COME SURE

COME SURE Group (Holdings) Limited

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

Annual Report 2022

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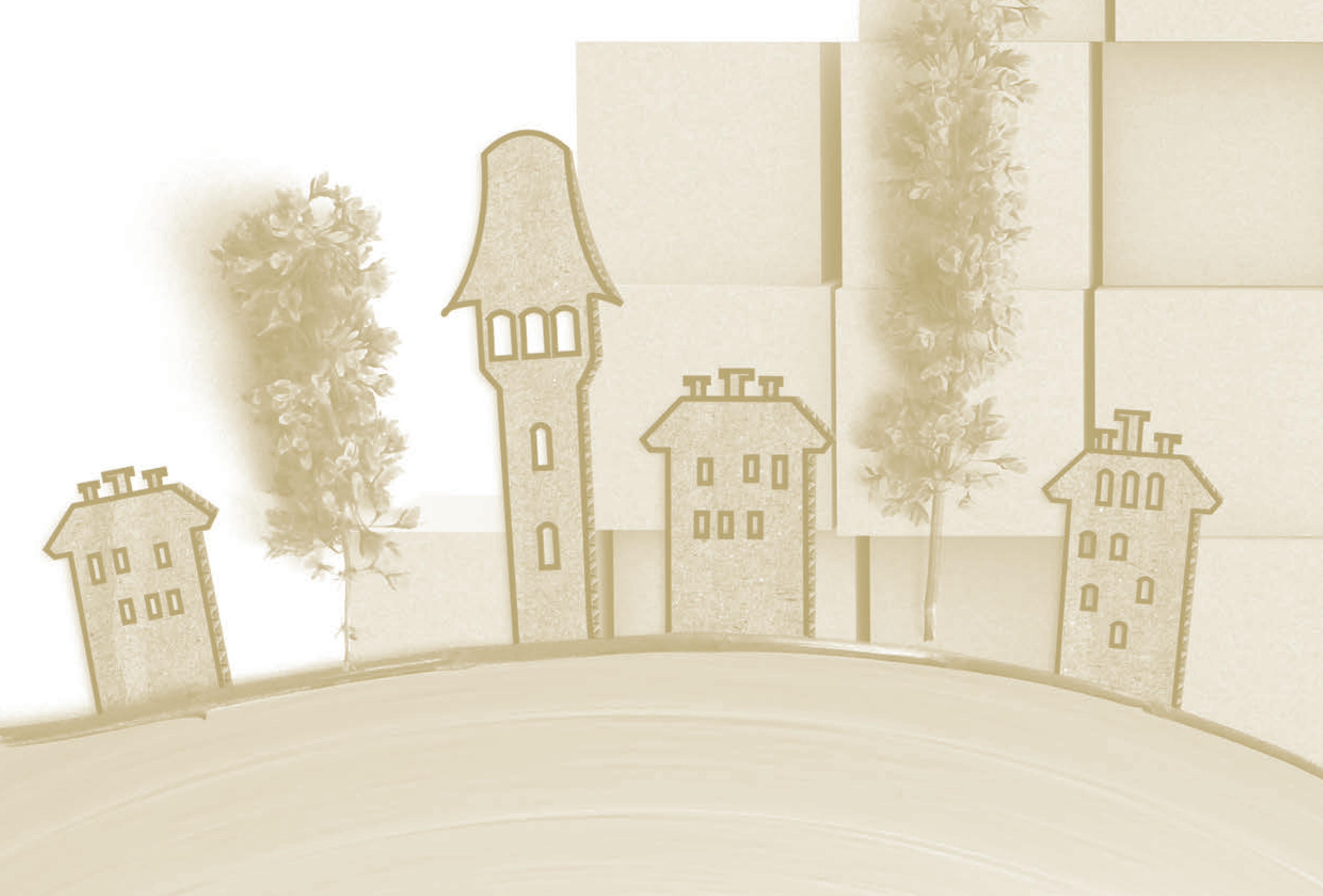

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong law:

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

As to Cayman Islands law:

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

As to PRC law:

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

AUDITOR

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

VALUERS

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

REGISTERED OFFICE

Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman, KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 8–10, 8th Floor
Cornell Centre
50 Wing Tai Road
Chai Wan
Hong Kong

COMPANY WEBSITE ADDRESS

www.comesure.com

COMPANY SECRETARY

Ms. BOK Yuk Wan

AUTHORISED REPRESENTATIVES

Mr. CHONG Wa Pan
Mr. CHONG Wa Ching

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

Mr. CHONG Wa Ching

CORPORATE INFORMATION

MEMBERS OF AUDIT COMMITTEE

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

MEMBERS OF REMUNERATION COMMITTEE

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

MEMBERS OF NOMINATION COMMITTEE

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

PRINCIPAL BANKERS

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

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

Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

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

Bank of China (Hong Kong) Limited
Bank of China Tower
1 Garden Road
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

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

INVESTOR RELATION

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

STOCK CODE

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FINANCIAL SUMMARY

RESULTS

	Year ended 31 March				
	2018 HK$'000	2019 HK$'000	2020 HK$'000	2021 HK$'000	**2022 HK$'000**
Revenue	1,326,986	1,184,886	1,010,653	1,201,784	**1,177,271**
Cost of goods sold	(1,025,211)	(966,950)	(807,242)	(975,392)	**(995,012)**
Gross profit	301,775	217,936	203,411	226,392	**182,259**
Other income	6,246	5,395	13,101	9,550	**63,602**
Other gains and losses	7,007	15,419	(13,416)	18,078	**12,193**
Selling expenses	(60,793)	(56,538)	(66,404)	(80,957)	**(89,783)**
Administrative expenses	(108,893)	(116,657)	(96,004)	(124,576)	**(120,220)**
Other operating expenses	(10,113)	(165)	(3,399)	(591)	**(86,097)**
Finance costs	(13,146)	(15,336)	(17,901)	(19,362)	**(28,465)**
Gain (loss) on disposal of subsidiaries	(3,500)	–	–	–	**31,378**
Loss on deregistration of subsidiaries	(2,720)	–	–	–	**(1,704)**
(Loss) profit before tax	115,863	50,054	19,388	28,534	**(36,837)**
Income tax (expense) credit	(20,458)	(9,006)	(7,348)	123	**(3,045)**
(Loss) profit for the year	95,405	41,048	12,040	28,657	**(39,882)**

ASSETS AND LIABILITIES

	As at 31 March				
	2018 HK$'000	2019 HK$'000	2020 HK$'000	2021 HK$'000	**2022 HK$'000**
Non-current assets	556,591	529,776	585,973	813,931	**746,089**
Current assets	815,305	682,925	563,225	678,788	**553,175**
Total assets	1,371,896	1,212,701	1,149,198	1,492,719	**1,299,264**
Non-current liabilities	(41,486)	(18,659)	(85,958)	(249,856)	**(245,131)**
Current liabilities	(672,420)	(561,535)	(476,781)	(589,458)	**(415,678)**
Total liabilities	(713,906)	(580,194)	(562,739)	(839,314)	**(660,809)**
Net assets	657,990	632,507	586,459	653,405	**638,455**
Equity attributable to owners of the Company	663,698	640,084	594,916	658,467	**638,455**
Non-controlling interest	(5,708)	(7,577)	(8,457)	(5,062)	**–**
Total equity	657,990	632,507	586,459	653,405	**638,455**

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 2022 (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 continued support to the development of the Group.

OVERVIEW

During the Year, the global economy continued its uneven recovery amid the spread of the novel coronavirus ("**COVID-19**" or the "**Pandemic**"), dampening the overseas demand for retail and paper-based packaging products. The Pandemic, on the other hand, promoted customers' reliance on online shopping and digital experiences, resulting in a rise in demand for quality paper-based packaging products for logistics. With the Group's efforts to maximise resource utilization to capture business opportunities, the Group's newly established factory in Dongguan (the "**Dongguan Factory I**") maintained smooth operation since 1 September 2020, satisfactorily contributed an additional RMB200 million to the Group's annual capacity. Besides, the Group's another factory in Dongguan ("**Dongguan Factory II**", together with Dongguan Factory I as "**Dongguan Factories**") was equipped with advanced automated production facilities and newly updated production lines since the commencement of its production in July 2021 after having evacuated from Shenzhen. Supported by the adequate production capacities, the Group boosted its efforts in strengthening domestic sales to expand customer bases and improved its sales performance during the Year, leveraging its long-established reputation in the PRC paper packaging market. Nevertheless, the Group incurred a net loss during the Year, primarily due to the increase in expenditure incurred by renovation of production facilities in Dongguan Factory II and securing new orders, as well as one-off expenses associated with the evacuation arrangement resulting from the redevelopment of the Xinqiao Dongpian area. While the Group's expanded production lines with advanced equipment at the Dongguan Factories would benefit the Group with enhanced cost and production efficiency, and assist the Group to accommodate anticipated customers demand in the long run.

Cost Effectiveness In Procurement Owing To Sound Relationship With Long-Term Suppliers

The People's Republic of China (the "**PRC**" or "**China**") continued to tighten its environmental protection regulations by prioritizing energy efficiency, resulting in an increase in raw paper prices during the Year. Thanks to our long-standing relationships with suppliers, the Group was able to source sufficient raw paper at a fair cost to satisfy growing production demand while maintaining pricing competitiveness in the paper packaging industry.

Social Responsibility

The Group was committed to strengthening its corporate social responsibility, ensuring resource-efficient and environmentally friendly production and operating standards in compliance with the PRC's environmental regulations. The Group's products meet various quality and 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

To mitigate the impact of the Pandemic on the loss of export sales, the Group is dedicated to offering quality and environmentally friendly paper-based packaging products, so as to achieve constant orders from the existing customers and build new customer bases in the PRC domestic market. The Group will further allocate resources based on its business expansion goals, with a view to expanding its market share and consolidating its leading position in the PRC's paper-based packaging production industry.

