

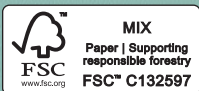


# COME SURE

Group (Holdings) Limited

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

## INTERIM REPORT 2024



MIX  
Paper | Supporting  
responsible forestry  
FSC® C132597



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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 (*resigned with effect from 8 July 2024*)  
Ms. TSUI Pui Man  
Mr. LAW Tze Lun  
Mr. CHEUNG Wang Ip (*appointed with effect from 8 July 2024*)

## 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

Confucius International 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  
Room 1101-4, 11/F Harcourt House  
39 Gloucester 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](http://www.comesure.com)

## COMPANY SECRETARY

Ms. BOK Yuk Wan

## AUTHORISED REPRESENTATIVES

Mr. CHONG Wa Pan  
Mr. CHONG Wa Ching



## CORPORATE INFORMATION

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

Mr. CHONG Wa Ching

### **MEMBERS OF AUDIT COMMITTEE**

Mr. LAW Tze Lun (*Chairman*)

Mr. CHAU On Ta Yuen (*resigned with effect from 8 July 2024*)

Ms. TSUI Pui Man

Mr. CHEUNG Wang Ip (*appointed with effect from 8 July 2024*)

### **MEMBERS OF REMUNERATION COMMITTEE**

Ms. TSUI Pui Man (*Chairman*)

Mr. CHAU On Ta Yuen (*resigned with effect from 8 July 2024*)

Mr. LAW Tze Lun

Mr. CHONG Wa Pan

Mr. CHEUNG Wang Ip (*appointed with effect from 8 July 2024*)

### **MEMBERS OF NOMINATION COMMITTEE**

Ms. TSUI Pui Man (*Chairman*)

Mr. CHAU On Ta Yuen (*resigned with effect from 8 July 2024*)

Mr. LAW Tze Lun

Mr. CHONG Wa Pan

Mr. CHEUNG Wang Ip (*appointed with effect from 8 July 2024*)

### **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  
17/F,  
Far East Finance Centre,  
16 Harcourt Road,  
Hong Kong

### **INVESTOR RELATION**

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

### **STOCK CODE**

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# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY REVIEW

Following the aftermath of the pandemic associated with the coronavirus disease COVID-19, the recovery and growth of the global economy remained slow in recent years, causing the external business environment to remain competitive and volatile. Consumption demand for domestic end consumer continued to be weak under the pessimistic outlook on the global and domestic economy. In particular, the Chinese paper packaging manufacturers face challenges such as decreasing foreign trade orders and consumers' shifts in part of their supply chains from China to other regions in Southeast Asia. Such decrease in demand for paper packaging products from Chinese paper packaging market further hindered the sales rebound in the domestic paper packaging industry.

As a result, during the six months ended 30 September 2024 (the **"Period"**), the paper packaging industry market in the People's Republic of China (the **"PRC"** or **"China"**) remained relatively stagnant, with Chinese paper packaging manufacturers consistently under pressure to maintain their profitability and expand their client base. Nonetheless, with a more stable prices for raw materials, leading Chinese paper packaging manufacturers' ability to implement effective cost control measures, often leveraging on their long-term supply engagements and relationships and effective inventory management, becomes increasingly important for them to maintain its profit margin under such sluggish market.

Further, as mentioned above, weakened consumer confidence caused by pessimistic outlook and uncertainty in the global and domestic market recovery due to, among others, challenges faced by PRC's real estate sector, expectations on new tariffs imposed on Chinese-exported products and increased unemployment rate led customers and consumers to adopt a precautionary attitude to prioritize savings over spending. Consequently, the PRC's retail sales of consumer goods were recovering in a slow pace, which went up by only 3.3% in the first nine months of 2024 year on year (**"YoY"**), according to the National Bureau of Statistics of the PRC (the **"NBSC"**).

Nonetheless, as China transitions into the post-pandemic era, online consumption became a key driver of economic growth. According to NBSC, from January to August 2024, the online retail sales of physical goods nationwide reached RMB8,014.3 billion, up to 8.1% YoY and exceeding the YoY growth rate of the overall retail sales of consumer goods for the such period. With the increase in e-commerce and the domestic and international trade requiring an increase in demand of paper packaging products, the Group remains optimistic that the future outlook for the Chinese paper packaging industry remains promising.

## BUSINESS REVIEW

In face of the foregoing challenging business environment, the Group opted for maintaining stability in its business operation by continuing to focus on providing high value-added printed corrugated packaging products and services while from time to time review and implement cost effective control measures. During the Period, the Group experienced that some of its clients shifted part of their supply chains from China to other regions in Southeast Asia to reduce operational costs and mitigate risks, increasing the sales pressure on the Group. Facing the slow recovery in demand for paper packaging products, the Group aimed to maintain its revenue and profit margin while continue to make steady progress during the Period while actively addressing various difficulties and challenges by leveraging its strong reputation and credibility in the PRC's paper packaging industry and from time to time making cautious adjustment to its business and expansion strategy.



