK$28.7 million).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Result of Operation

	2022		2021	
	HK$'000	*(%)*	*HK$'000*	*(%)*
Sales of goods				
PRC domestic sales	**991,029**	**84.6**	1,001,538	83.7
Domestic delivery export sales	**126,673**	**10.8**	147,321	12.3
Direct export sales	**53,850**	**4.6**	47,561	4.0
	1,171,552	**100.0**	1,196,420	100.0
Properties leasing				
Rental income	**5,719**		5,364	
Total revenue	**1,177,271**		1,201,784	
Gross profit margin		**15.5**		18.8
Net (loss)/profit margin		**(3.4)**		2.4

Revenue

During the Year, the Group managed to retain sales orders from repeated purchases by loyal customers, leveraging its well-established and leading brand reputation and its commitment to providing quality products and services. In response to the increase in consumers' demand driven by the popularity of e-commerce in the PRC, the Group increased its efforts in boosting its domestic sales in China, and successfully expanded its revenue sources by securing orders from new clients. Nevertheless, as offset by the loss of sales orders resulting from the disposal of manufacturing operation in the Fujian Plant in August 2021, the Group's overall revenue decreased slightly to approximately HK$1,177.3 million (2021: approximately HK$1,201.8 million).

Guangdong operation

The Group has been focusing on its business operations through its Dongguan Factories, which are situated in Guangdong and mainly engaged in high value-added business of high-quality corrugated paperboard and structural-designed paper-based packaging products. Dongguan Factory I reached high utilisation rate of production capacity and continued to contribute an additional RMB200 million to the Group's annual capacity to the Group's satisfaction. Such increase in the Group's annual capacity assists the Group in accommodating the anticipated customers' demands. During the Year, the operations at Dongguan Factory I contributed approximately HK$307.2 million to the Group's revenue. In addition, the Group's manufacturing facilities in Dongguan Factory II, having equipped with advanced automatization system, largely boosted the Group's production efficiency and capability during the Year. Thus, the revenue generated from Guangdong operation slightly increased to approximately HK$1,096.1 million during the Year, as compared to approximately HK$1,011.3 million for the corresponding period in 2021.

Revenue (Continued)

Fujian operation

The revenue generated from the Fujian operation was approximately HK$75.5 million during the five-month period (for the year ended 31 March 2021: approximately HK$185.1 million) before its disposal which was completed on 31 August 2021. For details of the Disposal, please refer to the announcement of the Company dated 2 July 2021 and the circular of the Company dated 20 August 2021.

Properties leasing

The revenue generated from the properties leasing business slightly increased to approximately HK$5.7 million for the Year (2021: approximately HK$5.4 million).

Gross Profit

As a result of rising raw paper prices in compliance with the tightened environmental regulations in China, manufacturers in paper packaging industry faced uncertainties due to unstable supply and increasing cost pressure during the Year. Nevertheless, the Group was able to secure sufficient quality supply of raw paper at competitive prices, attributed to the long-standing relationships with suppliers. Supported by the enhanced production capacities at the Dongguan Factories, the Group proactively sought sustainable customer orders through increased efforts in business expansion in the domestic market in China, resulting in higher cost of goods sold incurred. Coupled with the expenditure incurred for renovation of production facilities in Dongguan Factory II, the gross profit of the Group dropped to approximately HK$182.3 million during the Year (2021: approximately HK$226.4 million). While the cost efficiency resulting from the enhanced production facilities would facilitate the Group in further expanding customer bases and bringing sustainable economic benefits to the Group in the long run, the mass production of corrugated paperboard products at Dongguan Factory I contributed a satisfactory gross profit to the Group during the Year; however, the revenue attributable to the corrugated paperboard products generated relatively lower gross profit margin due to its product nature as compared to that of the Group's high value-added printed corrugated paper-based packaging products. Therefore, the Group's gross profit margin dropped to approximately 15.5% during the Year (2021: approximately 18.8%).