To pursue sustainable business growth, the Group will strive to fulfil social and environmental responsibilities by deploying eco-sustainably advanced manufacturing technologies in accordance with industry regulation and standards. Meanwhile, the Group will continue to implement effective internal control and risk management, including cost control in all aspects of business operation, by maintaining mutually-trusted relationships with the key stakeholders, including customers, suppliers, Shareholders, employees and surrounding communities, with a view to maximise the returns for the Shareholders in the 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

30 June 2022

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

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

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

BUSINESS REVIEW (Continued)

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

RESULT OF OPERATION

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

REVENUE

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

REVENUE (Continued)

Guangdong operation

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

Fujian operation

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

Properties leasing

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

GROSS PROFIT

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

GROSS PROFIT (Continued)

Guangdong operation

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

Fujian operation

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

Properties leasing

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

OTHER INCOME

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

SELLING AND ADMINISTRATIVE EXPENSES

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

OTHER OPERATING EXPENSES

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

FINANCE COSTS

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

OTHER GAINS AND LOSSES

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

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

NET PROFIT/LOSS AND DIVIDEND

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

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

CAPITAL STRUCTURE

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

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

WORKING CAPITAL

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

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

WORKING CAPITAL (Continued)

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

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

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

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

LIQUIDITY AND FINANCIAL RESOURCES (Continued)

As at 31 March 2022, the Group managed to maintain sufficient cash balance level and banking facilities, as well as a sound liquidity position, with the Group's gearing ratio (total borrowings divided by total assets) further improved to approximately 17.0% (as at 31 March 2021: approximately 19.4%). This supported the Group to maintain sustainable business growth and financing potential investment opportunities in future.

FOREIGN EXCHANGE RISK

The Group is exposed to foreign currency risk as some of its business transactions, assets and liabilities are denominated in currencies other than the functional currency of the respective members of the Group. The Group will continue to monitor the foreign currency exposure closely and will consider taking appropriate initiatives to hedge significant foreign currency exposure if necessary.

CHARGE OF ASSETS

As at 31 March 2022, the Group pledged certain assets including bank deposits, property, plant and equipment, and investment properties, with aggregate net book value of approximately HK$269.4 million (as at 31 March 2021: approximately HK$282.0 million), to secure banking facilities granted to the Group.

CAPITAL COMMITMENT

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

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

CONTINGENT LIABILITIES

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

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

DISPOSAL OF SUBSIDIARIES

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

EMPLOYEES AND REMUNERATION

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

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

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

PROSPECT

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

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

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group does not have any intended plans for material investments or capital assets as at 31 March 2022.

CORPORATE GOVERNANCE REPORT

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 2022, 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 2021.

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 20 to page 23 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 6 September 2021) 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 had 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 after the meetings for their comment and the approved final version will be sent to all Directors within 15 working days after the meetings for their record.

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 2021, 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 director 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 and Mr. CHAU On Ta Yuen 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 websites of the Stock Exchange and the Company. 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 which 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 review and monitor the independence and objectivity of the external auditors and the effectiveness of the audit process with applicable standards, make recommendations to the Board on appointment, re-appointment and removal, and to approve the remuneration and terms 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 issues raised in and the management letter from external auditors; and

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

During the Year, three 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, had 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 of the Listing Rules with written terms of reference which 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 consists 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 duties of Remuneration Committee are set out in the terms of reference, which include, among others, the following:

(i) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(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 the management's remuneration proposals with reference to corporate goals and objectives;

(iv) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure they are consistent with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate; and

(v) to ensure that no Director or any of his/her associates is involved in deciding his/her 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 2021/22 fiscal year and their performance-based remuneration and bonus with reference to corporate goals and objectives resolved by the Board. All committee members (including Mr. CHONG Wa Pan who attended the meeting but abstained from voting on the resolution for approving his salary) attended 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 Nomination 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.

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

(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 2022, 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 reviewed the letter from HLM CPA Limited (the external auditor of the Company) and confirmed their independence, approved their appointment, discussed the scope of their audit services and approved their fees.

HLM CPA Limited had stated their reporting responsibilities in the independent auditor's report on the consolidated financial statements on page 43 to page 46 of this annual report.

For the Year, the fee paid and payable to HLM CPA Limited in respect of audit and audit related services amounted to approximately HK$1.2 million.

The Audit Committee recommended the appointment and reappointment of HLM CPA Limited as the Company's external auditor.

RISK MANAGEMENT AND INTERNAL CONTROL

During the Year, the Group had complied with Principle D.2 of the Corporate Governance Code by establishing appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems. The Board oversees the Company's risk management and internal control 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 (including sustainability risks and risks relating to environmental, social and governance ("**ESG**")). The system comprises the following phases:

- *Identification*: Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.
- *Evaluation*: Analyse 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.

The Group conducts risk assessments at least annually. 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, evaluating and analysing 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; and
- 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 function, which is consisted of professional staff with relevant expertise (such as Certified Public Accountant) ("**IA**"). 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 effectiveness of the Group's risk management and internal control systems should be conducted at least 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 (including sustainability and ESG risks) and of the internal control systems.

The Board, through its review and the review made by IA and the 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, as well as the ESG performance and reporting, 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 5 September 2022. 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 does not propose any payment of final dividend for the Year.

SHAREHOLDERS' RIGHT

Procedures for convening an Extraordinary General Meeting

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 (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.

EGM procedures are reviewed from time to time to ensure that the Company complies with the code provisions of the Code. The chairperson of the EGM 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 EGM.

Procedures for Putting Forward Proposals at General Meeting by the Shareholders

To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of his/her/its proposal (the "**Proposal**") with his/her/its detailed contact information to the Board in writing to the Company's Hong Kong office whose contact details are shown under the paragraph headed "Procedures for Directing Shareholders' Enquiries to the Board" below. The identity of the Shareholder will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is made by a Shareholder and such request is proper and in order, the Board will determine in its sole discretion whether the Proposal may be included in the agenda for the general meeting to be set out in the notice of meeting.

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:	16/F, Shing Lee Commercial Building, 8 Wing Kut Street, Central, 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 75, 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 of 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 50, 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, 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 in the PRC (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), the Vice-President of the Jiangxi Association of Overseas Liaison (江西省海外聯誼會副理事長), the Vice-President of Hong Kong Federation Jiangxi Association (香港江西社團(聯誼)總會副主席), the Executive President of Guangdong Province of Jin Jiang Chamber of Commerce (廣東省晉江商會執行會長), 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 45, 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, Come Sure Packing Products (Shenzhen) Company Limited, Sky Achiever Holdings 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 in Australia 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 75, 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 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 Beijing Enterprises Water Group Limited (Stock Code: 371), an independent non-executive director of Redco Properties Group Limited (Stock Code: 1622) and an independent non-executive director of Million Hope Industries Holdings Limited (Stock Code: 1897), the shares of all of which are listed on the Main Board of the Stock Exchange. Mr. CHAU was an independent non-executive director since July 2007 and was re-designated in September 2021 as the executive director of Good Resources Holdings Limited (formerly known as Good Fellow Resources Holding Limited) (Stock Code: 109), the shares of which were delisted from the Main Board of Stock Exchange on 4 May 2022, 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) from September 2017 to April 2021. 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) ("Ms. TSUI"), aged 65, 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.

DIRECTORS (Continued)

Independent Non-executive Directors (Continued)

Mr. LAW Tze Lun (羅子璘先生) ("Mr. LAW"), aged 50, 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 25 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 Tak Lee Machinery Holdings Limited (Stock Code: 2102), the shares of which are listed on the Main Board of the Stock Exchange. Mr. LAW was an independent non-executive director of Gemini Investments (Holdings) Limited (Stock code: 174) from November 2010 to October 2021 and an independent non-executive director of Justin Allen Holdings Limited (Stock Code: 1425) from March 2020 to December 2021.

The interest of the Directors in shares and/or underlying shares of the Company are set out in the paragraphs headed "Directors' and Chief Executive's Interests and Short Positions in Shares" in the Directors' Report of this annual report.

SENIOR MANAGEMENT

Mr. YEOH Keng Gut ("Mr. YEOH"), aged 53, 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 51, 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 in the PRC (山西財經大學). Mr. CHONG Wa Nam has more than 25 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 43, 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, Mass Winner Holdings 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 in the PRC (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 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) and an executive vice president of Huizhou Fujian Merchants Association (惠州福建商會常務副會長).

Mr. LIN Mingzhong (林明忠先生) ("Mr. LIN"), aged 53, 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 Come Sure Group Limited – Macao Commercial Offshore. 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 Come Sure Group Limited – Macao Commercial Offshore. He graduated from 海南省郵電學校 with a college degree in electromechanical communication. Mr. LIN has over 20 years of experience in the packaging industry, involving engineering, production, planning and customer service.

COMPANY SECRETARY

Ms. BOK Yuk Wan (濮玉云女士) ("Ms. BOK"), aged 40, 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 15 years of experience in accounting, auditing and corporate management.

The changes in information of the Directors since the date of the Interim Report of the Company for the six months ended 30 September 2021 which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

- Mr. CHAU On Ta Yuen was redesignated in September 2021 as the executive director of Good Resources Holdings Limited (formerly known as Good Fellow Resources Holding Limited) (Stock Code: 109), the shares of which were delisted from the Main Board of Stock Exchange on 4 May 2022; and

- Mr. LAW Tze Lun resigned as an independent non-executive director of Gemini Investments (Holdings) Limited (Stock Code: 174) with effective from 13 October 2021 and an independent non-executive director of Justin Allen Holdings Limited (Stock Code: 1425) with effective from 1 December 2021.

Save as disclosed above, there is no other information of the Directors that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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 45 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 5 to 15 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 47 of this annual report.

No interim dividend was paid during the Year (2021: Nil). The Board does not propose any payment of final dividend for the Year.

CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on 5 September 2022. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 31 August 2022 to 5 September 2022, both days inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer of Shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (if the transfer will be lodged before 15 August 2022) or 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (if the transfer will be lodged on or after 15 August 2022) no later than 4:30 p.m. on 30 August 2022.

