

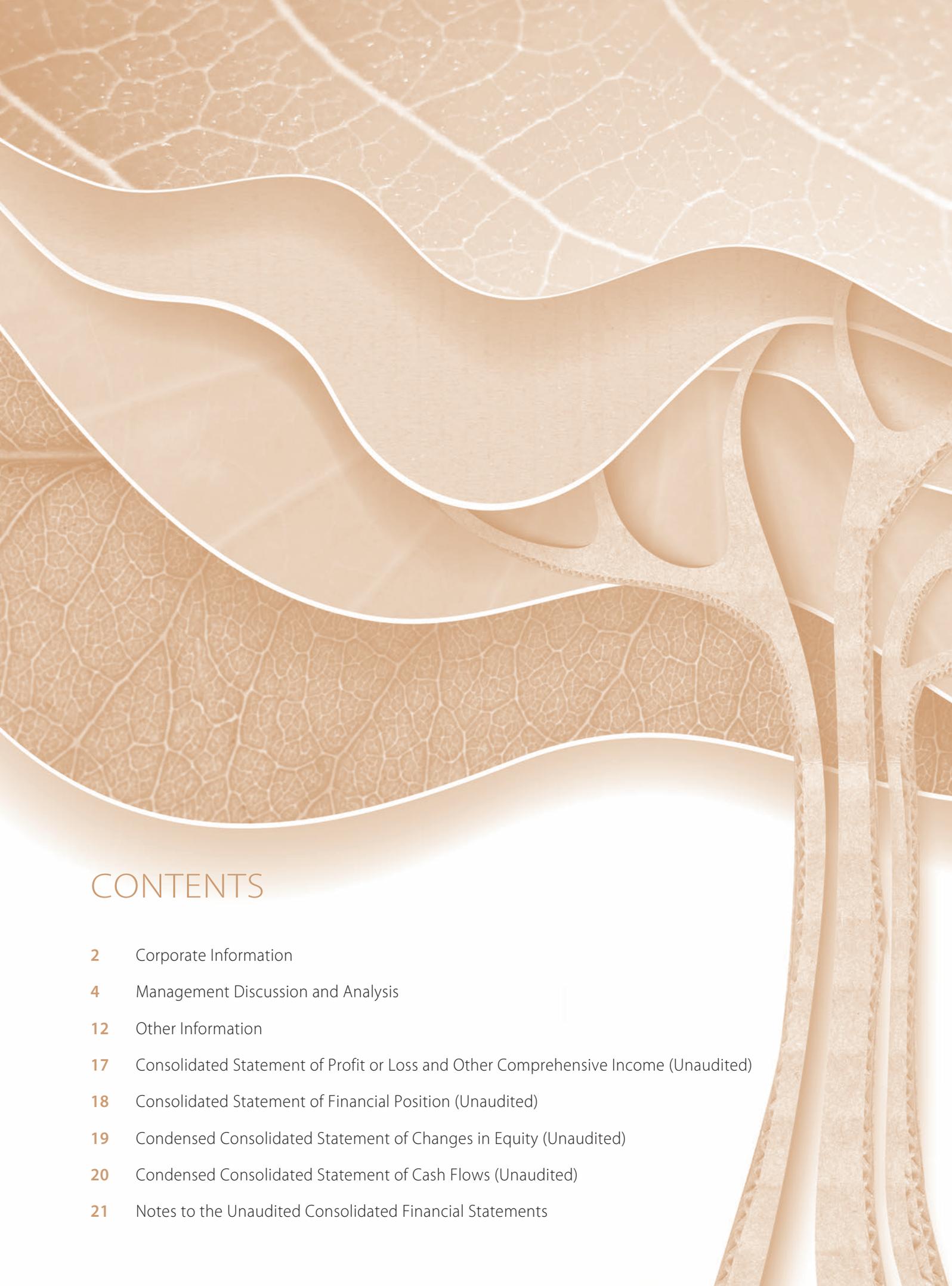
INTERIM REPORT 2022



COME SURE
Group (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability) Stock Code: 00794





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CORPORATE INFORMATION

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

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong law:

Howse Williams
27/F, Alexandra House
18 Chater Road
Central
Hong Kong

As to Cayman Islands law:

Appleby
Suites 4201-03 & 12
42/F, One Island East
Taikoo Place, 18 Westlands Road
Quarry Bay
Hong Kong

As to PRC law:

FA FANG Solicitors
Room 1806, Floor 18
COFCO Real Estate Group Center,
Longjing 2nd Road
Baoan District
Shenzhen, PRC

AUDITOR

HLM CPA Limited
Public Interest Entity Auditor
registered in accordance with
the Financial Reporting Council Ordinance
Rooms 1501-8, 15/F
Tai Yau Building
181 Johnston Road
Wan Chai
Hong Kong

VALUERS

Roma Appraisals Limited
22/F, China Overseas Building,
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Wanchai
Hong Kong

REGISTERED OFFICE

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Grand Cayman, KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Chai Wan
Hong Kong

COMPANY WEBSITE ADDRESS

www.comesure.com

COMPANY SECRETARY

Ms. BOK Yuk Wan

AUTHORISED REPRESENTATIVES

Mr. CHONG Wa Pan
Mr. CHONG Wa Ching

AUTHORISED PERSON TO ACCEPT SERVICE OF PROCESS AND NOTICE UNDER PART XI OF THE COMPANIES ORDINANCE

Mr. CHONG Wa Ching

MEMBERS OF AUDIT COMMITTEE

Mr. LAW Tze Lun (*Chairman*)
Mr. CHAU On Ta Yuen
Ms. TSUI Pui Man

MEMBERS OF REMUNERATION COMMITTEE

Ms. TSUI Pui Man (*Chairman*)
Mr. CHAU On Ta Yuen
Mr. LAW Tze Lun
Mr. CHONG Wa Pan

MEMBERS OF NOMINATION COMMITTEE

Ms. TSUI Pui Man (*Chairman*)
Mr. CHAU On Ta Yuen
Mr. LAW Tze Lun
Mr. CHONG Wa Pan

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

Standard Chartered Bank (Hong Kong) Limited
Standard Chartered Bank Building
4-4A Des Voeux Road Central
Hong Kong

Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

DBS Bank (Hong Kong) Limited
G/F, The Centre
99 Queen's Road Central
Central
Hong Kong