Gross Profit (Continued)

Guangdong operation

The Group's factories in Guangdong mainly engaged in the production of high quality corrugated paperboard and high value-added structural-designed paper-based packaging products, which continued to make the most contribution to the Group's gross profit during the Year. Due to the Group's increased efforts in enlarging its market share, as well as upgrading of the production facilities in Dongguan Factory II, the cost of goods sold for Guangdong operation during the Year increased by approximately 14.5%, and correspondingly, the gross profit generated from Guangdong operation decreased to approximately HK$169.4 million during the Year (2021: approximately HK$202.0 million). With the expanded corrugated paperboard business at the Group's Dongguan Factory I which generates relatively lower gross profit margin due to its product nature, the gross profit margin of the Group's Guangdong operation for the Year slightly decreased to approximately 15.5% (2021: approximately 20.0%). Nevertheless, despite the decrease in gross profit margin during the Year, the Group believes that the efficient operation at Dongguan Factory I together with the comprehensive automatization system in Dongguan Factory II would allow the Group to enjoy higher efficiency in its production and operation and further boost its production capacity so as to drive steady profit growth in the long run.

Fujian operation

The gross profit of Fujian operation during the five-month period before its disposal was approximately HK$7.3 million (for the year ended 31 March 2021: approximately HK$19.2 million). For details of the Disposal, please refer to the announcement of the Company dated 2 July 2021 and the circular of the Company dated 20 August 2021.

Properties leasing

The cost of properties leasing represented the direct outgoings of the investment properties. The gross profit of properties leasing maintained stable at approximately HK$5.6 million for the Year (2021: approximately HK$ 5.2 million).

Other income

During the Year, the Group recorded an increase in other income to approximately HK$63.6 million (2021: approximately HK$9.6 million). The increase was mainly due to the one-off evacuation compensation received by the Group during the Year pursuant to the Lease Termination. For details of the Lease Termination, please refer to the announcement of the Company dated 18 May 2021 and the circular of the Company dated 16 July 2021.

Selling and Administrative Expenses

Following the smooth operation of Dongguan Factories, the Group has been proactively exploring new business opportunities in the PRC market whilst maintaining sound relationship with existing customers. Hence, the selling expenses of the Group for the Year slightly increased to approximately HK$89.8 million (2021: approximately HK$81.0 million). With the Group's continuing efforts in strengthening its internal cost management, the overall administrative expenses of the Group slightly decreased to approximately HK$120.2 million for the Year (2021: approximately HK$124.6 million).

Other Operating Expenses

Other operating expenses of the Group during the Year increased to approximately HK$86.1 million (2021: approximately HK$0.6 million), mainly due to the one-off expenses arising from the evacuation arrangements of the Group during the Year pursuant to the Lease Termination. For details of the Lease Termination, please refer to the announcement of the Company dated 18 May 2021 and the circular of the Company dated 16 July 2021.

Finance Costs

The finance costs of the Group mainly incurred from interest on lease liabilities and bank borrowings. Upon the application of HKFRS 16 Leases, the Group's interest expenses for lease liabilities for the Year increased to approximately HK$20.5 million (2021: approximately HK$11.5 million), mainly arising from new lease contracts for newly established factories in Shenzhen city and Dongguan city, all of which commenced in late 2020. The Group's interest on bank borrowings for the Year was maintained at approximately HK$8.0 million (2021: approximately HK$7.9 million).

Other Gains and Losses

The Group had been closely monitoring the market dynamics and evaluating the operation and performance of its investment portfolio in a timely manner. During the Year, the Group recorded fair value gain on investment properties of approximately HK$10.7 million, as compared with approximately HK$2.1 million for corresponding period in 2021.

Furthermore, the Group recorded other gains of approximately HK$12.2 million during the Year. The Group's other gains for the year ended 31 March 2021 was approximately HK$18.1 million, mainly represented a gain on lease modification of approximately HK$13.4 million due to the Lease Termination. For details of the Lease Termination, please refer to the Company's announcement dated 18 May 2021 and the circular of the Company dated 16 July 2021.

Net Profit/Loss and Dividend

The Group's fair value gain on investment properties amounted to approximately HK$10.7 million during the Year (2021: approximately HK$2.1 million). However, the Group recorded a net loss of approximately HK$39.9 million during the Year (2021: net profit of approximately HK$28.7 million), mainly arising from (a) the one-off expenses associated with the evacuation arrangement of the Group during the Year pursuant to the Lease Termination, as mentioned in the paragraph headed "Other Operating Expenses"; (b) the increase in depreciation for property, plant and equipment for the Year to approximately HK$29.9 million (2021: approximately HK$24.4 million) arising from the Dongguan Factories to enhance the Group's production capacity and efficiency; and (c) the increase in depreciation for the right-of-use assets to approximately HK$23.1 million (2021: approximately HK$14.8 million) arising from the lease contracts for the Group's factories in Shenzhen city and Dongguan city with fixed term up to 20 years (all of which commenced in late 2020). Correspondingly, the Group recorded a net loss margin of approximately 3.4% for the Year, whereas the net profit margin for the year ended 31 March 2021 was approximately 2.4%.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Net Profit/Loss and Dividend (Continued)

The basic and diluted loss per share for the Year was HK11.34 cents (2021: earnings per share HK7.91 cents). The Board does not propose payment of final dividend for the Year.