FIXED ASSETS

During the Year, the Group has acquired approximately HK$52.9 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 18 to the consolidated financial statements.

During the Year, the Group has paid approximately HK$20.6 million (2021: approximately HK$14.1 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 35 to the consolidated financial statements of this annual report.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their shareholding in the Company.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to the Shareholders as at 31 March 2022 amounted to approximately HK$369.1 million (2021: approximately HK$373.3 million).

Details of the movements in the reserves of the Group and the Company during the Year are set out in page 50 to page 51 and note 48(d) to the consolidated financial statements of this annual report, respectively.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

EQUITY LINKED AGREEMENT

Save as disclosed in the paragraphs headed "Share Option Scheme", there was no equity linked agreement entered into by the Group, or subsisted, during the Year.

FINANCIAL STATEMENTS

The financial performance 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 47 to 119 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 minimise 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' REPORT

DIRECTORS

The Directors during the Year and up to the date of this annual 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 and Mr. CHAU On Ta Yuen will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming AGM. 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 2022 are set out in notes 32 and 33 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 38 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 2022, 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 to 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	233,000,000	67.76%
Mr. CHONG Wa Pan (Notes 1 & 3)	Beneficiary of a discretionary trust	233,000,000	67.76%
Mr. CHONG Wa Ching (Notes 1 & 3)	Beneficiary of a discretionary trust	233,000,000	67.76%
Mr. CHONG Wa Lam (Notes 1 & 3)	Beneficiary of a discretionary trust	233,000,000	67.76%

* 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.

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 233,000,000 Shares beneficially owned by Perfect Group for the purposes of the SFO. Mr. CHONG Kam Chau as settlor and a beneficiary of the CHONG Family Trust is also deemed or taken to be interested in the 233,000,000 Shares held by Perfect Group under the SFO.

3. Mr. CHONG Wa Pan, the Chief Executive Officer and the President of the Company, together with Mr. CHONG Wa Ching, the executive Director, and Mr. CHONG Wa Lam, the senior management of the Company, all as beneficiaries and Mr. CHONG Kam Shing, the son of Mr. CHONG Wa Pan, as beneficiary of the CHONG Family Trust, are deemed or taken to be interested in entire issued shares of Perfect Group and the 233,000,000 Shares held by Perfect Group under the SFO.

Save as disclosed above, none of the Directors or chief executive, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 March 2022.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2022, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares 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	233,000,000	67.76%
Jade City Assets Limited (Notes 1 & 2)	Interest of controlled corporation	233,000,000	67.76%
HSBC International Trustee Limited (Notes 1 & 2)	Trustee	233,000,000	67.76%
Ms. CHAN Po Ting (Notes 1 & 3)	Family interests; beneficiary of a discretionary trust	233,000,000	67.76%
Ms. HUNG Woon Cheuk (formerly known as HUNG Shan Shan) (Note 4)	Family interests	233,000,000	67.76%
Ms. YUEN Chung Yan (Note 5)	Family interests	233,000,000	67.76%
Mr. CHONG Kam Shing (Note 1)	Beneficiary of a discretionary trust	233,000,000	67.76%

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 (formerly known as HUNG Shan Shan), is the spouse of Mr. CHONG Wa Pan. Therefore, Ms. HUNG Woon Cheuk is deemed or taken to be interested in the interests held by Mr. CHONG Wa Pan under the SFO.

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

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 note 26 to the consolidated financial statement, there were no significant investment held by the Group as at 31 March 2022.

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 of the Company 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.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Disposal of Subsidiaries

On 2 July 2021, the Group entered into a share purchase agreement with a wholly-owned subsidiary (the "**Purchaser**") of Nine Dragons Paper (Holdings) Limited ("**Nine Dragons**") to dispose the entire equity interest of 60% shareholding of Turbo Best Holdings Limited (the "**Subsidiary**") and its subsidiaries at a consideration of approximately HK$93.1 million (the "**Disposal**").

As the Purchaser holds 40% equity interest in the Subsidiary and is its substantial shareholder, the Purchaser is a connected person at the subsidiary level pursuant to Rule 14A.07(1) of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Disposal was completed on 31 August 2021. For further details of the Disposal, please refer to the announcement of the Company dated 2 July 2021 and the circular of the Company dated 20 August 2021.

Master Materials Purchase Agreement

On 29 July 2010, Nine Dragons and the Company entered into a master materials purchase agreement (the "**Master Materials Purchase Agreement**") 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 Nine Dragons under the Master Materials Purchase Agreement or the separate sale and purchase agreements between Nine Dragons and the Group for the period 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 the period 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.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (Continued)

Master Materials Purchase Agreement (Continued)

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.

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 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 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 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 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 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 during the Year prior to completion of the Disposal.

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

Name of connected person	Nature of transactions	**For the year ended 31 March 2022 Amount**	**%**	For the year ended 31 March 2021 Amount	%
Nine Dragons Paper (Holdings) Limited	Purchase of raw paper	**RMB225,983,491**	**36.27%**	RMB335,286,896	48.2%

The purchase of raw paper of approximately RMB225,983,000 paid or payable to Nine Dragons for the year ended 31 March 2022, of which (i) approximately RMB101,594,000 was incurred from the continuing connected transactions (the "**Continuing Connected Transactions**") during the period from 1 April 2021 to 31 August 2021; and (ii) approximately RMB124,389,000 was incurred from transactions between the parties during the period from 1 September 2021 to 31 March 2022, which no longer constitute continuing connected transactions upon completion of the Disposal.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (Continued)

Master Materials Purchase Agreement (Continued)

The independent non-executive Directors have reviewed the above Continuing Connected Transactions and 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; and

(iii) in accordance with relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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 42 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. The Scheme has already expired as at the date of this annual report.

SHARE OPTION SCHEME (Continued)

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.

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.

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 was exercisable from 6 January 2011 and expired 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 had 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 was exercisable from the 180th day after the date of acceptance of the share options by the Grantees and expired 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.

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.

During the year ended 31 March 2021, a total of 3,900,000 share options were lapsed. No share options remained outstanding under the Scheme as at 31 March 2022 and 2021. For further details, please refer to note 36 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

Based on the information that is publicly available to the Company and within the knowledge of the Directors, more than 25% of the issued shares of the Company were held in public hands as of 31 March 2022 and up to the date of this annual report.

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 Year.

CHARITABLE DONATIONS

During the Year, the Group made charitable donation amounting to approximately HK$182,000 (2021: approximately HK$27,000).

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	9.93%	N.A.
Five largest customers in aggregate	35.40%	N.A.
The largest supplier	N.A.	36.27%
Five largest suppliers in aggregate	N.A.	64.70%

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.

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 2021 and 31 March 2022 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

30 June 2022

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 47 to 119, which comprise the consolidated statement of financial position as at 31 March 2022, 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 notes to the consolidated financial statements, including 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 2022, 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 assessment of trade receivables

We identity the impairment assessment of trade receivables as key audit matters due to the significance of balances to the consolidated financial statements as a whole.

As set out in note 24 to the consolidated financial statements, as at 31 March 2022, the Group had trade receivables amounting to approximately HK$273,489,000, net of allowance for expected credit losses of approximately HK$3,427,000. The Group applies HKFRS 9 simplified approach and uses a provision matrix to measure expected credit loss ("**ECL**") for trade receivables. Assessments for impairment are carried out on both an individual basis and on a collective group basis based on different credit risk characteristics.

KEY AUDIT MATTERS (Continued)

How our audit addressed the Key Audit Matter

Our procedures in relation to valuation on trade receivables and assessment of ECL 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 were 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 approximately HK$256,500,000 as at 31 March 2022 and the increase in fair value of the investment properties recorded in the profit for the year was approximately HK$10,747,000. 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.

Details of the investment properties are set out in note 20 to the consolidated financial statements.

How our audit addressed the Key Audit Matter

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 used in arriving at the valuation of the investment properties were reasonable based on available evidence.

OTHER INFORMATION

The Directors 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 DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors 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.

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

- 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.

- 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.

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 Certificate Number: P04084
Hong Kong, 30 June 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Revenue	7	**1,177,271**	1,201,784
Cost of goods sold		**(995,012)**	(975,392)
Gross profit		**182,259**	226,392
Other income	8	**63,602**	9,550
Other gains and losses	9	**12,193**	18,078
Selling expenses		**(89,783)**	(80,957)
Administrative expenses		**(120,220)**	(124,576)
Other operating expenses	10	**(86,097)**	(591)
Finance costs	11	**(28,465)**	(19,362)
Gain on disposal of subsidiaries	46	**31,378**	–
Loss on deregistration of subsidiaries	47	**(1,704)**	–
(Loss) profit before tax		**(36,837)**	28,534
Income tax (expense) credit	12	**(3,045)**	123
(Loss) profit for the year	13	**(39,882)**	28,657
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**20,527**	41,199
Release of translation reserve upon disposal of subsidiaries		**(890)**	–
Other comprehensive income for the year, net of income tax		**19,637**	41,199
Total comprehensive (expense) income for the year		**(20,245)**	69,856
(Loss) profit for the year attributable to:			
Owners of the Company		**(38,985)**	27,326
Non-controlling interests		**(897)**	1,331
		(39,882)	28,657
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(19,954)**	66,461
Non-controlling interests		**(291)**	3,395
		(20,245)	69,856
(Loss) earnings per share	16		
Basic and diluted		**HK (11.34) cents**	HK7.91 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Prepaid lease payments	17	**31,112**	44,867
Right-of-use assets	19	**231,385**	244,543
Property, plant and equipment	18	**190,727**	249,814
Investment properties	20	**256,500**	245,280
Goodwill	21	**11,631**	11,631
Deposits paid for acquisition of property, plant and equipment	22	**20,621**	14,082
Rental deposits		**3,747**	3,348
Club membership		**366**	366
		746,089	813,931
Current assets			
Inventories	23	**100,276**	119,412
Trade and bills receivables	24	**299,175**	320,499
Prepayments, deposits and other receivables	25	**16,310**	25,742
Tax recoverable		**10,726**	15,713
Financial assets at fair value through profit or loss ("**FVTPL**")	26	**3,875**	1,916
Pledged bank deposits	27	**13,200**	36,943
Bank and cash balances	27	**109,613**	158,563
		553,175	678,788
Current liabilities			
Trade and bills payables	28	**126,333**	179,475
Accruals and other payables	29	**44,069**	51,029
Contract liabilities	30	**3,096**	7,668
Lease liabilities	34	**9,768**	10,167
Amounts due to non-controlling shareholders	31	**–**	44,783
Short-term bank borrowings	32	**140,412**	244,187
Tax payables		**22,143**	22,024
Long-term bank borrowings	33	**69,857**	30,125
		415,678	589,458
Net current assets		**137,497**	89,330
Total assets less current liabilities		**883,586**	903,261