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW (Continued)

In line with the Group's cautious strategy for its business operation and expansion, the Group continued to seek further expansion into the domestic market and its income stream, as well as to increase production efficiency through production integration during the Period, allowing it to maintain sales levels and profitability. With the expectation that the Group's factory located at Tangxiayong Community will be closed and evacuated as a result of the government-driven redevelopment of Tangxiayong Community (the **"Evacuation Arrangement"**, for details please refer to the Company's announcement made on 2 September 2024), the Group took the opportunity to reassess the production capacity and capability of its existing factories and consider that it to be beneficial to the Group and the Company's shareholders as a whole to integrate the production lines of the Group's existing Huizhou factory with that of the Group's Dongguan factory, maximize the later's production efficiency capability. Since then, the Group further converted the Huizhou factory into an investment property, allowing the Group to generate additional rental income for it to expand its revenue source of the Group and enhance the profitability of the Group's property leasing business.

Further, in recent years, the Group continued its strategic adjustment in its sales mix by focusing more on the paperboard and semi-finished products (which has shorter trade receivables turnover cycle when compared to the printer corrugated paper packaging products) to reduce overall expenses, and ultimately enhance the Group's operational efficiency in the long term.

The Group also maintained a long-standing and stable mutually beneficial relationship with key suppliers, ensuring a reliable and high-quality supply of raw materials. In response to the consumers' shift of their supply chain to Southeast Asia, the Group further leveraged on its relationship with its domestic and overseas suppliers (including those from Southeast Asia) to strategically adjust the portion of raw material procured from domestic and overseas suppliers (which generally have lower cost but will involve additional delivery time) to meet various cost concerns and timing requirements of its customers, allowing it to control its cost, timing and quality more effectively and flexibly according to the customers' needs became influential for the Group's operational efficiency.

By implementing the foregoing strategy and measures, the Group's revenue for the Period increased by approximately 2.1% to approximately HK\$394.1 million from approximately HK\$385.9 million for the corresponding period of 2023 despite such unfavourable business environment.

During the Period, with a series of cost reduction and efficiency enhancing measures implemented by the Group as mentioned above, the Group continued to maintain its operational efficiency and cost control capabilities. Therefore, despite the impact on the profit margin from the strategic changes in sales mix involving paperboard and semi-finished products and integration of its production lines, the Group's gross profit and gross profit margin for the Period improved slightly, which of approximately HK\$71.0 million and 18.0% respectively (for the corresponding period in 2023: approximately HK\$67.2 million and approximately 17.4%). Meanwhile, the Group continued to enhance its risk management system, keeping operating capital, cash flow, and exchange rate fluctuation risks within minimal ranges, so as to provide a solid foundation for achieving high-quality sustainable development.

Nonetheless, as the result of the inevitable Evacuation Arrangement driven by the Urban Renewal and Land Readiness Bureau of Bao'an District in Shenzhen\* (深圳市寶安區城市更新和土地整備局), the Group recorded its other operating expenses for the Period of approximately HK\$12.4 million (nil for the corresponding period in 2023), which mainly attributable to the statutory labour redundancy cost caused by the closure of the Group's factory located at Tangxiayong Community, as well as the loss on disposal and write off of property, plant and equipment, as the result of the Evacuation Arrangement. Such effect was partly net off by the receipt of the compensation of approximately HK\$3.1 million by the Group (terms of which were government driven and calculated according to the statutory requirements under the Shenzhen government authorities) and gain on termination of lease which amounted to HK\$3.9 million.

\* For identification purposes only



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW *(Continued)*

As a result of the abovementioned factors, the Group's net loss for the Period decreased by approximately 21.1% to approximately HK\$7.5 million (for the corresponding period in 2023: approximately HK\$9.5 million).

## RESULT OF OPERATION

	For the six months ended 30 September			
	2024		2023	
	HK\$'000	(%)	HK\$'000	(%)
<i>Sales of goods</i>				
PRC domestic sales	<b>338,777</b>	<b>87.2</b>	335,198	87.6
Domestic delivery export sales	<b>29,953</b>	<b>7.7</b>	28,698	7.5
Direct export sales	<b>19,855</b>	<b>5.1</b>	18,925	4.9
	<b>388,585</b>	<b>100.0</b>	382,821	100.0
<i>Properties leasing</i>				
Rental income	<b>5,536</b>		3,078	
Total Revenue	<b>394,121</b>		385,899	
Gross profit margin		<b>18.0</b>		17.4
Net loss margin		<b>(1.9)</b>		(2.5)

## REVENUE

The Group, known for its high-quality corrugated paperboard products and solutions, continued to operate its paper packaging business as its main business during the Period. Facing the abovementioned challenging business environment, the Group's clients also continued to shift part of their supply chain from China to other Southeast Asia regions and slow down the ordering pace to diversify business risks. In order to maintain the sales level and allow its business to continue to develop sustainability, the Group continued to increase its focus on its sales of paperboard and semi-finished products during the Period to meet the change in market demand of paper packaging industry. Attributed to the Group's effort in production integration of its existing facilities and expansion of client base in the domestic market in recent years, as well as the expanded income stream for the Group's properties leasing business, the Group's total revenue managed to remain stable despite the sales pressure given the external factors. The Group's total revenue for the Period was approximately HK\$394.1 million, increased by approximately 2.1% from approximately HK\$385.9 million for the corresponding period in 2023.

