COME SURE

COMESURE Group (Holdings) Limited

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

ANNUAL REPORT 2019

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CONTENTS

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

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27/F, Alexandra House
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As to Cayman Islands law:

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As to PRC law:

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AUDITOR

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COMPANY WEBSITE ADDRESS

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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 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

CORPORATE INFORMATION

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

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Bank of China Tower
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PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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INVESTOR RELATION

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77 Hoi Yuen Road
Kwun Tong
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FINANCIAL SUMMARY

RESULTS

	Year ended 31 March				
	2015 HK$'000	2016 HK$'000	2017 HK$'000	2018 HK$'000	**2019 HK$'000**
Revenue	921,231	815,127	845,546	1,326,986	**1,184,886**
Cost of goods sold	(714,611)	(645,015)	(660,684)	(1,025,211)	**(950,570)**
Gross profit	206,620	170,112	184,862	301,775	**234,316**
Other income	14,160	9,711	8,916	6,246	**5,395**
Other gains and losses	20,085	(55,848)	(3,793)	7,007	**15,419**
Selling expenses	(47,607)	(42,310)	(40,869)	(60,793)	**(56,538)**
Administrative expenses	(117,854)	(114,349)	(104,653)	(108,893)	**(133,037)**
Other operating expenses	(6,141)	(15,734)	(2,480)	(10,113)	**(165)**
Profit (loss) from operations	69,263	(48,418)	41,983	135,229	**65,390**
Finance costs	(10,254)	(11,941)	(12,275)	(13,146)	**(15,336)**
Loss on disposal of subsidiaries	–	–	–	(3,500)	**–**
Loss on deregistration of subsidiaries	–	–	–	(2,720)	**–**
Profit (loss) before tax	59,009	(60,359)	29,708	115,863	**50,054**
Income tax expense	(9,424)	(10,174)	(13,193)	(20,458)	**(9,006)**
Profit (loss) for the year	49,585	(70,533)	16,515	95,405	**41,048**

ASSETS AND LIABILITIES

	As at 31 March				
	2015 HK$'000	2016 HK$'000	2017 HK$'000	2018 HK$'000	**2019 HK$'000**
Non-current assets	608,906	601,784	568,539	556,591	**529,776**
Current assets	787,888	639,839	761,956	815,305	**682,925**
Total assets	1,396,794	1,241,623	1,330,495	1,371,896	**1,212,701**
Non-current liabilities	(21,282)	(17,358)	(13,811)	(41,486)	**(18,659)**
Current liabilities	(718,990)	(686,499)	(794,430)	(672,420)	**(561,535)**
Total liabilities	(740,272)	(703,857)	(808,241)	(713,906)	**(580,194)**
Net assets	656,522	537,766	522,254	657,990	**632,507**
Equity attributable to owners of the Company	648,615	535,586	523,329	663,698	**640,084**
Non-controlling interest	7,907	2,180	(1,075)	(5,708)	**(7,577)**
Total equity	656,522	537,766	522,254	657,990	**632,507**

CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS

On behalf of our board (the "**Board**") of directors (the "**Directors**") of Come Sure Group (Holdings) Limited (the "**Company**"), I hereby present the annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2019 (the "**Year**"). On behalf of the Board, I would also like to express my heartfelt gratitude to all the shareholders of the Company (the "**Shareholders**") and friends from various communities for their support to the development of the Group.

OVERVIEW

The economic growth of the People's Republic of China (the "**PRC**" or "**China**") slowed down during the Year. The China-US trade war (the "**Trade War**") impacted the growth of retail and manufacturing sectors in the PRC. The Group has taken various measures to overcome the challenges. With the sales team tremendous effort and the Group's reputation built over the years, the Group succeed in receiving sales orders from new customers which mainly engaged in the domestic market, which stabilizes the Group's sales volume for the Year under the fluctuated business environment, as well as expands the customer base for business development in long term.

EXPANDED SOURCE OF RAW MATERIALS ENHANCED COST MANAGEMENT WITH LOWER SUPPLY RISK

In order to deal with the ongoing challenges of incremental paper cost in the PRC, the Group continued to adopt cost control measures and expanded its source of raw materials during the Year, from mainly domestic supplies to proportional import from other countries like Vietnam. Such changes in purchasing strategy enabled the Group to cope with its cost pressure better. The Group also believed in building solid cooperation relationship with the major suppliers and retaining its sufficient supplies of quality raw materials would lower supply risk and enhance cost management.

ACCREDITED AS HIGH AND NEW TECHNOLOGY ENTERPRISE THANKS TO DISTINGUISHED TECHNOLOGICAL INNOVATION

For 2018 to 2020, the Group's wholly owned subsidiaries, Come Sure Packing Products (Shenzhen) Company Limited and Sky Achiever Paper Industrial (Shenzhen) Company Limited, were both recognized as the National and the municipal High and New Technology Enterprise ("**HNTE**") in Shenzhen, respectively. In addition to the Corporate Income Tax ("**CIT**") incentives and other benefits enjoyed by HNTEs, the qualifications further demonstrated the Group's competitive competence in Research and Development ("**R&D**") with its intellectual property in core technologies allowing the Group to enhance its main business development and its ability to capture more market shares in long run.

SOCIAL RESPONSIBILITY

The Group continued to strengthen its social responsibility over the years. In line with the eco-friendly value proposed by the PRC government, the Group prioritized strict compliance with production standards during the Year, whilst ensuring the Group's steady operation and development in environmentally led approach to strengthen shareholders' and customers' confidence. The Group's products meet various environmental management standards including national standards such as ISO9001, ISO14001 and QC080000 and international standards such as European Restrictions of Hazardous Substances (RoHs) and Waste Electrical and Electronic Equipment (WEEE).

PROSPECT

Emphasizing on quality as well as environmentally friendly production, the Group has maintained its high standards for production process and quality control, hence gaining constant supports from its existing customers with long-lasting prestige and reputation. Looking ahead, the global economy is expected to be unstable under the impact of China-US trade tensions and Brexit, leading to a relatively modest growth in manufacturing industry. Yet, a continuous surge in e-commerce retail sales growth is foreseen, supporting the demand growth of quality paper packaging. In addition, the PRC government's increasingly stringent environmental policies will further lift the industry standards, illustrating significant room of growth for demands in quality paper packaging. The Group will increase its efforts in R&D and developing its sustainable green packaging business, to achieve stable sales growth as well as to expand its source of revenue.

Meanwhile, the Group will keep monitoring the external business environment to adjust its business strategies in a timely manner. In order to diversify the operational risk and drive the profit to a steady growth level, the Group will carry on its various initiatives including expanding the customer bases and sources of raw materials. To underpin the commitment to good corporate governance, the Group will continue to review and enhance its internal control management and to maintain well-built relationships with its key stakeholders, including customers, suppliers, shareholders and surrounding communities, whose support is key to the Group's sustainable business development so as to maximize the returns of shareholders in long run.

ACKNOWLEDGEMENT

I would like to express my appreciation on behalf of the Board to our investors, customers, business partners and government officials for the support and trust over the years. I also extend my gratitude to all the management and staff of the Group for their loyalty and contribution they have bestowed to the Group.

CHONG Kam Chau
Chairman

28 June 2019

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

During the Year, the economy of the PRC was dragged by the China-US trade war (the "**Trade War**"), the soften business confidence hindered the consumer demand and retail brands' sales plans, retailers hence being cautious in placing paper packaging orders. At the same time, the PRC government's drive in cutting regional corporate debt brought down the corporate borrowing levels, thus weakening business investments further. The PRC recorded the slowest growth pace of its economic growth in the past 28 years, according to the National Bureau of Statistics of China (the "**NBSC**"), the PRC's Gross Domestic Product (the "**GDP**") growth rate was 6.6% in 2018 (2017: 6.9%).

In addition to the economic uncertainty, the PRC government continued to tighten environmental policies, increase operating pressure to the paper packaging manufacturers during the Year. According to the NBSC reports, a negative year-on-year ("**YoY**") growth of 8.5% was recorded for the profit earnings of the paper and paper products industry in 2018; the negative YoY growth further increased to 24.7% for the first quarter of 2019, implying that the paper and paper product industry was going through a challenging business environment.

The strengthening environmental policies, however, enhanced the overall industry standards and further phased out outdated capacities, thereby bringing competitive benefits and market opportunities to the well-reputed market leaders. Equipped with cutting edge facilities in production lines, such market leaders could constantly supply value-added and environmentally friendly products, allowing them to gain more sales orders from the phased-out competitors, as well as to transfer certain cost pressure to the mid-to-high end customers whom are willing to pay more for high quality products. As such, the industry environment during the Year provided a business opportunity for the market leaders to adjust their business plans and strategies, in order to establish sustainable development in the paper product manufacturing industry.

BUSINESS REVIEW

Over the past years, the Group has built a strong loyal customer base by providing high quality paper packaging products and services. However, the slowed down China's economy underscoring the challenge posed by the Trade War, the sales volume from the existing customers was dragged, especially for those engaged in international trade market. Considering the change in demand, the Group responded to the market change quickly by proactively reached out to the potential domestic customers in order to expand its revenue sources and sustain a stable level of production capacity. With efficient execution of the sales strategy, the Group maintained a stable revenue level despite the fluctuated economy. Its revenue for the Year was approximately HK$1,184.9 million (2018: approximately HK$1,327.0 million). The Group's factory in Fujian (the "**Fujian Plant**") also built a strong brand recognition with regional customers and surrounding markets since its commencement of operation in August 2016. During the Year, the production capacity of the Fujian Plant reached over 80%, and contributed a revenue of approximately HK$227.5 million to the Group.

During the Year, the Group managed to maintain its gross profit and gross profit margin at a sound level of approximately HK$234.3 million and approximately 19.8% respectively (2018: approximately HK$301.8 million and approximately 22.7%). The Group's higher gross profit level for 2018 was mainly due to low-cost raw paper inventory brought forward. Such inventories were consumed in last financial year and had no positive accounting effects left over for the Year; yet the Group continued to impose stringent cost management in order to maintain its profitability. The long-term collaborative relationship between the Group and its major suppliers ensured stable supplies of raw paper. However, the cost of raw paper in domestic market continued to fluctuate during the Year, the Group enhanced its cost management strategy by increased the proportion of imported raw paper, especially from the Vietnam plant of one of its major suppliers. Such strategy improved the Group's sourcing flexibility to meet the demands from its growing production capacity. Coupled with the Group's strong research and development ("**R&D**") capability and internal fiscal control, the Group's sustainable profitability is believed to be further enhanced in long run.

BUSINESS REVIEW (Continued)

Being one of the market leaders in paper packaging industry, the Group has been keeping up its production technology and efficiency. During the Year, the Group's wholly-owned subsidiaries, Come Sure Packing Products (Shenzhen) Company Limited and Sky Achiever Paper Industrial (Shenzhen) Company Limited, were successfully recognised as the National and the municipal HNTE in Shenzhen for 2018-2020 respectively. The recognitions not only further strengthened the Group's corporate profile and reputation, according to the PRC's core innovation tax policies, the National HNTEs also enjoy tax incentives and relevant preferential policies that lowering the Group's tax burden. This provided both motivation and financial supports to the Group to develop R&D and high quality of value-added products and service further in order to meet the industrial demands for sustainable business development.

RESULT OF OPERATION

	2019		2018	
	HK$'000	**(%)**	HK$'000	(%)
Paper-based packaging				
PRC domestic sales	**949,516**	**80.5**	1,054,944	79.8
Domestic delivery export	**183,149**	**15.5**	220,916	16.7
Direct export	**47,556**	**4.0**	46,507	3.5
	1,180,221	**100.0**	1,322,367	100.0
Properties investment				
Rental income	**4,665**		4,619	
Total revenue	**1,184,886**		1,326,986	
Gross profit margin		**19.8**		22.7
Net profit margin		**3.5**		7.2

REVENUE

During the Year, under the circumstances brought by the global economic uncertainties and Trade War, the global consumer spending was weaken and hence influenced the market demand for paper packaging products, as well as the Group's sales. The Group's sales order from customers engaged in export market to The United States of America had dropped during the Year due to the cautious market sentiment and it responded quickly by reaching the potential customers engaged in domestic market in order to expand the source of revenue. With high quality products and reputation built for years, the Group was compensated by receiving more sales orders from domestic customers and, therefore, despite the fluctuated economic conditions, the Group managed to maintain its revenue at a stable level. The Group's revenue for the Year was approximately HK$1,184.9 million (2018: approximately HK$1,327.0 million). Fujian Plant, which commenced operation since August 2016, had recorded a significant rise in revenue to approximately HK$227.5 million during the Year compared to approximately HK$178.5 million for the last corresponding year, showing that the Group's brand awareness was well-built in Fujian and surrounding markets.

REVENUE (Continued)

Guangdong operation

The Group had been mainly focusing on its Guangdong operation, which engaged in high value-added business, including structural design printed cartons and other corrugated products. Under the unfavorable business environment, Guangdong operation recorded a slight decline in its sales volume. Nevertheless, being widely valued as a mid-to-high end paper packaging product and service supplier, the Group increased its efforts to optimise the production capacity to ensure stable sales in corrugated products which are of higher price, the average selling price was therefore increased and minimised the unfavourable effect on revenue. The revenue generated from Guangdong operation maintained at a stable level of approximately HK$952.7 million (2018: approximately HK$1,109.9 million). In view of the foreseeable market demand in Huizhou and Greater Bay Area, the Group is considering to expand the production capacity and floor area of its Huidong plant in order to capture new business opportunities in surrounding areas.

Fujian operation

Riding on the expertise in factory operation and management and focusing on corrugated paperboard business, the revenue of Fujian Plant rose remarkably by approximately 27.5% to approximately HK$227.5 million during the Year compared to approximately HK$178.5 million for the last corresponding year. The process of operation in Fujian Plant was carried out smoothly since commencement and further reinforced the Group's market recognition in Fujian and surrounding areas. The continuous improvement in quality and supply chain management in Fujian Plant is believed to facilitate its stable growth in sales in near future.

Properties investment

The revenue generated from the properties investment business remained stable at approximately HK$4.7 million for the Year (2018: approximately HK$4.6 million).

GROSS PROFIT

In order to mitigate operational risk against the rising labour and delivery costs, the Group enhanced its internal control management during the Year aligning to the business needs. With years of long-term business relationship with suppliers, the Group continued to enjoy the stable supply of raw paper with consistent quality. Given the cost volatility of raw paper in domestic market during the Year, the Group increased the proportion of imported raw paper procurement. Reliable and adequate supplies of raw paper allowed the Group, especially its Guangdong operation, to receive more sales orders without any concerns on shortage of raw paper. Although Fujian Plant generated lower gross profit margin than the Group's overall sustainable level though, due to the nature of its corrugated paperboard production business, Fujian Plant is expected to contribute a substantial increase to the Group's sales volume in the long run. The overall gross profit and gross profit margin of the Group maintained at a relatively stable performance of approximately HK$234.3 million and approximately 19.8% respectively for the Year, although higher gross profit level was recorded in 2018, which primarily attributed to lower cost of raw paper inventory brought forward. The Group will scale up its effort to diversify its sources of procurement from overseas supplier to stabilise the raw paper inventory at reasonable cost and therefore achieve long-term growth in business and profits.

Guangdong operation

During the Year, the Group's Guangdong factory, which mainly engaged in high quality value-added structural-designed corrugated paperboard and paper-based packaging products business, continued to contribute most to the Group's gross profit. As mentioned above, although the advantages benefited by the Group in relation to its low-cost inventory was exhausted in the last corresponding year and facing the unfavorable market conditions during the Year, the Group was able to reach customers engaged in domestic market and strengthened its operation efficiency to maintain its gross profit and gross profit margin at a healthy range. The gross profit and gross profit margin generated from the Guangdong operation for the Year were approximately HK$211.5 million and approximately 22.2% respectively (2018: approximately HK$275.8 million and approximately 24.9% respectively). Equipped with advanced equipment and techniques, the Group was also committed in conducting R&D to enhance its value-added products and services in order to secure more orders from medium-to-high customers in long term.

GROSS PROFIT (Continued)

Fujian operation

The gross profit of Fujian operation was increased to approximately HK$18.4 million for the Year from approximately HK$16.7 million for the last corresponding year. Fujian Plant mainly operated in corrugated paperboard production business, which generate a lower gross profit margin as compared to the Group's other printed corrugated carton business. The gross profit margin of Fujian operation was decreased slightly to approximately 8.1% for the Year (2018: approximately 9.4%). To attract more customers from surrounding areas and boost sales orders, Fujian Plant had been expanding its product range of corrugated paperboard.

Properties investment

The cost of properties leasing represented the direct outgoings of the investment properties. The gross profit of properties leasing increased to approximately HK$4.4 million for the Year (2018: approximately HK$3.6 million).

SELLING AND ADMINISTRATIVE EXPENSES

In line with the decrease in sales volume, the selling expenses of the Group for the Year reduced to approximately HK$56.5 million (2018: approximately HK$60.8 million). The administrative expenses of the Group increased from approximately HK$108.9 million for last corresponding year to approximately HK$133.0 million for the Year, mainly due to depreciation of RMB throughout the Year and increase in costs relating to sales expansion plans. The Group has been putting great effort in its stringent risk control and internal cost management to maintain a strong financial and operational foundation for sustainable development.

OTHER OPERATING EXPENSES

Other operating expenses of the Group significantly decreased to approximately HK$0.16 million during the Year. The Group's other operating expenses for the corresponding period of 2018 was approximately HK$10.1 million mainly due to the impairment of building locating in Jiangxi accounted for as construction-in-progress.

FINANCE COSTS

The Group's finance cost was mainly incurred from bank borrowings for general working capital and capital expenditure. Due to the increased interest rate, the Group's finance cost increased to approximately HK$15.3 million for the Year compared to approximately HK$13.1 million for the last corresponding year.

NET PROFIT AND DIVIDEND

The Group experienced an increased administrative expense and finance cost, which mainly caused by the depreciation of RMB driven to exchange loss and the increase in interest rate. Along with the decrease in gross profit, the Group's net profit for the Year thereby decreased to approximately HK$41.0 million as compared to approximately HK$95.4 million for the last corresponding year. As mentioned in the gross profit section, the exceptional high profit in the last corresponding year was mainly due to the positive effect of the low-cost inventory brought forward. Comparing to the net profit of approximately HK$16.5 million for the year ended 31 March 2017, the net profit for the Year was satisfying and the Group will continue its stringent cost control to maintain stable profitability in long term. The Group's net profit margin for the Year was approximately 3.5% (2018: approximately 7.2%). The basic and diluted earnings per share for the Year was HK11.61 cents (2018: HK26.63 cents). The Board proposed a payment of final dividend of HK4.00 cents per ordinary share (the "**Share**") of the Company.

CAPITAL STRUCTURE

During the Year, the Group has adopted a prudent treasury policy and the current ratio (calculated as current assets divided by current liabilities) as at 31 March 2019 was approximately at the level of 1.22 (as at 31 March 2018: approximately at the level of 1.21).

The Company's issued share capital as at 31 March 2019 was HK$3,534,720 divided into 353,472,000 shares of HK$0.01 each.

WORKING CAPITAL

	2019 **Number of days**	2018 Number of days
Trade and bills receivable	**72**	65
Trade and bills payable	**53**	58
Inventories	**41**	38
Cash conversion cycle*	**60**	45

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

The Group had been adopting stringent credit risks management through closely monitoring the creditworthiness and collection history of customers. The Group's trade and bills receivables as at 31 March 2019 were approximately HK$209.1 million (as at 31 March 2018: approximately HK$260.2 million). As the retail industry was facing a challenging time associated with the economic uncertainties throughout the Year, customers tended to settle their account slower. Therefore, the Group's trade and bill receivables turnover days for the Year increased to 72 days as compared to 65 days for the last corresponding year, which was still considered as a healthy turnover pattern.

In order to diversify the raw paper supply and price fluctuation risk, the Group increased its raw paper procurement from overseas during the Year. As the oversea supplies required "Letter of Credit" as settlement instead of settling on credit terms, the trade and bills payables turnover days was shortened to 53 days for the Year from 58 days for the last corresponding year. The Group maintained solid and close relationship with its suppliers and securing steady supply of quality raw paper. The trade and bills payables decreased to approximately HK$109.5 million as at 31 March 2019 (as at 31 March 2018: approximately HK$166.2 million).

The Group remained its stringent control over the inventory level in order to reduce the inventory risk. Facing the slowing down economy, the Group reduced its inventory level without affecting the operation. The inventories decreased to approximately HK$95.2 million as at 31 March 2019 from approximately HK$119.7 million as at 31 March 2018. Due to the Group's effective control, the inventories turnover days only increased slightly to 41 days for the Year from 38 days for the last corresponding year.

In order to maintain working capital efficiency, the Group strengthened its internal control, therefore, although the market conditions are volatile, the Group managed to keep its cash conversion cycle at a healthy level of 60 days for the Year (2018: 45 days).

LIQUIDITY AND FINANCIAL RESOURCES

	As at 31 March **2019**	2018
Current ratio	**1.22**	1.21
Gearing ratio	**31.0%**	29.6%

During the Year, the principal sources of working capital of the Group remained to be the cash flow from operating activities and bank borrowings. As at 31 March 2019, the Group's bank and cash balances amounting to approximately HK$232.3 million (as at 31 March 2018: approximately HK$257.5 million), excluding pledged deposit of approximately HK$94.7 million. In addition, the Group has unused banking facilities of approximately HK$531.4 million in order to secure future cashflow. The Group's cash and cash equivalents were mostly denominated in Hong Kong dollars ("**HKD**") and RMB.

The Group maintained its current ratio (current assets divided by current liabilities) at a stable level, as at 31 March 2019, at approximately 1.22 (as at 31 March 2018: approximately 1.21). The current assets and current liabilities of the Group as at 31 March 2019 were approximately HK$682.9 million and approximately HK$561.5 million, respectively, as compared to approximately HK$815.3 million and approximately HK$672.4 million for the last corresponding year.