Capital Structure

Having adopted a prudent treasury policy, the Group's current ratio (calculated as current assets divided by current liabilities) was improved to 1.33 as at 31 March 2022 (as at 31 March 2021: 1.15), mainly due to the decrease in current liabilities of the Group.

The Company's issued share capital as at 31 March 2022 was HK$3,438,580 divided into 343,858,000 shares of HK$0.01 each.

Working Capital

	2022 Number of days	2021 Number of days
Trade and bills receivable	**96**	82
Trade and bills payable	**56**	53
Inventories	**40**	40
Cash conversion cycle*	**80**	69

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

The Group's trade and bills receivables as at 31 March 2022 was approximately HK$299.2 million (as at 31 March 2021: approximately HK$320.5 million). The Group's trade and bills receivables turnover days increased to 96 days for the Year as compared to 82 days for the year ended 31 March 2021, as the credit terms of trade receivables at Dongguan Factory I ranging from 15 days to 120 days from the month in which the revenue is recognised. The Group will stick to its stringent credit risks management, and closely monitored the creditworthiness and collection history of its customers.

Attributed to the close collaboration relationship with its suppliers, the Group was able to enjoy stable supply of raw paper. Due to the rising cost of raw paper during the Year, the Group had not purchased additional amounts of raw paper, with the exception of ensuring production needs and maintaining a stringent inventory level to cater for future production needs. Therefore, the Group's trade and bills payable as at 31 March 2022 decreased to approximately HK$126.3 million (as at 31 March 2021: approximately HK$179.5 million). The Group's trade and bill receivables turnover days prolonged to 56 days for the Year as compared to 53 days for the year ended 31 March 2021.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Working Capital (Continued)

To ensure a smooth and cost-effective operation, the Group continued its efforts in maintaining a well-balanced inventory for sales and restocking during the Year. The Group's inventories decreased to approximately HK$100.3 million as at 31 March 2022 (as at 31 March 2021: approximately HK$119.4 million), with inventories turnover days maintained at 40 days for the Year (for the year ended 31 March 2021: 40 days).

Affected by the abovementioned factors, the Group's cash conversion cycle prolonged to 80 days as at 31 March 2022 (as at 31 March 2021: 69 days).

Liquidity and Financial Resources

	As at 31 March	
	2022	2021
Current ratio	**1.33**	1.15
Gearing ratio	**17.0%**	19.4%

During the Year, the principal sources of the Group's working capital remained to be cash flow from operating activities and bank borrowings. The Group's bank balances and cash was approximately HK$122.8 million as at 31 March 2022 (as at 31 March 2021: approximately HK$195.5 million), including pledged bank deposits of approximately HK$13.2 million (as at 31 March 2021: approximately HK$36.9 million). The Group also had unused banking facilities of approximately HK$701.6 million in order to secure future cashflow.

The Group's current assets and current liabilities decreased to approximately HK$553.2 million and approximately HK$415.7 million respectively as at 31 March 2022 as compared to approximately HK$678.8 million and approximately HK$589.5 million respectively as at 31 March 2021, due to the decrease in trade and bills receivables and payables and short-term bank borrowings. The current ratio (current assets divided by current liabilities) of the Group improved to approximately 1.33 as at 31 March 2022 (as at 31 March 2021: approximately 1.15).

The total outstanding bank borrowings of the Group were approximately HK$221.5 million as at 31 March 2022 (as at 31 March 2021: approximately HK$290.3 million), of which approximately HK$155.6 million was repayable within one year and approximately HK$65.9 million was repayable after one year. As at 31 March 2022, all the bank borrowings of the Group were secured, mostly denominated in HKD and RMB and carried floating interest rates.

As at 31 March 2022, the Group managed to maintain 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 17.0% (as at 31 March 2021: approximately 19.4%). This supported the Group to maintain sustainable business growth and financing potential investment opportunities in 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 2022, the Group pledged certain assets including bank deposits, property, plant and equipment, and investment properties, with aggregate net book value of approximately HK$269.4 million (as at 31 March 2021: approximately HK$282.0 million), to secure banking facilities granted to the Group.