Bank of China (Hong Kong) Limited
Bank of China Tower
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Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman, KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Address prior to 15 August 2022:
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

Address on or after 15 August 2022:
17/F,
Far East Finance Centre,
16 Harcourt Road,
Hong Kong

INVESTOR RELATION

DirectiR Limited
16/F, Shing Lee Commercial Bldg
8 Wing Kut Street
Central
Hong Kong

STOCK CODE

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MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

During the six months ended 30 September 2022 (the “**Period**”), to prevent further spreading of the novel coronavirus (“**COVID-19**” or the “**Pandemic**”), the People’s Republic of China (the “**PRC**” or “**China**”) has implemented strict lockdown and restrictions measures in several cities, numerous business activities were affected especially during the second and third quarter of 2022. According to the National Bureau of Statistics of China (the “**NBSC**”), China’s year-on-year (“**YoY**”) economic growth rate was 0.4% and 3.9% respectively in the second and third quarter of 2022, which represented much slower growth than the growth rate of 7.9% and 4.9% during the corresponding periods in 2021, respectively. Coupled with the heightened geopolitical uncertainty and inflation experienced by various countries around the globe during the Period, weakened global demand had caused adverse impact on Chinese manufacturers’ export performance. Fortunately, China’s consumer market maintained positive momentum during the Period despite facing various uncertainties and undesirable pressures at home and abroad. According to the NBSC, the total retail sales of consumer goods registered a 0.7% YoY increase to approximately RMB32,031 billion during the first 9 months of 2022; in particular, online retail sales increased by 4.0% YoY to approximately RMB9,588.4 billion in 2022, demonstrating that the resilience and consumption potential in the PRC market remained strong.

The recurrence of COVID-19 confirmed cases in China and around the globe, intensified tensions in global supply chain coupled with the impact of inflation, had led to higher logistics cost for paper packaging manufacturers. In addition, with the dual control of energy consumption and energy intensity in China imposed by the PRC government during the recent years, the rising costs of domestic energy and raw materials caused heavy burden on Chinese paper packaging manufacturers in sustaining their operational profitability. At the same time, the exchange rate of Renminbi (“**RMB**”) to the US-dollar hit new record low since 2011 during the Period, with the exchange rate as at 30 September 2022 being RMB7.0998 to 1 US-dollar (as at 30 September 2021: RMB6.4854 to 1 US-dollar). The notable depreciation of RMB also impacted the industrial turnover, leading to increased operational pressure to manufacturers with global trade. As a result, the total profits generated by sizable paper and paper products manufacturers in China recorded a YoY decrease of approximately 42.0% for the first three quarters of 2022, according to the statistics from NBSC. Only enterprises with flexible and reliable sourcing channels could acquire sufficient raw materials to sustain their production needs and business operation amid such competitive market when confronted with various operational constraints.

With tightening environmental regulation and rising industry standard, domestic paper-based packaging manufacturers had been facing increased pressure to maintain their profitability resulting from additional investments in energy-saving technologies and related maintenance costs. Nevertheless, leading manufacturers with advanced production techniques which are willing to upgrade their technologies in compliance with the environmental regulation and industry standard would be able to maintain sustainable business development and differentiate themselves from their peers in face of such challenging business environment.

BUSINESS REVIEW

Despite the preventative and control measures imposed by the PRC government due to the Pandemic caused adverse impact on the retail trade in the PRC domestic market during the Period, thanks to its well-established credibility and reputation among the PRC paper packaging industry, the Group received sustainable sales orders during the Period. In line with its forward-looking strategies to continue its expansion in the PRC’s domestic market, the Group continues to capture immense business opportunities with the view to diversify its customer bases. Meanwhile, to better control the credit risk of new customers, the Group strengthened its internal corporate risk management by mainly focusing on fulfilling sales orders from sizeable customers, the majority of which were well-known brands in home appliance sector.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

However, with decrease in export demand from overseas customers during the Period amid the growing concern on the global economy due to inflation and increased interest rates, the Group's sales performance were inevitably affected leading to a decrease in the Group's revenue. Whereas part of the Group's revenue for the corresponding period in 2021 was attributable to its operation in Fujian (disposal of which was completed on 31 August 2021), the depreciation of RMB against Hong Kong dollars ("HKD" or "HK\$") throughout the Period contributed to the decrease in the Group's revenue. As such, the Group's revenue decreased by approximately 24.3% to approximately HK\$476.9 million during the Period (for the corresponding period in 2021: approximately HK\$630.1 million). Nonetheless, with the Group's capability of receiving sustainable sales orders continuously thanks to its well-established credibility and reputation and internal risk control measures, the Group, as supported by adequate production capacities under the smooth operation in the Group's newly established factories in Dongguan (namely Dongguan Factory I and Dongguan Factory II), would be able to cater for the foreseeable substantial increase in customer demand when the macro-economic environment improves.

During the Period, attributed to the long-standing business relationship with its major suppliers, the Group enjoyed sufficient supply of quality raw paper through both domestic and overseas procurement in a cost-efficient way despite the fluctuations in the price of PRC domestic raw paper. In order to satisfy delivery schedules of domestic customers whilst maintaining effective and flexible inventory management, the Group mainly relied on domestic procurement for its raw materials during the Period. With the gradual recovery of logistics and resumption of delivery around the globe, the Group has been continuously adjusting the proportion of raw materials imported from overseas and procured from domestic suppliers according to the prevailing situation, with the view to achieve optimal stock management and cost effectiveness. Leveraging on the Group's ability to offer quality paper-based packaging products and extensive value-added services, the Group managed to adjust its selling price upwards to cater for the increase in operational costs while maintaining its competitiveness in the industry. In addition, due to uncertainty of customer demand amidst the unfavourable economic environment, the Group stepped up its efforts in increasing the effectiveness of its internal management so as to sustain an efficient cost level (including labour and operational costs) during the Period. Despite such efforts, the depreciation of RMB against HKD had imposed negative impact on the Group's profit as the Group's major functional currency for its business operations is RMB. Therefore, coupled with the effect in decrease in cost of goods sold due to the effective cost control measures, the Group's gross profit decreased by only approximately 2.4% to approximately HK\$80.5 million during the Period (for the corresponding period in 2021: approximately HK\$82.5 million). Furthermore, with the increase in proportion of high value-added printed corrugated paper-based packaging products sold by the Group, the Group's overall gross profit margin for the Period increased to approximately 16.9% (for the corresponding period in 2021: approximately 13.1%).