As at 31 March 2019, all the bank borrowings of the Group were secured, mostly denominated in HKD and RMB and carried floating interest rates. The total outstanding bank borrowings decreased to approximately HK$376.5 million as at 31 March 2019 from approximately HK$405.6 million as at 31 March 2018, of which approximately HK$338.5 million was repayable within one year and approximately HK$38.0 million was repayable after one year.

The Group constantly kept a sound liquidity position, with sufficient cash level and banking facilities to ensure a balanced continuity of funding and flexibility for sustainable business development, as well as to financing potential investment opportunities. The gearing ratio (total borrowings divided by total assets) as at 31 March 2019 maintained at a stable level at approximately 31.0% (as at 31 March 2018: approximately 29.6%).

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 2019, the Group pledged certain assets including bank deposits, property, plant and equipment, and investment properties, with aggregate net book value of approximately HK$323.0 million (as at 31 March 2018: approximately HK$343.3 million), to secure banking facilities granted to the Group.

CAPITAL COMMITMENT

As at 31 March 2019, the Group's capital expenditure regarding acquisition of property, plant and equipment and investment property, which are contracted but not provided, was approximately HK$2.7 million (as at 31 March 2018: approximately HK$3.4 million) and approximately HK$24.6 million (as at 31 March 2018: Nil).

As at 31 March 2019, the Group did not have any capital expenditure authorised but not contracted for (as at 31 March 2018: Nil).

CONTINGENT LIABILITIES

IRD issued estimated assessment and additional assessment for the year of assessment 2009/10 to 2012/13 to six subsidiaries of the Group amounting to HK$12,782,000. In the opinion of the Directors, there is no specific basis for adjusting the subsidiaries' tax position for the years of assessment 2009/10 to 2012/13 specified in the estimated assessment and additional assessment. The Directors are of the view that no tax provision for Hong Kong Profits Tax is required at this stage. The subsidiaries will discuss with the IRD and will continue to monitor the progress and to defend the subsidiaries' tax position vigorously. Therefore, no tax provision was provided thereon at 31 March 2019 in this regard (31 March 2018: Nil).

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITION

On 18 March 2019, Cheer Fame Holdings Limited ("**Cheer Fame**"), an indirect wholly-owned subsidiary of the Group, entered into a provisional agreement with Power Benefit Company Limited ("**Power Benefit**"), an independent third party pursuant to which Power Benefit conditionally agreed to sell, and Cheer Fame conditionally agreed to acquire the property located at Shop No. 2, Ground Floor, Ka Hing Building, 41–47 Java Road, North Point, Hong Kong with a total gross floor area of approximately 763 square feet at a total consideration of HK$28 million. The acquisition of the said property was completed on 13 June 2019. Further details in respects of the above acquisition are set out in the Group's announcements dated 18 March 2019 and 13 June 2019.

EMPLOYEES AND REMUNERATION

The Group had 1,243 employees in total as at 31 March 2019 (as at 31 March 2018: 1,411). For the Year, the Group's total expenses on the remuneration of employees, including the emolument of the Directors, slightly increased to approximately HK$166.0 million (2018: approximately HK$158.1 million).

Besides medical insurance and mandatory provident fund scheme, competitive remuneration packages, discretionary bonuses, as well as employee share options, which generally structured to market terms by reference, are also awarded to eligible employees in accordance with the appraisal of individual performance. 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.

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

PROSPECT

Experiencing the slow-down growth in the PRC's export volume under the persisting Trade War tensions, the Group proactively reviews its business strategies to seek opportunities to expand the customer base with the enterprises focus in domestic sales in China. Looking ahead, according to a recent report related to corrugated packaging industry, the e-commerce retail sales growth is projected to over USD5.5 trillion in 2023, benefitting the parcel delivery providers worldwide and therefore boosting the demand for paper packaging products. Along with the industry standard being further enhanced under the PRC Government's emphasis in eco-friendly development, the Group's high quality paper packaging products and services are expected to demonstrate its presence in the market, leveraging on the Group's advantages in advanced technology and operational experience.

Corporate governance is regarded as an integral part of the Group's business strategy and the Group adjusts its cost control strategies from time to time adapting to the market changes. Since expanding the source of raw paper, from domestic supplies to proportional import from supplies in other countries including the paper mill of one of major suppliers in Vietnam, the Group becomes more capable to resist the cost pressure from domestic raw paper supply. While maintaining long-cooperative relationship with the existing suppliers, the Group will continue to seek for more source of raw paper from overseas, with a view to maintaining its cost effectiveness and ensuring the operational efficiency in long term.

PROSPECT (Continued)

Being recognised as HNTEs, the qualified Group's subsidiaries bring preferential tax incentives to the Group during 2018-2020 in the PRC. The recognitions affirmed the Group's constant efforts in R&D innovations, as well as strengthened the Group's competitiveness and reputation, giving the Group a favourable opportunity to secure its existing customers and capture new customers. The Group will continue to dedicate itself to pursue operation efficiency and product optimisation through various effective measures, such as integrating the production processes among its factories, exploring stable source of raw materials, which would enhance the business efficiency and minimise the business risks. With the timely-reviewed strategies and stringent internal control, the Group is confident to maintain sustainable business development, thereby creating maximum values to its shareholders in long run.

The Board is committed to maintaining appropriate corporate governance practices to enhance the accountability and transparency of the Company in order to protect the Shareholders' interests and to ensure that the Company complies with the latest statutory requirements and professional standards.

The Company has complied with the applicable 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 of Hong Kong Limited (the "**Stock Exchange**") during the Year.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

THE BOARD

The Board is responsible for the overall management of the Company and the mission of the Board is to maximise the Shareholders' return and uplift the Company's long term value.

The Board has formulated the overall business strategies and management policies, and set up the corporate governance practices, internal control procedures and risk management to ensure a proper management of the Company. The Board has undertaken the corporate governance function as required under the Code. The terms of reference of the corporate governance as set out in the Code have been approved by the Board for adoption. During the Year, the Board had reviewed and discussed the corporate governance policy and the Shareholders' communication policy of the Group and was satisfied with the effectiveness of such policies.

The Company will provide sufficient resources to all Directors to discharge their duties: independent professional advice is available in appropriate circumstances at the Company's expenses upon reasonable request to the Board, and all Directors have access to the company secretary's advice with a view to ensuring that the Board procedures and all applicable rules and regulations are followed.

During the Year, the Company had arranged and maintained appropriate insurance cover on the Directors' liabilities in respect of legal actions against the Directors arising out of corporate activities.

Board Composition

As at 31 March 2019, the Board is comprised of the following 6 members:

(a) Three executive Directors, namely Mr. CHONG Kam Chau (Chairman), Mr. CHONG Wa Pan (chief executive officer and president) and Mr. CHONG Wa Ching; and

(b) Three independent non-executive Directors, namely Mr. CHAU On Ta Yuen, Ms. TSUI Pui Man and Mr. LAW Tze Lun.

The members of the Board have various experience and skills and possess different professional knowledge which is necessary for the development of the Company. The brief biographical details of the Directors are set out in the section of "Directors and Senior Management" of this annual report.

THE BOARD (Continued)

Board Composition (Continued)

The roles of the chairman of the Board (the "**Chairman**") are separated from the chief executive officer of the Company (the "**Chief Executive Officer**"). The Chairman approves and monitors the Company's strategies and policies, and supervises the management of the Company. The senior management team is responsible for the day-to-day operations of the Group under the leadership of the Chief Executive Officer.

Mr. CHONG Kam Chau (the Chairman) is the father of Mr. CHONG Wa Pan (the executive Director, the Chief Executive Officer and President), Mr. CHONG Wa Ching (the executive Director) and Mr. CHONG Wa Lam (a senior management of the Company). Apart from that, there is no relationship (including financial, business, family or other material relationship) among members of the Board. In compliance with Rule 3.10 of the Listing Rules, the Board comprises three independent non-executive Directors which represent more than one-third of the Board. These independent non-executive Directors possess a broad range of expertise and experience in the areas of business management, legal, and accounting and finance matters. The current Board composition brings a strong independent element to the Board, which can effectively exercise independent judgment in making reasonable strategic decisions in different aspects.

The Company has received, from each of the independent non-executive Directors, an annual written confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. In light of these confirmations, the Company considers all independent non- executive Directors to be independent in accordance with the guidelines set out in the Listing Rules. Each independent non-executive Director has entered into a service agreement for a term of two years from 26 February 2019.

DELEGATION OF MANAGEMENT FUNCTIONS

The Board has delegated the day-to-day management, administration and operations of the Company to the management. The responsibilities and authorities of each level of staff are clearly outlined in the Group's internal control policies, in case of any substantial transactions and decisions to be made the management has to report back and obtain prior approval from the Board. The performances of the management are regularly assessed by the executive committee of the Company (the "**Executive Committee**"), which consists of the executive Directors. In addition to the Executive Committee, the Board has established an audit committee of the Company (the "**Audit Committee**"), the Remuneration Committee and a nomination committee of the Company (the "**Nomination Committee**") (collectively, the "**Board Committees**") and delegated various responsibilities to these committees as set out in their respective terms of reference. Further details of these committees are set out on page 19 to page 22 of this annual report.

BOARD MEETINGS

The Board is scheduled to meet regularly at least four times a year at approximately quarterly intervals. Directors may participate either in person or through other means of communication. Ad-hoc meetings will also be convened if there is any events that raise the Board's concern.

BOARD MEETINGS (Continued)

During the Year, four Board meetings, except for the circulation of written resolutions in lieu of Board meetings, were held for reviewing the operating performance and latest market condition, considering and approving the overall strategies, re-appointment of external auditor and the annual/interim results of the Group for the Year, and one general meeting (i.e. the annual general meeting of the Company held on 3 September 2018) was held. The attendance of individual Directors at these Board meetings and general meeting were as follows:

Directors	Number of Board meetings attended/eligible to attend	Number of general meeting attended/held
Executive Directors		
Mr. CHONG Kam Chau	4/4	1/1
Mr. CHONG Wa Pan	4/4	1/1
Mr. CHONG Wa Ching	4/4	1/1
Independent Non-executive Directors		
Mr. CHAU On Ta Yuen	4/4	1/1
Ms. TSUI Pui Man	4/4	1/1
Mr. LAW Tze Lun	4/4	1/1

Directors are provided with timely updates on changes in laws and compliance issues and the business environment relevant to the Group. All members of the Board attended the trainings. Continuing training and professional development for Directors will be arranged when necessary. The Company also encourages its Directors to enrol in relevant professional development courses to continually update and further improve their relevant knowledge and skills. All Directors, including Mr. CHONG Kam Chau, Mr. CHONG Wa Pan, Mr. CHONG Wa Ching, Mr. CHAU On Ta Yuen, Ms. TSUI Pui Man and Mr. LAW Tze Lun, have participated in continuous professional development to develop and refresh their knowledge and skills and provided their training records for the Year to the Company.

The company secretary of the Company is responsible for preparing agenda for regular Board meetings and will despatch the agenda to all Directors at least 10 days in advance and that all Directors will have the opportunity within reasonable time to include matters in the agenda for regular Board meetings.

Notice for regular Board meetings will be sent to all Directors at least 14 days in advance to facilitate the attendance. For all other Board meetings, the agenda and notice will be despatched at least three days in advance. All Directors are entitled to have access to Board papers, minutes and related materials.

A duly appointed secretary is responsible for keeping the minutes of Board meetings and meetings of Board Committees, all minutes are available for inspection by any Director at a reasonable time on reasonable notice. All the minutes are kept in sufficient details, including matters considered by the Board, decisions reached and any concerns raised by Directors or dissenting views expressed. The draft minutes will be despatched to all Directors within five working days for their comment and the approved final version will be sent to all Directors within 15 working days for their record after the meetings.

If a Director has a material interest in a matter to be considered by the Board, a physical meeting will be held to discuss the matter instead of seeking Directors' written consent by way of circulation of written resolution. In accordance with the Company's articles of association (the "**Articles of Association**"), such Director who is considered to be materially interested in the matter shall abstain from voting and not be counted in the quorum.

APPOINTMENT, RE-ELECTION AND REMOVAL

At each of the annual general meeting of the Company, at least one-third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one-third shall be the number of retiring Directors. Any Directors who has not been subject to retirement by rotation in the three years preceding the annual general meeting shall retire by rotation at such annual general meeting. Any further Directors who shall retire will be those who have been longest in the office since their last re-election or appointment.

Each of the independent non-executive Directors entered into a service agreement for a term of two years from 26 February 2019, subject to rotation and re-election accordance to the Articles of Association. Each of the Directors has entered into a service contract with the Company and may be terminated by either party by giving not less than three months' (for executive Director) or one month's (for independent non-executive Directors) prior written notice.

From time to time, the Board shall have the power to appoint any person as a Director to fill a casual vacancy or act as an additional Director. Any directors so appointed shall then be eligible for re-election after the appointment at the next general meeting (for filling casual vacancy) or at the next following annual general meeting (for additional to the existing Board).

Any newly appointed Director will receive an induction handbook to ensure that the Director has a proper understanding of the operation and business of the Company and will be fully aware of the responsibilities under statute and common law, the Listing Rules, applicable legal requirements and other regulatory requirements and the business and corporate governance policies of the Company.

The Nomination Committee reviews the Board structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience necessary for the development of the Company. When vacancies on the Board exist, the Nomination Committee will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process where necessary. Suitable candidates, who will be interviewed initially by an independent non-executive Director, will then be recommended to the Board and meet all the Directors.

The Nomination Committee will also make recommendations to the Board on relevant matters relating to the appointment, re-election and removal of directors. Mr. CHONG Wa Pan, Mr. CHAU On Ta Yuen and Mr. LAW Tze Lun shall retire by rotation and being eligible, offer themselves for re- election at the forthcoming annual general meeting of the Company (the "**AGM**").

BOARD COMMITTEES

The Company has formed four Board Committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Executive Committee. All Board Committees are formed with specific written terms of reference setting out clearly the committees' authority and duties, and the terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are available on the Company's website. The Company has provided the Audit Committee, the Remuneration Committee and the Nomination Committee with sufficient resources to perform its duties, which includes seeking independent professional advice, at the Company's expense to perform their respective responsibilities.

AUDIT COMMITTEE

The Company has established an Audit Committee on 5 February 2009 in compliance with Rule 3.21 of the Listing Rules with written terms of reference and is available on the websites of the Stock Exchange and the Company. The main duties of the Audit Committee are to monitor the relationship of external auditors, to review the financial statements of the Group and to oversee the Group's financial reporting system, risk management and internal control procedures. The Audit Committee consists of three independent non-executive Directors, namely Mr. LAW Tze Lun (chairman of the Audit Committee), Mr. CHAU On Ta Yuen and Ms. TSUI Pui Man.

None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The duties of the Audit Committee are set out in the terms of reference, which include, among others, the following:

(i) To monitor the integrity of the consolidated financial statements, annual reports and interim reports of the Company and to review any significant financial reporting judgments contained in them.

(ii) To monitor the independence and objectivity of the external auditors and the effectiveness of the audit process, make recommendations to the Board on appointment, re-appointment and removal, and to approve the remuneration and term of engagement of external auditors.

(iii) To review the effectiveness and adequacy of the financial control, risk management and internal control system, and to ensure the timely response from management towards the internal control findings and the management letter from external auditors.

(iv) To review the effectiveness of the internal audit function of the Company.

During the Year, two meetings were held by the Audit Committee to consider the re-appointment of external auditors, their remuneration and terms of engagement and the Company's annual and interim results. All committee members attended all the meetings.

The Audit Committee, together with the management of the Company and the external auditors, have reviewed the audited consolidated financial statements of the Group for the Year, the accounting principles and practices adopted and discussed auditing, internal controls, risk management and financial reporting matters.

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee on 5 February 2009 in compliance with Rule 3.25 at the Listing Rules with written terms of reference and is available on the websites of the Stock Exchange and the Company.

The Remuneration Committee is responsible for reviewing the remuneration structure and policy of the executive Directors and for fixing the remuneration packages for all Directors in order to retain or attract the competent personnel.

The Remuneration Committee comprises of three independent non-executive Directors, namely Ms. TSUI Pui Man (the chairman of the Remuneration Committee), Mr. CHAU On Ta Yuen and Mr. LAW Tze Lun, and one executive Director, Mr. CHONG Wa Pan, who is responsible for the human resource management of the Group.

The major duties of Remuneration Committee are as follows:

(i) To establish a transparent and fair procedure for developing policy on the remuneration of Directors and senior management.

(ii) To make recommendations to the Board on the remuneration packages of all executive Directors and senior management, including their respective terms of service agreements, the type and form and amount of remuneration, and make recommendations to the Board for the remuneration of non-executive Directors.

(iii) To review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board.

(iv) To review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate.

(v) To prepare the Remuneration Committee report annually, and review the compliance of the Directors' remuneration disclosure in the Company's annual report.

(vi) To ensure that no Director or any of his associates is involved in deciding his own remuneration.

The remuneration of the Directors and senior management are determined with reference to the Group's operating results, individual performance, qualification and competence and the prevailing market conditions.

During the Year, one meeting was held by the Remuneration Committee to review and determine the remuneration of all executive Directors and senior management for the 2018/19 fiscal year and their performance-based remuneration and bonus with reference to corporate goals and objectives resolved by the Board. All committee members (save for Mr. CHONG Wa Pan who attended the meeting but abstained from voting on the resolution for approving his salary) attended all the meeting.

NOMINATION COMMITTEE

The Company established the Nomination Committee on 5 February 2009 with written terms of reference and is available on the websites of the Stock Exchange and the Company. The committee consists of three independent non-executive Directors, namely Ms. TSUI Pui Man (the chairman of the Nomination Committee), Mr. CHAU On Ta Yuen, Mr. LAW Tze Lun, and one executive Director, Mr. CHONG Wa Pan. The roles and functions of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, identifying individuals suitably qualified to become Board member and assessing the independence of independent non-executive Directors.

If any member of the Nomination Committee ("**Nomination Committee Member**") ceases to be a Director, he/she will cease to be a Nomination Committee Member automatically. The vacancy will be filled by appointment of new Nomination Committee Member by the Board. The majority of the Nomination Committee Members shall be independent non-executive Directors. The chairman of the Nomination Committee shall be appointed by the Board and shall be the Chairman or an independent non-executive Director.

The Board has adopted the Board Diversity Policy which sets out the approach to achieve diversity on the Board. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance, and will select candidates for the Board based on a range of diversity perspectives, including but not limited to gender, age, educational background, professional experience, skills, knowledge and independence (the "**Measurable Objectives**"). The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee will review the Measurable Objectives set for implementing the Board Diversity Policy by considering the Company's business model and specific needs from time to time and will recommend any revision thereof, if necessary, to the Board for consideration and approval.

The Company has a nomination policy of having a board of directors with a diversity of skills and experience. The selection and proposed appointment of the Directors are submitted for the approval from both the Nomination Committee and the Board, subject to the re-election of Directors in accordance with the Articles of Association. The criteria of assessing a candidate include his/her ability to devote sufficient time and attention to participate in the affairs of the Company including the attendance of Board meetings and serving on the Board Committees, to bring business experience to the Board and to contribute to the Board diversity. Once the candidate is proposed to be appointed as an independent non-executive Director, his/her independence shall be assessed in accordance with the requirements under the Listing Rules. The totality of the candidate's education, qualifications and experience shall be evaluated in assessing his/her suitability.

The Nomination Committee will review, as appropriate, the Board Diversity Policy and the Nomination Policy to ensure its effectiveness. The Nomination Committee will also discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The major duties of the Nomination Committee are as follows:

(i) review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(ii) review the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy;

(iii) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(iv) assess the independence of independent non-executive Directors; and

(v) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer.

During the Year, one meeting was held by the Nomination Committee to review the Board's composition, recommend the rotation of Directors and assess the independence of the independent non-executive Directors. All committee members attended the meeting.

EXECUTIVE COMMITTEE

The Company has set up the Executive Committee which determines the Group's strategies, reviews business performances and monitors the management's performance. As at 31 March 2019, the Executive Committee consists of three executive Directors, namely Mr. CHONG Kam Chau, Mr. CHONG Wa Pan and Mr. CHONG Wa Ching. Meetings are held regularly with the senior management of the Company to review the operation performance.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements which give a true and fair view of the state of the Group's affairs, results and cashflow for the Year.

In preparing the consolidated financial statements, supported by the finance department of the Group, the Directors have:

(i) reviewed the adoption of all applicable Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;

(ii) selected suitable accounting policies and applied them on a consistent basis;

(iii) made judgment and estimates that are prudent, fair and reasonable; and

(iv) prepared the consolidated financial statements on a going concern basis.

The Board is also responsible for presenting a balanced, clear and understandable assessment in annual and interim reports, other inside information announcements and other financial disclosures of the Group required under the Listing Rules and other statutory requirements.

The Board has received sufficient explanation and information from the management, which enabled the Board to make an informed assessment of the consolidated financial statements and other information before approval.

The Directors continue to adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The Audit Committee reviews the letter from HLM CPA Limited (the external auditor of the Company), confirms their independence, approves their appointment, discusses the scope of their audit and approves their fees.

HLM CPA Limited has stated their reporting responsibilities in the independent auditor's report on the consolidated financial statements on page 44 to page 48 of this annual report.

For the year ended 31 March 2019, the fee paid and payable to HLM CPA Limited in respect of audit and audit related services amounted to approximately HK$1.1 million. The non-audit services fee of approximately HK$0.1 million was paid/payable to HLM CPA Limited during the Year in performing quarterly inventories taking.

The Audit Committee recommended the appointment and reappointment of HLM CPA Limited for audit service.