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current liabilities			
Long-term bank borrowings	33	11,200	15,989
Lease liabilities	34	233,931	233,867
		245,131	249,856
NET ASSETS		638,455	653,405
Capital and reserves			
Share capital	35	3,439	3,439
Reserves		635,016	655,028
Equity attributable to owners of the Company		638,455	658,467
Non-controlling interests		–	(5,062)
		638,455	653,405

The consolidated financial statements on pages 47 to 119 were approved and authorised for issue by the Board of Directors on 30 June 2022 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 2022

	Attributable to shareholders of the Company											
	Share capital HK$'000 (note 35)	**Share premium reserve** HK$'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 2020	3,484	183,341	105,309	1,251	1,467	39,140	(20)	15,840	245,104	594,916	(8,457)	586,459
Profit for the year	–	–	–	–	–	–	–	–	27,326	27,326	1,331	28,657
Other comprehensive income for the year:												
Exchange differences on translating foreign operations	–	–	–	–	39,135	–	–	–	–	39,135	2,064	41,199
Other comprehensive income for the year	–	–	–	–	39,135	–	–	–	–	39,135	2,064	41,199
Total comprehensive income for the year	–	–	–	–	39,135	–	–	–	27,326	66,461	3,395	69,856
Transfer to statutory reserve	–	–	–	–	–	1,189	–	–	(1,189)	–	–	–
Share option lapsed	–	–	–	(1,251)	–	–	–	–	1,251	–	–	–
Buy-back of ordinary shares	(45)	(2,865)	–	–	–	–	–	–	–	(2,910)	–	(2,910)
Change in equity for the year	(45)	(2,865)	–	(1,251)	39,135	1,189	–	–	27,388	63,551	3,395	66,946
At 31 March 2021 and 1 April 2021	3,439	180,476	105,309	–	40,602	40,329	(20)	15,840	272,492	658,467	(5,062)	653,405
Loss for the year	–	–	–	–	–	–	–	–	(38,985)	(38,985)	(897)	(39,882)
Other comprehensive income for the year:												
Exchange differences on translating foreign operations	–	–	–	–	19,921	–	–	–	–	19,921	606	20,527
Release of translation reserve upon disposal of subsidiaries	–	–	–	–	(890)	–	–	–	–	(890)	–	(890)
Other comprehensive income for the year	–	–	–	–	19,031	–	–	–	–	19,031	606	19,637
Total comprehensive (expense) income for the year	–	–	–	–	19,031	–	–	–	(38,985)	(19,954)	(291)	(20,245)
Transfer to statutory reserve	–	–	–	–	–	4,178	–	–	(4,178)	–	–	–
Disposal of subsidiaries (note 46)	–	–	–	–	–	(58)	–	–	–	(58)	3,652	3,594
Deregistration of subsidiaries (note 47)	–	–	–	–	–	–	–	–	–	–	1,701	1,701
Change in equity for the year	–	–	–	–	19,031	4,120	–	–	(43,163)	(20,012)	5,062	(14,950)
At 31 March 2022	3,439	180,476	105,309	–	59,633	44,449	(20)	15,840	229,329	638,455	–	638,455

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

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 the 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 shares 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 policy 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 2022

	Notes	2022 HK$'000	2021 HK$'000
OPERATING ACTIVITIES			
(Loss) profit before tax		**(36,837)**	28,534
Adjustments for:			
Amortisation of prepaid lease payments		**987**	1,128
Depreciation of property, plant and equipment	18	**29,851**	24,405
Depreciation of right-of-use assets	19	**23,119**	14,787
Loss on disposal of property, plant and equipment	10	**5,089**	–
Write off of property, plant and equipment	10	**10,520**	–
Gain on disposal of equity securities at FVTPL	9	**–**	(350)
Loss on deregistration of subsidiaries	47	**1,704**	–
Gain on disposal of subsidiaries	46	**(31,378)**	–
Gain on lease modification	9	**–**	(13,355)
Gain on lease termination	9	**(589)**	–
Fair value changes of equity securities at FVTPL	9	**345**	(606)
Fair value changes of investment properties	9	**(10,747)**	(2,056)
Income from wealth management products	9	**(1,202)**	(1,711)
Dividend income from equity securities at FVTPL	8	**(35)**	(107)
Government subsidies	8	**(4,504)**	(6,940)
Finance costs	11	**28,465**	19,362
Bank interest income	8	**(863)**	(1,109)
Operating cash flows before working capital changes		**13,925**	61,982
Decrease (increase) in inventories		**17,508**	(17,843)
Decrease (increase) in trade and bills receivables		**33,881**	(80,538)
Decrease (increase) in prepayments, deposits and other receivables		**8,743**	(11,821)
(Decrease) increase in trade and bills payables		**(57,276)**	63,512
(Decrease) increase in accruals and other payables		**(7,803)**	11,249
Decrease in contract liabilities		**(2,628)**	(4,652)
Cash generated from operations		**6,350**	21,889
Income taxes refund (paid)		**3,677**	(8,094)
Withholding tax paid		**(2,168)**	–
Net cash generated from operating activities		**7,859**	13,795

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
INVESTING ACTIVITIES			
Repair and maintenance expenses capitalised for investment properties	20	**(473)**	(364)
Purchase of property, plant and equipment		**(39,078)**	(49,238)
Purchase of financial assets at FVTPL		**(2,271)**	–
Proceeds from disposal of equity securities at FVTPL		**–**	28,779
Deposits paid for acquisition of property, plant and equipment		**(19,642)**	(12,988)
Decrease (increase) in pledged bank deposits		**24,912**	(10,633)
Additions of rental deposits of right-of-use assets		**–**	(7,676)
Dividend income from equity securities at FVTPL		**35**	107
Cash inflow from wealth management products		**1,202**	1,711
Proceeds from disposal of property, plant and equipment		**2,509**	–
Proceeds from disposal of subsidiaries	46	**74,120**	–
Interest received		**863**	1,109
Net cash generated from (used in) investing activities		**42,177**	(49,193)
FINANCING ACTIVITIES			
Drawdown on new bank borrowings	44	**342,798**	342,951
Payment on buy-back of ordinary shares	35	**–**	(2,910)
Repayment of bank borrowings	44	**(413,905)**	(316,100)
Repayment of lease liabilities	44	**(30,334)**	(17,815)
Advance from non-controlling shareholders	44	**–**	8,000
Government subsidies		**4,504**	6,940
Interest paid	44	**(7,976)**	(7,994)
Net cash (used in) generated from financing activities		**(104,913)**	13,072
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(54,877)**	(22,326)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**5,927**	4,239
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**158,563**	176,650
CASH AND CASH EQUIVALENTS AT END OF YEAR, represented by bank and cash balances		**109,613**	158,563

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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, 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 45.

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")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

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

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

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

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[1]
Accounting Guideline 5 (revised)	Merger Accounting for Common Control Combinations[1]
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[2]

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

The directors of the Group anticipate that the application of these new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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 at the end of each reporting period, 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 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value-in-use in HKAS 36 *Impairment of Assets*.

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 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/expense are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income/expense 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 in 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.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in the Group's interests in existing subsidiaries

Changes in the Group's 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 HKFRS 9 *Financial Instruments* ("**HKFRS 9**") 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 as established at the date of acquisition of the business 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 represent 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 an 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 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 or any of the cash-generating unit within the group of cash generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in subsidiaries

Investments in subsidiaries are included in the statement of financial position of the Company (see note 48) at cost less any identified impairment loss.

Property, plant and equipment

Property, plant and equipment are tangible assets that are 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 write off 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 reclassified 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.

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 value. 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 profit or loss for the period in which the property is derecognised.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Definition of a lease (Continued)

Allocation of consideration to components of a contract
For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to leases of office premises/car parks that have a lease term of 12 months or less from the lease commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets
The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from lease commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within "investment properties".

Refundable rental deposits
Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Definition of a lease (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review or a change in expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right-to-use to one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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 such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

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

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 consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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 recognised at the rates of exchanges prevailing on 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 on 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 initially 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 period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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) ("**FVTPL**") 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.

Financial assets

Classification and subsequent measurement of financial assets

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 fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting 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.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of HKFRS 9/ initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income 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 is required to be measured at 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 (Continued)

Classification and subsequent measurement of financial assets (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

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade and bills receivables, deposit and other receivables and bank balances) which are subject to impairment under HKFRS 9. 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. Assessments 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 which are re-assessed individually, the ECL on trade receivables is assessed collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equals 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 (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; and
- 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 90 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 (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 following 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 a financial asset is impaired, in which case interest income is calculated based on amortised cost of the financial asset.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets (Continued)

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, 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, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity instruments

Classification as debt or equity instruments

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.

Buy-back 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

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Revenue from contracts with customers

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.

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.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

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. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching 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 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.

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 each 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-based payments reserve.

When share options are exercised, the amount previously recognised in share-based payments 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 payments 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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/loss before tax' 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.

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

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.