### Guangdong operation

The Group's Guangdong factories mainly engaged in high value-added paper packaging business including production of high-quality corrugated paperboard and structural-designed paper-based packaging products, which continued to be the Group's main business during the Period. The Group's revenue from sales of goods for the Period was approximately HK\$388.6 million, which increased by approximately 1.5% as compared to HK\$382.8 million for the corresponding period in 2023. During the Period, the changes in the clients' preferences in the supply chain locations in favour of the lowering in cost and the slow recovery in the economy continued, the Group managed to maintain its revenue level by making strategic move in its business operation keep up with changing market demands including changing the sales product mix. Although the unit selling price of paperboards and semi-finished products was lower, it enabled the Group to attract more customers, share costs and secure more orders with shorter trade receivables turnover cycle, the revenue performance for the Period proved the business strategies had allowed it to continue building a strong foundation for the Group's long-term business growth.



# MANAGEMENT DISCUSSION AND ANALYSIS

## REVENUE *(Continued)*

### Properties investment

The revenue generated from the properties investment business for the Period was approximately HK\$5.5 million, which increased significantly by approximately 77.4% from approximately HK\$3.1 million for the corresponding period in 2023. Upon integrating the production lines into the Dongguan factories, the Group's former production base in Huizhou transited into investment properties and successfully leased out in June 2024 to an independent third party, which contributed more rental income to the Group.

### Gross Profit

The strategic adjustment in sales mix by maintaining the portion of paperboards and semi-finished goods helped the Group to secure orders from existing clients and attract orders from new clients in domestic market during the Period, it also improved the Group's efficiency with shorter production lead time and inventory turnover; however, such products are also with lower markup than the printed corrugated paper packaging products and relied a lot on sufficient supply of quality raw materials with reasonable market price. The Group maintained longstanding relationships with its major suppliers during the Period, with flexible sourcing channels, and its effective inventory management satisfied the needs of its business strategy. In addition, the Group's production integration maximising the production capacity of the operation of the newly established factory in Dongguan also reduced the Group's fixed costs and improved cost efficiency effectively. Meanwhile, the Group's Huizhou property leased out successfully during the Period, allowing the Group's property leasing business to contribute more to the Group's total gross profit. Therefore, the Group overall gross profit and gross profit margin were increased to approximately HK\$71.0 million and approximately 18.0% respectively, and remained at a healthy and profitable level (approximately HK\$67.2 million and approximately 17.4% respectively for the corresponding period of 2023).

### Guangdong operation

The Group's Guangdong operation, being the main business of the Group, contributed the majority of the Group's gross profit during the Period. As the Group's business strategy to sustain its revenue and market share, the level of portion of paperboard and semi-finished packaging products in the Group's sales mix was maintained during the Period. With a lower cost of sales of these products, stringent cost control of the Group and production integration through the Group's Dongguan factories, the Group managed to maintain the gross profit level during the Period. The gross profit generated from the Guangdong operation for the Period increased to approximately HK\$65.9 million, as compared to approximately HK\$64.2 million for the corresponding period in 2023, with gross profit margin of approximately 17.0% (for the corresponding period in 2023: approximately 16.8%). The Group will consistently improve its internal control, with its integrated regional operations and production lines, to enhance its profitability.

### Properties leasing

The cost of properties leasing represented the direct outgoings of the investment properties. Since the Group's Huizhou property leased out successfully in June 2024, the gross profit of properties leasing for the Period increased significantly to approximately HK\$5.1 million from HK\$3.0 million for the corresponding period in 2023.

## OTHER INCOME

The Group's other income for the Period increased significantly to approximately HK\$8.4 million (for the corresponding period in 2023: approximately HK\$3.1 million). In addition to sundry income and other rental income, the increase in the Group's other income for the Period mainly generated from relocation compensation from the landlord regarding the Evacuation Arrangement as a result of redevelopment of Tangxiayong Community of approximately HK\$3.1 million (details please refer to the Company's announcement made on 2 September 2024).





# MANAGEMENT DISCUSSION AND ANALYSIS

## SELLING AND ADMINISTRATIVE EXPENSES

The Group's commission expense increased during the Period to expand its domestic market, as well as to secure orders from existing clients while they further diversified their supply chain channels. Therefore, the selling expenses of the Group for the Period increased to approximately HK\$31.3 million from approximately HK\$27.7 million for the corresponding period in 2023. While the Group spent more on selling expenses to boost sales, it imposed stringent internal cost control consistently, as well as continuing to enhance operational efficiency through the production integration made in the recent years. The Group's administrative expenses for the Period decreased significantly by approximately 15.8% to approximately HK\$34.0 million, as compared to approximately HK\$40.4 million for the corresponding period in 2023.

## OTHER OPERATING EXPENSES

The Group's other operating expenses for the Period was approximately HK\$12.4 million (for the corresponding period in 2023: Nil). The other operating expenses for the Period was mainly from the one-off expenses incurred from the disposal and write off of factory machinery and equipment of approximately HK\$6.3 million, as well as the one-off labour redundancy costs of the Evacuation Arrangement of approximately HK\$4.0 million.

## FINANCE COSTS

The finance costs mainly represented interest expenses on bank borrowings and lease liabilities. The interest rate stayed at a peak level globally during the Period, in line with the decrease in bank borrowings for the Period, the Group's interest on bank borrowings for the Period decreased to approximately HK\$3.3 million (for the corresponding period in 2023: approximately HK\$4.6 million). Meanwhile, upon the application of HKFRS 16 Leases, the Group's interest expenses for lease liabilities for the Period also decreased to approximately HK\$7.7 million (for the corresponding period in 2023: approximately HK\$8.7 million).