RISK MANAGEMENT AND INTERNAL CONTROL

During the year, the Group has complied with Principle C.2 of the Corporate Governance Code by establishing appropriate and effective risk management and internal control systems. Management is responsible for the design, implementation and monitoring of such systems, while the Board oversees management in performing its duties on an ongoing basis. Main features of the risk management and internal control systems are described in the sections below:

Risk Management System

The Group adopts a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- *Identification*: Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.
- *Evaluation*: Analyze the likelihood and impact of risks and evaluate the risk portfolio accordingly.
- *Management*: Consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

Based on the risk assessments conducted during the Year, no significant risk was identified.

Internal Control System

The Company has in place an internal control system which is compatible with the Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**") 2013 framework. The framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the framework are shown as follow:

- *Control Environment*: A set of standards, processes and structures that provide the basis for carrying out internal control across the Group.
- *Risk Assessment*: A dynamic and iterative process for identifying and analyzing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed.
- *Control Activities*: Action established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out.
- *Information and Communication*: Internal and external communication to provide the Group with the information needed to carry out day-to-day controls.
- *Monitoring*: Ongoing and separate evaluations to ascertain whether each components of internal control is present and functioning.

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Internal Control System (Continued)

In order to enhance the Group's system of handling inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Group also adopts and implements an inside information policy and procedures. Certain reasonable measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Group, which include:

- The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.

- Confidentiality agreements are in place when the Group enters into significant negotiations.

- The Executive Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors.

Based on the internal control reviews conducted during the Year, no significant control deficiency was identified.

Internal Auditors

The Group has an Internal Audit ("**IA**") function, which is consisted of professional staff with relevant expertise (such as Certified Public Accountant). The IA function is independent of the Group's daily operation and carries out appraisal of the risk management and internal control systems by conducting interviews, walkthroughs and tests of operating effectiveness.

An IA plan has been approved by the Board. According to the established plan, review of the risk management and internal control systems is conducted annually and the results are reported to the Board via Audit Committee afterwards.

Effectiveness of the Risk Management and Internal Control Systems

The Board is responsible for the risk management and internal control systems of the Group and ensuring review of the effectiveness of these systems has been conducted annually. Several areas have been considered during the Board's review, which include but not limited to (i) the changes in the nature and extent of significant risks since the last annual review, and the Group's ability to respond to changes in its business and the external environment; and (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control systems.

The Board, through its review and the review made by IA function and Audit Committee, concluded that the risk management and internal control systems were effective and adequate. Such systems, however, are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. It is also considered that the resources, staff qualifications and experience of relevant staff were adequate and the training programs and budget provided were sufficient.

COMPANY SECRETARY

Ms. BOK Yuk Wan, who has been appointed as the company secretary of the Company since 16 January 2017, has complied with Rule 3.29 of the Listing Rules in relation to the professional training requirements during the Year.

COMMUNICATION WITH SHAREHOLDERS

The Directors acknowledge that they are entrusted to manage the Company on behalf of the Shareholders and they are responsible to the Shareholders for the operation and performance of the Company, therefore maintaining an open and effective communication with Shareholders is crucial for the Company to present the latest business development to them and obtain their opinions.

All Shareholders are encouraged to attend the general meetings of the Company to raise comments and exchange views with the Board. The Chairman, the chairpersons of the Committees and the members of the Committees will attend the general meetings to answer questions raised at the general meetings.

The Company will use a range of communication tools to ensure the Shareholders are kept well-informed including general meetings, annual reports, various notices, announcements and circulars. To promote effective communication, the Company maintains a website at www.comesure.com to post up-to-date information on the Group's latest business development, financial information and other relevant information for public access.

The forthcoming AGM of the Company is scheduled be held on 23 September 2019. Notice of the AGM and necessary information on issues to be considered in the AGM will be despatched to the Shareholders at least 20 clear business days in advance in accordance with the Listing Rules.

DIVIDEND POLICY

The Company adopts a dividend policy, taking into consideration all circumstances including the following factors before declaring or recommending dividends: (i) the current and projected financial performance of the Company; (ii) the growth and investment opportunities; (iii) other macro and micro economic factors; and (iv) other factors or events that the Board may consider relevant or appropriate from time to time. The payment of dividend is also subject to any restrictions under the applicable laws and the Articles of Association.

The Board proposed a payment of final dividend of HK4.00 cents per Shares for the Year.

SHAREHOLDERS' RIGHT

Procedures for convening an Extraordinary General Meeting and Putting Forward Proposals at General Meetings by the Shareholders

The Board and the management of the Group endeavored to ensure all the Shareholders are treated fairly and equally. The Board has established the shareholders' communication policy to maintain an open and effective communication with the Shareholders and to update the Shareholders on relevant information on the Group's business in a timely manner.

To ensure the rights of all the Shareholders, separate resolutions are proposed at the general meeting on each substantial issue, including but not limited to connected transactions, substantial acquisitions and election of individual Directors.

Extraordinary general meetings ("**EGM**") shall be convened on the requisition of one or more Shareholders holdings, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meeting. Such requisition shall be made in writing to the Board or the company secretary for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition.

Any Shareholder may appoint a proxy or representative to attend the general meeting, and they are entitled to exercise the same voting rights in the meeting.

SHAREHOLDERS' RIGHT (Continued)

Procedures for convening an Extraordinary General Meeting and Putting Forward Proposals at General Meetings by the Shareholders (Continued)

The convene and holding of general meetings and information distribution to the Shareholders are conducted strictly pursuant to the applicable laws and regulations and constitutional documents of the Company.

AGM procedures are reviewed from time to time to ensure that the Company complies with the code provisions of the Code. The chairperson of the AGM exercises his/her power under the Articles of Association to put each proposed resolution to the vote by way of a poll. The procedures for conducting a poll are explained at the general meeting prior to the polls being taken. Voting results are posted on the Company's website on the day of the AGM.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Hong Kong office of the Company whose contact details are as follows:

Address:	Units 8–10, 8th Floor Cornell Centre 50 Wing Tai Road Chai Wan Hong Kong
Email:	calvinchong@comesure.com
Tel No.:	(852) 2889 0310
Fax No.:	(852) 2558 7474/(852) 2896 6511

CHANGES TO CONSTITUTIONAL DOCUMENTS

During the Year, there was no significant change in the Company's constitutional documents. The constitutional documents of the Company are published on the Company's website and on the Stock Exchange's website.

INVESTORS RELATIONS

The Group values feedback from the Shareholders on its efforts to promote transparency and foster investor relationships. Comments and suggestions to the Board or the Company are welcome to contact our investor relation company.

Designated contact information

DirectiR Limited

Address:	10B, Phase 1, Yip Fat Factory Building 77 Hoi Yuen Road Kwun Tong Hong Kong
Tel.:	(852) 5318 1969
Email:	comesure@directir.com.hk

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. CHONG Kam Chau (莊金洲先生) ("Mr. CHONG"), aged 72, the founder and Chairman of the Group, is responsible for the strategic planning and overall development of the Group. Mr. CHONG is a director of Central Dragon Limited, Central Master Limited, Come Sure Development Limited, Come Sure Holdings Limited, Grand View Enterprises Group Limited, Joy Honest Holdings Limited, Jumbo Match Limited and Wah Ming International Limited (all of which are subsidiaries of the Company). Mr. CHONG is also the sole director and controlling shareholder of Perfect Group Version Limited. He was a standing committee member of the 9th, 10th and 11th term of the Political Consultative Conference of Shanxi Province (山西省政協第九、十及十一屆常務委員), and is the Honorary President of Shanxi Association of Overseas Liaison (山西省海外聯誼會名譽會長), and the Permanent Honorary President of the Eastern District Industries & Commerce Association (香港東區工商業聯會永遠名譽會長). Mr. CHONG was the committee member of the 16th and 17th term and the vice chairman of the 18th term of The Hong Kong Corrugated Paper Manufacturers' Association (HKCPMA). Mr. CHONG has over 30 years experience in the operation and management of companies engaging in manufacturing and/or trading of corrugated paper products in Hong Kong and the PRC. Mr. CHONG is the father of Mr. CHONG Wa Pan (an executive Director, the Chief Executive Officer and President of the Company), Mr. CHONG Wa Ching (an executive Director) and Mr. CHONG Wa Lam (a senior management of the Company).

Mr. CHONG Wa Pan (莊華彬先生), aged 47, is the eldest son of Mr. CHONG, the elder brother of Mr. CHONG Wa Ching (an executive Director) and Mr. CHONG Wa Lam (a senior management of the Company). Mr. CHONG Wa Pan is the Chief Executive Officer and President of the Company. He joined the Group in December 1991 and is responsible for the Group's overall management. Mr. CHONG Wa Pan is a director of Central Dragon Limited, Central Master Limited, Cheer Power (China) Limited, Huizhou Come Sure Paper Industrial Company Limited, Come Sure Development Limited, Come Sure Group Limited – Macao Commercial Offshore, Come Sure Holdings Limited, Come Sure Packing Products (Shenzhen) Company Limited, Huizhou Come Sure Packing Products Company Limited, Luck Sea Investment Limited, Mass Linker Limited and Smart Profit Capital Investment Limited (all of which are subsidiaries of the Company). Mr. CHONG Wa Pan obtained a post-graduate certificate in June 2002 and a professional certificate in March 2006 both in Enterprise Management from Shanxi University of Finance and Economics (山西財經大學). Mr. CHONG Wa Pan is a member of the Political Consultative Conference of Jiangxi Province (江西省政協委員), an executive director of the Jiangxi Association of Overseas Liaison (江西省海外聯誼會常務理事), the Vice-President of Hong Kong Federation Jiangxi Association (香港江西社團(聯誼)總會副主席), the Vice-President of Taiyuan Charity Association (太原慈善總會副會長), the Vice-President of Shenzhen Enterprise Confederation and Shenzhen Entrepreneur Association (深圳市企業聯合會及深圳市企業家協會副會長), the Vice-President of Shenzhen Province Foreign Investment Enterprise Association (深圳外商投資企業協會副會長), and the Permanent Honorary President of the Eastern District Industries & Commerce Association (香港東區工商業聯會永遠名譽會長).

DIRECTORS (Continued)

Executive Directors (Continued)

Mr. CHONG Wa Ching (莊華清先生), aged 42, is the second son of Mr. CHONG, the elder brother of Mr. CHONG Wa Lam (a senior management of the Company), the younger brother of Mr. CHONG Wan Pan (an executive Director, the Chief Executive Officer and President of the Company). Mr. CHONG Wa Ching is a director of Century Shiny Investment Limited, Cheer Fame Asia Limited, Fortune Port Technology Limited, Come Sure Packing Products (Shenzhen) Company Limited, Kechen Technology Limited, Kechen Technology (Hong Kong) Limited, Playful Games Holdings Limited, Playful Games (Hong Kong) Limited, Sky Achiever Holdings Limited, Superb Speed Limited, Think Speed Group Limited, Turbo Best Holdings Limited, Unlimited Space Limited and Wise Luck International (HK) Limited (all of which are subsidiaries of the Company). He joined the Group in August 2000 and is responsible for the strategic planning and control of the procurement and logistic activities of the Group, management of capital market operations, and investors' relationship. Mr. CHONG Wa Ching holds a Bachelor's degree in Business (Information Technology) from Swinburne University of Technology in Australia and a Master's Degree in Business from The University of Newcastle via distance learning. Mr. CHONG Wa Ching is a member of the Political Consultative Conference of Shanxi Province (山西省政協委員), a committee member of China Federation of Youth Committee (中國僑聯青年委員會委員), the vice-chairman of the Shanxi Federation of Youth Committee (山西省僑聯青年委員會副主席), a youth standing committee of Shanxi Province (山西省青年常委), an executive director of the Shanxi Association of Overseas Liaison (山西省海外聯誼會常務理事).

Independent Non-executive Directors

Mr. CHAU On Ta Yuen (周安達源先生) ("Mr. CHAU"), aged 72, was appointed as an independent non-executive Director on 5 February 2009. He graduated from Xiamen University, majoring in Chinese language and literature. Mr. CHAU is currently a non-executive director and the honorary chairman of the board of directors of China Ocean Industry Group Limited (formerly known as China Ocean Shipbuilding Industry Group Limited) (Stock Code: 651), an executive director and the chairman of the board of directors of ELL Environmental Holdings Limited (Stock Code: 1395), an independent non-executive director of Good Resources Holdings Limited (formerly known as Good Fellow Resources Holding Limited) (Stock Code: 109), an independent non-executive director of Redco Properties Group Limited (Stock Code: 1622) and an independent non-executive director of Hang Pin Living Technology Company Limited (formerly known as Hua Long Jin Kong Company Limited) (Stock Code: 1682), the shares of all of which are listed on the Main Board of the Stock Exchange. He is a standing committee member of the 13th National Committee of the Chinese People's Political Consultative Conference of the PRC (第十三屆全國政協常委) and honorary advisor of Hong Kong Federation of Fujian Associations (香港福建社團聯會榮譽顧問). Mr. CHAU is awarded with a Bronze Bauhinia Star (BBS) and Silver Bauhinia Star (SBS) by the Government of Hong Kong on 1 July 2010 and 1 July 2016, respectively.

Ms. TSUI Pui Man (徐珮文女士), aged 62, was appointed as an independent non-executive Director on 5 February 2009. She is a practising lawyer in Hong Kong. Ms. TSUI holds a Bachelor's degree in Arts and a Bachelor's degree in Law from the University of Hong Kong. Ms. TSUI is a qualified solicitor in Hong Kong (admitted in 1988), England and Wales, Australia and Singapore. She is also a Notary Public and a China-Appointed Attesting Officer. Ms. TSUI was a member of Disciplinary Panel of Hong Kong Certified Public Accountants. She is a council member of Association for the Promotion of Peaceful National Reunification of China (中國和平統一促進會理事).

DIRECTORS (Continued)

Independent Non-executive Directors (Continued)

Mr. LAW Tze Lun (羅子璘先生), aged 47, was appointed as an independent non-executive Director on 5 February 2009. He is currently a director of ANSA CPA Limited. Mr. LAW holds a Bachelor of Commerce (Accounting) from the Curtin University of Technology. He is a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants and a Certified Practising Accountant of CPA Australia. Mr. LAW has over 26 years of experience in auditing, accounting and finance gained from various accounting firms in Hong Kong. Mr. LAW is currently an independent non-executive director of Gemini Investments (Holdings) Limited (Stock code: 174) which is listed on the Main Board of the Stock Exchange and an independent non-executive director of Tak Lee Machinery Holdings Limited (Stock Code: 8142) which is listed on the GEM Board of the Stock Exchange. Mr. LAW was an independent non-executive director of National Investments Fund Limited (Stock Code: 1227) from December 2013 to September 2018.

The interest of the Directors in shares and/or underlying shares of the Company are set out in the paragraphs headed "Directors' and chief's interests and short positions in Shares" in the Directors' Report of this Annual Report.

SENIOR MANAGEMENT

Mr. YEOH Keng Gut, aged 50, is the plant manager of Come Sure Packing Products (Shenzhen) Company Limited. He joined the Group in June 2007 and is responsible for overall plants operation of Come Sure Shenzhen. He holds a Bachelor's degree in Applied Science (Engineering) from University of Toronto in Canada. Mr. YEOH has more than 20 years experience in the packaging industry involved in engineering, production, planning and customer services gained in Malaysia and China.

Mr. CHONG Wa Nam (莊華楠先生), aged 48, is the supervisor of Come Sure Packing Products (Shenzhen) Company Limited and a director of Chance Bright Limited – Macao Commercial Offshore, Come Sure Paper Industrial (Shenzhen) Company Limited, Huizhou Come Sure Packing Products Company Limited, Huizhou Come Sure Paper Industrial Company Limited, Shenzhen Qianhai Come Sure Packing Creative and Cultural Industries Company Limited, Wah Ming Colour Printing (Shenzhen) Company Limited and Jiangxi Come Sure Packing Products Company Limited (all of which are subsidiaries of the Company). Mr. CHONG Wa Nam joined the Group since 1992 and is responsible for monitoring the management and operations of a group of PRC subsidiaries to ensure the Group is in compliance with the PRC company laws and other legal regulations. Mr. CHONG Wa Nam holds a professional certificate in Enterprise Management from Shanxi University of Finance and Economics (山西財經大學). Mr. CHONG Wa Nam has more than 20 years of experience in the packaging industry involved in production, logistics, customer services and administration gained within the Group.

SENIOR MANAGEMENT (Continued)

Mr. CHONG Wa Lam (莊華琳先生), aged 40, is the youngest son of Mr. CHONG, the younger brother of Mr. CHONG Wa Pan, and Mr. CHONG Wa Ching, all of whom are executive Directors. Mr. CHONG Wa Lam is a director of Come Sure Packing Products (Shenzhen) Company Limited, China Apex Investment Limited, Huizhou Come Sure Paper Industrial Company Limited, Come Sure Packing Products (Quanzhou) Company Limited, Kechen Technology Limited, Kechen Technology (Hong Kong) Limited, Mass Winner Holdings Limited, Playful Games Holdings Limited, Playful Games (Hong Kong) Limited, Superb Speed Limited, Think Speed Group Limited, Turbo Best Holdings Limited, Unlimited Space Limited, Wah Ming Colour Printing (Shenzhen) Company Limited and Wah Ming Paper Industrial (Shenzhen) Company Limited (all of which are subsidiaries of the Company). He joined the Group in April 2002 and is responsible for the Group's sales and marketing activities including sales and product development of the Group, and the management of new investment projects. Mr. CHONG Wa Lam obtained a postgraduate certificate in June 2002 and a professional certificate in March 2006 both in Enterprise Management from Shanxi University of Finance and Economics (山西財經大學). He is a member of the Political Consultative Conference of Anhui Province (安徽省政協委員), a director of the Shanxi Association of Overseas Liaison (山西省海外聯誼會理事), a director of Shenzhen Printing Association (深圳市印刷行業協會理事), a vice chairman of Shenzhen Packaging Industry Association (深圳市包裝行業協會副會長), a vice chairman of The Hong Kong Corrugated paper Manufacturers' Association (HKCPMA), the vice president of Huidong Province Foreign Investment Enterprise Association (惠東外商投資企業協會副會長), a standing committee member of China Packaging Federation Paper Products Committee (中國包裝聯合會紙制品包裝委員會常務委員).

Mr. LUK Kwok Tung, Eric (陸國棟先生), aged 43, is the financial controller of the Group, and is responsible for the financial and accounting management of the Group. Mr. LUK joined the Group as Assistant Accounting Manager in September 2004. Mr. LUK is a director of Kechen Technology Limited, Kechen Technology (Hong Kong) Limited, Playful Games Holdings Limited, Playful Games (Hong Kong) Limited, Superb Speed Limited, Think Speed Group Limited and Unlimited Space Limited (all of which are subsidiaries of the Company). Mr. LUK holds a bachelor's degree in Business Accounting from the University of Glamorgan (now known as University of South Wales), United Kingdom. He is a fellow member of the Association of Chartered Certified Accountants. Mr. LUK has over 15 years of experience of financial and accounting and auditing, gained from the Group and local and international accounting firms.

Mr. LIN Mingzhong (林明忠先生), aged 50, is the plant manager of Wah Ming Colour Printing (Shenzhen) Company Limited and Sky Achiever Paper Industrial (Shenzhen) Company Limited, and the sales manager of MCO, Come Sure Holdings Limited. He joined the Group in 1 January 2003 and is responsible for overall operation of colour printing and molded pulp business and sales activities of MCO, Come Sure Holdings Limited. He graduated from 海南省郵電學校 with a college degree in electromechanical communication. Mr. LIN Mingzhong has over 15 years' experience in the packaging industry, involving engineering, production, planning and customer service.

COMPANY SECRETARY

Ms. BOK Yuk Wan (濮玉云女士), aged 37, is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Ms. BOK obtained a bachelor degree of Accountancy awarded by the University of South Australia in January 2009. Ms. Bok has over 10 years of experience in accounting, auditing and corporate management.

The Directors are pleased to present this annual report and the audited consolidated financial statements for the Year.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company. The activities of its principal subsidiaries, are set out in note 46 to the consolidated financial statements.

Further discussion and analysis of the business review required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis on financial key performance indicators, principal risks and uncertainties facing the Group and an indication of likely future developments in the businesses of the Group can be found in the "Chairman's Statement" and "Management Discussion and Analysis" set out on pages 7 to 14 of this annual report. These discussions form part of this "Directors' Report".

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 49 of this annual report.

No interim dividend was paid during the Year (2018: Nil). The Directors recommend the payment of a final dividend of HK4.00 cents per Share for the Year, amounting to approximately HK$14.1 million (2018: HK$25.4 million). The final dividend is subject to the approval of the Shareholders at the forthcoming AGM. The record date for entitlement to the proposed final dividend is 2 October 2019.

CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on 23 September 2019. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 18 September 2019 to 23 September 2019, 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 17 September 2019.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 27 September 2019 to 2 October 2019, (both days inclusive), and no transfer of shares will be effected on such date. In order to qualify for the proposed final dividend, 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 26 September 2019. It is expected that the final dividend will be paid on or around 23 October 2019.

FIXED ASSETS

During the Year, the Group has acquired approximately HK$10.8 million property, plant and equipment, which is mainly for regular replacement and the upgrading of production facilities.

Details of these and other movements during the Year in property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

During the Year, the Group has paid approximately HK$1.8 million (2018: approximately HK$2.2 million) as the deposits for the acquisition of property, plant and equipment.

SHARE CAPITAL

Details of the movements during the Year in the share capital of the Company are set out in note 34 to the consolidated financial statements of this annual report.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to the Shareholders as at 31 March 2019 amounted to approximately HK$408 million (2018: approximately HK$434.0 million).

Details of the movements in the reserves of the Group and the Company during the Year are set out in page 52 to page 53 and note 47(d) to the consolidated financial statements of this annual report, respectively.

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

During the Year, the Company repurchased a total of 8,828,000 ordinary shares of HK$0.01 each of the Company on the Stock Exchange at an aggregate consideration of approximately HK$6.9 million (excluding transaction costs). During the Year, all 8,828,000 repurchased shares were subsequently cancelled.