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)

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 relevant 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.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, 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. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value-in-use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) 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 a cash-generating unit or a group of cash-generating units) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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).

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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;
- (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 are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 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 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 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 tax on changes in fair value of investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

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 causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value-in-use or fair value less costs of disposal. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, material impairment loss/further impairment loss may arise. At 31 March 2022, the carrying amount of goodwill is approximately HK$11,631,000 (2021: approximately HK$11,631,000), no impairment loss was recognised for both years. Details of the basis and assumptions for arriving at the goodwill are disclosed in note 21.

Fair value of investment properties

As disclosed in note 20, the Group's investment properties were revalued at the end of the reporting period on an open market value basis by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might differ materially 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 2022, the carrying amount of investment properties are approximately HK$256,500,000 (2021: approximately HK$245,280,000).

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 18. This estimation is based on past 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 2022, the carrying amount of property, plant and equipment was approximately HK$190,727,000 (2021: approximately HK$249,814,000) net of impairment of approximately HK$4,902,000 (2021: approximately HK$4,902,000).

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

Key sources of estimation uncertainty (Continued)

Provision for ECL for trade receivables

The Group applies HKFRS 9 simplified approach and uses a provision matrix to measure expected credit loss ("**ECL**") 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. Assessments for impairment are carried out on both an individual basis and on a collective group basis based on different credit risk characteristics.

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

As at 31 March 2022, the carrying amount of trade receivables was approximately HK$273,489,000 (2021: approximately HK$275,799,000), net of ECL provision of approximately HK$3,427,000 (2021: approximately HK$10,169,000).

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 estimation, such difference will impact the carrying value of inventories and allowance charged to the profit or loss for the year in which such estimation has been made. As at 31 March 2022, the carrying amount of inventories was approximately HK$100,276,000 (2021: approximately HK$119,412,000). No write-down of inventories was recognised for both years.

Provision for uncertain tax position

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

Judgement is required in assessing the level of provisions required in respect of uncertain tax provisions. In this regard, the managements of the Group are of the opinion that there has been no best estimation of the outcome as at the end of this reporting period, taking into account the uncertainties of the outcome of the negotiation which has not been concluded. Therefore, no provision is made during the year (2021: Nil).

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 review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, 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:

	2022 HK$'000	2021 HK$'000
Debt (note a)	**465,168**	534,335
Less: Bank and cash balances and pledged bank deposits	**(122,813)**	(195,506)
Net debt	**342,355**	338,829
Equity (note b)	**638,455**	658,467
Net debt to equity ratio	**54%**	51%

Note:

(a) Debt is defined as short-term, long-term bank borrowings and lease liabilities, as detailed in notes 32, 33 and 34 respectively.

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

The Group is not subject to any externally imposed capital requirements.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2022 HK$'000	2021 HK$'000
Financial assets:		
Financial assets at FVTPL	**3,875**	1,916
Financial assets at amortised cost	**434,273**	530,971
Financial liabilities:		
Financial liabilities at amortised cost	**630,132**	805,679

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, deposits and other receivables, financial assets at FVTPL, pledged fixed deposits, bank and cash balances, trade and bills payables, accruals and other payables, amounts due to non-controlling shareholders, bank borrowings and lease liabilities. 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

The Group is not exposed to significant foreign currency risk as most of its monetary assets and monetary liabilities are denominated in the functional currency of the individual group entity. The management is of the opinion that the Group's exposure to foreign currency risk is minimal. Accordingly, no foreign exchange risk sensitivity analysis is presented. The significant balance carried in the translation reserve account is occasioned by the translation of the financial statements of the Group's subsidiaries into the presentation currency of the consolidated financial statements of the Group at each reporting date.

ii. Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see notes 32 and 33 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 floating rate bank borrowings.

The Group has bank deposits and bank borrowings (see notes 27, 32 and 33 respectively) bearing fixed or floating interest rates. The Group's cash flow interest rate risk primarily relates to variable-rate bank deposits and bank borrowings. The Directors consider the Group's exposure to interest rate risk on pledged bank deposits and bank borrowings is not significant.

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 (2021: 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 (2021: 100 basis points) higher/lower and all other variables were held constant, the Group's profit after tax for the year ended 31 March 2022 would increase/decrease by approximately HK$824,000 (2021: increase/decrease by approximately HK$792,000).

6. FINANCIAL INSTRUMENTS (Continued)

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

Market risk (Continued)

iii. Other price risk

The Group is exposed to equity price risk through its equity securities at FVTPL. Management manages this exposure by maintaining a portfolio of investments with different risks. Management monitors the equity price exposure by regularly reviewing and maintaining a portfolio of equity investments with different risk profiles.

Sensitivity analysis
The sensitivity analysis 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% (2021: 10%) higher/lower and all other variables were held constant, the Group's loss after tax for the year ended 31 March 2022 would decrease/increase by approximately HK$131,000 (2021: profit after tax increase/decrease by approximately HK$160,000) as a result of the changes in fair value of equity securities at FVTPL.

Credit risk

As at 31 March 2022, 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 arise from the carrying amount of trade and bill receivables, deposits and other receivables, bank 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 proper credit history. In addition, the Directors 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 25% (2021: 28%) as at 31 March 2022.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 88% (2021: 90%) of the total trade and bills receivables as at 31 March 2022.

The credit risk on pledged deposits and bank balances is limited because the counterparties are well-recognised financial institutions with high credit rating.

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.

6. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk (Continued)

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

	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 2022						
Non-derivative financial liabilities						
Bank borrowings	214,826	4,456	7,169	–	226,451	221,469
Trade and bills payables	126,333	–	–	–	126,333	126,333
Accruals and other payables	38,631	–	–	–	38,631	38,631
Lease liabilities	29,854	30,261	96,038	284,087	440,240	243,699
	409,644	34,717	103,207	284,087	831,655	630,132

	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 2021						
Non-derivative financial liabilities						
Bank borrowings	255,505	10,058	25,806	1,977	293,346	290,301
Trade and bills payables	179,475	–	–	–	179,475	179,475
Accruals and other payables	47,086	–	–	–	47,086	47,086
Amounts due to non-controlling shareholders	44,783	–	–	–	44,783	44,783
Lease liabilities	29,724	28,657	89,662	304,144	452,187	244,034
	556,573	38,715	115,468	306,121	1,016,877	805,679

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 2022 and 2021, the aggregate undiscounted principal amounts of these bank loans amounted to approximately HK$43,052,000 and approximately HK$24,191,000 respectively. Taking into account the Group's financial position, the Directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The Directors 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$46,417,000 (2021: approximately HK$25,990,000).

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 under Levels based on the degree to which the inputs are observable in accordance to the Group's accounting policy.

	Level 1 HK$'000	**Level 2 HK$'000**
At 31 March 2022		
Financial assets at FVTPL		
Equity securities at FVTPL	**1,571**	**–**
Wealth management products	**–**	**2,304**
	1,571	**2,304**

	Level 1 HK$'000	Level 2 HK$'000
At 31 March 2021		
Financial assets at FVTPL		
Equity securities at FVTPL	1,916	–

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

The Directors 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 from investment properties during the year.

Segment information

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

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

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

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results

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

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

For the year ended 31 March 2022

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Properties leasing HK$'000	Elimination HK$'000	Total HK$'000
Segment revenue from contracts with customers within the scope of HKFRS 15					
External sales	942,357	229,195	–	–	1,171,552
Inter-segment sales	24,769	7,564	–	(32,333)	–
	967,126	236,759	–	(32,333)	1,171,552
Revenue from other sources					
Gross rental income	–	–	5,719	–	5,719
Total	967,126	236,759	5,719	(32,333)	1,177,271
Segment results	(40,757)	(18,517)	15,691		(43,583)
Dividend income from equity securities at FVTPL					35
Fair value changes of equity securities at FVTPL					(345)
Income from wealth management products					1,202
Gain on disposal of subsidiaries					31,378
Loss on deregistration of subsidiaries					(1,704)
Finance costs					(7,976)
Corporate income and expenses, net					(15,844)
Loss before tax					(36,837)

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

For the year ended 31 March 2021

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Properties leasing HK$'000	Elimination HK$'000	Total HK$'000
Segment revenue from contracts with customers within the scope of HKFRS 15					
External sales	1,015,590	180,830	–	–	1,196,420
Inter-segment sales	50,057	32,572	–	(82,629)	–
	1,065,647	213,402	–	(82,629)	1,196,420
Revenue from other sources					
Gross rental income	–	–	5,364	–	5,364
Total	1,065,647	213,402	5,364	(82,629)	1,201,784
Segment results	22,305	20,423	6,512		49,240
Dividend income from equity securities at FVTPL					107
Fair value changes of equity securities at FVTPL					606
Income from wealth management products					1,711
Gain on disposal of equity securities at FVTPL					350
Finance costs					(7,892)
Corporate income and expenses, net					(15,588)
Profit before tax					28,534

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profits represented the profit earned (loss incurred) from each segment without allocation of dividend income from equity securities at FVTPL, fair value changes of equity securities at FVTPL, income from wealth management products, gain on disposal of equity securities at FVTPL, gain on disposal of subsidiaries, loss on deregistration of subsidiaries, finance costs and corporate income and expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

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 2022

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

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

At 31 March 2021

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

For the purposes of monitoring segment performance and allocating resources between segments:

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

- all liabilities are allocated to segments other than tax payables, amounts due to non-controlling shareholders, bank borrowings and other corporate liabilities.

7. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 March 2022

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

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

For the year ended 31 March 2021

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

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

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

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

Information about major customers

Details of the customers who accounted for 10% or more of the aggregate revenue of the Group during the year are as follows:

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

Note: Revenue from corrugated products.

8. OTHER INCOME

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

9. OTHER GAINS AND LOSSES

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

10. OTHER OPERATING EXPENSES

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

11. FINANCE COSTS

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

12. INCOME TAX EXPENSE (CREDIT)

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

Hong Kong

Hong Kong Profits Tax is calculated at 16.5% (2021: 16.5%) on the estimated assessable profits except for the first HK$2,000,000 of a qualifying group entity's assessable profit which is calculated at 8.25%, in accordance with the two-tiered profit tax rate regime.