With negative consequences due to the Pandemic resulting in an economic downturn, the property market in Hong Kong faced adverse fluctuations during the Period. The Group therefore recorded a fair value loss on its investment properties of approximately HK\$1.8 million during the Period (for the corresponding period in 2021: fair value gain of approximately HK\$5.9 million). Although the Group adopted a prudent approach to avoid making new investment plans amid such volatile property market, the Group will keep monitoring the market trend and reviewing the performance of its investment portfolio timely from a long-term investment perspective.

As a result of the aforementioned factors, the Group recorded an increase in profit during the Period when compared to the corresponding period in 2021 but nonetheless recorded a net loss of approximately HK\$8.4 million during the Period (for the corresponding period in 2021: net loss of approximately HK\$9.1 million). In response to the potential market changes, the Group will further enhance its resource integration and optimise its capacity allocation to expand and diversify its customer base as well as solidify its market position in China's corrugated paper-based packaging industry.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATION

	For the six months ended 30 September			
	2022		2021	
	HK\$'000	(%)	HK\$'000	(%)
<i>Sales of goods</i>				
PRC domestic sales	400,070	84.4	538,319	85.9
Domestic delivery export sales	50,375	10.6	59,883	9.5
Direct export sales	23,486	5.0	28,985	4.6
	473,931	100.0	627,187	100.0
<i>Properties leasing</i>				
Rental income	3,017		2,864	
Total revenue	476,948		630,051	
Gross profit margin		16.9		13.1
Net loss margin		(1.8)		(1.4)

REVENUE

Despite the weakened export market due to global inflation and the ongoing Pandemic, being well-recognised for its premier corrugated paperboard products and solutions, the Group managed to secure sustainable orders from its loyal customer base. In face of such unfavorable economic environment, the Group had formulated and implemented its precedent business expansion plans cautiously to mitigate risks faced by the Group, by focusing on maintaining collaboration with existing customers of renowned brands and reputation to ensure its business sustainability and resilience. The Group's revenue for the Period was approximately HK\$476.9 million (for the corresponding period in 2021: approximately HK\$630.1 million). Whereas part of the Group's revenue for the corresponding period in 2021 was attributable to its operation in Fujian (disposal of which was completed on 31 August 2021), the depreciation of RMB against HKD throughout the Period contributed to the decrease in the Group's revenue for the Period. Nevertheless, the Group has established a well-earned reputation in the industry by consistently delivering quality paper packaging products and high value-added services to customers, which allows the Group to continue to carry out its long-term business development strategies to further strengthen its market presence in the PRC market when the market condition improves.

Guangdong operation

The Group continued to focus on its business development of its Guangdong operation, which mainly engaged in high value-added business, including high-quality corrugated paperboard and structural-designed paper-based packaging products. During the Period, the sales volume from Guangdong operation remained stable despite the challenging business environment, which was attributable to the Group's growing brand recognition in Guangdong and surrounding areas. However, the RMB depreciation led to the decrease in revenue generated from Guangdong operations to approximately HK\$473.9 million during the Period (for the corresponding period in 2021: approximately HK\$551.7 million). The Group believes the advanced production technique and capacity in its factories will enable the Group to cope with potential increase in market demand and assist the Group's business expansion over the long run.

REVENUE *(Continued)*

Properties leasing

The revenue generated from the properties leasing business remained stable at approximately HK\$3.0 million for the Period (for the corresponding period in 2021: approximately HK\$2.9 million).

GROSS PROFIT

The Group's revenue and trade receivables are denominated in RMB. In line with the decrease in the Group's revenue, the Group's gross profit decreased to approximately HK\$80.5 million during the Period (for the corresponding period in 2021: approximately HK\$82.5 million). Having benefited from the long-standing business relationship with its long-term suppliers, the Group was able to purchase sufficient high-quality raw paper while ensuring cost-effectiveness and flexible stock management. In addition, the Group adjusted its selling price upwards to cater for the increase in operational costs under inflation while maintaining its competitiveness in the industry. With the Group's effective cost management and enhanced operational efficiency, despite the depreciated RMB and unfavourable economic conditions, the Group sustained its profitability and its gross profit margin was increased to approximately 16.9% during the Period (for the corresponding period in 2021: approximately 13.1%).

Guangdong operation

The Group's factories in Guangdong mainly engaged in production of high quality corrugated paperboard and high value-added structural-designed paper-based packaging products and continued to be the core operation of the Group. The Group maintained its competitiveness and pricing advantage in the PRC's paper packaging industry attributed to long-established brand recognition and dedication to quality, the gross profit generated from the Guangdong operation for the Period increased to approximately HK\$78.1 million (for the corresponding period in 2021: approximately HK\$72.4 million). The gross profit margin of the Group's Guangdong operation for the Period was approximately 16.5% (for the corresponding period in 2021: approximately 13.1%).

Properties leasing

The cost of properties leasing represented the direct outgoings of the investment properties. The gross profit of properties leasing maintained stable during the Period, of approximately HK\$2.4 million for the Period (for the corresponding period in 2021: approximately HK\$2.8 million).

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER INCOME

The Group's other income for the Period was approximately HK\$17.5 million (for the corresponding period in 2021: approximately HK\$61.8 million). The other income for the Period was mainly generated from the exchange gain and government subsidies. The other income for the corresponding period in 2021 was mainly due to the one-off evacuation compensation received by the Group pursuant to the lease termination in relation to the lease termination agreements of six premises (the "Premises") leased by the group on 18 May 2021 (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

In line with the decrease in revenue, the selling expenses of the Group for the Period dropped to approximately HK\$41.8 million (for the corresponding period in 2021: approximately HK\$46.6 million). Having imposed strengthened control of internal and risk management to achieve sustainable profitability in the long run, the overall administrative expenses of the Group decreased to approximately HK\$46.8 million for the Period, as compared to approximately HK\$61.7 million for the corresponding period in 2021 which incurred due to one-off redundancies and rental cost under parallel operations arrangements in the Dongguan factories and the Premises to ensure smooth transition and minimal disruption to the Group's operation.