Particulars of the repurchases during the Year are as follows:

Month of repurchase	No. of Ordinary shares of HK$0.01 each	Price per share Highest	Price per share Lowest	Aggregate consideration paid
		HK$	HK$	HK$
December 2018	3,604,000	0.80	0.67	2,748,196
January 2019	1,728,000	0.80	0.77	1,375,175
February 2019	2,364,000	0.80	0.76	1,868,415
March 2019	1,132,000	0.80	0.79	914,583
	8,828,000			6,906,369

Subsequent to 31 March 2019 and up to the date of this annual report, the Company repurchased a total of 742,000 shares at an aggregate consideration of HK$593,560 (excluding transaction costs). All 742,000 repurchased shares were subsequently cancelled in April 2019. The number of issued shares of the Company as at the date of this annual report was 352,730,000 shares.

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

The Directors believe that such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earning per Share, and will benefit the Company and Shareholders.

FINANCIAL STATEMENTS

The profit of the Group and the financial conditions of the Company and the Group for the Year are set out in the financial statements on pages 49 to 132 of this annual report.

ENVIRONMENTAL POLICIES

The Group is committed to building an environmentally-friendly corporation that pays close attention to conserving natural resources. The Group strives to minimize our environmental impact by energy saving and wastage reduction, and encouraging recycle of office supplies and other materials. The Group also requires its factories to operate in strict compliance with the relevant environmental regulations and rules and possess all necessary permission and approval from the relevant PRC regulators.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Directors recognise that employees, customers and business partners are the keys to the sustainable development of the Group. The Group is committed to building a close and caring relationship with its employees and business partners and improving the quality of services to the customers.

Employees are regarded as the most important and valuable assets of the Group. The Group ensures all staff is reasonably remunerated and its workers are provided with regular training courses on operation of different types of machinery, as well as work safety. The Group strives to motivate its employees with a clear career path and opportunities for advancement and improvement of their skills.

The Group also stays connected with its customers and suppliers and has ongoing communication with the customers and suppliers through various channels such as telephone, electronic mails and physical meetings to obtain their feedback and suggestions.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in the PRC while the Company itself is listed on the Stock Exchange. Our establishment and operations accordingly shall comply with relevant laws and regulations in the PRC and Hong Kong. During the Year and up to the date of this annual report, the Group's operation has complied with all the relevant laws and regulations in the PRC and Hong Kong in all material respects.

DIRECTORS

The Directors during the Year and up to the date of this report were as follows:

Executives Directors

Mr. CHONG Kam Chau
Mr. CHONG Wa Pan
Mr. CHONG Wa Ching

Independent Non-executive Directors

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

In accordance with the provisions of the Articles of Association, Mr. CHONG Wa Pan, Mr. CHAU On Ta Yuen and Mr. LAW Tze Lun will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. No Directors have waived or agreed to waive any emoluments.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 March 2019 are set out in notes 31 and 32 to the consolidated financial statements of this annual report.

FIVE YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years are set out on page 4 of this annual report.

RETIREMENT BENEFITS SCHEMES

Particulars of the Group's retirement benefits schemes are set out in note 37 to the consolidated financial statements of this annual report.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the Year.

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

As at 31 March 2019, the interests and short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix X of the Listing Rules 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	232,518,000	65.78%
	Beneficial owner	1,700,000*	0.48%
Mr. CHONG Wa Pan (Notes 1 & 3)	Beneficiary of a discretionary trust	232,518,000	65.78%
	Beneficial owner	1,200,000*	0.34%
Mr. CHONG Wa Ching (Notes 1 & 3)	Beneficiary of a discretionary trust	232,518,000	65.78%
	Beneficial owner	600,000*	0.17%
Mr. CHONG Wa Lam (Notes 1 & 3)	Beneficiary of a discretionary trust	232,518,000	65.78%
	Beneficial owner	600,000**	0.17%
Mr. CHAU On Ta Yuen	Beneficial owner	500,000*	0.14%
Ms. TSUI Pui Man	Beneficial owner	500,000*	0.14%
Mr. LAW Tze Lun	Beneficial owner	500,000*	0.14%

* These long positions represent the share options granted to the respective Directors under the share option scheme of the Company. Each share option shall entitle the holder thereof to subscribe for one share.

** These long positions represent the share option granted to the then Director under the share option scheme of the Company. Each share option shall entitle the holder thereof to subscribe for one share.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES (Continued)

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%

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 232,518,000 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 232,518,000 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 232,518,000 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 31 March 2019.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2019, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Long positions in the Shares

Name	Capacity/Nature of interest	Number of shares	Percentage of issued shares
Perfect Group Version Limited (Notes 1 & 2)	Beneficial owner	232,518,000	65.78%
Jade City Assets Limited (Notes 1 & 2)	Interest of controlled corporation	232,518,000	65.78%
HSBC International Trustee Limited (Notes 1 & 2)	Trustee	232,518,000	65.78%
Ms. CHAN Po Ting (Notes 1 & 3)	Family interests; Beneficiary of a discretionary trust	234,218,000	66.26%
Ms. HUNG Woon Cheuk (Note 4)	Family interests	233,718,000	66.12%
Ms. YUEN Chung Yan (Note 5)	Family interests	233,118,000	65.95%
Mr. CHONG Kam Shing (Note 1)	Beneficiary of a discretionary trust	232,518,000	65.78%

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, and Mr. CHONG Kam Shing is children under 18 of Ms. HUNG Woon Cheuk. Therefore, Ms. HUNG Woon Cheuk is deemed or taken to be interested in the interests held by Mr. CHONG Wa Pan and Mr. CHONG Kam Shing under the SFO.

5. Ms. YUEN Chung Yan, the spouse of Mr. CHONG Wa Ching, is deemed or taken to be interested in the interests held by Mr. CHONG Wa Ching under the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save for the share option scheme adopted by the Company on 5 February 2009 (the "**Scheme**"), at no time during the Year was the Company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SIGNIFICANT INVESTMENTS HELD

Save as disclosed in notes 21 and 25 to the consolidated financial statement, there were no significant investment held by the Group as at 31 March 2019.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company, or its subsidiaries was a party and in which the Controlling Shareholder or a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

CONTINUING CONNECTED TRANSACTIONS

Master Materials Purchase Agreement

On 29 July 2010, Nine Dragons Paper (Holdings) Limited ("**Nine Dragons**") and the Company entered into a master materials purchase agreement (the "**Master Materials Purchase Agreemen**t") in relation to the purchase of raw paper materials by the Group from Nine Dragons for a period commencing from 22 October 2010 to 31 March 2013. The annual aggregate transaction amounts in respect of the purchase of raw paper materials by the Group from the Nine Dragons under the Master Materials Purchase Agreement or the separate sale and purchase agreements between the Nine Dragons and the Group for each of the periods from 22 October 2010 to 31 March 2011 and the two financial years of the Company ending on 31 March 2012 and 31 March 2013 shall be capped at and not exceed RMB200 million, RMB400 million and RMB500 million, respectively.

As the controlling shareholder of Nine Dragons indirectly owned as to 40% of the issued share capital of an indirectly owned subsidiary of the Company (the "**Subsidiary**"). Nine Dragons is a connected person of the Company pursuant to Chapter 14A of the then Listing Rules and as each of the percentage ratios (other than the profits ratio) for the aggregate caps of the transactions contemplated under the Master Materials Purchase Agreement for each of the periods from 22 October 2010 to 31 March 2011 and the two financial years of the Company ending on 31 March 2012 and 31 March 2013 of RMB200 million, RMB400 million and RMB500 million, respectively is on an annual basis more than 25%, the transactions contemplated under the Master Materials Purchase Agreement were subject to the reporting, announcement and independent shareholders' approval requirements pursuant to the then Listing Rules at the time of entering the Master Materials Purchase Agreement.

The above continuing connected transaction and the annual caps contemplated under the Master Materials Purchase Agreement were approved by the independent Shareholders at an extraordinary general meeting of the Company held on 6 September 2010. For details, please refer to the announcements of the Company dated 29 July 2010 and 6 September 2010, and the circular of the Company dated 19 August 2010.

CONTINUING CONNECTED TRANSACTIONS (Continued)

Master Materials Purchase Agreement (Continued)

On 28 February 2013, Nine Dragons and the Company renewed the Master Materials Purchase Agreement for a period commencing from 1 April 2013 to 31 March 2016. The annual aggregate transaction amounts in respect of the purchase of raw paper materials by the Group from Nine Dragons under the Group for the three financial years of the Company ending on 31 March 2014, 2015 and 2016 shall be capped at and not exceed RMB500 million, RMB500 million and RMB600 million, respectively. As the transaction meets the requirements under Rule 14A.31 of the then Listing Rules, the said continuing connected transaction is exempt from the reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33 of the then Listing Rules.

On 7 March 2016, both parties have renewed the Master Materials Purchase Agreement for a period commencing from 1 April 2016 to 31 March 2019. The annual aggregate transaction amounts in respect of the purchase of raw paper materials by the Group from Nine Dragons under the Group for the three financial years of the Company ending on 31 March 2017, 2018 and 2019 shall be capped at and not exceed RMB500 million each year. On 6 March 2019, both parties have renewed the Master Materials Purchase Agreement for a period commencing from 1 April 2019 to 31 March 2022. The annual aggregate transaction amounts in respect of the purchase of raw paper materials by the Group from Nine Dragons under the Group for the three financial years of the Company ending on 31 March 2020, 2021 and 2022 shall be capped at and not exceed RMB550 million each year. As the Subsidiary meets the requirements under Rule 14A.09 of the Listing Rules as an insignificant subsidiary, the said transactions are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements.

Pursuant to the Listing Rules, if the Subsidiary no longer meets the conditions for the exemption under Rule 14A.09 of the Listing Rules or if there is a material change to the terms of such agreement, the Company must comply with all applicable rules under Chapter 14A of the Listing Rules in relation to the announcement, reporting and/or independent shareholders' approval requirements. The Company confirms the disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied.

The amount paid by the Group to Nine Dragons and the percentage of relevant expenses are as follows:

Name of connected person	Nature of transactions	2019 Amount	2019 %	2018 Amount	2018 %
Nine Dragons Paper (Holdings) Limited	Purchase of raw paper	**RMB385,011,978**	**59.0%**	RMB425,437,281	57.4%

The independent non-executive Directors have reviewed the above continuing connected transactions have confirmed that such transactions entered into by the Group were:

(i) in the ordinary and usual course of business of the Group;

(ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable than terms available to or from independent third parties;

(iii) in accordance with relevant agreements governing such transactions; and

(iv) on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CONTINUING CONNECTED TRANSACTIONS (Continued)

Master Materials Purchase Agreement (Continued)

The auditors of the Company has confirmed to the Board on matters stated in Rule 14A.56 of the Listing Rules in relation to the above continuing connected transactions.

Save as the transactions disclosed above, the Directors consider that those related party transactions disclosed in note 43 to the consolidated financial statements did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 14A of the Listing Rules or are exempt from the reporting, annual review, announcement or independent shareholders' approval requirements under the Listing Rules.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

DIRECTOR'S INTERESTS IN COMPETING BUSINESS

None of the Directors is or was interested in any business apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the Year and up to and including the date of this annual report.

EMOLUMENT POLICY

The emolument policy for the senior management of the Group is set by the Remuneration Committee on the basis of their merit, qualifications and competence with reference to similar prevailing market condition.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

SHARE OPTION SCHEME

As to attract and retain the eligible persons, to provide additional incentive to them and to promote the success of the business of the Group, the Company conditionally adopted the Scheme on 5 February 2009 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.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.00. The subscription price of a share of the Company in respect of any particular option granted under the Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of a share of the Company on the date of grant of the option.

SHARE OPTION SCHEME (Continued)

The Company shall be entitled to issue options, provided that the total number of shares of the Company which may be issued upon exercise of all options to be granted under the Scheme does not exceed 10% of the shares in issue on the listing date of the Company. The Company may at any time refresh such limit, subject to the shareholders' approval and issue of a circular in compliance with the Listing Rules, provided that the total number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the shares of the Company in issue at the time.

As at the date of this report, options to subscribe for a total of 9,800,000 option shares were still outstanding under the Scheme which represents approximately 2.78% of the issued share capital of the Company. The total number of shares of the Company issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the shares of the Company in issue. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

On 6 January 2010, according to the terms of the Scheme, the Company has granted 8,400,000 share options (5,700,000 share options of which were granted to the then Directors) to certain eligible participants including certain Directors and employees at an exercise price of HK$1.18 per share and the consideration for each of the grant was HK$1. The share options granted pursuant to the Scheme will be exercisable from 6 January 2011 and expiring on 5 January 2020. Particulars of the share options granted under the Scheme were set forth in the announcement of the Company dated 6 January 2010.

On 17 May 2010, according to the terms of the Scheme, the Company has granted 19,600,000 share options (900,000 share options of which were granted to the Directors) to certain eligible participants including certain Directors and employees at an exercise price of HK$1.05 per share of the Company and the consideration for each of the grant was HK$1. The share options granted pursuant to the Scheme will be exercisable from the 180th day after the date of acceptance of the share options by the Grantees and expiring on 16 May 2020. Particulars of the share options granted under the Scheme were set forth in the announcement of the Company dated 17 May 2010.

SHARE OPTION SCHEME (Continued)

Details of the share options outstanding as at 31 March 2019 under the Scheme are as follows:

Name or category of grantees	Date of grant	Exercisable period	Exercise price (HK$) (Note 1)	Share options held on 1 April 2018	Share options granted during the Year	Share options exercised during the Year	Share options lapsed/ cancelled during the Year	Share options held on 31 March 2019
Executive Directors								
Mr. CHONG Kam Chau	6 January 2010	6 January 2011 to 5 January 2020	1.18	680,000	–	–	–	680,000
	6 January 2010	6 January 2012 to 5 January 2020	1.18	510,000	–	–	–	510,000
	6 January 2010	6 January 2013 to 5 January 2020	1.18	510,000	–	–	–	510,000
				1,700,000	–	–	–	1,700,000
Mr. CHONG Wa Pan	6 January 2010	6 January 2011 to 5 January 2020	1.18	480,000	–	–	–	480,000
	6 January 2010	6 January 2012 to 5 January 2020	1.18	360,000	–	–	–	360,000
	6 January 2010	6 January 2013 to 5 January 2020	1.18	360,000	–	–	–	360,000
				1,200,000	–	–	–	1,200,000
Mr. CHONG Wa Ching	6 January 2010	6 January 2011 to 5 January 2020	1.18	240,000	–	–	–	240,000
	6 January 2010	6 January 2012 to 5 January 2020	1.18	180,000	–	–	–	180,000
	6 January 2010	6 January 2013 to 5 January 2020	1.18	180,000	–	–	–	180,000
				600,000	–	–	–	600,000
Independent non-executive Directors								
Mr. CHAU On Ta Yuen	6 January 2010	6 January 2011 to 5 January 2020	1.18	200,000	–	–	–	200,000
	17 May 2010	13 November 2010 to 16 May 2020	1.05	300,000	–	–	–	300,000
				500,000	–	–	–	500,000
Ms. TSUI Pui Man	6 January 2010	6 January 2011 to 5 January 2020	1.18	200,000	–	–	–	200,000
	17 May 2010	13 November 2010 to 16 May 2020	1.05	300,000	–	–	–	300,000
				500,000	–	–	–	500,000
Mr. LAW Tze Lun	6 January 2010	6 January 2011 to 5 January 2020	1.18	200,000	–	–	–	200,000
	17 May 2010	13 November 2010 to 16 May 2020	1.05	300,000	–	–	–	300,000
				500,000	–	–	–	500,000
Eight other eligible participants of the Group								
	6 January 2010	6 January 2011 to 5 January 2020	1.18	660,000	–	–	–	660,000
	6 January 2010	6 January 2012 to 5 January 2020	1.18	495,000	–	–	–	495,000
	6 January 2010	6 January 2013 to 5 January 2020	1.18	495,000	–	–	–	495,000
	17 May 2010	13 November 2010 to 16 May 2020	1.05	3,000,000	–	–	–	3,000,000
				4,650,000	–	–	–	4,650,000
One other eligible participant of the Group								
	6 January 2010	6 January 2011 to 5 January 2020	1.18	150,000	–	–	–	150,000
				150,000	–	–	–	150,000
				9,800,000	–	–	–	9,800,000

Notes: 1. (a) The closing price of the Shares on 5 January 2010 (the day immediately before the date of grant) was HK$1.18.

(b) The closing price of the Shares on 16 May 2010 (the day immediately before the date of grant) was HK$1.05.

2. For details of the value of the options granted during the year ended 31 March 2019, please refer to note 35 to the consolidated financial statements.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save as disclosed in this annual report, no contract of significance has been entered into between the Company or any of its subsidiaries and the Controlling Shareholders during the Year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the laws of Cayman Islands, which would oblige the Company to offer its new shares on a pro-rata basis to existing Shareholders.

SUFFICIENCY OF PUBLIC FLOAT

As far as the Company is aware, more than 25% of the issued shares of the Company were held in public hands as of 31 March 2019.

PERMITTED INDEMNITY PROVISION

The Articles of Association provides that every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company has maintained appropriate Directors' liability insurance coverage for the Directors during the financial year ended 31 March 2019.

CHARITABLE DONATIONS

During the Year, the Group made charitable donation amounting to HK$399,000 (2018: HK$18,000).

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the Year under review is as follows:

	Percentage of the Group's total	
	Sales	Purchases
The largest customer	11.59%	N.A.
Five largest customers in aggregate	31.46%	N.A.
The largest supplier	N.A.	59.03%
Five largest suppliers in aggregate	N.A.	72.49%

At no time during the year have the Directors, their associates or any Shareholder (who/which to the knowledge of the directors owns more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

EVENTS AFTER THE REPORTING PERIOD

In April 2019, the Company repurchased a total of 742,000 shares at an aggregate consideration of HK$593,560 (excluding transaction costs) and all these 742,000 repurchased Shares were subsequently cancelled. Further details of the above repurchases are set out in the section "Purchase, Sales or Redemption of the Company's Listed Securities" of this annual report.

FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group has no future plans for material investments or capital assets and their expected sources of funding in the coming year other than those set out in this annual report.

AUDITOR

The consolidated financial statements of the Group for the years ended 31 March 2018 and 31 March 2019 have been audited by HLM CPA Limited which will retire and, being eligible, offer itself for re-appointment at the AGM. A resolution will be submitted on the AGM to appoint HLM CPA Limited as auditor of the Company.

On behalf of the Board

CHONG Kam Chau
Chairman

28 June 2019

恒健會計師行有限公司
HLM CPA LIMITED
Certified Public Accountants

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TO THE MEMBERS OF
COME SURE GROUP (HOLDINGS) LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Come Sure Group (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 49 to 131, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessments of trade and bills receivables

As set out in note 23 to the consolidated financial statements, as at 31 March 2019, the Group had trade and bills receivables amounting to approximately HK$209,073,000, net of allowance for doubtful debts of approximately HK$12,933,000. The Group applies HKFRS 9 simplified approach to measure expected credit loss ("ECL"). Trade receivables have been assessed for impairment both on an individual basis and on a collective group basis based on different credit risk characteristics. Management is required to carry out an estimation at the reporting date of ECL, which is judgemental and may be subjected to management bias.

KEY AUDIT MATTERS (Continued)

How our audit addressed the Key Audit Matters

Our procedures in relation to valuation on trade receivables included:

- evaluating the design and implementation of controls applied by the management to assess the measurement of ECL of trade receivables;
- testing the accuracy of the receivables aging analysis and the recoverability of amounts due from debtors through circularisation, testing of subsequent receipts and corroborative enquiry;
- confirming the existence and assessing the valuation of significant receivables as at year end by tracing to subsequent/recent receipts;
- assessing the reasonableness of the methods and assumptions used by the management to estimate the ECL of trade receivables; and
- assessing, validating and discussing with management and evaluating their assessment on the recoverability of the outstanding debts and the adequacy of allowance made based on the trade receivables aging analysis, collections subsequent to the end of the reporting period, past collection history as well as trend analysis and knowledge of the businesses, with focus on long outstanding debts and debts which are past due but not impaired.

We found that the estimation and judgement made by management in respect of the recoverability of trade receivables supported by credible evidence.

Valuation of investment properties

We identified the valuation of investment properties as a key audit matter as the valuation is subject to significant management estimate.

The carrying value of investment properties amounted to HK$228,500,000 as at 31 March 2019 and the increase in fair value of the investment properties recorded in the profit for the year was HK$7,380,000. In estimating the fair value of investment properties, it is the Group's policy to engage an independent professional valuer to perform the valuation. Management worked with the valuer to establish and determine the appropriate valuation technique and inputs to the valuation model.

Independent external valuations were obtained in order to support management's estimates.

Details of the investment properties are set out in note 18 to the consolidated financial statements.

How our audit addressed the Key Audit Matters

Our procedures in relation to management's valuation of investment properties included:

- examining and reviewing the valuation report issued by the independent professional property valuer;
- evaluating the qualification, independence and objectivity of the independent professional property valuer; and
- obtaining an understanding from the independent professional property valuer about the valuation methodology, the performance of the property markets, significant assumptions adopted, critical judgment on key inputs and data used in the valuations and evaluating if the valuation methodology used and the key estimates and key input adopted in the valuation are reasonable.

We found that the assumptions made by the independent professional property valuer were reasonable based on available evidence.

KEY AUDIT MATTERS (Continued)

Impairment assessment of goodwill

As at 31 March 2019, the Group has goodwill of HK$11,631,000 relating to the acquisition of 100% equity interest in Sky Achiever Holdings Limited ("SAH"). Management has concluded that there is no impairment in respect of the goodwill in SAH. This conclusion was based on a value-in-use model that required significant management judgement with respect to the discount rate and the underlying cash flows, in particular future revenue growth.