## SHARE OF RESULT OF AN ASSOCIATE

In order to make its presence and to explore more opportunities outside the domestic market, the Group contributed in the setting up of an associate in Thailand, in line with the recent trends of clients to shift part of the supply chain to Southeast Asia. As a result, the Group's share of loss of an associate in Thailand for the Period was approximately HK\$0.4 million (for the corresponding period in 2023: Nil). The associate's factory is scheduled to commence operations in December 2024.

## OTHER GAINS AND LOSSES

The Group recorded other gains for the Period of approximately HK\$3.7 million, mainly representing the gain on lease termination of approximately HK\$3.9 million due to the Evacuation Arrangement, fair value gain on trading securities of approximately HK\$0.4 million and fair value loss on investment properties of approximately HK\$0.8 million. The Group recorded other gains for the corresponding period in 2023 of approximately HK\$2.3 million with fair value gain on investment properties of approximately HK\$2.1 million. The Group had been keeping an eye on the performance of security market and investment portfolio from time to time.

## NET LOSS AND DIVIDEND

The Group recorded net loss of approximately HK\$7.5 million for the Period (for the corresponding period in 2023: net loss of approximately HK\$9.5 million). The improvement in profitability for the Period was mainly arising from increase in revenue and gross profit as a result of the Group's strategic adjustment in sales mix, production integration and increased rental income. Correspondingly, the Group recorded a net loss margin of approximately 1.9% for the Period, whereas the net loss margin for the corresponding period in 2023 was approximately 2.5%. The basic and diluted loss per share for the Period was HK\$2.30 cents (for the corresponding period in 2023: HK\$2.87 cents). The Board does not propose payment of interim dividend for the Period.

## CAPITAL STRUCTURE

Having adopted a prudent treasury policy, the Group's current ratio (calculated as current assets divided by current liabilities) for the Period remained stable 1.16 as at 30 September 2024 (as at 31 March 2024: 1.13). The Company's issued share capital as at 30 September 2024 was HK\$3,310,840 divided into 331,084,000 shares of HK\$0.01 each.

# MANAGEMENT DISCUSSION AND ANALYSIS

## WORKING CAPITAL

	30 September 2024 Turnover Days	31 March 2024 Turnover Days
Trade and bills receivables	109	106
Trade and bills payables	124	92
Inventories	28	31
Cash conversion cycle*	13	45

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

The Group continued its stringent credit risks management, and closely monitored the creditworthiness and collection history of its customers. The Group's trade and bills receivables as at 30 September 2024 were approximately HK\$251.5 million (as at 31 March 2024: approximately HK\$218.9 million), which was in line with the increase in the sales orders. During the Period, the Group maintained its trade receivables turnover cycle stable. The Group's trade and bills receivables turnover days for the Period was approximately 109 days increased slightly from 106 days for the year ended 31 March 2024.

Attributed to the close collaboration relationship with the suppliers, the Group enjoyed stable supplies of raw paper with reasonable cost, and prolonged the trade and bill payables turnover pattern as its main supplier recently started to accept the Group to pay with bank acceptance bills, which allowed the Group to settle the bills with longer terms up to two to six months. The finance costs of the bank acceptance bills were also lower, compared to the finance costs of the Group's bank loan. The trade and bill payables turnover days for the Period increased significantly to 124 days as compared to 92 days for the year ended 31 March 2024. The Group's trade and bills payable as at 30 September 2024 was approximately HK\$220.6 million (as at 31 March 2024: approximately HK\$218.0 million).

The Group's inventory efficiency was improved during the Period with the strategic change in the sales mix with shorter production lead time. The Group's inventories turnover days for the Period was 28 days (for the year ended 31 March 2024: 31 days) with inventories decreased to approximately HK\$47.7 million as at 30 September 2024 from approximately HK\$50.8 million of as at 31 March 2024.

Facing the challenging business environment, the Group responded to the market needs quickly, integrated its production lines and closely investigated mutually beneficial trade terms with suppliers. Summarizing the above efficiency indicators, the Group's cash conversion cycle for the Period improved significantly to 13 days from 45 days for the year ended 31 March 2024, mainly due to the use of bank acceptance bills to pay the main supplier with longer settlement terms. The enhanced operation efficiency for the Period proved the effectiveness of the Group's business strategies.

## LIQUIDITY AND FINANCIAL RESOURCES

	30 September 2024	31 March 2024
Current ratio	1.16	1.13
Gearing ratio	10.4%	10.5%

As at 30 September 2024, the Group's bank and cash balances were approximately HK\$111.9 million (as at 31 March 2024: approximately HK\$138.9 million), including pledged deposit of approximately HK\$32.7 million (as at 31 March 2024: approximately HK\$37.2 million). Additionally, the Group had unused banking facilities of approximately HK\$458.2 million as at 30 September 2024 (as at 31 March 2024: approximately HK\$437.9 million) for securing future cashflow. During the Period, the principal sources of working capital of the Group remained to be the cash flow from operating activities and bank borrowings.