FINANCE COSTS

The finance costs mainly represented interest expenses on bank borrowings and lease liabilities. The Group's interest on bank borrowings for the Period maintained at approximately HK\$4.1 million (for the corresponding period in 2021: approximately HK\$4.1 million). Upon the application of Hong Kong Financial Reporting Standard ("HKFRS") 16 Leases, the Group's interest expenses on lease liabilities decreased to approximately HK\$9.5 million for the Period (for the corresponding period in 2021: approximately HK\$10.2 million).

OTHER GAINS AND LOSSES

The Group had been keeping an eye on the performance of security market and investment portfolio from time to time. During the Period, the Group recorded other loss of approximately HK\$1.8 million (for the corresponding period of 2021: other gain of approximately HK\$6.5 million) which mainly represented the fair value loss on investment properties of approximately HK\$1.8 million during the Period, whereas the fair value gain of investment properties for the corresponding period of 2021 was approximately HK\$5.9 million.

WORKING CAPITAL

	30 September 2022 Turnover Days	31 March 2022 Turnover Days
Trade and bills receivables	110	96
Trade and bills payables	53	56
Inventories	43	40
Cash conversion cycle*	100	80

* Calculation of the turnover days regarding to the cash conversion cycle = Trade and bills receivable turnover days + Inventories turnover days – Trade and bills payables turnover days

MANAGEMENT DISCUSSION AND ANALYSIS

WORKING CAPITAL *(Continued)*

The Group had adopted stringent credit risks management through closely monitoring the creditworthiness and collection history of customers. The Group's trade and bills receivables as at 30 September 2022 was approximately HK\$275.2 million (as at 31 March 2022: approximately HK\$299.2 million). For those existing customers with good payment records and close business relationship, the Group allowed longer credit terms. 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's trade and bills receivables turnover days for the Period still fall within a manageable range of 110 days (for the year ended 31 March 2022: 96 days).

In view of the changes in export sales orders, the Group had adopted stringent control on procurement to maintain an efficient inventory management. Attributed to the close relationship with its suppliers, the Group's trade and bills payables turnover days maintained at similar level of 53 days for the Period (for the year ended 31 March 2022: 56 days). The Group's trade and bills payables as at 30 September 2022 decreased to approximately HK\$105.1 million (as at 31 March 2022: approximately HK\$126.3 million).

The Group's inventories decreased to approximately HK\$87.2 million as at 30 September 2022 (as at 31 March 2022: approximately HK\$100.3 million), while the inventory efficiency was maintained with inventories turnover days of 43 days for the Period (for the year ended 31 March 2022: 40 days).

Summarising the above, the Group's cash conversion cycle increased to 100 days for the Period (for the year ended 31 March 2022: 80 days).

LIQUIDITY AND FINANCIAL RESOURCES

	30 September 2022	31 March 2022
Current ratio	1.32	1.33
Gearing ratio	17.1%	17.0%

As at 30 September 2022, the principal sources of working capital of the Group remained to be the cash flow from operating activities and bank borrowings. As at 30 September 2022, the Group's total bank and cash balances was approximately HK\$81.5 million (as at 31 March 2022: approximately HK\$122.8 million), including pledged bank deposit of approximately HK\$12.4 million (as at 31 March 2022: approximately HK\$13.2 million). Additionally, the Group had unused banking facilities of approximately HK\$766.0 million for securing future cashflow.

As mentioned above in the "Working Capital" section, the Group's cash conversion cycle increased to 100 days for the Period, while the current assets and the current liabilities of the Group as at 30 September 2022 decreased to approximately HK\$478.9 million and approximately HK\$362.9 million respectively (as at 31 March 2022: approximately HK\$553.2 million and approximately HK\$415.7 million respectively). The current ratio (current assets divided by current liabilities) as at 30 September 2022 maintained at a healthy level of 1.32 (as at 31 March 2022: 1.33).

As at 30 September 2022, the total outstanding bank borrowings decreased to approximately HK\$198.3 million (as at 31 March 2022: approximately HK\$221.5 million), of which approximately HK\$144.5 million was repayable within one year and approximately HK\$53.8 million was repayable after one year. As at 30 September 2022, all the bank borrowings of the Group were secured, mostly denominated in HKD and RMB and carried floating interest rates.

The Group's gearing ratio (total borrowings divided by total assets) remained stable at approximately 17.1% as at 30 September 2022 which maintained at a sound liquidity position (as at 31 March 2022: approximately 17.0%). Having maintained sufficient cash level and banking facilities, the Group is able to maintain a sustainable business development and finance potential investment opportunities in future.



MANAGEMENT DISCUSSION AND ANALYSIS

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 closely monitor the foreign currency exposure and will consider taking appropriate initiatives, including but not limited to hedging significant foreign currency exposure if necessary.

CHARGE OF ASSETS

As at 30 September 2022, the Group pledged certain assets such as bank deposits, buildings and investment properties, with aggregate carrying value of approximately HK\$267.1 million (as at 31 March 2022: approximately HK\$269.4 million), to secure banking facilities granted to the Group.

CAPITAL COMMITMENT

As at 30 September 2022, the Group's capital expenditure regarding property, plant and equipment, which were contracted but not provided, was approximately HK\$7.5 million (as at 31 March 2022: approximately HK\$5.8 million).

As at 30 September 2022, the Group did not have any capital expenditure authorised but not contracted for (as at 31 March 2022: Nil).

CONTINGENT LIABILITIES

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.

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 report. Thus, no tax provision has been made for the Period (31 March 2022: Nil). The Directors will closely monitor the progress and will make provision in a timely manner where necessary and as appropriate.

EMPLOYEES AND REMUNERATION

The Group had 1,040 employees in total as at 30 September 2022 (as at 31 March 2022: 1,174). During the Period, the Group's total expenses on the remuneration of employees including emolument of the Directors were approximately HK\$79.6 million (for the corresponding period in 2021: approximately HK\$103.1 million).