How our audit addressed the Key Audit Matters

Our procedures in relation to management's impairment assessment of goodwill included:

- evaluating the appropriateness of methodology and assumptions used by the management;
- assessing the reasonableness of the underlying key assumptions and data used in the cash flow forecast (including revenue growth rate, operating results, discount rate, terminal growth rate based on our knowledge of the business and industry); and
- testing the mathematical accuracy of the underlying valuation.

We found the assumptions made by management in relation to the value in use calculations to be reasonable based on available evidence. The significant inputs have been appropriately disclosed in note 19 to the consolidated financial statements.

OTHER INFORMATION

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liabilities to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

HLM CPA Limited
Certified Public Accountants
Chan Lap Chi
Practising Certificates number: P04084
Hong Kong, 28 June 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Note	2019 HK$'000	2018 HK$'000
Revenue	7	**1,184,886**	1,326,986
Cost of goods sold		**(950,570)**	(1,025,211)
Gross profit		**234,316**	301,775
Other income	8	**5,395**	6,246
Other gains and losses	9	**15,419**	7,007
Selling expenses		**(56,538)**	(60,793)
Administrative expenses		**(133,037)**	(108,893)
Other operating expenses		**(165)**	(10,113)
Profit from operations		**65,390**	135,229
Finance costs	10	**(15,336)**	(13,146)
Loss on disposal of subsidiaries	38	**–**	(3,500)
Loss on deregistration of subsidiaries	39	**–**	(2,720)
Profit before tax		**50,054**	115,863
Income tax expense	11	**(9,006)**	(20,458)
Profit for the year	12	**41,048**	95,405
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(34,264)**	46,488
Release of translation reserve upon disposal of subsidiaries		**–**	(842)
Other comprehensive (expense) income for the year, net of income tax		**(34,264)**	45,646
Total comprehensive income for the year		**6,784**	141,051
Profit (loss) for the year attributable to:			
Owners of the Company		**41,969**	96,496
Non-controlling interests		**(921)**	(1,091)
		41,048	95,405
Total comprehensive income (expense) attributable to:			
Owners of the Company		**8,653**	140,369
Non-controlling interests		**(1,869)**	682
		6,784	141,051
Earnings per share	15		
Basic and diluted		**HK11.61 cents**	HK26.63 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Note	2019 HK$'000	2018 HK$'000
Non-current assets			
Prepaid lease payments	16	**45,356**	49,818
Property, plant and equipment	17	**236,361**	271,823
Investment properties	18	**228,500**	219,900
Goodwill	19	**11,631**	11,631
Deposits paid for acquisition of investment property	20	**5,181**	–
Deposits paid for acquisition of property, plant and equipment	20	**2,381**	3,053
Club membership		**366**	366
		529,776	556,591
Current assets			
Inventories	22	**95,222**	119,713
Trade and bills receivables	23	**209,073**	260,214
Prepayments, deposits and other receivables	24	**15,270**	14,640
Prepaid lease payments	16	**1,150**	1,231
Tax recoverable		**5,711**	2,485
Equity securities at fair value through profit or loss	25	**29,547**	–
Held-for-trading investments	25	**–**	26,987
Held-to-maturity investment	21	**–**	9,023
Pledged bank deposits	26	**94,658**	123,499
Bank and cash balances	26	**232,294**	257,513
		682,925	815,305
Current liabilities			
Trade and bills payables	27	**109,516**	166,174
Accruals and other payables	28	**40,192**	83,720
Contract liabilities	29	**13,673**	–
Amounts due to non-controlling shareholders	30	**20,196**	20,196
Short-term bank borrowings	31	**285,969**	282,647
Tax payables		**20,151**	38,177
Long-term bank borrowings	32	**71,838**	81,506
		561,535	672,420
Net current assets		**121,390**	142,885
Total assets less current liabilities		**651,166**	699,476

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Note	2019 HK$'000	2018 HK$'000
Non-current liability			
Long-term bank borrowings	32	**18,659**	41,486
NET ASSETS		**632,507**	657,990
Capital and reserves			
Share capital	34	**3,535**	3,623
Reserves		**636,549**	660,075
Equity attributable to owners of the Company		**640,084**	663,698
Non-controlling interests		**(7,577)**	(5,708)
		632,507	657,990

The consolidated financial statements on pages 49 to 131 were approved and authorised for issue by the Board of Directors on 28 June 2019 and are signed on its behalf by:

Mr. CHONG Kam Chau
Director

Mr. CHONG Wa Pan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Attributable to shareholder of the Company											
	Share capital HK$'000 (note 34)	Share premium reserve HK$'000 (note (i))	Special reserve HK$'000 (note (ii))	Share-based payment reserve HK$'000 (note (iii))	Foreign currency translation reserve HK$'000 (note (iv))	Statutory reserve HK$'000 (note (v))	Other reserve HK$'000 (note (vi))	Contribution reserve HK$'000 (note (vii))	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2017	3,623	193,212	105,309	3,579	22,339	27,762	(20)	15,840	151,685	523,329	(1,075)	522,254
Profit (loss) for the year	–	–	–	–	–	–	–	–	96,496	96,496	(1,091)	95,405
Other comprehensive income (expense) for the year:												
Exchange differences on translating foreign operations	–	–	–	–	44,715	–	–	–	–	44,715	1,773	46,488
Release of translation reserve upon disposal of subsidiaries	–	–	–	–	(842)	–	–	–	–	(842)	–	(842)
Total comprehensive income for the year	–	–	–	–	43,873	–	–	–	96,496	140,369	682	141,051
Transfer to statutory reserve	–	–	–	–	–	5,600	–	–	(5,600)	–	–	–
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	(8,035)	(8,035)
Deregistration of subsidiaries	–	–	–	–	–	–	–	–	–	–	2,720	2,720
Change in equity for the year	–	–	–	–	43,873	5,600	–	–	90,896	140,369	(4,633)	135,736
At 31 March 2018	**3,623**	**193,212**	**105,309**	**3,579**	**66,212**	**33,362**	**(20)**	**15,840**	**242,581**	**663,698**	**(5,708)**	**657,990**
At 1 April 2018	**3,623**	**193,212**	**105,309**	**3,579**	**66,212**	**33,362**	**(20)**	**15,840**	**242,581**	**663,698**	**(5,708)**	**657,990**
Profit (loss) for the year	-	-	-	-	-	-	-	-	41,969	41,969	(921)	41,048
Other comprehensive expense for the year:												
Exchange differences on translating foreign operations	-	-	-	-	(33,316)	-	-	-	-	(33,316)	(948)	(34,264)
Total comprehensive income (expense) for the year	-	-	-	-	(33,316)	-	-	-	41,969	8,653	(1,869)	6,784
Transfer to statutory reserve	-	-	-	-	-	111	-	-	(111)	-	-	-
Repurchase of ordinary shares	(88)	(6,818)	-	-	-	-	-	-	-	(6,906)	-	(6,906)
Dividend paid (note 14)	-	-	-	-	-	-	-	-	(25,361)	(25,361)	-	(25,361)
Change in equity for the year	(88)	(6,818)	-	-	(33,316)	111	-	-	16,497	(23,614)	(1,869)	(25,483)
At 31 March 2019	**3,535**	**186,394**	**105,309**	**3,579**	**32,896**	**33,473**	**(20)**	**15,840**	**259,078**	**640,084**	**(7,577)**	**632,507**

Notes:

(i) Share premium reserve

Under the Companies Law of the Cayman Islands, the funds in the share premium reserve of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Special reserve

The special reserve of the Group arose as a result of the reorganisation (the "Reorganisation") implemented in the preparation for listing of the Company's shares on Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing") and represented the difference between the nominal value of the aggregate share capital of the subsidiaries acquired pursuant to the Reorganisation over the nominal value of the share capital of the Company issued in exchange therefor.

(iii) Share-based payment reserve

The share-based payment reserve represents the fair value of the actual number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 3.

(iv) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3.

(v) Statutory reserve

The statutory reserve, which is non-distributable, is appropriated from the profit after tax of the Group's subsidiaries operating in the People's Republic of China (the "PRC") under applicable laws and regulations of the PRC.

(vi) Other reserve

Other reserve represents the difference between the proportionate share of the carrying amount of the Group's subsidiaries' net assets and the consideration paid for the additional interests when the Group acquired non-controlling interests.

(vii) Contribution reserve

Contribution reserve represents contributions from shareholders for indemnity liabilities payable for periods prior to the Listing.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Note	2019 HK$'000	2018 HK$'000
OPERATING ACTIVITIES			
Profit before tax		**50,054**	115,863
Adjustments for:			
Amortisation of prepaid lease payments		**1,177**	1,446
Depreciation of property, plant and equipment	17	**27,823**	29,936
Write-off of property, plant and equipment		**24**	522
Impairment of property, plant and equipment		**–**	10,119
Write-back of other payables		**–**	(402)
Loss on disposal of property, plant and equipment		**131**	126
Reversal of impairment on trade receivables		**(39)**	(661)
Loss on disposal of subsidiaries	38	**–**	3,500
Loss on deregistration of subsidiaries	39	**–**	2,720
Gain on disposal of held-for-trading investments	9	**–**	(130)
Gain on disposal of equity securities at FVTPL	9	**(2,967)**	–
Gain on disposal of certificate of deposits measured at amortised cost	9	**(162)**	–
Fair value changes of held-for-trading investments	9	**–**	5,797
Fair value changes of equity securities at FVTPL	9	**(1,109)**	–
Fair value changes of derivative financial instruments	9	**–**	(2,176)
Fair value changes of investment properties	9	**(7,380)**	(10,100)
Loss from structured foreign currency forward contracts	9	**–**	2,156
Income from wealth management products	9	**(3,801)**	(2,554)
Dividend income from held-for-trading investments	8	**–**	(332)
Dividend income from equity securities at FVTPL	8	**(158)**	–
Government subsidies	8	**(1,361)**	(707)
Finance costs	10	**15,336**	13,146
Interest income	8	**(2,933)**	(3,374)
Operating profit before working capital changes		**74,635**	164,895
Decrease (increase) in inventories		**16,509**	(21,234)
Decrease (increase) in trade and bills receivables		**37,112**	(32,287)
(Increase) decrease in prepayments, deposits and other receivables		**(1,567)**	5,767
Decrease in trade and bills payables		**(46,703)**	(4,954)
(Decrease) increase accruals and other payables		**(25,559)**	14,555
Cash generated from operations		**54,427**	126,742
Income taxes paid		**(27,815)**	(5,463)
Net cash generated from operating activities		**26,612**	121,279

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Note	2019 HK$'000	2018 HK$'000
INVESTING ACTIVITIES			
Repair and maintenance expenses capitalised for investment properties		**(1,220)**	–
Purchase of property, plant and equipment		**(7,980)**	(17,699)
Purchase of equity securities at FVTPL/held-for-trading investments		**(71,244)**	(43,554)
Purchase of certificate of deposits measured at amortised cost/ held-to-maturity investments		**(14,132)**	(18,399)
Proceeds from disposal of equity securities at FVTPL/ held-for-trading investments		**73,182**	47,495
Proceeds from disposal of certificate of deposits measured at amortised cost		**23,341**	–
Deposits paid for acquisition of property, plant and equipment		**(1,755)**	(2,238)
Deposits paid for acquisition of investment property		**(5,181)**	–
Decrease in pledged bank deposits		**20,607**	35,897
Dividend income from equity securities at FVTPL/ held-for-trading investments		**158**	332
Cash outflow on structured foreign currency forward contracts		**–**	(2,156)
Cash inflow from wealth management products		**3,801**	2,554
Proceeds from disposal of property, plant and equipment		**144**	158
Net cash flow on disposal of subsidiaries	38	**–**	(10,802)
Interest received		**2,933**	3,374
Net cash generated from (used in) investing activities		**22,654**	(5,038)
FINANCING ACTIVITIES			
Draw down on new bank borrowings		**73,830**	107,115
Payment on repurchase of ordinary shares		**(6,906)**	–
Repayment of bank borrowings		**(99,855)**	(186,229)
Government subsidies		**1,361**	707
Dividend paid		**(25,361)**	–
Interest paid		**(15,273)**	(13,341)
Net cash used in financing activities		**(72,204)**	(91,748)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(22,938)**	24,493
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(2,281)**	(17,394)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**257,513**	250,414
CASH AND CASH EQUIVALENTS AT END OF YEAR, represented by bank and cash balances		**232,294**	257,513

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 10 March 2006 as an exempted company with limited liability under the Companies Law of the Cayman Islands. In the opinion of the directors of the Company, the immediate and ultimate holding company of the Company is Perfect Group Version Limited ("Perfect Group"), a company incorporated in the British Virgin Islands (the "BVI"). The addresses of the registered office and principal place of business of the Company are disclosed in "Corporate Information" section to the annual report.

The Company is an investment holding company and the principal activities of its principal subsidiaries are set out in note 46.

The shares of the Company were listed on the Main Board of the Stock Exchange on 26 February 2009.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"). Other than those subsidiaries established in the PRC whose functional currency is Renminbi ("RMB"), the functional currency of the Company and its other subsidiaries is HK$.

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

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

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs and HKASs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below. None of the above amendments has had a significant financial effect on these financial statements.

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

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

(a) Impact and changes in accounting policies of application on HKFRS 9 Financial Instruments

In current year, the Group has applied HKFRS 9 *Financial Instruments*. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

The Directors reviewed and assessed the Group's financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts are detailed in "Summary of effects arising from initial application of HKFRS 9".

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

	Held-to-maturity investment HK$'000	**Certificate of deposits measured at amortised cost** HK$'000
Closing balance at 31 March 2018 – HKAS 39	9,023	N/A
Effect arising from initial application of HKFRS 9:		
Reclassification from held to maturity investment	(9,023)	9,023
Opening balance at 1 April 2018	–	9,023

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

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

(a) Impact and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

Summary of effects arising from initial application of HKFRS 9 (Continued)

	Held-for-trading investment HK$'000	Equity securities at fair value through profit or loss ("FVTPL") HK$'000
Closing balance at 31 March 2018 – HKAS 39	26,987	N/A
Effect arising from initial application of HKFRS 9:		
Reclassification from held-for-trading investments	(26,987)	26,987
Opening balance at 1 April 2018	–	26,987

(i) Held-to-maturity investment

Certificate of deposits previously classified as held-to-maturity investment is reclassified and measured at amortised cost upon application of HKFRS 9. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount at 1 April 2018.

(ii) Held-for-trading investments

At the date of initial application of HKFRS 9, the Group's equity securities listed in Hong Kong and PRC were reclassified from held-for-trading investments to equity securities at FVTPL. There was no difference between the previous carrying amount and the revised carrying amount at 1 April 2018.

Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. ECL for other financial assets at amortised cost, including bank balances and cash and other receivables, are assessed on 12-month ECL basis as there had been no significant increase in credit risk since initial recognition. After performing the assessment of ECL on the Group's existing trade receivables, other receivables and bank balances, no ECL allowance was recognised by the Group as at 1 April 2018 as the amount is not material.

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

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

(b) Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from the following major source which arises from contracts with customers:

- Sale of corrugated board, corrugated paper-based packing products and offset printed corrugated products

The revenue from sale of corrugated board, corrugated paper-based packing products and offset printed corrugated products are recognised at a point in time when "control" was transferred. The application of HKFRS 15 does not have significant impact on the amounts reported in the consolidated financial statements for the year 2018 and 2019.

Summary of effects arising from initial application of HKFRS 15

Receipts in advance from customers in relation to deposits or payments received in advance for sale of corrugated board, corrugated paper-based packing products and offset printed corrugated products, which was previously included in "Accruals and other payables" has been reclassified as "Contract liabilities".

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2018 HK$'000	Reclassification HK$'000	Carrying amounts under HKFRS 15 at 1 April 2018 HK$'000
Current liabilities			
Accruals and other payables	83,720	(24,251)	59,469
Contract liabilities	–	24,251	24,251

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

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

(b) Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers (Continued)

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019 for each of the line items affected. Items that were not affected by the changes have not been included.

	As reported HK$'000	Reclassification HK$'000	Amounts without application of HKFRS 15 HK$'000
Current liabilities			
Accruals and other payables	40,192	13,673	53,865
Contract liabilities	13,673	(13,673)	–

New and amendments to HKFRSs and HKASs issued but not yet effective

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 3	Definition of a Business[5]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective date to be determined
5 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

Except for the new HKFRS mentioned below, the Directors do not anticipate that the application of these new and amendments to HKFRSs and HKASs will have any material impact on the Group's consolidated financial statements in the foreseeable future.

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

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

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as sales. HKFRS 16 also includes requirements relating to subleases and the lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for own use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of approximately HK$74,421,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosures as indicated above.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values, as explained in the accounting policies set out below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Goodwill

Goodwill arising from a business combination is carried at cost less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represents the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units). An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in subsidiaries

Investments in subsidiaries are included in the statement of financial position of the Company (see note 46) at cost less any identified impairment loss.

Property, plant and equipment

Property, plant and equipment including leasehold land and buildings (classified as finance leases) held for use in the production or supply of goods or services, or for administrative purposes other than properties under construction as described below are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to allocate the cost of items of property, plant and equipment other than properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Buildings under development for future owner-occupied purpose

When buildings are in the course of development for production or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Leasehold land and building

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is under finance lease.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation) which are recognised in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation, that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of a control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Club membership

Club membership with indefinite useful life is stated at cost less any impairment loss. Impairment is reviewed annually or when there is any indication that the club membership has suffered impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity. It excludes borrowing costs.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 April 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest/dividend income which are derived from the Group's ordinary course of business are presented as revenue.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2) (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2)

The Group recognizes loss allowance for ECL on financial assets which are subject to impairment assessment under HKFRS 9 (including trade and other receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognise lifetime ECL for trade receivables without significant financing component. Except for those debtors with impaired creditworthiness are re-assessed individually, the ECL on trade receivables are assessed collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the impairment allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account of any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 365 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the creditworthiness of financial asset is impaired, in which case interest income is calculated based on amortised cost of the financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018)

Financial assets are classified into the following specified categories: financial assets at FVTPL, loans and receivables and held-to-maturity investment. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

(i) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held-for-trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held-for-trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised in profit or loss in the period which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the "other gains and losses" line item in the consolidated statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in note 6(c).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018) (Continued)

(ii) Held-to-maturity investment

Held-to-maturity investment is non-derivative financial assets with fixed or determinable payments and fixed maturity dates that are quoted in an active market and that the Group has the positive intention and ability to hold to maturity.

Held-to-maturity investment is initially recorded at fair value plus any directly attributable transaction costs. Subsequently to initial recognition, held-to-maturity investment is measured at amortised cost using the effective interest rate method, less any impairment allowances.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and bills receivables, deposits and other receivables, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment loss.

Impairment of financial assets (before application of HKFRS 9 on 1 April 2018)

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade and bills receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 15 to 120 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (before application of HKFRS 9 on 1 April 2018) (Continued)

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and bills receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade and bills receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVTOCI upon application of HKFRS 9, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI upon application of HKFRS 9, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to accumulated losses.

On derecognition of an AFS financial asset, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost

Financial liabilities including trade and bills payables, accruals and other payables, amounts due to non-controlling shareholders and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

Under a financial guarantee contract, the Group, in return for a fee, undertakes to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms. Financial guarantee is recorded as liabilities, initially at fair values and, if not designated as at fair value through profit or loss. It is subsequently measured at the higher of:

- any provision under the contract measured in accordance with HKFRS 9 (since 1 April 2018)/HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (before application of HKFRS 9 on 1 April 2018); and

- the amount initially recognised less, where appropriate, cumulative amortisation.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Cash and cash equivalents

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 2)

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Revenue recognition (prior to 1 April 2018)

Revenue is measured at the fair value of the consideration received or receivable for goods sold and services rendered in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

– the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

– the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

– the amount of revenue can be measured reliably;

– it is probable that the economic benefits associated with the transaction will flow to the Group; and

– the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income arising from technical services provided in respect of the internet business is recognised when the services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme"), Central Provident Fund System and central pension scheme are recognised as an expense when employees have rendered services entitling them to the contributions.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as a reduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

Equity-settled share-based payment transactions

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payment reserve).

At the end of the reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-marketing vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment transactions (Continued)

Equity-settled share-based payment transactions (Continued)

When share options are exercised, the amount previously recognised in share-based payment reserve will be transferred to share premium reserve. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payment reserve will be transferred to retained profits.

When an equity settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non vesting conditions within the control of either the Group or the employee are not met.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the current tax and deferred tax.

Current tax

Tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to cover or settle the carrying amount of its assets and liabilities.

For the purpose of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Impairment of tangible assets and intangible assets (other than impairment of goodwill set out in accounting policy of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash- generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under the standard.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible assets and intangible assets (other than impairment of goodwill set out in accounting policy of goodwill above) (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Related parties

A party is considered to be related to the Group if:

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control of the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) the entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(b) An entity is related to the Group if any of the following conditions applies: (Continued)

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity, and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependents of that person or that person's spouse or domestic partner.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Deferred taxation on investment properties

For the purpose of measuring deferred tax liabilities from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment properties portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantively all of the economic benefits embodied in the investment properties over time, rather than sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties as the Group is not subject to any income taxes on disposal of its investment properties.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash generating unit to which goodwill has been allocated. The directors of the Company estimate the recoverable amount based on a value-in-use calculation. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. At 31 March 2019, the carrying amount of goodwill is approximately HK$11,631,000 (2018: HK$11,631,000), no impairment loss was recognised for both years. Details of the recoverable amount calculation are disclosed in note 19.

Estimation of fair value of investment properties

As disclosed in note 18, the Group's investment properties were revalued at the end of the reporting period on an open market value basis by an independent professional valuer. Such a valuation was based on certain assumptions, which are subject to uncertainty and might materially differ from the actual result. In making the judgment, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period. At 31 March 2019, the carrying amount of investment properties are approximately HK$228,500,000 (2018: HK$219,900,000).

Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment as set out in note 17. This estimate is based on historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. At 31 March 2019, the carrying amount of property, plant and equipment was approximately HK$236,361,000 (2018: HK$271,823,000).

Provision for ECL for trade and other receivables (applicable from 1 April 2018)

The Group uses a provision of matrix to calculate ECLs for trade receivables. The provision matrix is based on management's estimate of the lifetime ECL to be incurred, which is estimated by taking into account the creditworthiness, ageing of overdue trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement. The Group regularly monitors and reviews assumptions related to the calculation of ECL.

The provision of ECLs is sensitive to changes in circumstances and of forecast general economic conditions. If the financial condition of the customers or the forecast economic conditions were to deteriorate, actual impairment allowance would be higher than estimated.

As at 31 March 2019, the carrying amount of trade and bills receivables was approximately HK$209,073,000 (2018: HK$260,214,000), net of ECL provision of approximately HK$12,933,000 (2018: HK$13,398,000). As at 31 March 2019, the carrying amount of prepayments, deposits and other receivables was approximately HK$15,270,000 (2018: HK$14,640,000), net of ECL provision of approximately HK$14,560,000 (2018: HK$14,560,000).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Allowance for inventories

Allowance for inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in the future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charged to the profit or loss for the year in which such estimate has been made. As at 31 March 2019, the carrying amount of inventories was approximately HK$95,222,000 (2018: HK$119,713,000), no write-down of inventories was recognised for both years.

Value-added tax ("VAT")

The Group is subject to VAT in the PRC. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of anticipated sales and purchase transactions based on estimation of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the VAT recoverable or payables in the year in which such determination is made. At 31 March 2019, the carrying amount of VAT recoverable was approximately HK$3,407,000 (2018: HK$915,000) and the carrying amount of VAT payable was approximately HK$8,100,000 (2018: HK$11,422,000).

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of cash and cash equivalents, bank borrowings and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits. The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through payment of dividends, new share issues and share buy-backs as well as issue of new debts or redemption of existing debts.

The net debt to equity ratio at the end of the reporting period was as follows:

	2019 **HK$'000**	2018 HK$'000
Debt (a)	**376,466**	405,639
Less: Bank and cash balances	**(232,294)**	(257,513)
Net debt	**144,172**	148,126
Equity (b)	**640,084**	663,698
Net debt to equity ratio	**22%**	22%

(a) Debt is defined as short-term and long-term bank borrowings, as detailed in notes 31 and 32 respectively.

(b) Equity includes all capital and reserves of the Group attributable to owners of the Company.

The only externally imposed capital requirement for the Group to maintain its listing on the Stock Exchange is that it has to have a public float of at least 25% of its shares.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2019 HK$'000	2018 HK$'000
Financial assets:		
Financial assets at FVTPL	**29,547**	26,987
Financial assets at amortised cost	**553,938**	9,023
Loans and receivables (including cash and cash equivalents)	**–**	653,240
Financial liabilities:		
Financial liabilities at amortised cost	**536,972**	638,970

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, deposits and other receivables, equity securities at FVTPL/ held-for-trading investments, held-to-maturity investment, bank and cash balances, trade and bills payables, accruals and other payables, amounts due to non-controlling shareholders and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

i. Currency risk

Other than the subsidiaries established in the PRC whose functional currency is RMB, the functional currency of the Company and other subsidiaries is HK$. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000
United States dollar ("US$")	**12,058**	38,911	**–**	–
RMB	**887**	668	**–**	–
HK$	**232**	120	**–**	–
	13,177	39,699	**–**	–

The following table demonstrates the sensitivity to an increase in the value of foreign currency against the functional currency, with all other variables held constant, of the Group's profit after tax. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and their translation is adjusted at the year end for any changes in foreign currency rates. A positive number indicates a decrease in loss or increase in profit after tax. If the foreign currency rate changes in an opposite directions with all other variables held constant, there would be an equal and opposite impact on the Group's profit after tax.

The Group currently does not have any US$, RMB and HK$ hedging policy but management monitors US$, RMB and HK$ exchange exposure and will consider hedging significant US$, RMB and HK$ exposure should the need arise.

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

i. *Currency risk (Continued)*

Sensitivity analysis

	Foreign currency rate movement	**Increase in profit after tax HK$'000**
Year ended 31 March 2019		
– US$	**+1%**	**121**
– RMB	**+10%**	**89**
– HK$	**+10%**	**23**

	Foreign currency rate movement	Increase in profit after tax HK$'000
Year ended 31 March 2018		
– US$	+1%	389
– RMB	+10%	67
– HK$	+10%	12

ii. *Interest rate risk*

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see notes 31 and 32 for details of these borrowings). The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly related to the fluctuation of Hong Kong Interbank Offered Rate ("HIBOR") arising from the Group's bank borrowings.

The Group's pledged bank deposits and bank borrowings (see notes 26, 31 and 32 respectively) bear interests at fixed or floating interest rates and therefore are subject to interest rate risk. The directors of the Company consider the Group's exposure to interest rate risk on pledged bank deposits and bank borrowings not significant.

The Group's cash flow interest rate risk primarily relates to variable-rate bank deposits and bank borrowings.

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

ii. Interest rate risk (Continued)

Sensitivity analysis
The sensitivity analysis below has been determined based on the exposure to interest rates for its variable rate bank deposits and bank borrowings at the end of the reporting period. The analysis is prepared assuming the amounts of bank deposits and bank borrowings outstanding at the end of each reporting period were outstanding for the whole year. A 100 basis point (2018: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2018: 100 basis points) higher/lower and all other variables were held constant, the Group's profit after tax for the year ended 31 March 2019 would increase/decrease by HK$413,000 (2018: loss increase/decrease by HK$206,000).

iii. Other price risk

The Group is exposed to equity price risk through its equity securities at FVTPL/ held for trading investments. Management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on a particular equity stock traded in the Stock Exchange of Hong Kong. Management monitors the equity price exposure by regularly reviewing and maintaining a portfolio of equity investments with different risk profiles.

Sensitivity analysis
The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period. If the prices of the respective equity instruments had been 10% (2018: 10%) higher/lower and all other variables were held constant, the Group's profit after tax for the year ended 31 March 2019 would decrease/increase by approximately HK$2,467,000 (2018: profit after tax decrease/increase by approximately HK$2,253,000) as a result of the changes in fair value of equity securities at FVTPL/ held for trading investments.

Credit risk

As at 31 March 2019, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of trade and bill receivables, deposits and other receivables, bank and cash balances and pledged bank deposits included in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its trade and bills receivables. The Group has policies in place to ensure that sales are made to customers with a proper credit history. In addition, the directors of the Company review the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts.

The Group has no significant concentration of credit risk. The percentage of trade and bills receivables due from the Group's five largest customers in aggregate to the Group's total trade and bills receivables net of allowance is 27% (2018: 26%) as at 31 March 2019.

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 80% (2018: 83%) of the total trade and bills receivables as at 31 March 2019.

The credit risk on liquid funds is limited because the counterparties are mainly well-recognised financial institutions.

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are of floating rate, the undiscounted amount is derived from the interest rate curve at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments to be settled on a net basis. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments is prepared based on the contractual maturity dates as management considers that the contractual maturity dates are essential for an understanding of the timing of the cash flows of derivatives.

	On demand or less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2019						
Non-derivative financial liabilities						
Bank and other borrowings	343,531	31,388	5,322	3,043	383,284	376,466
Trade and bills payables	109,516	–	–	–	109,516	109,516
Accruals and other payables	30,794	–	–	–	30,794	30,794
Amounts due to non-controlling shareholders	20,196	–	–	–	20,196	20,196
	504,037	31,388	5,322	3,043	543,790	536,972

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	On demand or less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2018						
Non-derivative financial liabilities						
Bank and other borrowings	368,275	30,425	15,879	–	414,579	405,639
Trade and bills payables	166,174	–	–	–	166,174	166,174
Accruals and other payables	46,961	–	–	–	46,961	46,961
Amounts due to non-controlling shareholders	20,196	–	–	–	20,196	20,196
	601,606	30,425	15,879	–	647,910	638,970

Bank loans with a repayment on demand clause are included in the "on demand or less than 1 year" time band in the above maturity analysis. As at 31 March 2019 and 2018, the aggregate undiscounted principal amounts of these bank loans amounted to approximately HK$51,353,000 and HK$51,410,000 respectively. Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid within 1 to 5 years after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to approximately HK$54,326,000 (2018: HK$59,649,000).

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

6. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements recognised in the consolidated statement of financial position

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 into Levels 1 to 2 based on the degree to which the fair value is observable in accordance to the Group's accounting policy.

	Level 1 HK$'000	**Level 2 HK$'000**	**Total HK$'000**
At 31 March 2019			
Financial assets at FVTPL			
Equity securities at FVTPL	**29,547**	**–**	**29,547**

	Level 1 HK$'000	Level 2 HK$'000	Total HK$'000
At 31 March 2018			
Financial assets at FVTPL			
Held-for-trading investments	26,987	–	26,987

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

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

7. REVENUE AND SEGMENT INFORMATION

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

Segment information

The chief operating decision makers have been identified as the executive directors of the Company (the "Executive Directors"). The Executive Directors review the Group's internal reports in order to assess performance and allocate resources. Management determined the operating segments based on the internal reports.

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

Corrugated products – manufacture and sale of corrugated board and corrugated paper-based packing products;

Offset printed corrugated products – manufacture and sale of offset printed corrugated products; and

Properties leasing – properties leased in Hong Kong for rental income.

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results

The revenue from sale of corrugated board, corrugated paper-based packing products and offset printed corrugated products are recognised at a point in time when "control" was transferred, while rental income from property leasing is recognised on a time basis.

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

For the year ended 31 March 2019

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Properties leasing HK$'000	Elimination HK$'000	Total HK$'000
Segment revenue from contracts with customers within the scope of HKFRS 15					
External sales	977,854	202,367	–	–	1,180,221
Inter-segment sales	52,493	12,047	–	(64,540)	–
	1,030,347	214,414	–	(64,540)	1,180,221
Revenue from other sources					
Gross rental income	–	–	4,665	–	4,665
Total	1,030,347	214,414	4,665	(64,540)	1,184,886
Segment results	49,389	19,658	8,850		77,897
Dividend income from equity securities at FVTPL					158
Fair value changes of equity securities at FVTPL					1,109
Income from wealth management products					3,801
Gain on disposal of certificate of deposits measured at amortised cost					162
Gain on disposal of equity securities at FVTPL					2,967
Finance costs					(15,336)
Corporate income and expenses					(20,704)
Profit before tax					50,054

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

For the year ended 31 March 2018

	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	1,128,028	194,339	–	–	1,322,367
Inter-segment sales	49,566	17,673	–	(67,239)	–
	1,177,594	212,012	–	(67,239)	1,322,367
Revenue from other sources					
Gross rental income	–	–	4,619	–	4,619
Total	1,177,594	212,012	4,619	(67,239)	1,326,986
Segment results	139,597	19,157	10,902		169,656
Fair value changes of derivative financial instruments					2,176
Dividend income from held-for-trading investments					332
Fair value changes of held-for-trading investments					(5,797)
Loss on structured foreign currency forward contracts					(2,156)
Income from wealth management products					2,554
Loss on disposal of subsidiaries					(3,500)
Loss on deregistration of subsidiaries					(2,720)
Gain on disposal of held-for-trading investments					130
Finance costs					(13,146)
Corporate income and expenses					(31,666)
Profit before tax					115,863

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profits represented the profit earned from each segment without allocation of fair value changes of derivative financial instruments, fair value changes of equity securities at FVTPL/held-for-trading investments, loss on structured foreign currency forward contracts, income from wealth management products, dividend income from equity securities at FVTPL/held-for-trading investments, gain on disposal of certificate of deposits measured at amortised cost, gain on disposal of equity securities at FVTPL/held-for-trading investments, loss 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.

7. 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 2019

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Properties leasing HK$'000	Total HK$'000
Segment assets	**790,120**	**136,144**	**228,274**	**1,154,538**
Total assets for reportable segments				**1,154,538**
Unallocated items:				
Leasehold land in Hong Kong for corporate use				**1,125**
Investment properties for capital appreciation				**1,300**
Goodwill				**11,631**
Club membership				**366**
Equity securities at FVTPL				**29,547**
Tax recoverable				**5,711**
Bank balances managed on central basis				**5,171**
Others				**3,312**
Consolidated assets				**1,212,701**
Segment liabilities	**140,566**	**20,239**	**1,294**	**162,099**
Total liabilities for reportable segments				**162,099**
Unallocated items:				
Tax payables				**20,151**
Amounts due to non-controlling shareholders				**20,196**
Bank borrowings				**376,466**
Others				**1,282**
Consolidated liabilities				**580,194**

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

At 31 March 2018

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Properties leasing HK$'000	Total HK$'000
Segment assets	950,666	143,797	219,348	1,313,811
Total assets for reportable segments				1,313,811
Unallocated items:				
Leasehold land in Hong Kong for corporate use				1,165
Investment properties for capital appreciation				1,200
Goodwill				11,631
Club membership				366
Held-to-maturity investment				9,023
Tax recoverable				2,485
Held-for-trading investments				26,987
Bank balances managed on central basis				1,914
Others				3,314
Consolidated assets				1,371,896
Segment liabilities	218,318	20,718	1,138	240,174
Total liabilities for reportable segments				240,174
Unallocated items:				
Tax payables				38,177
Amounts due to non-controlling shareholders				20,196
Bank borrowings				405,639
Others				9,720
Consolidated liabilities				713,906

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, goodwill, club membership, held-to-maturity investment, equity securities at FVTPL, held-for-trading investments, bank balances managed on central basis, tax recoverable and corporate assets; and
- all liabilities are allocated to segments other than tax payables, amounts due to non-controlling shareholders, bank borrowings and corporate liabilities.

7. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 March 2019

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Properties leasing HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or segment assets:					
Depreciation and amortisation	21,023	7,867	–	110	29,000
Additions to non-current assets (note)	5,898	4,472	6,401	482	17,253
Loss on disposal of property, plant and equipment	131	–	–	–	131
Write-off of property, plant and equipment	24	–	–	–	24
Reversal of impairment of trade receivables	–	(39)	–	–	(39)
Amounts regularly provided to the chief operating decision maker but not included in the measurement of segment profit or loss or segment assets:					
Interest income	(2,894)	(39)	–	–	(2,933)
Interest expenses	12,786	2,237	313	–	15,336
Income tax expense	6,395	2,611	–	–	9,006

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

7. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 31 March 2018

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Properties leasing HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or segment assets:					
Depreciation and amortisation	23,446	7,826	–	110	31,382
Additions to non-current assets (note)	15,686	3,701	–	550	19,937
Loss on disposal of property, plant and equipment	38	88	–	–	126
Impairment of property, plant and equipment	10,119	–	–	–	10,119
Write-off of property, plant and equipment	522	–	–	–	522
Reversal of impairment of trade receivables	(657)	(4)	–	–	(661)
Amounts regularly provided to the chief operating decision maker but not included in the measurement of segment profit or loss or segment assets:					
Interest income	(3,147)	(50)	–	(177)	(3,374)
Interest expenses	11,025	1,842	279	–	13,146
Income tax expense	17,956	2,479	–	23	20,458

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

7. 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 location as detailed below:

	Revenue from external customers		Non-current assets	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**148,801**	145,162	**236,665**	222,880
Macau	**86,570**	126,880	**34**	45
The PRC except Hong Kong and Macau	**949,515**	1,054,944	**281,446**	322,035
Consolidated total	**1,184,886**	1,326,986	**518,145**	544,960

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

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:

	2019	2018
	HK$'000	HK$'000
Customer A[1]	**137,356**	133,119
Customer B[1, 2]	**–**	169,660

1 Revenue from corrugated products.

2 Customer B contributed less than 10% revenue during the year.

8. OTHER INCOME

	2019	2018
	HK$'000	HK$'000
Dividend income from held-for-trading investments	**–**	332
Dividend income from equity securities at FVTPL	**158**	–
Government subsidies	**1,361**	707
Interest income	**2,933**	3,374
Other rental income	**773**	–
Write-off of other payables	**–**	402
Sundry income	**170**	1,431
	5,395	6,246

9. OTHER GAINS AND LOSSES

	2019 HK$'000	2018 HK$'000
Gain on disposal of certificate of deposits measured at amortised cost	**162**	–
Gain on disposal of held-for-trading investments	**–**	130
Gain on disposal of equity securities at FVTPL	**2,967**	–
Fair value changes of derivative financial instruments	**–**	2,176
Fair value changes of held-for-trading investments	**–**	(5,797)
Fair value changes of equity securities at FVTPL	**1,109**	–
Fair value changes of investment properties	**7,380**	10,100
Income from wealth management products	**3,801**	2,554
Loss on structured foreign currency forward contracts	**–**	(2,156)
	15,419	7,007

10. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interest on:		
– bank borrowings	**15,330**	12,323
– bank overdraft	**6**	10
– other borrowings	**–**	342
– amount due to a non-controlling shareholder	**–**	471
	15,336	13,146

11. INCOME TAX EXPENSE

	2019 HK$'000	2018 HK$'000
Hong Kong Profits Tax:		
– Current tax	**998**	1,157
– Over provision in previous years	**(511)**	(539)
	487	618
PRC enterprise income tax ("**EIT**"):		
– Current tax	**11,661**	18,750
– (Over) under provision in previous years	**(4,408)**	1,216
– Withholding tax	**1,266**	–
	8,519	19,966
Deferred tax credit	**–**	(126)
	9,006	20,458

Hong Kong Profits Tax is calculated at 16.5% (2018: 16.5%) on the estimated assessable profits. Tax charge on profits assessable in other jurisdictions has been calculated at the rates of tax prevailing in the relevant jurisdictions for both years.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Enterprise Income Tax Law of the People's Republic of China (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

The Group's subsidiaries in the PRC are subject to EIT at the rate of 25% except that Come Sure Packing Products (Shenzhen) Company Limited is entitled to preferential rate of 15% for the Group's financial year ended 31 March 2019 as Come Sure Packing Products (Shenzhen) Company Limited fulfils the requirements of High and New Technology Enterprise ("**HNTE**").

According to the relevant requirements of the Administrative Measures with regard to the Recognition of HNTE, an enterprise which has obtained the HNTE Qualification is entitled to enjoy tax preferential treatment from the year in which the certificate is issued; and in accordance with the relevant requirements of the EIT Law, HNTEs are entitled to enjoy a preferential tax rate at the EIT rate of 15%. Come Sure Packing Products (Shenzhen) Company Limited, therefore enjoys a preferential tax concession and its applicable EIT rate is at the reduced rate of 15% form 1 January 2018 to 31 December 2020. The HNTE designation should be reassessed every three years according to relevant rules and regulations.

The profits of the PRC subsidiaries of the Group derived since 1 January 2008 are subject to withholding tax at a rate of 5% (2018: 5%) upon distribution of such profits to foreign investors in Hong Kong.

11. INCOME TAX EXPENSE (Continued)

A portion of the Group's profit for the years ended 31 March 2019 and 2018 are earned by the subsidiaries of the Group incorporated under the Macao Special Administrative Region's Offshore Law. Pursuant to the Macao SAR's Offshore Law, such portion of profits is exempted from Macau complimentary tax. Furthermore, in the opinion of the Directors, that portion of the Group's profit is not, at present, subject to taxation in any other jurisdiction in which the Group operates.

During the years ended 31 March 2016, 2017, 2018 and 2019, the Inland Revenue Department of Hong Kong ("**IRD**") issued estimated assessment and additional assessment for the year of assessment 2009/10 to 2012/13 to six subsidiaries of the Group amounting to HK$12,782,000. The Group had made objections to IRD on these assessments and purchased tax reserve certificates amounting to HK$5,081,000 in aggregate. IRD has held over the payment of profits tax of HK$7,701,000.

Having taken advice from the Group's tax advisor, the Directors are of the opinion that, as at 31 March 2019, the provision for taxation made in the consolidated financial statements is sufficient and not excessive.

The tax charge for the years can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2019 **HK$'000**	2018 HK$'000
Profit before tax	**50,054**	115,863
Tax at rate of 25% (note)	**12,513**	28,966
Tax effect of income that is not taxable	**(168)**	(6,649)
Tax effect of expenses that are not deductible	**5,458**	4,246
Tax effect on temporary differences not recognised	**(193)**	(142)
Tax effect of tax losses not recognised	**3,479**	3,411
Tax effect of utilisation of tax losses not previously recognised	**(428)**	(9,213)
Tax effect of tax deduction	**(7,905)**	(60)
Effect of tax exemptions granted to Macau subsidiaries	**241**	(2,881)
(Over) under provision in previous years	**(4,919)**	677
Effect of different tax rates of subsidiaries	**928**	2,103
Income tax expense	**9,006**	20,458

Note: The income tax rate of 25% in the jurisdiction where the operation of the Group is substantially based is adopted.