PRC

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

According to the relevant requirements of the Administrative Measures with regard to the recognition of High and New Technology Enterprise ("**HNTE**"), an enterprise which has obtained the HNTE qualification is entitled to enjoy tax preferential treatment from the year in which the certificate is issued. In accordance with the relevant requirements of the EIT Law, HNTEs are entitled to enjoy a preferential tax rate at the EIT rate of 15%. During the year ended 31 March 2021, two subsidiaries, Come Sure Packing Products (Shenzhen) Company Limited ("**CSP**") and Sky Achiever Paper Industrial (Shenzhen) Company Limited ("**SAP**") were entitled to preferential rate of 15% as both of them were qualified as HNTE. While during the year ended 31 March 2022, only SAP is qualified as HNTE and enjoys a preferential tax concession and the applicable EIT rate is at a reduced rate of 15% from 9 December 2019 to 8 December 2022. The HNTE designation will be reassessed every three years according to relevant rules and regulations.

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

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

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

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

12. INCOME TAX EXPENSE (CREDIT) (Continued)

Macau

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

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

	2022 **HK$'000**	2021 HK$'000
(Loss) profit before tax	**(36,837)**	28,534
Tax at rate of 25% *(note)*	**(9,209)**	7,134
Tax effect of income that is not taxable	**(7,079)**	(5,459)
Tax effect of expenses that are not deductible	**4,854**	4,139
Tax effect on temporary differences not recognised	**(87)**	(93)
Tax effect of tax losses not recognised	**25,114**	3,926
Tax effect of utilisation of tax losses not previously recognised	**(2,623)**	(5,936)
Tax effect of tax deduction	**(7,381)**	(3,222)
Effect of tax exemptions granted to Macau subsidiaries	**–**	(10)
Withholding tax	**2,168**	(28)
Over provision in previous years	**(813)**	(1,862)
Effect of different tax rates of subsidiaries	**(1,899)**	1,288
Income tax expense (credit)	**3,045**	(123)

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

13. (LOSS) PROFIT FOR THE YEAR

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

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

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the 6 (2021: 6) directors were as follows:

For the year ended 31 March 2022

	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 payable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking					
Executive directors:					
Mr. CHONG Kam Chau	–	2,940	–	18	2,958
Mr. CHONG Wa Pan (note (ii))	–	2,340	–	18	2,358
Mr. CHONG Wa Ching	–	1,920	–	18	1,938
	–	7,200	–	54	7,254
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	7,200	–	54	7,614

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

For the year ended 31 March 2021

	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 payable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking					
Executive directors:					
Mr. CHONG Kam Chau	–	2,940	–	18	2,958
Mr. CHONG Wa Pan (note (ii))	–	2,340	–	18	2,358
Mr. CHONG Wa Ching	–	1,920	–	18	1,938
	–	7,200	–	54	7,254
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	7,200	–	54	7,614

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 2022, no termination benefits were paid to the Directors (2021: Nil).

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

During the year ended 31 March 2022, no consideration was paid for making available the services of the Directors (2021: Nil).

14. 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 2022, no loans, quasi-loans and other dealings were entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favour of the Directors (2021: 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 (2021: Nil).

(f) Employees' emoluments

	2022 HK$'000	2021 HK$'000
Directors' emoluments (note 14(a))	**7,614**	7,614
Other staff costs		
– Other staff salaries, bonus and allowances	**165,967**	160,564
– Retirement benefits scheme contributions (excluding directors)	**18,071**	24,101
– Labour redundancy costs	**64,514**	–
	256,166	192,279

Of the five individuals with the highest emoluments in the Group, three (2021: three) were directors of the Company whose emoluments are included in the disclosures in note 14(a) above. The emoluments of the remaining two (2021: two) individuals, being senior management of the Company, were as follows:

	2022 HK$'000	2021 HK$'000
Salaries and other allowances	**1,812**	1,697
Discretionary bonus	**3,976**	2,637
	5,788	4,334

Their emoluments were within the following bands:

	Number of individuals	
	2022	2021
HK$1,000,001-HK$1,500,000	**–**	1
HK$2,500,001-HK$3,000,000	**1**	–
HK$3,000,001-HK$3,500,000	**1**	1
	2	2

(g) During the year ended 31 March 2022, no emoluments were paid by the Group to any of the Directors or any of the five highest-paid individuals as an inducement to join or upon joining the Group (2021: Nil).

(h) No director waived any emoluments in the years ended 31 March 2022 and 2021. No incentive payment for joining the Group or as compensation for loss of office was paid or payable to any directors during the years ended 31 March 2022 and 2021.

15. DIVIDEND

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

16. (LOSS) EARNINGS PER SHARE

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

(Loss) earnings

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

Number of shares

	Number of shares **2022**	2021
Weighted average number of ordinary shares (after adjustment for the effects of repurchase of shares for the year ended 31 March 2021) for the purpose of basic and diluted (loss) earnings per share	**343,858,000**	345,299,825

For the year ended 31 March 2022, there is no dilution effect in the calculation of loss per share.

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

17. PREPAID LEASE PAYMENTS

	2022 **HK$'000**	2021 HK$'000
Prepaid lease payments for land situated in PRC	**31,112**	44,867

Approximately HK$14,296,000 was derecognised upon disposal of subsidiaries on 31 August 2021. Please refer to note 46 for further details.

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold land in Hong Kong HK$'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 2020	149,802	2,209	45,734	348,440	12,991	14,227	10,209	583,612
Additions	–	–	1,800	37,361	1,011	2,277	9,098	51,547
Exchange differences	12,151	–	3,337	22,753	956	543	1,251	40,991
At 31 March 2021 and 1 April 2021	161,953	2,209	50,871	408,554	14,958	17,047	20,558	676,150
Additions	2,903	–	20,058	26,587	1,647	1,425	241	52,861
Transfer from construction in progress	11,595	–	4,580	144	–	–	(16,319)	–
Derecognised on disposal of subsidiaries	(71,532)	–	(2,590)	(21,196)	(625)	(1,109)	–	(97,052)
Disposal	–	–	(1,133)	(37,412)	(2,953)	(171)	–	(41,669)
Written off	(4,205)	–	(38,655)	(52,521)	(4,408)	(337)	–	(100,126)
Exchange differences	5,225	–	1,625	9,115	457	326	848	17,596
At 31 March 2022	105,939	2,209	34,756	333,271	9,076	17,181	5,328	507,760
Accumulated depreciation and impairment								
At 1 April 2020	45,170	1,124	35,630	270,299	11,402	10,501	4,143	378,269
Charge for the year	7,246	41	3,059	12,266	663	1,130	–	24,405
Exchange differences	3,578	–	2,802	15,424	703	396	759	23,662
At 31 March 2021 and 1 April 2021	55,994	1,165	41,491	297,989	12,768	12,027	4,902	426,336
Charge for the year	6,059	40	4,979	16,320	1,283	1,170	-	29,851
Derecognised on disposal of subsidiaries	(16,806)	–	(950)	(9,721)	(444)	(644)	–	(28,565)
Disposal	–	–	(464)	(30,490)	(2,963)	(154)	–	(34,071)
Written off	(2,752)	–	(37,167)	(45,576)	(3,805)	(306)	–	(89,606)
Exchange differences	1,839	–	1,138	9,202	295	188	426	13,088
At 31 March 2022	44,334	1,205	9,027	237,724	7,134	12,281	5,328	317,033
Carrying amounts								
At 31 March 2022	**61,605**	**1,004**	**25,729**	**95,547**	**1,942**	**4,900**	**–**	**190,727**
At 31 March 2021	105,959	1,044	9,380	110,565	2,190	5,020	15,656	249,814

18. 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	Over the lease term
Leasehold improvements	Over the shorter of the lease term, or 5–10 years
Plant and machinery	5–10 years
Furniture, fixtures and equipment	3–10 years
Motor vehicles	5–10 years

As at 31 March 2022, 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, with a aggregate carrying amount of approximately HK$1,004,000 (2021: approximately HK$1,044,000) (note 37).

19. RIGHT-OF-USE ASSETS

	HK$'000
At 1 April 2020	79,724
Additions to right-of-use assets	239,968
Depreciation charge	(14,787)
Lease modification	(71,943)
Exchange adjustments	11,581
At 31 March 2021 and 1 April 2021	244,543
Depreciation charge	(23,119)
Exchange adjustments	9,961
As at 31 March 2022	**231,385**

Right-of-use assets included leases of production plants and staff quarters in Shenzhen and Dongguan of the PRC. Lease contracts are entered into for fixed term up to 20 years. Lease terms are negotiated on an individual basis and contained various terms and conditions.

	2022 HK$'000	2021 HK$'000
Expense related to short-term leases	**352**	1,207
Total cash outflow for leases	**31,276**	26,698

20. INVESTMENT PROPERTIES

	HK$'000
At 1 April 2020	242,860
Repair and maintenance expenses capitalised	364
Increase in fair value recognised in profit or loss *(note 9)*	2,056
At 31 March 2021 and 1 April 2021	245,280
Repair and maintenance expenses capitalised	473
Increase in fair value recognised in profit or loss *(note 9)*	10,747
At 31 March 2022	**256,500**

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 2022, the Group's investment properties of aggregate carrying value of HK$255,200,000 (2021: HK$244,000,000) have been pledged to secure banking facilities granted to the Group (note 37).

The fair values of the Group's investment properties as at 31 March 2022 and 31 March 2021 have been arrived at on the basis of a valuation carried out on the respective dates by Roma Appraisals Limited, independent qualified professional valuers 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 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 investment properties, the highest and best use of the properties is their current use.

The Group's investment properties were classified under level 3 of the fair value hierarchy. There were no transfers into or out of Level 3 during the year.