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

The Group's emolument policies are primarily formulated based on the performance of individual employees and the current market situation, which will be reviewed periodically. In addition to medical insurance and MPF scheme, competitive remuneration packages, discretionary bonuses, as well as employee share options, which are generally structured with reference to market terms, are also awarded to eligible employees according to the assessment of individual performance.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECT

Looking ahead, the recovery of global consumer demand remains uncertain in near future due to the inflation and financial market volatility brought about by the ongoing Pandemic and global tensions. To support the growth in domestic demand, the Chinese government has been stepping up its efforts in launching fiscal and monetary stimulus to stimulate domestic consumption. Adhering to its long-term business development strategy for expanding its customer base and increasing its domestic sales in the PRC market, the Group will continue to focus its resources on developing its paper packaging production business in domestic market to sustain the stable growth amid the currently challenging business environment. Leveraging its industry expertise and leading brand reputation in the PRC's paper-based packaging industry, the Group will make timely adjustments to its sales and marketing strategies according to latest market conditions, while maintain a stringent risk control management to ensure its business sustainability.

Faced with the challenges of inflation in the cost of raw materials driven by rising industrial standards, the Group will continue to maintain efficient communication and long-standing relationship with its existing suppliers. The Group will also adhere to its diversified sourcing strategy which proven to be beneficial in allowing the Group to keep certain proportion of raw materials supply from domestic and overseas suppliers in a flexible and cost-efficient manner. As a eco-conscious paper-based packaging manufacturer, the Group is also committed to integrating sustainable ideologies into its operations and products to promote environmental protection. Meanwhile, the Group will continue its efforts in strengthening internal cost management to maximise its operational efficiency.

Although the Group has no plan for material investment amid the economic uncertainties, the Group will review its existing investment portfolio from time to time according to the market conditions and adjust its investment portfolios cautiously as and when appropriate, so as to achieve sustainable profitability and maximise returns for the shareholders in the long run.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES

As at 30 September 2022, the interests and short positions of the Directors and chief executives of the Company in the shares (the "Shares"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to provisions of Divisions 7 and 8 of Part XV of the SFO or Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange, were as follows:

Long positions in the Shares

Name	Capacity/Nature of interest	Number of Shares	Percentage of issued Shares
Mr. CHONG Kam Chau (Notes 1 & 2)	Interest of a controlled corporation; founder and beneficiary of a discretionary trust	233,000,000	67.76%
Mr. CHONG Wa Pan (Notes 1 & 3)	Beneficiary of a discretionary trust	233,000,000	67.76%
Mr. CHONG Wa Ching (Notes 1 & 3)	Beneficiary of a discretionary trust	233,000,000	67.76%
Mr. CHONG Wa Lam (Notes 1 & 3)	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 interest	Number of securities	Percentage of shareholding
Mr. CHONG Kam Chau (Notes 1 & 2)	Perfect Group Version Limited	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 Version Limited	Beneficiary of a discretionary trust	10,000 ordinary shares	100%
Mr. CHONG Wa Ching (Notes 1 & 3)	Perfect Group Version Limited	Beneficiary of a discretionary trust	10,000 ordinary shares	100%
Mr. CHONG Wa Lam (Notes 1 & 3)	Perfect Group Version Limited	Beneficiary of a discretionary trust	10,000 ordinary shares	100%

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES (Continued)**Long positions in the ordinary shares of associated corporation** (Continued)

Notes:

1. The entire issued shares of Perfect Group Version Limited ("**Perfect Group**") are held by Jade City Assets Limited ("**Jade City**"), 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.
2. 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.
3. 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 or chief executive, had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations as at 30 September 2022.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2022, 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 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 Version Limited (Notes 1 & 2)	Beneficial owner	233,000,000	67.76%
Jade City Assets Limited (Notes 1 & 2)	Interest of controlled corporation	233,000,000	67.76%
HSBC International Trustee Limited (Notes 1 & 2)	Trustee	233,000,000	67.76%
Ms. CHAN Po Ting (Notes 1 & 3)	Family interests; Beneficiary of a discretionary trust	233,000,000	67.76%
Ms. HUNG Woon Cheuk (Note 4)	Family interests	233,000,000	67.76%
Ms. YUEN Chung Yan (Note 5)	Family interests	233,000,000	67.76%
Mr. CHONG Kam Shing (Note 1)	Beneficiary of a discretionary trust	233,000,000	67.76%

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS (Continued)

Long positions in the Shares (Continued)

Notes:

1. The entire issued shares of Perfect Group are held by Jade City, 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 and Mr. CHONG Wa Lam and Mr. CHONG Kam Shing, who is the son of Mr. CHONG Wa Pan.
2. Such Shares are held by Perfect Group, the entire issued shares of which are held by Jade City. The entire issued capital of Jade City 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 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 is the spouse of Mr. CHONG Wa Ching. Therefore, Ms. YUEN Chung Yan is deemed or taken to be interested in the interests held by Mr. CHONG Wa Ching under the SFO.

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

During the Period, the Company repurchased a total of 12,472,000 ordinary shares of HK\$0.01 each of the Company on the Stock Exchange at an aggregate consideration of approximately HK\$4.9 million. All of the 12,472,000 repurchased shares were subsequently cancelled in November 2022.

Particulars of the repurchases during the Period are as follows:

Month of repurchase	No. of Ordinary shares of HK\$0.01 each	Price per share		Aggregate consideration paid HK\$
		Highest HK\$	Lowest HK\$	
August 2022	10,770,000	0.395	0.385	4,242,740
September 2022	1,702,000	0.390	0.390	663,780
	12,472,000			4,906,520

Subsequent to 30 September 2022 and up to the date of this report, the Company repurchased a total of 302,000 shares at an aggregate consideration of HK\$95,280. All of the 12,774,000 repurchased shares, being the aggregate of 12,472,000 shares repurchased during the Period and 302,000 shares repurchased subsequent to 30 September 2022 and up to the date of this report, were subsequently cancelled in November 2022. The number of issued shares of the Company as at the date of this report was 331,084,000 shares.

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

CORPORATE GOVERNANCE

The Board is committed to maintain 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 had complied with the applicable code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the Period.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

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

AUDIT COMMITTEE

The main duties of the audit committee of the Company (the "**Audit Committee**") are to consider the relationship with external auditors, to review the financial statements of the Group, and to oversee the Group's financial reporting system and internal control procedures. The Audit Committee consists of three independent non-executive Directors, namely Mr. LAW Tze Lun, who is also the chairman of the Audit Committee, Mr. CHAU On Ta Yuen and Ms. TSUI Pui Man.

The Audit Committee has reviewed with the management this interim report and the unaudited consolidated financial statements of the Group for the Period, including the accounting principles and practices adopted, internal controls and financial reporting matters.