# MANAGEMENT DISCUSSION AND ANALYSIS

## LIQUIDITY AND FINANCIAL RESOURCES *(Continued)*

The current ratio (current assets divided by current liabilities) as at 30 September 2024 was 1.16 (as at 31 March 2024: 1.13), remained healthy. In line with the increase in trade and bills receivables and payables, the current assets and the current liabilities of the Group as at 30 September 2024 increased to approximately HK\$453.9 million and approximately HK\$390.7 million respectively (as at 31 March 2024: approximately HK\$442.8 million and approximately HK\$390.7 million respectively).

As at 30 September 2024, the total outstanding bank borrowings slightly decreased to approximately HK\$111.3 million (as at 31 March 2024: approximately HK\$114.9 million), of which approximately HK\$99.4 million was repayable within one year and approximately HK\$11.9 million was repayable after one year. As at 30 September 2024, all the bank borrowings of the Group were secured, mostly denominated in HK\$ and RMB and carried floating interest rates.

The Group's gearing ratio (total borrowings divided by total assets) maintained at a sound liquidity position of approximately 10.4% as at 30 September 2024 (as at 31 March 2024: approximately 10.5%). Having maintained sufficient cash level and banking facilities, the Group is able to enjoy the flexibility in managing its capital for existing operations, as well as 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

The Group pledged certain assets such as bank deposits, buildings and investment properties as at 30 September 2024, with aggregate net book value of approximately HK\$272.7 million (as at 31 March 2024: approximately HK\$278.0 million), to secure banking facilities granted to the Group.

## CAPITAL COMMITMENT

As at 30 September 2024, the Group's capital expenditure regarding property, plant and equipment, which were contracted but not provided, was approximately HK\$0.2 million (as at 31 March 2024: approximately HK\$0.2 million).

The Group did not have any capital expenditure that is authorised but not contracted for as at 30 September 2024 (as at 31 March 2024: Nil).

## CONTINGENT LIABILITIES

The Inland Revenue Department of Hong Kong ("IRD") issued estimated assessment and additional assessment for the year of assessment 2009/10 to 2017/18 to six subsidiaries of the Group amounting to approximately HK\$30,698,000. 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 approximately HK\$20,204,000.

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 the Period, taking into account the uncertainties of the outcome of the negotiation which has not been concluded as at the date of this interim report. Thus, no tax provision has been made for the Period (as at 31 March 2024: Nil). The Directors will closely monitor the progress and will make provision in a timely manner where necessary and as appropriate.



# MANAGEMENT DISCUSSION AND ANALYSIS

## 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. The Group had 667 employees in total as at 30 September 2024 (as at 31 March 2024: 785). The Group's total expenses on the remuneration of employees including emolument of the company's Directors for the Period were approximately HK\$52.6 million (for the corresponding period in 2023: approximately HK\$60.2 million).

The remuneration and bonuses of the Company's Directors and senior management were reviewed and approved by the remuneration committee of the Company with reference, but not limited to the individual performance, qualification, competence, the Group's results and the prevailing market condition.

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

## PROSPECT

The demand for corrugated paper packaging is gradually recovering thanks to the raising demand in e-commerce trades. Looking ahead as we continue on to the second half of the financial year, the Group continued to be placed in a situation where opportunities and challenges coexist, among others, the United States has restarted interest rate cuts after four years of interest rate peaks, and the Chinese government is advocating for economic stability, expanding domestic demand, and promoting consumption. The Group believes that as relevant policies are implemented and the economy slowly but steadily recovers, boosted consumer confidence will be driving growth in the paper packaging industry in China. The Group will continue to leverage its expertise and technical capabilities to develop innovative and sustainable packaging solutions, offering differentiated high-quality products and various solutions to cater for client's needs and demands.

Corrugated paper, as a renewable and environmentally friendly packaging material, aligns with the green packaging promoted by the PRC government. With the global trend of replacing plastic with more sustainable materials including paper and the Group's focus on product development and innovation, the Group maintains a cautiously optimistic outlook on the long-term prospects of the paper packaging industry. Additionally, the widespread applications of corrugated paper packaging, driven not only by traditional industry demand but also by the development of other non-retail industries such as medical supplies. To meet customer demands and expand our client base, the Group will enhance production and sales balance through resource integration, maintaining a flexible mix and stable supply of domestic and international raw materials and thereby balancing the cost of sales, timing and quality requirement.

The Group will implement comprehensive cost-reduction and efficiency-enhancing measures, adhere to prudent business and financial strategies, and ensure safe and green production, aiming for high-quality sustainable development and robust profitability. Furthermore, in response to the change in the clients' demands, the Group will continue to make cautions and well-thought-out strategic moves including establishing an associate company in Thailand in March 2024 allowing it to capture opportunities from existing clients whom have part of their supply chain shifted to Southeast Asia and new clients, and will actively seek strategic partnerships and potential acquisition opportunities to expand its market share both domestically and internationally.



## OTHER INFORMATION

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

As at 30 September 2024, the interests and short positions in the shares (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 (the **"SFO"**)), held by the Directors and chief executives of the Company which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the **"Stock Exchange"**) pursuant to provisions of Divisions 7 and 8 of Part XV of the SFO (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 for Securities Transactions by Directors of Listed Issuers (the **"Model Code"**) as set out in Appendix C3 to the Listing Rules (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	70.37%
Mr. CHONG Wa Pan (Notes 1 & 3)	Beneficiary of a discretionary trust	233,000,000	70.37%
Mr. CHONG Wa Ching (Notes 1 & 3)	Beneficiary of a discretionary trust	233,000,000	70.37%
Mr. CHONG Wa Lam (Notes 1 & 3)	Beneficiary of a discretionary trust	233,000,000	70.37%

#### 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%

## OTHER INFORMATION

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

#### Long positions in the ordinary shares of associated corporation (Continued)

Notes:

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

Save as disclosed above, none of the Directors or chief executive, had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations as at 30 September 2024.