12. PROFIT FOR THE YEAR

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

	2019 HK$'000	2018 HK$'000
Depreciation for property, plant and equipment	**27,823**	29,936
Amortisation of prepaid lease payments	**1,177**	1,446
Total depreciation and amortisation	**29,000**	31,382
Cost of inventories recognised as an expense	**950,314**	1,024,237
Direct operating expense of investment properties that generate rental income	**256**	974
Total cost of goods sold	**950,570**	1,025,211
Auditors' remuneration:		
– Audit service	**1,100**	1,000
– Non-audit service	**–**	100
	1,100	1,100
Loss on disposal of property, plant and equipment	**131**	126
Minimum lease payment paid under operating lease in respect of land and buildings	**18,647**	20,229
Reversal of impairment of trade receivables (included in other operating expenses)	**(39)**	(661)
Net foreign exchange loss (gain)	**6,096**	(9,207)
Impairment of property, plant and equipment	**–**	10,119
Write-back of other payables	**–**	(402)
Write-off of property, plant and equipment	**24**	522

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the 6 (2018: 6) directors were as follows:

For the year ended 31 March 2019

	Fees HK'000	Salaries and other benefits HK$'000	Discretionary Bonus (note (i)) HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking					
Executive directors:					
Mr. CHONG Kam Chau	–	2,490	4,300	18	6,808
Mr. CHONG Wa Pan (note (ii))	–	1,890	3,000	18	4,908
Mr. CHONG Wa Ching	–	1,470	2,300	18	3,788
	–	5,850	9,600	54	15,504
Independent non-executive directors:					
Mr. CHAU On Ta Yuen	120	–	–	–	120
Ms. TSUI Pui Man	120	–	–	–	120
Mr. LAW Tze Lun	120	–	–	–	120
	360	–	–	–	360
	360	5,850	9,600	54	15,864

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

For the year ended 31 March 2018

	Fees HK'000	Salaries and other benefits HK$'000	Discretionary Bonus (note (i)) HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking					
Executive directors:					
Mr. CHONG Kam Chau	–	2,400	900	18	3,318
Mr. CHONG Wa Pan (note (ii))	–	1,800	600	18	2,418
Mr. CHONG Wa Ching	–	1,380	300	18	1,698
	–	5,580	1,800	54	7,434
Independent non-executive directors:					
Mr. CHAU On Ta Yuen	120	–	–	–	120
Ms. TSUI Pui Man	120	–	–	–	120
Mr. LAW Tze Lun	120	–	–	–	120
	360	–	–	–	360
	360	5,580	1,800	54	7,794

Notes:

(i) The discretionary bonus is determined by the remuneration committee of the Company with reference to the financial performance of the Group and the performance of individual directors.

(ii) Mr. CHONG Wa Pan is also the Chief Executive Officer of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive Officer.

(b) Directors' termination benefits

During the year ended 31 March 2019, no termination benefits were received by the Directors (2018: Nil).

(c) Consideration provided to third parties for making available Directors' services

During the year ended 31 March 2019, no consideration was paid for making available the services of the Directors (2018: Nil).

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(d) Information about loans, quasi-loans and other dealings in favour of Directors, controlled bodies corporate by and connected entities with such Directors

During the year ended 31 March 2019, no loans, quasi-loans and other dealings were entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favour of Directors (2018: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2018: Nil).

(f) Employees' emoluments

	2019 HK$'000	2018 HK$'000
Directors' emoluments (note 13(a))	15,864	7,794
Other staff costs		
– Other staff salaries, bonus and allowances	143,298	142,664
– Retirement benefits scheme contributions (excluding directors)	6,869	7,663
	166,031	158,121

Of the five individuals with the highest emoluments in the Group, three (2018: three) were directors of the Company whose emoluments are included in the disclosures in note 13(a) above. The emoluments of the remaining two (2018: two) individuals were as follows:

	2019 HK$'000	2018 HK$'000
Salaries and other allowances	1,620	1,620
Discretionary bonus	12,909	13,654
	14,529	15,274

Their emoluments were within the following bands:

	Number of individuals 2019	2018
HK$3,500,001-HK$4,000,000	–	1
HK$5,000,001-HK$5,500,000	1	–
HK$9,000,000 -HK$9,500,000	1	–
HK$11,500,001-HK$12,000,000	–	1
	2	2

(g) During the year ended 31 March 2019, no emoluments were paid by the Group to any of the directors of the Company or any of the five highest-paid individuals as an inducement to join or upon joining the Group (2018: Nil).

14. DIVIDEND

	2019 HK$'000	2018 HK$'000
Dividend paid during the year:		
2018 final dividend – HK7.00 cents per share (2018: 2017 final dividend – Nil)	**25,361**	–

Subsequent to the end of the reporting period, a final dividend for the year ended 31 March 2019 of HK4.00 cents per share has been proposed by the Directors and is subject to approval by shareholders in the forthcoming annual general meeting (2018: HK7.00 cents per share was proposed).

15. EARNINGS PER SHARE

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

Earnings

	2019 HK$'000	2018 HK$'000
Profit for the year attributable to owners of the Company	**41,969**	96,496

Number of shares

	2019 Number of Shares	2018 Number of Shares
Weighted average number of ordinary shares after adjustment for the effects of repurchase of shares during the year for the purpose of basic and diluted earnings per share	**361,361,008**	362,300,000

The calculation of diluted earnings per share for the year ended 31 March 2019 and 2018 did not assume the exercise of the Company's share options because the exercise prices of those options were higher than the average market price of shares for both 2019 and 2018.

16. PREPAID LEASE PAYMENTS

	2019 HK$'000	2018 HK$'000
Analysed for reporting purposes as:		
Current portion	**1,150**	1,231
Non-current portion	**45,356**	49,818
	46,506	51,049

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold land in Hong Kong under finance lease HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Cost								
At 1 April 2017	172,835	2,209	39,349	380,176	14,059	15,573	5,924	630,125
Additions	4,706	–	2,833	12,028	1,010	1,153	58	21,788
Transfer from construction in progress	–	–	–	1,343	–	–	(1,343)	–
Derecognised on disposal of subsidiaries	(25,716)	–	–	(26,193)	(3,443)	(2,033)	(313)	(57,698)
Disposal	–	–	–	(967)	(16)	(644)	–	(1,627)
Written off	–	–	–	(557)	(87)	(522)	–	(1,166)
Exchange differences	18,654	–	3,857	32,447	1,364	1,030	576	57,928
At 31 March 2018 and 1 April 2018	170,479	2,209	46,039	398,277	12,887	14,557	4,902	649,350
Additions	565	–	4,265	4,018	1,239	729	14	10,830
Disposal	–	–	–	(134)	–	(2,062)	–	(2,196)
Written off	–	–	–	–	(247)	–	–	(247)
Exchange differences	(11,241)	–	(2,681)	(33,528)	(744)	(578)	(149)	(48,921)
At 31 March 2019	159,803	2,209	47,623	368,633	13,135	12,646	4,767	608,816
Accumulated depreciation and impairment								
At 1 April 2017	30,504	1,004	28,286	262,821	11,943	11,392	–	345,950
Charge for the year	8,396	40	2,803	16,586	970	1,141	–	29,936
Disposals	–	–	–	(756)	(14)	(572)	–	(1,342)
Derecognised on disposal of subsidiaries	(12,605)	–	–	(18,452)	(2,564)	(1,125)	–	(34,746)
Impairment	5,217	–	–	–	–	–	4,902	10,119
Written off	–	–	–	(122)	(52)	(470)	–	(644)
Exchange differences	3,759	–	2,990	19,750	1,041	714	–	28,254
At 31 March 2018 and 1 April 2018	35,271	1,044	34,079	279,827	11,324	11,080	4,902	377,527
Charge for the year	7,311	40	2,656	15,950	750	1,116	–	27,823
Disposals	–	–	–	(61)	–	(1,860)	–	(1,921)
Written off	–	–	–	–	(223)	–	–	(223)
Exchange differences	(2,054)	–	(2,106)	(25,483)	(552)	(407)	(149)	(30,751)
At 31 March 2019	40,528	1,084	34,629	270,233	11,299	9,929	4,753	372,455
Carrying amounts								
At 31 March 2019	**119,275**	**1,125**	**12,994**	**98,400**	**1,836**	**2,717**	**14**	**236,361**
At 31 March 2018	135,208	1,165	11,960	118,450	1,563	3,477	–	271,823

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following useful lives:

Buildings	Over the shorter of the lease term, or 20 years
Leasehold land in Hong Kong under finance lease	Over the lease term
Leasehold improvements	5–10 years
Plant and machinery	5–10 years
Furniture, fixtures and equipment	3–10 years
Motor vehicles	5–10 years

The buildings situated in Hong Kong, which have been fully depreciated, and leasehold land in Hong Kong are pledged as security for the banking facilities granted to the Group is approximately HK$1,125,000 (2018: HK$1,165,000) as at 31 March 2019 (note 36).

18. INVESTMENT PROPERTIES

	Fair value HK$'000
At 1 April 2017	209,800
Increase in fair value recognised in profit or loss (note 9)	10,100
At 31 March 2018 and 1 April 2018	219,900
Repair and maintenance expenses capitalised for investment properties	1,220
Increase in fair value recognised in profit or loss (note 9)	7,380
At 31 March 2019	**228,500**

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

As at 31 March 2019 the Group's investment properties of HK$227,200,000 (2018: HK$218,700,000) have been pledged to secure banking facilities granted to the Group (note 36).

The fair values of the Group's investment properties as at 31 March 2019 and 31 March 2018 have been arrived at on the basis of a valuation carried out on the respective dates by Grant Sherman Appraisal Limited, independent qualified professional valuer not connected to the Group. The valuation was arrived at on an open market value basis by reference to market evidence of transaction prices for similar properties in the similar locations and conditions.

There has been no change from the valuation technique used in the prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

There were no transfers between levels in fair value hierarchy during the year.

Information about Level 2 fair value measurements of investment properties:

	Valuation technique	**Key input**
All investment properties	Market approach	Direct comparison method based on an open market value basis by reference to market observable transactions of similar properties and adjusted to reflect the conditions and locations of the subject property.

19. GOODWILL

	HK$'000
Cost	
At 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	11,631
Impairment	
At 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	–
Carrying values	
At 31 March 2019	**11,631**
At 31 March 2018	11,631

The Group acquired 100% equity interest in Sky Achiever Holdings Limited ("SAH") with a goodwill of approximately HK$11,631,000. Goodwill arising from a business combination is allocated, on acquisition, to the cash-generating-units (the "CGU"s) that are expected to benefit from that business combination.

The management considers goodwill arising from the acquisition of SAH is allocated to one separate CGUs for the purpose of impairment testing. A CGU for SAH is included in the segment of corrugated products.

The recoverable amount of SAH of approximately HK$26,946,000 (2018: HK$31,547,000) has been determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by management of the Group covering a 5-year period, and discount rate of 16.16% (2018: 16.42%). These cash flows projections for 5-year period are extrapolated using an estimated average sale growth pattern at an annualised rate of 3% (2018: 5%) and SAH's cash flows beyond the 5-year period are extrapolated using zero growth rate. Other key assumptions for the value-in-use calculation relate to the estimation of cash inflows/outflows which include gross margin of 13.56% (2018: 14.84%), such estimation is based on past performance and management's expectations of market development. The directors of the Company believe that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of SAH to exceed the aggregate recoverable amount of SAH, and no impairment loss of goodwill was necessary.

20. DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

The amount is represented deposits paid for the acquisition of plant and machinery of approximately RMB2,042,000 (equivalent to approximately HK$2,381,000) (2018: approximately RMB2,446,000 (equivalent to approximately HK$3,053,000) and investment property of approximately HK$5,181,000 (2018:Nil).

21. HELD-TO-MATURITY INVESTMENT

	2019 HK$'000	2018 HK$'000
Certificate of deposit	–	9,023
Analysed for reporting purpose as:		
Current assets	–	9,023

The Group's held-to-maturity investment represented the certificate of deposit with the principal amount of US$1,150,000 and a fixed coupon rate of 2.29% per annum issued by Agricultural Bank of China Limited, acting by and through its Hong Kong Branch (the "Issuer"). The certificate of deposit was matured on 4 September 2018.

22. INVENTORIES

	2019 HK$'000	2018 HK$'000
Raw materials	**83,298**	101,422
Work in progress	**1,046**	1,826
Finished goods	**10,878**	16,465
	95,222	119,713
Less: Inventories written off	–	–
	95,222	119,713

23. 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:

	2019 HK$'000	2018 HK$'000
Trade receivables:		
Not yet due for settlement (note a)	**173,217**	227,698
Overdue:		
1 to 30 days	**14,240**	20,441
31 to 90 days	**17,439**	6,791
91 to 365 days	**666**	567
Over 1 year	**13,956**	14,549
	219,518	270,046
Less: Allowance for doubtful debts	**(12,933)**	(13,398)
	206,585	256,648
Bills receivables (note b)	**2,488**	3,566
	209,073	260,214

Notes:

(a) All trade receivables are aged within 120 days.

(b) All bills receivables are aged within 90 days.

The balance of trade receivables included debtors (see below for ageing analysis) who are past due as at the reporting date for which the Group has not provided for impairment due to no significant change in the creditworthiness of these debtors and, hence, the amounts are still considered recoverable. Trade receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default. The management of the Group have assessed the ECL of all trade and bills receivables as insignificant and therefore it did not result in any impairment allowance for current year.

23. TRADE AND BILLS RECEIVABLES (Continued)

Ageing of trade receivables which are past due but not impaired

	2019 HK$'000	2018 HK$'000
Overdue by:		
1 to 90 days	**31,679**	27,232
91 to 365 days	**666**	567
Over 1 year	**1,023**	1,151
Total	**33,368**	28,950

Movement in the allowance for doubtful debts

	2019 HK$'000	2018 HK$'000
At 1 April	**13,398**	15,760
Reversal of impairment of trade receivables	**(39)**	(661)
Derecognition upon disposal of subsidiaries	**–**	(2,754)
Exchange differences	**(426)**	1,053
At 31 March	**12,933**	13,398

In determining the recoverability of a trade receivable, management considers any change in the creditworthiness of trade receivable from the date when credit was initially granted up to the end of the reporting period. Concentration of credit risk is limited due to the customer base being large and unrelated.

The allowance for doubtful debts included individually impaired trade receivables with an aggregate balance of approximately HK$12,933,000 (2018: HK$13,398,000) which are either being placed under liquidation or in severe financial difficulties.

The carrying amounts of the trade and bills receivables are denominated in the following currencies:

	2019 HK$'000	2018 HK$'000
HK$	**29,918**	34,486
United States dollars	**11,420**	14,470
Renminbi ("RMB")	**167,470**	210,993
Australian dollars	**265**	265
	209,073	260,214

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2019 HK$'000	2018 HK$'000
Prepayments	**1,512**	1,711
Deposits	**4,465**	3,787
Other receivables	**9,293**	9,142
Profit guarantee receivable (note)	**14,560**	14,560
	29,830	29,200
Less: Impairment loss recognised	**(14,560)**	(14,560)
	15,270	14,640

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.

Movement on the impairment of prepayments, deposits and other receivables

	2019 HK$'000	2018 HK$'000
At 1 April	**14,560**	14,560
Impairment loss recognised	**–**	–
At 31 March	**14,560**	14,560

At the end of the reporting period, the Group's prepayments, deposits and other receivables were individually determined to be impaired. The individually impaired receivables are recognised based on credit history of its debtors and current business relationship. The Group does not hold any collateral over these balances.

25. EQUITY SECURITIES AT FVTPL/ HELD-FOR-TRADING INVESTMENTS

	2019 HK$'000	2018 HK$'000
Equity securities listed in Hong Kong	**2,868**	3,190
Equity securities listed in the PRC	**26,679**	23,797
	29,547	26,987

All equity securities at FVTPL/ held-for-trading investments were stated at fair value based on quoted market prices.

26. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

Pledged bank deposits represent deposits pledged to banks with original maturity of more than three months to secure banking facilities granted to the Group (note 36). Deposits amounting to approximately HK$94,658,000 (2018: HK$123,499,000) have been pledged to secure short-term bank loans and undrawn facilities and are therefore classified as current assets.

The Group's pledged bank deposits of approximately HK$94,658,000 (2018: HK$123,499,000) are arranged at fixed rates for the year ended 31 March 2019 and carried average interest rates of 2.5% (2018: 2.5%) per annum and therefore subject to fair value interest rate risk, which the directors of the Company considered not significant.

The remaining bank and cash balances carried interest at average market rates from 0.01% to 3.40% (2018: 0.01% to 3.40%) per annum and therefore exposed to cash flow interest rate risk.

As at 31 March 2019, bank and cash balances and pledged bank deposits of the Group amounting to approximately HK$289,686,000 (2018: HK$330,167,000) were denominated in RMB. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations. These regulations imposed restrictions on exporting capital from PRC, other than through normal dividends.

As at 31 March 2019, bank and cash balances and pledged bank deposits of the Group amounting to approximately HK$637,000 (2018: HK$15,457,000) were denominated in US$.

27. TRADE AND BILLS PAYABLES

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

	2019 HK$'000	2018 HK$'000
Trade payables:		
0 to 30 days	**63,176**	83,488
31 days to 90 days	**258**	731
Over 90 days	**396**	669
	63,830	84,888
Bills payables (note)	**45,686**	81,286
	109,516	166,174

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.

27. TRADE AND BILLS PAYABLES (Continued)

The carrying amounts of trade and bills payables are denominated in the following currencies:

	2019 HK$'000	2018 HK$'000
HK$	**17,029**	16,866
RMB	**92,487**	149,308
	109,516	166,174

28. ACCRUALS AND OTHER PAYABLES

	2019 HK$'000	2018 HK$'000
Receipt in advance	**–**	24,251
VAT and other tax payables	**9,398**	12,508
Accruals and other payables	**30,794**	46,961
	40,192	83,720

The carrying amounts of accruals and other payables are denominated in the following currencies:

	2019 HK$'000	2018 HK$'000
HK$	**7,982**	8,378
RMB	**45,883**	75,342
	53,865	83,720

29. CONTRACT LIABILITIES

	2019 HK$'000	2018 HK$'000
Receipts in advance from sales of corrugated products (note)	**13,673**	–

Notes:

(a) The Group has initially applied HKFRS 15 using the cumulative effect method and adjusted the opening balance as at 1 April 2018.

(b) Upon the adoption of HKFRS 15, "Receipt in advance" (note 28) were reclassified to "Contract liabilities".

The balance of contract liabilities as at 1 April 2018 was HK$24,251,000, the entire amount was recognised as revenue during the year.

30. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS

The amount of HK$20,196,000 (2018: HK$20,196,000) due to a non-controlling interest of a subsidiary, Turbo Best Holdings Limited, is unsecured, non-interest bearing and repayable on demand.

31. SHORT-TERM BANK BORROWINGS

	2019	2018
	HK$'000	HK$'000
Trust receipts loans	**18,226**	15,258
Short-term bank loans (note (a))	**267,743**	267,389
	285,969	282,647

The carrying amounts of short-term borrowings are denominated in the following currencies:

	2019	2018
	HK$'000	HK$'000
HK$	**268,226**	275,284
RMB	**17,743**	7,363
	285,969	282,647

The average interest rates at 31 March were as follows:

	2019	2018
Trust receipts loans	**3.94%**	3.28%
Short-term bank loans	**3.89%**	3.27%

Notes:

(a) At 31 March 2019 and 2018, all short-term bank borrowings were arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

At 31 March 2019 and 2018, the short-term bank borrowings are secured by the following:

(i) corporate guarantees given by certain subsidiaries and the Company;

(ii) personal guarantees given by a director of a subsidiary;

(iii) corporate guarantees given by a connected party of a subsidiary; and

(iv) bank deposits and leasehold land and buildings of the Group situated in Hong Kong.

32. LONG-TERM BANK BORROWINGS

	2019 HK$'000	2018 HK$'000
Bank loans (note)	**90,497**	122,992
Bank loans		
The bank loans are repayable (based on scheduled repayment dates set out in loan agreements) as follows:		
On demand or within one year	**52,476**	30,096
More than one year, but not exceeding two years	**30,489**	53,872
More than two years, but not exceeding five years	**4,703**	35,409
More than five years	**2,829**	3,615
	90,497	122,992
Less: Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	**(19,361)**	(51,410)
Amounts due within one year (shown under current liabilities)	**(52,477)**	(30,096)
Current portion	**(71,838)**	(81,506)
Non-current portion	**18,659**	41,486

Note:

The bank loans are arranged at floating rates and expose the Group to cash flow interest rate risk. The average interest rate was 3.58% (2018: 3.18%) per annum at 31 March 2019.

At 31 March 2019 and 2018, the bank loans were secured by the following:

(i) corporate guarantees given by certain subsidiaries and the Company; and

(ii) bank deposits and leasehold land and buildings of the Group situated in Hong Kong (note 36).

All the long-term bank loans are denominated in HK$.

33. DEFERRED TAX

The followings are the major deferred tax liabilities recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation HK$'000	Fair value adjustments arising from acquisition/ disposal of subsidiaries HK$'000	Total HK$'000
1 April 2017	17	3,801	3,818
Derecognised upon disposal of subsidiaries (note 38)	–	(4,047)	(4,047)
Credited to profit or loss (note 11)	(17)	(109)	(126)
Exchange difference	–	355	355
At 31 March 2018, 1 April 2018 and 31 March 2019	**–**	**–**	**–**

At the end of the reporting period, the Group had unused tax losses of approximately HK$105,630,000 (2018: HK$108,228,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the remaining tax losses due to the unpredictability of future profit streams. Unrecognised tax losses of approximately HK$40,479,000 (2018: HK$50,295,000) will expire between 2020 and 2024 (2018: between 2019 and 2023). Other tax losses may be carried forward indefinitely.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is possible that the temporary differences will not reverse in the foreseeable future.

34. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	**2,000,000**	**20,000**
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 April 2017, 31 March 2018, 1 April 2018	362,300	3,623
Repurchase of shares (note)	(8,828)	(88)
At 31 March 2019	**353,472**	**3,535**

Note:

During the year ended 31 March 2019, the Company repurchased its own ordinary shares on the market, details of which are as follows:

Month of repurchase	Number of ordinary Shares repurchased	Highest price paid per Share HK$	Lowest price paid per Share HK$	Consideration HK$'000
December 2018	3,604,000	0.8	0.67	2,748
January 2019	1,728,000	0.8	0.77	1,375
February 2019	2,364,000	0.8	0.76	1,868
March 2019	1,132,000	0.8	0.79	915
Total	8,828,000	0.8	0.67	6,906

The above ordinary shares were cancelled upon repurchase.

Except for the above mentioned, none of the Company's subsidiaries purchased, sold or redeemed any of the Company's share during the year.