The following table gives information about how the fair values of the investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Level 3) based on the degree to which the inputs to the fair value measurements is observable.

	Fair Value Hierarchy	Valuation Techniques	Significant unobservable inputs	Range	Relationship of unobservable inputs to fair value
Investment properties located in Hong Kong	Level 3	Direct comparison method	Market unit sale price per square foot	Approximately HK$12,682 per square foot to HK$65,325 per square foot	The increase/decrease in the market unit sale price would result in an increase/decrease in the fair value of the property Adjustment on locations and conditions of the property

21. GOODWILL

	HK$'000
Cost	
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	11,631
Impairment	
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	–
Carrying values	
At 31 March 2022	**11,631**
At 31 March 2021	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 the synergies of that business combination.

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

The recoverable amount of SAH 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 a discount rate of 17.44% (2021: 17.52%). The cash flow projections for the 5-year period are extrapolated using an estimated average sale growth pattern at an annualised rate of 0% (2021: 0%) 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 17.24% (2021: 13.41%), such estimation is based on past performance and management's expectations of market development. The Directors believe that any reasonable 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.

22. DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

The amount represents deposits paid for the acquisition of plant and machinery of approximately RMB16,724,000 (equivalent to approximately HK$20,621,000) (2021: approximately RMB11,902,000 (equivalent to approximately HK$14,082,000)) from various sellers/suppliers.

23. INVENTORIES

	2022 HK$'000	2021 HK$'000
Raw materials	**76,438**	97,614
Work in progress	**1,905**	3,351
Finished goods	**21,933**	18,447
	100,276	119,412

24. TRADE AND BILLS RECEIVABLES

Payment terms with customers are mainly on credit, cash on delivery and payment in advance. Credit periods range from 15 days to 120 days after the end of the month in which the revenue is recognised and invoiced. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The aging analysis of trade and bills receivables, based on the due date for settlement, is as follows:

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

Notes:

(a) Aged within 120 days.

(b) Aged within 90 days.

24. TRADE AND BILLS RECEIVABLES (Continued)

The balance of trade receivables included debtors (see below for ageing analysis) who are past due as at the reporting date for which the Group has not provided for impairment due to no significant change in the creditworthiness of these debtors and, hence, the amounts are still considered recoverable. Trade receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default. The management of the Group have assessed the expected credit losses of all trade and bills receivables and made impairment when they considered as appropriate.

Ageing of trade receivables which are past due but not impaired

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

Movement in the allowance for expected credit losses

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

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

The allowance for expected credit losses included individually impaired trade receivables with an aggregate balance of approximately HK$3,427,000 (2021: approximately HK$10,169,000) which are either being placed under liquidation or in severe financial difficulties.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2022 HK$'000	2021 HK$'000
Prepayments	2,131	2,915
Deposits	5,186	7,270
Other receivables	3,352	4,348
VAT receivables	5,641	11,209
Profit guarantee receivable (note)	–	14,560
	16,310	40,302
Less: Impairment loss recognised	–	(14,560)
	16,310	25,742

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

Movement on the impairment of prepayments, deposits and other receivables

	2022 HK$'000	2021 HK$'000
At 1 April	14,560	14,560
Written off	(14,560)	–
At 31 March	–	14,560

26. FINANCIAL ASSETS AT FVTPL

	2022 HK$'000	2021 HK$'000
Equity securities listed in Hong Kong	1,571	1,916
Wealth management products	2,304	–
	3,875	1,916

Equity securities at FVTPL were stated at fair value based on quoted market prices. Wealth management products were issued by a reputable bank in the PRC. The fair value of the wealth management products has been determined based on the quoted price from bank at the reporting date.

27. 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 37). Deposits amounting to approximately HK$13,200,000 (2021: approximately HK$36,943,000) have been pledged to secure short-term bank loans and undrawn facilities and are therefore classified as current assets. These pledged bank deposits are arranged at fixed rates; carried average interest rates of 1.25% (2021: 1.75%) per annum; and, are subject to fair value interest rate risk, which the Directors considered as not significant.

The remaining bank and cash balances carried interest at average market rates from 0.01% to 1.25% (2021: 0.01% to 1.75%) per annum and are exposed to cash flow interest rate risk.

As at 31 March 2022, bank and cash balances and pledged bank deposits of the Group amounting to approximately HK$81,402,000 (2021: approximately HK$167,261,000) 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 dividend payment.

As at 31 March 2022, bank and cash balances and pledged bank deposits of the Group amounting to approximately HK$1,184,000 (2021: approximately HK$1,081,000) were denominated in United States dollars ("**US$**").

28. TRADE AND BILLS PAYABLES

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

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

Note:
All bills payables are due within 90 days based on due date for settlement.

Payment terms granted by suppliers are mainly on credit and on cash on delivery. Credit periods range from 15 days to 90 days after invoice date when the relevant purchase occurred. The Group has financial risk management policies in place to ensure that all payables are settled within the credit term.

29. ACCRUALS AND OTHER PAYABLES

	2022 HK$'000	2021 HK$'000
VAT and other tax payables	5,438	3,943
Accruals and other payables	38,631	47,086
	44,069	51,029

30. CONTRACT LIABILITIES

	2022 HK$'000	2021 HK$'000
Receipts in advance from customers and tenants	3,096	7,668

The balance of contract liabilities as at 31 March 2021 was all recognised as revenue during the year.

31. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS

As at 31 March 2021, the amount of approximately HK$44,783,000 due to a non-controlling interest of a subsidiary, Turbo Best Holdings Limited, is unsecured, non-interest bearing and repayable on demand. Such amount due was disposed to a wholly-owned subsidiary of Nine Dragons Paper (Holdings) Limited upon completion of disposal of Turbo Best Holdings Limited on 31 August 2021 and, hence, nil balance as at 31 March 2022. Please refer to note 46 for further details.

32. SHORT-TERM BANK BORROWINGS

	2022 HK$'000	2021 HK$'000
Trust receipts loans	21,391	11,633
Short-term bank loans (note)	119,021	232,554
	140,412	244,187

The average interest rates at 31 March were as follows:

	2022	2021
Trust receipts loans	2.65%	3.11%
Short-term bank loans	2.97%	3.13%

Note:
At 31 March 2022 and 2021, all short-term bank borrowings were arranged at floating rates, thus exposing the Group to cash flow interest rate risk. As at 31 March 2022, these bank borrowings were secured by the followings:

(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.

33. LONG-TERM BANK BORROWINGS

	2022 HK$'000	2021 HK$'000
Bank loans (note)	**81,057**	46,114
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	**15,115**	10,253
More than one year, but not exceeding two years	**18,975**	9,223
More than two years, but not exceeding five years	**44,847**	24,694
More than five years	**2,120**	1,944
	81,057	46,114
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)	**(54,742)**	(19,872)
Amounts due within one year (shown under current liabilities)	**(15,115)**	(10,253)
Current portion	**(69,857)**	(30,125)
Non-current portion	**11,200**	15,989

Note:
The bank loans are arranged at floating rates and expose the Group to cash flow interest rate risk. The average interest rate was 2.92% (2021: 3.03%) per annum at 31 March 2022.

At 31 March 2022 and 2021, the long-term bank loans were secured by the followings:
(i) corporate guarantees given by certain subsidiaries and the Company; and
(ii) investment properties and leasehold land and buildings of the Group situated in Hong Kong (note 37).

All the long-term bank loans as at 31 March 2022 are denominated in HK$ and RMB.

34. LEASE LIABILITIES

	2022 HK$'000	2021 HK$'000
Total minimum lease payments:		
Within one year	**29,854**	30,120
More than one year, but not exceeding two years	**30,261**	28,657
More than two years, but not exceeding five years	**96,038**	89,662
More than five years	**284,087**	304,144
	440,240	452,583
Future finance charges on lease liabilities	**(196,541)**	(208,549)
	243,699	244,034

	2022 HK$'000	2021 HK$'000
Within one year	**9,768**	10,167
Within a period of more than one year but not more than two years	**10,921**	9,383
Within a period of more than two years but not more than five years	**43,829**	36,635
Within a period of more than five years	**179,181**	187,849
	243,699	244,034
Less: Amount due for settlement within 12 months shown under current liabilities	**(9,768)**	(10,167)
Amount due for settlement more than 12 months shown under non-current liabilities	**233,931**	233,867

Lease liabilities as at 31 March 2022 and 2021 represented the lease of production plants and staff quarters in PRC and a motor vehicle.

35. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	**2,000,000**	**20,000**
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 April 2020	348,378	3,484
Buy-back of shares (note)	(4,520)	(45)
At 31 March 2021, 1 April 2021 and 31 March 2022	**343,858**	**3,439**

Note:

During the year ended 31 March 2021, the Company bought-back its own ordinary shares on the market, details of which are as follow:

Month of repurchase	Number of ordinary shares bought-back	Highest price paid per Share HK$	Lowest price paid per Share HK$	Consideration (including transaction cost) HK$'000
April 2020	1,120,000	0.51	0.51	575
July 2020	1,534,000	0.69	0.69	1,062
August 2020	1,866,000	0.68	0.66	1,273
Total	4,520,000			2,910

Approximately 4,520,000 repurchased ordinary shares were cancelled during the year ended 31 March 2021. Except for the above mentioned, none of the Company's subsidiaries purchased, sold or redeemed any of the Company's share during the year.

36. 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 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 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.

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.

36. SHARE-BASED PAYMENTS (Continued)

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
Exercisable 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 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, share consolidation, share subdivision, 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.

All share options were lapsed during the year ended 31 March 2021 and no share-based payment expense in relation to share options granted by the Company was recognised for the years ended 31 March 2021.

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 as at 1 April 2020	900,000	1.05	3,000,000	1.05	3,900,000	1.05
Share option lapsed	(900,000)	1.05	(3,000,000)	1.05	(3,900,000)	1.05
Outstanding as at 31 March 2021, 1 April 2021 and 31 March 2022	-	-	-	-	-	-

During the year ended 31 March 2021, no share options have been granted or exercised and all share options under Lot 4 totalling 3,900,000 share options were lapsed. No share options remained outstanding under the Scheme as at 31 March 2021.