SHARE OPTION SCHEME

On 5 February 2009, the Company conditionally adopted the share option scheme (the "**Scheme**") whereby the Board are authorised, at their absolute discretion and subject to the terms of the Scheme, to grant options to subscribe the shares of the Company to, inter alia, any employees (full-time or part-time), directors, consultants and advisers or any substantial shareholder, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group. The Scheme became unconditional on 26 February 2009 and shall be valid and effective for a period of ten years commencing on 5 February 2009, subject to the early termination provisions contained in the Scheme. The Scheme was already expired as at the date of this interim report.

As at 30 September 2022 and as at the date of this interim report, there were no outstanding share options under the Scheme.



OTHER INFORMATION

CHANGES IN INFORMATION OF DIRECTORS

There is no other information of the Directors that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

EVENTS AFTER THE PERIOD

The Directors confirm that no significant event that affected the Group has occurred after the end of the Period and up to the date of this interim report.

PUBLIC FLOAT

As far as the Company is aware, at least 25% of the issued shares of the Company were held in public hands as at 30 September 2022.

On behalf of the Board

CHONG Kam Chau

Chairman

Hong Kong, 30 November 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 September 2022

	Notes	Six months ended 30 September	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	3	476,948	630,051
Cost of goods sold		(396,461)	(547,530)
Gross profit		80,487	82,521
Other income	4	17,473	61,842
Other gains and losses	5	(1,765)	6,469
Selling expenses		(41,788)	(46,562)
Administrative expenses		(46,794)	(61,707)
Reversal of impairment of trade receivables		134	–
Other operating expenses	6	(119)	(70,195)
Finance costs	7	(13,560)	(14,360)
Gain on disposal of subsidiaries	17	–	31,378
Loss before tax		(5,932)	(10,614)
Income tax (expense) credit	8	(2,456)	1,501
Loss for the period	9	(8,388)	(9,113)
Other comprehensive (expense) income:			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(42,704)	7,654
Release of translation reserve upon disposal of subsidiaries		–	(890)
Other comprehensive (expense) income for the period, net of income tax		(42,704)	6,764
Total comprehensive expense for the period		(51,092)	(2,349)
Loss for the period attributable to:			
Owners of the Company		(8,388)	(8,216)
Non-controlling interests		–	(897)
		(8,388)	(9,113)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(51,092)	(2,058)
Non-controlling interests		–	(291)
		(51,092)	(2,349)
Loss per share			
Basic and diluted	10	(2.44) cents	(2.39) cents
Dividend	11	–	–

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2022

	Notes	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Non-current assets			
Prepaid lease payments		27,517	31,112
Right-of-use assets		198,686	231,385
Property, plant and equipment	12	178,443	190,727
Investment properties		255,000	256,500
Goodwill		11,631	11,631
Deposits paid for acquisition of property, plant and equipment		5,530	20,621
Rental deposits		3,482	3,747
Club membership		366	366
		680,655	746,089
Current assets			
Inventories		87,229	100,276
Trade and bills receivables	13	275,205	299,175
Prepayments, deposits and other receivables	14	21,957	16,310
Tax recoverable		10,726	10,726
Financial assets at fair value through profit or loss ("FVTPL")		2,295	3,875
Pledged bank deposits		12,428	13,200
Bank and cash balances		69,081	109,613
		478,921	553,175
Current liabilities			
Trade and bills payables	15	105,075	126,333
Accruals and other payables		36,442	44,069
Contract liabilities		1,247	3,096
Lease liabilities		9,111	9,768
Short-term bank borrowings		128,119	140,412
Tax payables		21,819	22,143
Long-term bank borrowings		61,068	69,857
		362,881	415,678
Net current assets		116,040	137,497
Total assets less current liabilities		796,695	883,586
Non-current liabilities			
Long-term bank borrowings		9,100	11,200
Lease liabilities		205,155	233,931
		214,255	245,131
NET ASSETS		582,440	638,455
Capital and reserves			
Share capital	16	3,439	3,439
Reserves		579,001	635,016
TOTAL EQUITY		582,440	638,455

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2022

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium reserve HK\$'000	Special reserve HK\$'000	Foreign currency translation reserve HK\$'000	Statutory reserve HK\$'000	Other reserve HK\$'000	Contribution reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2021 (audited)	3,439	180,476	105,309	40,602	40,329	(20)	15,840	272,492	658,467	(5,062)	653,405
Total comprehensive income for the period	-	-	-	6,158	-	-	-	(8,216)	(2,058)	(291)	(2,349)
Disposal of subsidiaries (note 17)	-	-	-	-	(58)	-	-	-	(58)	3,652	3,594
Change in equity for the period	-	-	-	6,158	(58)	-	-	(8,216)	(2,116)	3,361	1,245
At 30 September 2021 (unaudited)	3,439	180,476	105,309	46,760	40,271	(20)	15,840	264,276	656,351	(1,701)	654,650
At 1 April 2022 (audited)	3,439	180,476	105,309	59,633	44,449	(20)	15,840	229,329	638,455	-	638,455
Total comprehensive income for the period	-	-	-	(42,704)	-	-	-	(8,388)	(51,092)	-	(51,092)
Buy-back of ordinary shares	-	-	-	-	-	(4,923)	-	-	(4,923)	-	(4,923)
Change in equity for the period	-	-	-	(42,704)	-	(4,923)	-	(8,388)	(56,015)	-	(56,015)
At 30 September 2022 (unaudited)	3,439	180,476	105,309	16,929	44,449	(4,943)	15,840	220,941	582,440	-	582,440

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 September 2022

		Six months ended 30 September	
	Note	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES		4,082	7,807
INVESTING ACTIVITIES			
Repair and maintenance expenses capitalised for investment properties		(290)	–
Purchases of property, plant and equipment	12	(4,678)	(18,141)
(Increase) decrease in pledged bank deposits		(619)	887
Deposits paid for acquisition of property, plant and equipment		(52)	(8,917)
Purchase of equity securities at FVTPL		(1,069)	–
Proceeds from disposal of wealth management products		2,161	–
Proceeds from disposal of property, plant and equipment		11	348
Cash inflow from wealth management products		370	714
Dividend income from equity securities at FVTPL		80	–
Net cash flow on disposal of subsidiaries		–	52,046
Interest received		115	548
NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES		(3,971)	27,485
FINANCING ACTIVITIES			
Drawdown of new bank borrowings		94,414	170,035
Repayment of bank borrowings		(110,301)	(260,398)
Payment on buy-back of ordinary shares		(4,923)	–
Repayment of lease liabilities		(14,007)	(16,076)
Government subsidies		1,339	3,198
Interest paid		(4,057)	(4,113)
NET CASH USED IN FINANCING ACTIVITIES		(37,535)	(107,354)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(37,424)	(72,062)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(3,108)	2,650
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		109,613	158,563
CASH AND CASH EQUIVALENTS AT END OF PERIOD		69,081	89,151

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

1. BASIS OF PREPARATION

The unaudited consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The unaudited consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2022. The accounting policies and methods of computation used in the preparation of the unaudited consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2022 except as stated in note 2.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial assets at FVTPL which were measured at fair value of each of the end of reporting period.