35. SHARE-BASED PAYMENTS

The Company's share option scheme (the "Scheme") was adopted on 5 February 2009 for a period of 10 years. The purpose of the Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors of the Company, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of the Group and to promote the success of the business of the Group. Under the Scheme, the board of directors of the Company (the "Board of Directors") may, at its absolute discretion and on such terms as it may think fit, grant an employee (full-time or part-time), a director, consultant and adviser of the Group, any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, options to subscribe for ordinary shares of the Company (the "Shares") at the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer for the grant of the option; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of offer for the grant of the option; and (iii) the nominal value of the Share on the date of offer for the grant of the option. The offer for a grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.00.

The maximum number of Shares issuable upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of all the issued shares upon completion of the share offer and the capitalisation issue during the placing and public offer as described in the prospectus of the Company dated 16 February 2009.

The Company may seek approval of the shareholders in a general meeting for refreshing the 10% limit under the Scheme save that the total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company under the limit as "refreshed" shall not exceed 10% of the total number of shares in issue as at the date of approval of the limit as "refreshed". Options previously granted under the Scheme or any other share option schemes of the Company (including options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the limit as "refreshed".

The aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not exceed 30% of the total number of shares in issue from time to time.

No options may be granted under the Scheme or any other share option scheme of the Company if it will result in such 30% being exceed.

The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

35. SHARE-BASED PAYMENTS (Continued)

Share options do not confer rights to the holders to dividends or to vote at shareholders' meetings.

Share options granted are not transferable or assignable and should be personal to the grantee.

Share options may be exercised in accordance with the terms of the Scheme at any time during a period as the Board of Directors may determine which shall not exceed 10 years from the grant date subject to the provisions of early termination thereof. Share options will be lapsed if it remains unexercised within the expiry period. Share options granted to employees will be lapsed within a certain period of time if the grantee ceases to be an employee before the share options are vested.

Details of the specific categories of options are as follows:

Grant date	6 January 2010	6 January 2010	6 January 2010	17 May 2010
Lot	1	2	3	4
Vesting period (note (a))	6 January 2010 to 5 January 2011	6 January 2010 to 5 January 2012	6 January 2010 to 5 January 2013	17 May 2010 to 12 November 2010
Exercise period	6 January 2011 to 5 January 2020	6 January 2012 to 5 January 2020	6 January 2013 to 5 January 2020	13 November 2010 to 16 May 2020
Exercise price (note (b))	HK$1.18	HK$1.18	HK$1.18	HK$1.05
Price of the Company's shares at the date of grant (note (c))	HK$1.18	HK$1.18	HK$1.18	HK$1.05

Notes:

(a) The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

(b) The exercise price of the share options is subject to adjustment in the case of rights or bonus issue, or other similar changes in the Company's share capital.

(c) The price of the Company's share disclosed as at the date of the grant of the share options is the higher of the average of closing prices listed on the Stock Exchange of Hong Kong for the five business days immediately preceding the date of the grant of the share options or the closing price at the date of grant.

No share-based payment expense in relation to share options granted by the Company was recognised for the years ended 31 March 2019 and 2018.

35. SHARE-BASED PAYMENTS (Continued)

Details of the share options outstanding during the year are as follows:

	Number of share options granted to directors	Weighted average exercise price HK$	Number of share options granted to employees	Weighted average exercise price HK$	Total number of share options	Weighted average exercise price HK$
Outstanding at 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	5,300,000	1.16	4,500,000	1.09	9,800,000	1.13
Exercisable at 31 March 2019	5,300,000	1.16	4,500,000	1.09	9,800,000	1.13

No share options have been lapsed, granted or exercised during years ended 31 March 2019 and 2018. The options outstanding at 31 March 2019 have a weighted average remaining contractual life of 0.91 years (2018: 1.91 years) and the exercise price of HK$1.13 (2018: HK$1.13).

At 31 March 2019, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 9,800,000 (2018: 9,800,000), representing 2.77% (2018: 2.70%) of the shares of the Company in issue at that date.

Options shall be forfeited on the expiry of three months after the date of cessation of employment, but before the options vest. All the options forfeited before expiry of the options will be treated as cancelled option under the share option scheme.

The estimated fair value of the options granted during the years ended 31 March 2011 and 2010 calculated using the Black-Scholes option pricing model was approximately HK$6,285,000 and HK$3,315,000 respectively. The inputs into the model were as follows:

Grant date	6 January 2010	6 January 2010	6 January 2010	17 May 2010
Lot	1	2	3	4
Option value	HK$0.3918	HK$0.3959	HK$0.3986	HK$0.3207
Total fair value	HK$1,563,000	HK$873,000	HK$879,000	HK$6,285,000
Share price at date of grant	HK$1.18	HK$1.18	HK$1.18	HK$1.05
Exercise price	HK$1.18	HK$1.18	HK$1.18	HK$1.05
Expected volatility	50.45%	49.61%	49.02%	52.08%
Risk-free interest rate	2.01%	2.10%	2.20%	1.75%
Dividend yield	3.90%	3.90%	3.90%	4.38%

Expected volatility was determined by calculating the historical volatility of the listed shares' price of similar companies in the same industry over a period that is equal to the expected life of the options before the date of grant. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

Because the Black-Scholes option pricing model requires input of highly subjective assumptions, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate.

36. PLEDGE OF ASSETS

At the end of the reporting period, the following assets of the Group were pledged to banks to secure the general banking facilities and bills payables granted to the Group:

	2019 HK$'000	2018 HK$'000
Property, plant and equipment (note 17)	**1,125**	1,165
Investment properties (note 18)	**227,200**	218,700
Bank deposits (note 26)	**94,658**	123,499
	322,983	343,364

37. RETIREMENT BENEFITS SCHEMES

Defined contribution plans

The Group operates a MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of HK$1,500 (2018: HK$1,500) per employee and vest fully with employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.

The subsidiaries of the Group incorporated in Macau make monthly contributions to the Central Provident Fund System managed by the relevant authority of the local government, which undertakes the retirement obligations of the Group's employees in Macau. The Group has no obligation for payment of retirement benefits beyond the monthly contributions. The contributions payable are recognised as an expense to profit or loss as and when incurred.

The total contributions incurred in this connection for the year ended 31 March 2019 were approximately HK$6,869,000 (2018: HK$7,663,000). No forfeited contributions are available to reduce the contribution payable by the Group in the future years.

38. DISPOSAL OF SUBSIDIARIES

On 11 January 2018, the Group entered into a sales and purchase agreement with an independent third party to dispose of the entire equity interest in Speedy Concept Development Limited ("Speedy Concept") and its subsidiaries at a cash consideration of HK$4,000,000. The disposal was completed on 31 January 2018.

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

	2018 HK$'000
Property, plant and equipment	22,952
Prepaid lease payments	13,873
Trade and bills receivables	6,811
Prepayment, deposits and other receivables	980
Inventories	8,280
Held-to-maturity investments	9,877
Bank balances and cash	14,802
Trade and bills payables	(2,469)
Accruals and other payables	(32,631)
Short-term borrowings	(8,643)
Amount due to non-controlling shareholder	(12,532)
Tax liabilities	(876)
Deferred tax liabilities	(4,047)
Net assets disposal of	16,377
Release of translation reserve	(842)
Non-controlling interests	(8,035)
	7,500
Less: Cash consideration received	(4,000)
Loss on disposal	3,500

	2018 HK$'000
Consideration	4,000
Less: Cash and cash equivalent balances disposed of	(14,802)
Net cash outflow arising from the disposal	(10,802)

39. DEREGISTRATION OF SUBSIDIARIES

During the year ended 31 March 2018, the Group deregistered directly or indirect owned subsidiaries, included Blink Fortune Limited ("BFL") Soho Union International Limited ("Soho"), Magic Thinksky Limited ("MTL"), Guangzhou Kecheng Computer Network Information Technology Company Limited ("KTGZ") and Guangzhou Playful Games Information Technology Company Limited ("PGGZ").

	BFL HK$'000	Soho HK$'000	MTL HK$'000	KTGZ HK$'000	PGGZ HK$'000	Total HK$'000
Current assets	–	–	–	–	–	–
Current liabilities	–	–	–	–	–	–
Net assets derecognised	–	–	–	–	–	–
Non-controlling interests derecognised	–	191	–	245	2,284	2,720
Loss on deregistration	–	191	–	245	2,284	2,720

There was no net inflow/outflow of cash and cash equivalents in respect of the deregistration of subsidiaries during the year.

40. MAJOR NON-CASH TRANSACTIONS

For the year ended 31 March 2019, deposits paid for acquisition of property, plant and equipment of approximately HK$2,850,000 (2018: HK$4,089,000) was transferred to property, plant and equipment.

41. CAPITAL COMMITMENTS

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

	2019 **HK$'000**	2018 HK$'000
Capital expenditure contracted but not provided for:		
Purchase of property, plant and equipment	**2,676**	3,401
Purchase of investment property	**24,640**	–
	27,316	3,401

42. LEASE COMMITMENTS

The Group as lessor

Property rental income earned during the year was approximately HK$4,665,000 (2018: HK$4,619,000). The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from one to eight years. The terms of the leases generally require the tenants to pay security deposits. The investment properties are expected to generate rental yield of 2.1% (2018: 2.1%) on an ongoing basis.

42. LEASE COMMITMENTS (Continued)

The Group as lessor (Continued)

At the end of the reporting period, the Group had future minimum lease receivables under non-cancellable operating leases as follows:

	2019 HK$'000	2018 HK$'000
Within one year	**4,813**	5,413
In the second to fifth year, inclusive	**2,375**	2,066
	7,188	7,479

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2019 HK$'000	2018 HK$'000
Within one year	**18,967**	21,618
In the second to fifth year, inclusive	**22,355**	34,025
After the fifth year	**33,099**	38,983
	74,421	94,626

Operating lease payments represent rentals payable by the Group for certain land and buildings. Leases are negotiated for terms ranging from 1 to 29 years and rentals are fixed over the lease terms and do not include contingent rentals.

43. RELATED PARTY TRANSACTIONS

(a) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the reporting period:

	2019 HK$'000	2018 HK$'000
Rental in respect of land and buildings paid to a related company		
– owned by Mr. CHONG Kam Chau and Mr. CHONG Wa Pan who are also the directors of the Company	**1,098**	918
– owned by Mr. CHONG Kam Chau who is also the director of the Company	**–**	90
	1,098	1,008

(b) The emoluments of the directors of the Company (representing key management personnel) during the year are set out in note 13(a).

44. CONTINGENT LIABILITIES

IRD issued estimated assessment and additional assessment for the year of assessment 2009/10 to 2012/13 to six subsidiaries of the Group amounting to HK$12,782,000. In the opinion of the Directors, there is no specific basis for adjusting the subsidiaries' tax position for the years of assessment 2009/10 to 2012/13 specified in the estimated assessment and additional assessment. The Directors are of the view that no tax provision for Hong Kong Profits Tax is required at this stage. The subsidiaries will discuss with the IRD and will continue to monitor the progress and to defend the subsidiaries' tax position vigorously. Therefore, no tax provision was provided thereon at 31 March 2019 in this regard (31 March 2018: Nil). Please also refer to note 11 for details.

45. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings HK$'000	Interest payables HK$'000	Amount due to non-controlling shareholders HK$'000	Total HK$'000
At 1 April 2017	492,639	923	31,731	525,293
Interest expenses	–	12,675	471	13,146
Interest paid	–	(12,764)	(577)	(13,341)
Proceeds from new borrowings	107,115	–	–	107,115
Repayment of borrowings	(186,229)	–	–	(186,229)
Disposal of subsidiaries	(8,643)	(468)	(12,532)	(21,643)
Exchange differences	757	44	1,103	1,904
At 31 March 2018	405,639	410	20,196	426,245
At 1 April 2018	**405,639**	**410**	**20,196**	**426,245**
Interest expenses	**–**	**15,336**	**–**	**15,336**
Interest paid	**–**	**(15,273)**	**–**	**(15,273)**
Proceeds from new borrowings	**73,830**	**–**	**–**	**73,830**
Repayment of borrowings	**(99,855)**	**–**	**–**	**(99,855)**
Exchange differences	**(3,148)**	**–**	**–**	**(3,148)**
At 31 March 2019	**376,466**	**473**	**20,196**	**397,135**

46. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31 March 2019 and 2018 are as follows:

Name of subsidiary	Place of incorporation	Issued and fully paid up share capital/ registered capital	Proportion of ownership interest and voting power held by the Company 2019	2018	Principal activities/ place of operation
Directly held					
Jumbo Match Limited	BVI	Ordinary USD1	**100%**	100%	Investment holding/ Hong Kong
Indirectly held					
Chance Bright Limited – Macao Commercial Offshore	Macau	Ordinary MOP100,000	**100%**	100%	Trading of raw paper and production supplies/Macau
Come Sure Development Limited	Hong Kong	Ordinary HK$60,000,000	**100%**	100%	Investment and property holding/ Hong Kong
Come Sure Group Limited – Macao Commercial Offshore	Macau	Ordinary MOP100,000	**100%**	100%	Trading of corrugated paperboard and paper-based packaging products/Macau
Come Sure Holdings Limited	BVI	Ordinary US$13,500,000	**100%**	100%	Investment holding/ Hong Kong
錦勝包裝(深圳)有限公司 Come Sure Packing Products (Shenzhen) Company Limited*	PRC wholly foreign owned enterprise	Registered and paid up capital HK$248,980,000	**100%**	100%	Trading and manufacturing of corrugated paperboard and paper–based packaging products/ PRC
錦勝紙業(深圳)有限公司 Come Sure Paper Industrial (Shenzhen) Company Limited*	PRC wholly foreign owned enterprise	Registered and paid up capital HK$30,000,000	**100%**	100%	Trading of corrugated paperboard and paper– based packaging products/PRC
惠州錦勝包裝有限公司 Huizhou Come Sure Packing Company Limited	PRC wholly foreign owned enterprise	Registered and paid up capital HK$47,000,000	**100%**	100%	Investment holding/PRC

46. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation	Issued and fully paid up share capital/ registered capital	Proportion of ownership interest and voting power held by the Company 2019	2018	Principal activities/ place of operation
Indirectly held (Continued)					
惠州錦勝紙業有限公司 Huizhou Come Sure Paper Industrial Company Limited*	PRC wholly foreign owned enterprise	Registered and paid up capital HK$20,000,000	**100%**	100%	Trading and manufacturing of corrugated paperboard and paper–based packaging products/ PRC
Joy Honest Holdings Limited	Hong Kong	Ordinary HK$10,000	**100%**	100%	Property holding/ Hong Kong
Keen Rise International Development Limited	Hong Kong	Ordinary HK$100	**100%**	100%	Trading of corrugated paper- based packaging products/Hong Kong
Luck Sea Investment Limited	Hong Kong	Ordinary HK$1,000,000	**100%**	100%	Provision of management service/Hong Kong
華銘彩印(深圳)有限公司 Wah Ming Colour Printing (Shenzhen) Company Limited*	PRC wholly foreign owned enterprise	Registered and paid up capital HK$51,000,000	**100%**	100%	Trading and manufacturing of offset printed corrugated paper-based packaging products/PRC
Wah Ming International Limited	Hong Kong	Ordinary HK$2,000,000	**100%**	100%	Trading of offset printed corrugated paper-based packaging products/ Hong Kong
錦勝包裝(泉州)有限公司 Come Sure Packing Products (Quanzhou) Company Limited*	PRC wholly foreign owned enterprise	Registered and paid up capital HK$55,000,000	**60%**	60%	Trading and manufacturing of corrugated paperboard /PRC
江西錦勝包裝有限公司 Jiangxi Come Sure Packing Products Company Limited*	PRC wholly foreign owned enterprise	Registered capital HK$80,000,000 Paid up capital HK$22,000,000	**100%**	100%	Investment holding/PRC
Wise Luck International (HK) Limited	Hong Kong	Ordinary HK$10,000	**100%**	100%	Property holding/Hong Kong

46. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation	Issued and fully paid up share capital/ registered capital	Proportion of ownership interest and voting power held by the Company 2019	2018	Principal activities/ place of operation
Indirectly held (Continued)					
Smart Profit Capital Investment Limited	Hong Kong	Ordinary HK$10,000	**100%**	100%	Property holding/Hong Kong
華銘紙業(深圳)有限公司 Wah Ming Paper Industrial (Shenzhen) Company Limited*	PRC wholly foreign owned enterprise	Registered and paid up capital HK$30,000,000	**100%**	100%	Trading and manufacturing of offset printed corrugated paper-based packaging products/PRC
Mass Linker Limited	Hong Kong	Ordinary HK$10,000	**100%**	100%	Property holding/Hong Kong
Sky Achiever Holdings Limited	Hong Kong	Ordinary HK$10,000	**100%**	100%	Trading of paper-based packaging products and molded pulp products/ Hong Kong
中洲紙業(深圳)有限公司 Sky Achiever Paper Industrial (Shenzhen) Company Limited*	PRC wholly foreign owned enterprise	Registered and paid up capital HK$12,500,000	**100%**	100%	Trading and manufacturing of paper-based packaging products and molded pulp products/PRC
Think Speed Group Limited	BVI	USD1,000	**51%**	51%	Investment holding/PRC
Unlimited Space Limited	Hong Kong	Ordinary HK$100	**51%**	51%	Online game development/Hong Kong

* The English names of these companies represent management's best efforts in translating the Chinese names of these companies as no English names have been registered.

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

46. PRINCIPAL SUBSIDIARIES (Continued)

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries 2019	2018
Investment holdings	Hong Kong	**9**	9
Inactive	Hong Kong	**3**	3
Investment holdings	BVI	**4**	4
Inactive	PRC	**2**	2

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2019 HK$'000	2018 HK$'000
Non-current asset		
Investments in subsidiaries (note (a))	**338,215**	338,215
Current assets		
Prepayment	**188**	–
Amounts due from subsidiaries (note (b))	**189,126**	189,126
Bank balances and cash	**314**	320
	189,628	189,446
Current liabilities		
Accruals	**17**	50
Amount due to subsidiaries (note (b))	**99,710**	65,115
Financial guarantee contracts (note (c))	**16,340**	24,848
	116,067	90,013
Net current assets	**73,561**	99,433
NET ASSETS	**411,776**	437,648
Capital and reserves		
Share capital	**3,535**	3,623
Reserves (note (d))	**408,241**	434,025
TOTAL EQUITY	**411,776**	437,648

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes:

(a) Investments in subsidiaries

	2019 HK$'000	2018 HK$'000
Unlisted investment, at cost	**141,631**	141,631
Deemed capital contribution to subsidiaries	**196,584**	196,584
	338,215	338,215

(b) Amounts due from/to subsidiaries

The amounts are unsecured, interest-free and repayable on demand.

(c) Financial guarantee contracts

At 31 March 2019, the Company has issued guarantees of approximately HK$1,152,284,000 (2018: HK$1,277,440,000) and unlimited corporate guarantees to banks in respect of the banking facilities granted to thirteen (2018: thirteen) subsidiaries of the Group.

The directors of the Company do not consider it is probable that a claim will be made against the Company under any of the above guarantees and the maximum liability of the Company at the end of the reporting period in respect of the above guarantees is the amount of bank loans drawn by its subsidiaries under the guarantees at that date of approximately HK$277,435,000 (2018: HK$313,462,000).

The fair value of financial guarantee is determined by reference to a valuation report of an independent professional valuer. At 31 March 2019, the fair value of the financial guarantee contracts was approximately HK$16,340,000 (2018: HK$24,848,000).

(d) Reserves

	Share premium HK$'000	Special reserve HK$'000	Share-based payment reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 31 March 2017	193,212	141,681	3,698	140,250	478,841
Loss for the year	–	–	–	(44,816)	(44,816)
At 31 March 2018 and 1 April 2018	**193,212**	**141,681**	**3,698**	**95,434**	**434,025**
Profit for the year	**–**	**–**	**–**	**6,395**	**6,395**
Repurchase of ordinary shares	**(6,818)**	**–**	**–**	**–**	**(6,818)**
Dividend paid	**–**	**–**	**–**	**(25,361)**	**(25,361)**
At 31 March 2019	**186,394**	**141,681**	**3,698**	**76,468**	**408,241**

48. EVENT AFTER THE REPORTING PERIOD

On 18 March 2019, Cheer Fame Holdings Limited ("**Cheer Fame**"), an indirect wholly-owned subsidiary of the Group, entered into a provisional agreement with Power Benefit Company Limited ("**Power Benefit**"), an independent third party pursuant to which Power Benefit conditionally agreed to sell, and Cheer Fame conditionally agreed to acquire the property located at Shop No. 2, Ground Floor, Ka Hing Building, 41–47 Java Road, North Point, Hong Kong with a total gross floor area of approximately 763 square feet at a total consideration of HK$28 million. The acquisition of the said property was completed on 13 June 2019.

LIST OF MAJOR PROPERTIES

Details of the Group's major properties as at 31 March 2019 are as follows:

LAND AND BUILDINGS

Location	Effective % held	Category of lease	Existing use	Approximate floor area	Categories
G/F., including yard at the rear thereof, Fook Wah Mansion, No.2 Tsing Fung Street, Hong Kong	100	Long term	Shop	1,250 sq.ft.	Investment properties
Shop A-1 on G/F., Riviera Mansion, No. 2A Hoi Wan Street & Nos. 18, 20 & 22 Hoi Tai Street, Hong Kong	100	Long term	Shop	449 sq.ft.	Investment properties
Shops B & C on G/F., Hoi Ning Building, Nos. 82-84 Sai Wan Ho Street, Nos. 1-5 Hoi Ning Street, Hong Kong	100	Long term	Shop	4,200 sq.ft.	Investment properties
Whole Block of No. 76 Junction Road, Kowloon (New Kowloon Inland Lot No. 3969)	100	Long term	G/F-Shop Uppers floor-Residential	4,141 sq.ft.	Investment properties
Car parking space No. 71 on Lower G/F., Ming Yuen Mansions, Nos. 1-31 Peacock Road, Hong Kong	100	Long term	Carpark	N/A	Investment properties