Capital Commitment

As at 31 March 2022, the Group's capital expenditure regarding property, plant and equipment, which are contracted but not provided, was approximately HK$5.8 million (as at 31 March 2021: approximately HK$10.2 million).

As at 31 March 2022, the Group did not have any capital expenditure authorized but not contracted for(as at 31 March 2021: Nil).

Contingent Liabilities

The Inland Revenue Department of Hong Kong ("**IRD**") issued estimated assessment and additional assessment for the year of assessment 2009/10 to 2015/16 to six subsidiaries of the Group amounting to HK$23,247,000.

The Company is in the process of negotiation with IRD in relation to the tax assessments of the subsidiaries and the Directors are of the opinion that there has been no best estimation of the outcome as at the end of this reporting period, taking into account the uncertainties of the outcome of the negotiation which has not been concluded as at the date of this announcement. Thus, no tax provision has been made for the year ended 31 March 2022 (31 March 2021: Nil). The Directors will closely monitor the progress and will make provision in a timely manner where necessary and as appropriate.

Disposal of Subsidiaries

On 2 July 2021, the Group entered into a share purchase agreement with a wholly-owned subsidiary of Nine Dragons Paper (Holdings) Limited to dispose the entire equity interest of 60% shareholding of Turbo Best Holdings Limited and its subsidiaries at a consideration of approximately HK$93.1 million. The Disposal was completed on 31 August 2021 and the Group recognised a gain on disposal of subsidiaries amounting to approximately HK$31.4 million during the Year. For further details of the Disposal, please refer to the announcement of the Company dated 2 July 2021 and the circular of the Company dated 20 August 2021.

Employees and Remuneration

The Group's emolument policies are determined with the performance of individual employees and the prevailing market situation, which will be reviewed periodically. As at 31 March 2022, the Group had 1,174 employees in total (as at 31 March 2021: 1,469). The Group's total expenses on the remuneration of employees, including the emolument of the Company's Directors for the Year were approximately HK$191.7 million (2021: approximately HK$192.3 million). In addition, the Group had made an one-off expense for labour redundancy cost of approximately HK$64.5 million as the result of the Lease Termination and the Disposal. For details of the Lease Termination and the Disposal, please refer to the announcements of the Company dated 18 May 2021 and 2 July 2021, as well as the circulars of the Company dated 16 July 2021 and 20 August 2021, respectively.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Prospect

Looking ahead, the rebound in export demand from overseas customers remains uncertain due to the adverse impact of the Pandemic and the corresponding uncertainties in the global economy. However, the Pandemic also changes consumers' purchase behaviors. Online retail sales in China is growing at an accelerated rate, promoting the use of green and recyclable paper-based packaging products for logistics. Leveraging on years of industry expertise and leading reputation in paper-based packaging production industry in China, the Group will continue its business expansion plan in the domestic market, striving to identify more market opportunities, as well as to expand its customer base and order volume in the long run. With the smooth and efficient operation in the Dongguan Factories, the Group's total annual production capacity is expected to reach RMB1,000 million by the end of 2022, allowing the Group to accommodate growing sales orders from Dongguan and neighboring areas in the future with the Group's marketing strategy. The Group will further enhance resource integration and optimize capacity allocation in response to diverse needs of customers, in order to assure on-time delivery to customers and expand its market position in China's corrugated paper-based packaging industry.

In line with the tightening environmental regulations in China, paper and paper-based packaging manufacturers are experiencing further cost pressure to keep in line with the upscale industrial requirements imposed on the products produced by them. To keep in pace with the latest industry benchmarks and market developments, the Group will keep up its efforts in internal cost control and risk management whilst integrating eco-friendly concepts into its operations and productions to support sustainable business developments. The Group will also maintain close communication with its major suppliers. Leveraging on the long-term cooperative relationships with the suppliers, the Group aims to make best of alternative procurement channels while maintaining efficient supply chain risk management, as well as to ensure the ability to source a stable and quality supply of raw paper in cost-effective manner despite the competitive business environment.

Meanwhile, the Group will pay closer attention to the fluctuations of property and financial markets, evaluating the performance of its investment portfolio on a regular basis, so as to achieve long-term sustainable profitability and maximum returns for the shareholders.

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 2022.

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

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 5 September 2022, the register of members of the Company will be closed from 31 August 2022 to 5 September 2022, 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 30 August 2022.

EVENT AFTER THE REPORTING PERIOD

There is no significant event occurring after the end of the Year up to the date of this announcement.

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 2022.

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 2022

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.