2. ADOPTION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Amendments to HKFRSs that are mandatorily effective for the current period

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA that are relevant for the preparation of the Group’s consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020
Accounting Guideline 5 (revised)	Merger Accounting for Common Control Combinations

The application of the above amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

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

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective. The directors of the Group anticipate that the application of these new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 17	Insurance Contracts and the related Amendments 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) ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction 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 ¹
Amendments to HKFRS 16	Lease liability in a sale and leaseback ²

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2024

³ Effective date to be determined

3. REVENUE AND SEGMENTAL INFORMATION

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

Segmental 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 internal reports.

The Group has three reportable and operating segments under HKFRS 8 as follows:

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

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

3. REVENUE AND SEGMENTAL 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 the term of the leases.

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

For the six months ended 30 September 2022

	Corrugated products HK\$'000 (unaudited)	Offset printed corrugated products HK\$'000 (unaudited)	Properties leasing HK\$'000 (unaudited)	Elimination HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Segment revenue from contracts with customers within the scope of HKFRS 15					
External sales	352,598	121,333	–	–	473,931
Inter-segment sales	40,163	2,025	–	(42,188)	–
	392,761	123,358	–	(42,188)	473,931
Revenue from other sources					
Gross rental income	–	–	3,017	–	3,017
Total	392,761	123,358	3,017	(42,188)	476,948
Segment results	3,133	1,029	361		4,523
Dividend income from equity securities at FVTPL					80
Fair value changes of equity securities at FVTPL					(345)
Income from wealth management products					370
Finance costs					(4,057)
Other corporate income and expenses					(6,503)
Loss before tax					(5,932)

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

3. REVENUE AND SEGMENTAL INFORMATION (Continued)

Segment revenues and results (Continued)

For the six months ended 30 September 2021

	Corrugated products HK\$'000 (unaudited)	Offset printed corrugated products HK\$'000 (unaudited)	Properties leasing HK\$'000 (unaudited)	Elimination HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Segment revenue from contracts with customers within the scope of HKFRS 15					
External sales	519,563	107,624	–	–	627,187
Inter-segment sales	23,780	6,845	–	(30,625)	–
	543,343	114,469	–	(30,625)	627,187
Revenue from other sources					
Gross rental income	–	–	2,864	–	2,864
Total	543,343	114,469	2,864	(30,625)	630,051
Segment results	(32,229)	3,475	8,489		(20,265)
Fair value changes of equity securities at FVTPL					(145)
Income from wealth management products					714
Gain on disposal of subsidiaries					31,378
Finance costs					(14,360)
Other corporate income and expenses					(7,936)
Loss before tax					(10,614)

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

3. REVENUE AND SEGMENTAL INFORMATION (Continued)

Segment revenues and results (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies as described in the Group's annual financial statements for the year ended 31 March 2022. Segment profits or losses represented the profit earned (loss incurred) from each segment without allocation of fair value changes of equity securities at FVTPL, dividend income from equity securities at FVTPL, income from wealth management products, gain on disposal of subsidiaries finance costs and other corporate income and expenses. This is the measurement reported to the chief operating decision makers is for the purpose of resources allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

Segment assets and liabilities

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

	Corrugated products HK\$'000 (unaudited)	Offset printed corrugated products HK\$'000 (unaudited)	Properties leasing HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
As at 30 September 2022				
Segment assets	656,275	220,436	254,593	1,131,304
Segment liabilities	247,988	93,911	5,728	347,627
As at 31 March 2022				
Segment assets	759,139	254,040	256,322	1,269,501
Segment liabilities	299,564	116,158	1,451	417,173

All assets are allocated to operating segments other than leasehold land in Hong Kong for corporate use, investment properties for capital appreciation, goodwill, club membership, financial assets at FVTPL, bank balances managed on central basis, tax recoverable and other corporate assets.

All liabilities are allocated to operating segments other than tax payables, bank borrowings and other corporate liabilities.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

4. OTHER INCOME

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Dividend income from equity securities at FVTPL	80	–
Government subsidies	1,339	3,198
Evacuation compensation	–	55,439
Bank interest income	115	548
Other rental income	84	116
Exchange gain	15,557	1,366
Sundry income	298	1,175
	17,473	61,842

5. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Fair value changes of equity securities at FVTPL	(345)	(145)
Fair value changes of investment properties	(1,790)	5,900
Income from wealth management products	370	714
	(1,765)	6,469

6. OTHER OPERATING EXPENSES

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss on disposal of property, plant and equipment	44	6,010
Labour redundancy costs	–	61,405
Moving costs	–	944
Installation and uninstallation costs	–	1,044
Other evacuation costs	–	346
Others	75	446
	119	70,195

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

7. FINANCE COSTS

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on:		
– bank borrowings	4,057	4,113
– lease liabilities	9,503	10,247
	13,560	14,360

8. INCOME TAX EXPENSE (CREDIT)

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hong Kong Profits Tax:		
– Current tax	500	482
The People's Republic of China (the "PRC" or "China") Tax:		
– Current tax on enterprise income tax ("EIT")	1,956	(2,351)
– Withholding tax	–	368
	1,956	(1,983)
	2,456	(1,501)

Hong Kong

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 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.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

8. INCOME TAX EXPENSE (CREDIT) (Continued)

PRC

Under the Enterprise Income Tax Law of the PRC (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

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. Furthermore, in accordance with the relevant requirements of the EIT Law, HNTEs are entitled to enjoy a preferential tax rate at the EIT rate of 15%. During the six months ended 30 September 2021 and 2022, a subsidiary, Sky Achiever Paper Industrial (Shenzhen) Company Limited (“**SAP**”) is qualified as HNTE and enjoys a preferential tax concession and the applicable EIT rate is 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 of the Group 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.