### SUBSTANTIAL SHAREHOLDERS

As at 30 September 2024, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

#### Long positions in the Shares

Name	Capacity/Nature of interest	Number of shares	Percentage of issued shares
Perfect Group Version Limited (Notes 1 & 2)	Beneficial owner	233,000,000	70.37%
Jade City Assets Limited (Notes 1 & 2)	Interest of controlled corporation	233,000,000	70.37%
HSBC International Trustee Limited (Notes 1 & 2)	Trustee	233,000,000	70.37%
Ms. CHAN Po Ting (Notes 1 & 3)	Family interests; Beneficiary of a discretionary trust	233,000,000	70.37%
Ms. HUNG Woon Cheuk (Note 4)	Family interests	233,000,000	70.37%
Ms. YUEN Chung Yan (Note 5)	Family interests	233,000,000	70.37%
Mr. CHONG Kam Shing (Note 1)	Beneficiary of a discretionary trust	233,000,000	70.37%





## OTHER INFORMATION

### **SUBSTANTIAL SHAREHOLDERS** *(Continued)*

#### **Long positions in the Shares** *(Continued)*

Notes:

1. The entire issued shares of Perfect Group are held by Jade City, which is in turn held by HSBC International Trustee Limited acting as the trustee of the CHONG Family Trust. The CHONG Family Trust is an irrevocable discretionary trust set up by Mr. CHONG Kam Chau as settlor and HSBC International Trustee Limited as trustee on 2 February 2009. The beneficiaries of the CHONG Family Trust include Mr. CHONG Kam Chau, Ms. CHAN Po Ting, Mr. CHONG Wa Pan, Mr. CHONG Wa Ching and Mr. CHONG Wa Lam and Mr. CHONG Kam Shing, who is the son of Mr. CHONG Wa Pan.
2. Such Shares are held by Perfect Group, the entire issued shares of which are held by Jade City. The entire issued capital of Jade City is held by HSBC International Trustee Limited acting as the trustee of the CHONG Family Trust.
3. Ms. CHAN Po Ting, the spouse of Mr. CHONG Kam Chau and one of the beneficiaries of the CHONG Family Trust, is deemed or taken to be interested in the interests held by Mr. CHONG Kam Chau and Perfect Group under the SFO.
4. Ms. HUNG Woon Cheuk is the spouse of Mr. CHONG Wa Pan. Therefore, Ms. HUNG Woon Cheuk is deemed or taken to be interested in the interests held by Mr. CHONG Wa Pan under the SFO.
5. Ms. YUEN Chung Yan is the spouse of Mr. CHONG Wa Ching. Therefore, Ms. YUEN Chung Yan is deemed or taken to be interested in the interests held by Mr. CHONG Wa Ching under the SFO.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Period.

### **CORPORATE GOVERNANCE**

The Board is committed to maintaining appropriate corporate governance practices to enhance the accountability and transparency of the Company in order to protect 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 as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules on the Stock Exchange during the Period.

### **MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the standard for securities transactions by the Directors.

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



## OTHER INFORMATION

### AUDIT COMMITTEE

The main duties of the audit committee of the Company (the “**Audit Committee**”) are to consider the relationship with external auditors, to review the financial statements of the Group, and to oversee the Group’s financial reporting system, risk management and internal control procedures. The Audit Committee consists of three independent non-executive Directors, namely Mr. LAW Tze Lun, who is also the chairman of the Audit Committee, Mr. CHEUNG Wang Ip and Ms. TSUI Pui Man.

The Audit Committee, together with the management of the Company, have reviewed this interim report and the unaudited consolidated financial statements of the Group for the Period, the accounting principles and practices adopted by the Group and discussed, among other things, internal controls, risk management and financial reporting matters.

### CHANGES IN INFORMATION OF DIRECTORS

On 8 July 2024, Mr. CHAU On Ta Yuen tendered his resignation as an independent non-executive Director, a member of the Audit Committee, a member of the Remuneration Committee and a member of the Nomination Committee of the Company; and Mr. CHEUNG Wang Ip has been appointed as an independent non-executive Director, a member of the Audit Committee, a member of the Remuneration Committee and a member of the Nomination Committee of the Company. For details, please refer to the Company’s announcement dated 8 July 2024.

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.

### EVENTS AFTER THE PERIOD

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

### PUBLIC FLOAT

As far as the Company is aware, at least 25% of the issued shares of the Company were held in public hands as at 30 September 2024.