37. 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 granted to the Group:

	2022 HK$'000	2021 HK$'000
Property, plant and equipment (note 18)	**1,004**	1,044
Investment properties (note 20)	**255,200**	244,000
Bank deposits (note 27)	**13,200**	36,943
	269,404	281,987

38. 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 (2021: 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 total contributions incurred in this connection for the year ended 31 March 2022 were approximately HK$18,071,000 (2021: approximately HK$24,101,000). No forfeited contributions are available to reduce the contribution payable by the Group in the future years.

39. MAJOR NON-CASH TRANSACTIONS

The balance of approximately HK$13,783,000 (2021: approximately HK$2,309,000) deposits paid for acquisition of property, plant and equipment as at 31 March 2021 was transferred to property, plant and equipment during the year.

During the year, the Group had non-cash transactions in relation to loss on deregistration of subsidiaries approximately HK$1,704,000. Please refer to note 47 for further details.

40. CAPITAL COMMITMENTS

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

	2022 HK$'000	2021 HK$'000
Capital expenditure contracted but not provided for:		
Purchase of property, plant and equipment	5,793	10,239

41. LEASE COMMITMENTS

The Group as lessor

Property rental income earned during the year was approximately HK$5,719,000 (2021: approximately HK$5,364,000). The Group leases its investment properties under operating lease arrangements, with lease terms negotiated ranging from one to five years. The terms of the leases generally require tenants to pay upfront security deposits. The investment properties are expected to generate rental yield of 2.2% (2021: 2.2%) on an ongoing basis.

At the end of the reporting period, the Group had future minimum lease receivables under leasing arrangements as follows:

	2022 HK$'000	2021 HK$'000
Within one year	6,161	5,067
Between 1 and 2 years	6,005	3,480
Between 2 and 3 years	1,760	1,800
Between 3 and 4 years	–	1,200
	13,926	11,547

42. 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:

	2022 **HK$'000**	2021 HK$'000
Rental in respect of land and buildings paid to related companies (note a)	**409**	516
Purchase of goods from Nine Dragons Paper (Holdings) Limited (note b)	**123,441**	383,884
Consideration of disposal of subsidiaries to a wholly-owned subsidiary of Nine Dragons Paper (Holdings) Limited	**93,074**	–
	216,924	384,400

Note:

(a) Related companies owned by the director, Mr. CHONG Kam Chau, of the Company.

(b) During the year ended 31 March 2022, Nine Dragons Paper (Holdings) Limited indirectly held 40% equity interest in a subsidiary of the Company during the period from 1 April 2021 to 31 August 2021.

(b) The emoluments of the Directors (representing key management personnel) during the year are set out in note 14(a).

43. CONTINGENT LIABILITIES

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

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

44. 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.

	Lease liabilities HK$'000	Bank Borrowings HK$'000	Interest payables HK$'000	Amount due to non-controlling shareholders HK$'000	Total HK$'000
At 1 April 2020	89,798	260,745	297	36,783	387,623
Changes from financing cash flows:					
Advance from non-controlling shareholders	–	–	–	8,000	8,000
Interest paid	–	–	(7,994)	–	(7,994)
Drawdown of new bank borrowings	–	342,951	–	–	342,951
Repayment of bank borrowings	–	(316,100)	–	–	(316,100)
Capital element of lease rentals paid	(6,345)	–	–	–	(6,345)
Interest element of lease rentals paid	(11,470)	–	–	–	(11,470)
Other changes:					
Interest expenses	11,470	–	7,892	–	19,362
Lease modification	(85,298)	–	–	–	(85,298)
Increase in lease liabilities from entering into new leases during the period	233,919	–	–	–	233,919
Exchange differences	11,960	2,705	–	–	14,665
At 31 March 2021 and 1 April 2021	**244,034**	**290,301**	**195**	**44,783**	**579,313**
Changes from financing cash flows:					
Interest paid	**–**	**–**	**(8,061)**	**–**	**(8,061)**
Drawdown of new bank borrowings	**–**	**342,798**	**–**	**–**	**342,798**
Repayment of bank borrowings	**–**	**(413,905)**	**–**	**–**	**(413,905)**
Capital element of lease rentals paid	**(9,845)**	**–**	**–**	**–**	**(9,845)**
Interest element of lease rentals paid	**(20,489)**	**–**	**–**	**–**	**(20,489)**
Other changes:					
Interest expenses	**20,489**	**–**	**7,976**	**–**	**28,465**
Lease termination	**(589)**	**–**	**–**	**–**	**(589)**
Disposal of subsidiaries	**–**	**–**	**–**	**(44,783)**	**(44,783)**
Exchange differences	**10,099**	**2,275**	**–**	**–**	**12,374**
At 31 March 2022	**243,699**	**221,469**	**110**	**–**	**465,278**

45. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31 March 2022 and 2021 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 2022	2021	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
Cheer Fame Holdings Limited	Hong Kong	Ordinary HK$10,000	100%	100%	Property holding/ Hong Kong
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%	Trading of corrugated paperboard and paper-based packaging products and investment holding/PRC

45. 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 2022	2021	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 and trading of corrugated paperboard and paper-based packaging products/ 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$103,000,000	–	60%	Trading and manufacturing of corrugated paperboard/PRC
Wise Luck International (HK) Limited	Hong Kong	Ordinary HK$10,000	100%	100%	Property holding/ Hong Kong
Smart Profit Capital Investment Limited	Hong Kong	Ordinary HK$10,000	100%	100%	Property holding/Hong Kong

45. 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 2022	2021	Principal activities/ place of operation
Indirectly held (Continued)					
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
廣東錦勝華銘環保科技有限公司 Guangdong Come Sure Wah Ming Environmental Protection Technology Company Limited *	PRC, limited liability company	Registered and paid up capital RMB 50,000,000	100%	100%	Trading of offset printed corrugated paper-based packaging products
廣東錦勝環保科技有限公司 Guangdong Come Sure Environmental Protection Technology Company Limited*	PRC wholly owned enterprise establish under PRC Company Law	Registered capital RMB 80,000,000 Paid up capital RMB 73,745,439	100%	100%	Trading and manufacturing of corrugated paperboards and paper-based packaging products
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 corrugated 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 corrugated paper-based packaging products and molded pulp products/ PRC

* 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, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

46. DISPOSAL OF SUBSIDIARIES

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

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

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

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

47. DEREGISTRATION OF SUBSIDIARIES

During the year ended 31 March 2022, the Group deregistered directly or indirectly owned subsidiaries, included Fortune Port Technology Limited ("**FPT**") and Think Speed Group Limited and its subsidiaries ("**TSGL Group**"), including Kecheng Technology Limited, Superb Speed Limited and Playful Games Holdings Limited.

	FPT HK$'000	TSGL Group HK$'000	Total HK$'000
Current assets	3	–	3
Current liabilities	–	–	–
Net assets derecognised	3	–	3
Non-controlling interests derecognised	–	1,701	1,701
Loss on deregistration	3	1,701	1,704

There was no net inflow/outflow of cash and cash equivalents in respect of the deregistration of subsidiaries during the year.

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2022 HK$'000	2021 HK$'000
Non-current asset		
Investments in subsidiaries (note (a))	**335,379**	335,379
Current assets		
Prepayment	**114**	301
Amounts due from subsidiaries (note (b))	**179,755**	189,126
Bank balances and cash	**469**	390
	180,338	189,817
Current liabilities		
Accruals	**20**	20
Amount due to subsidiaries (note (b))	**126,218**	124,287
Financial guarantee contracts (note (c))	**16,794**	24,137
	143,032	148,444
Net current assets	**37,306**	41,373
NET ASSETS	**372,685**	376,752
Capital and reserves		
Share capital	**3,439**	3,439
Reserves (note (d))	**369,246**	373,313
TOTAL EQUITY	**372,685**	376,752

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes:

(a) Investments in subsidiaries

	2022 HK$'000	2021 HK$'000
Unlisted investment, at cost	141,631	141,631
Deemed capital contribution to subsidiaries	193,748	193,748
	335,379	335,379

(b) Amounts due from/to subsidiaries

The amounts are unsecured, interest-free and repayable on demand.

(c) Financial guarantee contracts

At 31 March 2022, the Company has issued guarantees of approximately HK$989,722,000 (2021: approximately HK$1,051,557,000) and unlimited corporate guarantees to banks in respect of the banking facilities granted to thirteen (2021: thirteen) subsidiaries of the Group.

The Directors 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$230,557,000 (2021: approximately HK$307,966,000).

The fair value of financial guarantee is determined by reference to a valuation report of an independent professional valuer. The fair value is deemed to be the expected credit losses derived mainly based on default rate of investment grade and recovery rates for credit ratings. At 31 March 2022, the fair value of the financial guarantee contracts was approximately HK$16,794,000 (2021: approximately HK$24,137,000).

(d) Reserves

	Share premium HK$'000	Special reserve HK$'000	Share-based payment reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2020	**183,341**	**141,681**	**1,251**	**35,194**	**361,467**
Profit for the year	–	–	–	15,673	15,673
Buy-back of ordinary shares	(2,865)	–	–	–	(2,865)
Share options lapsed	–	–	(1,251)	289	(962)
At 31 March 2021 and 1 April 2021	**180,476**	**141,681**	–	**51,156**	**373,313**
Loss for the year	–	–	–	(4,067)	(4,067)
At 31 March 2022	**180,476**	**141,681**	–	**47,089**	**369,246**

LIST OF MAJOR PROPERTIES

Details of the Group's major properties as at 31 March 2022 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	855 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	2,869 sq.ft.	Investment properties
Shop No. 2 on Ground Floor, Ka Hing Building, Nos. 41-47 Java Road, Hong Kong	100	Long term	Shop	591 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	747 sq.ft. 3,278 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