Certain subsidiaries of the Group incorporated in the PRC are entitled to claim 200% of their research and development cost for income tax reduction.

The profits of the PRC subsidiaries of the Group derived since 1 January 2008 are subject to withholding tax at a rate of 5% (six months ended 30 September 2021: 5%) upon distribution of such profits to foreign investors in Hong Kong.

Macau

Pursuant to the Macao Special Administrative Region’s Offshore Law, with effect 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 of the Group no longer enjoyed tax exemption.

The Group

During the years ended 31 March 2016 to 2022, 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 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.

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 report. Thus, no tax provision has been made for the six months ended 30 September 2022 (six months ended 30 September 2021: Nil). The Directors will closely monitor the progress and will make provision in a timely manner where necessary and as appropriate.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

9. LOSS FOR THE PERIOD

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

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Depreciation and amortisation:		
– Depreciation for property, plant and equipment	10,609	16,493
– Depreciation for right-of-use assets	9,200	12,806
– Amortisation of prepaid lease payments	399	564
	20,208	29,863
Cost of goods sold:		
– Cost of inventories recognised as an expense	395,814	547,483
– Direct operating expense of investment properties that generated rental income	647	47
	396,461	547,530
Staff costs:		
– Directors' emoluments	3,378	3,861
– Other staff salaries, bonus and allowances	70,175	88,713
– Retirement benefits scheme contributions (excluding directors)	6,085	10,524
	79,638	103,098
Lease payments for short-term lease not included in the measurement of lease liabilities	1,334	6,518
Net foreign exchange gain	(15,557)	(1,366)
Gain on disposal of subsidiaries	–	(31,378)

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

10. LOSS PER SHARE

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

	Loss for the six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company	(8,388)	(8,216)

	Number of shares as at 30 September	
	2022	2021
	(unaudited)	(unaudited)
Weighted average number of ordinary shares at end of period	343,858,000	343,858,000

For the six months ended 30 September 2022 and 2021, there is no dilution effect in the calculation of loss per share.

11. DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 September 2022 (for the six months ended 30 September 2021: Nil).

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2022, the Group acquired property, plant and equipment of approximately HK\$4,678,000.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

13. TRADE AND BILLS RECEIVABLES

Payment terms with customers are mainly on credit, cash on delivery and payment in advance. The credit periods ranged from 15 days to 120 days after the end of the month in which the revenue is recognised and invoiced. The aging analysis of trade and bills receivables, based on the due date for settlement, is as follows:

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Trade receivables:		
Not yet due for settlement (aged within 120 days)	230,364	216,718
Overdue:		
1 to 30 days	14,721	24,878
31 to 90 days	13,637	23,060
91 to 365 days	1,134	8,631
Over 1 year	3,915	3,629
	263,771	276,916
Less: Allowance for expected credit losses	(3,096)	(3,427)
	260,675	273,489
Bills receivables not yet due for settlement (aged within 90 days)	14,530	25,686
	275,205	299,175

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Prepayments	2,238	2,131
Deposits	4,109	5,186
Other receivables	3,998	3,352
VAT receivables	11,612	5,641
Profit guarantee receivable (note)	-	-
	21,957	16,310
Less: Impairment loss recognised	-	-
	21,957	16,310

Note:

As at 31 March 2015, the profit guarantee contract for Think Speed Group Limited ("TSGL") has lapsed. As the audited consolidated net profit of TSGL for the two years ended on 31 March 2014 was less than HK\$20,000,000 in aggregate, the TSGL's vendor and the certain guarantors are jointly and severally liable to pay HK\$14,560,000 to the Group. During the year ended 31 March 2016, the profit guarantee receivable was fully impaired due to its recoverability is remote. The amount on profit guarantee contract together with related impairment loss have been written off since the TSGL group was deregistered during the year ended 31 March 2022.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

15. TRADE AND BILLS PAYABLES

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

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Trade payables:		
0 to 30 days	61,905	69,630
31 to 90 days	1,440	6,326
Over 90 days	302	291
	63,647	76,247
Bills payables (aged within 90 days)	41,428	50,086
	105,075	126,333

16. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
As at 1 April 2021, 31 March 2022, 1 April 2022 and 30 September 2022	2,000,000	20,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
As at 1 April 2021, 31 March 2022, 1 April 2022 and 30 September 2022	343,858	3,439

During the six months ended 30 September 2022, the Company repurchased a total of 12,472,000 ordinary shares of HK\$0.01 each of the Company on the Stock Exchange at an aggregate consideration of approximately HK\$4,907,000. All of the 12,472,000 repurchased shares were subsequently cancelled in November 2022.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

17. 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 during the year ended 31 March 2022, 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.

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

	2021 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

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

18. CAPITAL COMMITMENTS

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

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Capital expenditure contracted but not provided for: – Purchase of property, plant and equipment	7,526	5,793

19. CONTINGENT LIABILITIES

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.

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 report. Thus, no tax provision has been made for the six months ended 30 September 2022 (31 March 2022: Nil). The Directors will closely monitor the progress and will make provision in a timely manner where necessary and as appropriate.

20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial instruments are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period for recurring measurement, grouped under Levels based on the degree to which the inputs are observable according to the Group's accounting policy.

	30 September 2022 (unaudited)	
	Level 1 HK\$'000	Level 2 HK\$'000
Financial assets at FVTPL		
Equity security at FVTPL	2,295	–
	31 March 2022 (audited)	
	Level 1 HK\$'000	Level 2 HK\$'000
Financial assets at FVTPL		
Equity security at FVTPL	1,571	–
Wealth management products	–	2,304
	1,571	2,304

There was no transfer between levels of fair value hierarchy in the current and prior periods.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the unaudited consolidated financial statements approximate to their fair values.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

21. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the unaudited consolidated financial statements, the Group had the following transactions with its related parties during the Period:

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Rental in respect of land and buildings paid to related companies owned by Mr. CHONG Kam Chau, the Director of the Company	205	205

22. APPROVAL OF FINANCIAL STATEMENTS

The unaudited consolidated financial statements were approved and authorised for issue by the Board on 30 November 2022.