On behalf of the Board  
**CHONG Kam Chau**  
*Chairman*

Hong Kong, 29 November 2024



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

For the six months ended 30 September 2024

		Six months ended 30 September	
	Notes	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
<b>Revenue</b>	3	<b>394,121</b>	385,899
Cost of sales		<b>(323,089)</b>	(318,678)
<b>Gross profit</b>		<b>71,032</b>	67,221
Other income	4	<b>8,356</b>	3,146
Other gains and losses	5	<b>3,692</b>	2,257
Selling expenses		<b>(31,346)</b>	(27,715)
Administrative expenses		<b>(33,960)</b>	(40,425)
Other operating expenses	6	<b>(12,385)</b>	–
Finance costs	7	<b>(10,939)</b>	(13,358)
Share of result of an associate	13	<b>(430)</b>	–
<b>Loss before tax</b>		<b>(5,980)</b>	(8,874)
Income tax expense	8	<b>(1,522)</b>	(645)
<b>Loss for the period</b>	9	<b>(7,502)</b>	(9,519)
<b>Other comprehensive income (expense):</b>			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<b>2,157</b>	(17,593)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Fair value loss of financial assets at fair value through other comprehensive income		<b>(296)</b>	(300)
Other comprehensive income (expense) for the period, net of income tax		<b>1,861</b>	(17,893)
<b>Total comprehensive expense for the period</b>		<b>(5,641)</b>	(27,412)
<b>Loss for the period attributable to:</b>			
Owners of the Company		<b>(7,626)</b>	(9,515)
Non-controlling interests		<b>124</b>	(4)
		<b>(7,502)</b>	(9,519)
<b>Total comprehensive expense for the period attributable to:</b>			
Owners of the Company		<b>(5,770)</b>	(27,406)
Non-controlling interests		<b>129</b>	(6)
		<b>(5,641)</b>	(27,412)
<b>Loss per share</b>			
Basic and diluted	10	<b>(2.30) cents</b>	(2.87) cents
<b>Dividend</b>	11	–	–

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2024

	Notes	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
<b>Non-current assets</b>			
Prepaid lease payments		8,632	8,841
Right-of-use assets		146,170	171,897
Property, plant and equipment	12	93,329	108,952
Investment properties		347,864	348,108
Goodwill		11,631	11,631
Interests in an associate	13	920	6
Financial assets at fair value through other comprehensive income ("FVTOCI")		–	–
Deposits paid for acquisition of property, plant and equipment		682	679
Rental deposits		3,316	3,869
Club membership		366	366
		<b>612,910</b>	654,349
<b>Current assets</b>			
Inventories		47,685	50,813
Trade and bills receivables	14	251,546	218,892
Prepayments, deposits and other receivables	15	28,780	22,088
Tax recoverable and tax reserve certificate		9,812	9,812
Financial assets at fair value through profit or loss ("FVTPL")		2,745	2,315
Amount due from an associate		1,468	–
Pledged bank deposits		32,717	37,241
Bank and cash balances		79,183	101,657
		<b>453,936</b>	442,818
<b>Current liabilities</b>			
Trade and bills payables	16	220,576	218,001
Accruals and other payables		24,625	24,499
Contract liabilities		5,652	3,344
Lease liabilities		8,601	12,461
Short-term bank borrowings		75,364	69,885
Tax payables		20,651	20,291
Long-term bank borrowings		35,224	42,187
		<b>390,693</b>	390,668
<b>Net current assets</b>		<b>63,243</b>	52,150
<b>Total assets less current liabilities</b>		<b>676,153</b>	706,499
<b>Non-current liabilities</b>			
Long-term bank borrowings		700	2,800
Lease liabilities		165,466	188,071
		<b>166,166</b>	190,871
<b>NET ASSETS</b>		<b>509,987</b>	515,628
<b>Capital and reserves</b>			
Share capital	17	3,311	3,311
Reserves		505,986	511,756
<b>Equity attributable to owners of the Company</b>		<b>509,297</b>	515,067
Non-controlling interests		690	561
<b>TOTAL EQUITY</b>		<b>509,987</b>	515,628



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2024

	Attributable to owners of the Company												Total equity HK\$'000
	Share capital	Share premium reserve	Special reserve	Investment revaluation reserve	Land and building revaluation surplus	Foreign currency translation reserve	Statutory reserve	Other reserve	Contribution reserve	Retained profits	Total	Non-controlling interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2023 (audited)	3,311	175,562	105,309	(540)	-	29,923	44,449	(20)	15,840	162,093	535,927	-	535,927
Total comprehensive expense for the period	-	-	-	(300)	-	(17,591)	-	-	-	(9,515)	(27,406)	(6)	(27,412)
Incorporation of a non-wholly owned subsidiary	-	-	-	-	-	-	-	-	-	-	-	536	536
Change in equity for the period	-	-	-	(300)	-	(17,591)	-	-	-	(9,515)	(27,406)	530	(26,876)
At 30 September 2023 (unaudited)	3,311	175,562	105,309	(840)	-	12,332	44,449	(20)	15,840	152,578	508,521	530	509,051
At 1 April 2024 (audited)	<b>3,311</b>	<b>175,562</b>	<b>105,309</b>	<b>(1,141)</b>	<b>8,616</b>	<b>16,887</b>	<b>44,449</b>	<b>(20)</b>	<b>15,840</b>	<b>146,254</b>	<b>515,067</b>	<b>561</b>	<b>515,628</b>
Total comprehensive expense for the period	-	-	-	(296)	-	2,152	-	-	-	(7,626)	(5,770)	129	(5,641)
Change in equity for the period	-	-	-	(296)	-	2,152	-	-	-	(7,626)	(5,770)	129	(5,641)
At 30 September 2024 (unaudited)	<b>3,311</b>	<b>175,562</b>	<b>105,309</b>	<b>(1,437)</b>	<b>8,616</b>	<b>19,039</b>	<b>44,449</b>	<b>(20)</b>	<b>15,840</b>	<b>138,628</b>	<b>509,297</b>	<b>690</b>	<b>509,987</b>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 September 2024

	Note	Six months ended 30 September 2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
<b>OPERATING ACTIVITIES</b>			
<b>Operating profit before working capital changes</b>		<b>22,381</b>	21,033
Changes in working capital			
Inventories		<b>3,369</b>	2,963
Trade and bill receivables		<b>(31,323)</b>	(60,719)
Prepayments, deposits and other receivables		<b>(6,530)</b>	(4,929)
Amount due from an associate		<b>(1,455)</b>	–
Trade and bill payables		<b>1,427</b>	41,952
Accruals and other payables		<b>(347)</b>	1,503
Cash (used in) generated from operations		<b>(12,478)</b>	1,803
Income tax (paid) refund		<b>(1,262)</b>	832
<b>NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES</b>		<b>(13,740)</b>	2,635
<b>INVESTING ACTIVITIES</b>			
Repair and maintenance expenses capitalised for investment properties		–	(49)
Purchases of property, plant and equipment	12	<b>(482)</b>	(2,414)
Decrease (increase) in pledged bank deposits		<b>4,680</b>	(3,654)
Deposits paid for acquisition of property, plant and equipment		–	(268)
Purchase of financial assets at FVTOCI		<b>(296)</b>	(300)
Subscriptions of shares of an associate		<b>(1,344)</b>	–
Proceeds from disposal of property, plant and equipment		<b>1,417</b>	–
Cash inflow from wealth management products		<b>171</b>	136
Dividend income from equity securities at FVTPL		<b>84</b>	80
Interest received		<b>246</b>	117
<b>NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES</b>		<b>4,476</b>	(6,352)
<b>FINANCING ACTIVITIES</b>			
Drawdown of new bank borrowings		<b>56,006</b>	58,881
Repayment of bank borrowings		<b>(59,754)</b>	(58,451)
Repayment of lease liabilities		<b>(12,270)</b>	(13,199)
Evacuation compensation		<b>3,144</b>	–
Government subsidies		<b>843</b>	404
Interest paid		<b>(3,259)</b>	(4,649)
Capital injection from a non-controlling interest on incorporation of a non-wholly owned subsidiary		–	536
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(15,290)</b>	(16,478)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(24,554)</b>	(20,195)
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>		<b>2,080</b>	(9,172)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		<b>101,657</b>	75,896
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>79,183</b>	46,529





# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

## 1. BASIS OF PREPARATION

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

The unaudited consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2024. The accounting policies and methods of computation used in the preparation of the unaudited consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2024 except as stated in note 2.

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

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

### ***New and amendments to HKFRSs that are mandatorily effective for the current period***

In the current period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1 January 2024 for the preparation of the Group’s consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendment to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendment to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
HK Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

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

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

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

### Amendments to HKFRSs issued but not yet effective

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

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>
HKFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>3</sup>
Amendments to HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027

<sup>4</sup> Effective date to be determined by the HKICPA

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

## 3. REVENUE AND SEGMENTAL INFORMATION

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

### Segmental information

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

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

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



# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

## 3. REVENUE AND SEGMENTAL INFORMATION (Continued)

### Segment revenues and results

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

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

#### For the six months ended 30 September 2024

	Corrugated products HK\$'000 (unaudited)	Offset printed corrugated products HK\$'000 (unaudited)	Properties leasing HK\$'000 (unaudited)	Elimination HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
<b>Segment revenue from contracts with customers within the scope of HKFRS 15</b>					
External sales	275,187	113,398	–	–	388,585
Inter-segment sales	18,989	1,390	–	(20,379)	–
	294,176	114,788	–	(20,379)	388,585
<b>Revenue from other sources</b>					
Gross rental income	–	–	5,536	–	5,536
<b>Total</b>	<b>294,176</b>	<b>114,788</b>	<b>5,536</b>	<b>(20,379)</b>	<b>394,121</b>
<b>Segment results</b>	<b>5,778</b>	<b>7,761</b>	<b>1,339</b>		<b>14,878</b>
Dividend income from equity securities at FVTPL					84
Fair value changes of equity securities at FVTPL					431
Income from wealth management products					171
Finance costs					(3,259)
Share of result of an associate					(430)
Corporate income and expenses, net					(17,855)
<b>Loss before tax</b>					<b>(5,980)</b>

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

## 3. REVENUE AND SEGMENTAL INFORMATION (Continued)

### Segment revenues and results (Continued)

For the six months ended 30 September 2023

	Corrugated products HK\$'000 (unaudited)	Offset printed corrugated products HK\$'000 (unaudited)	Properties leasing HK\$'000 (unaudited)	Elimination HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
<b>Segment revenue from contracts with customers within the scope of HKFRS 15</b>					
External sales	278,701	104,120	–	–	382,821
Inter-segment sales	25,837	1,471	–	(27,308)	–
	304,538	105,591	–	(27,308)	382,821
<b>Revenue from other sources</b>					
Gross rental income	–	–	3,078	–	3,078
<b>Total</b>	304,538	105,591	3,078	(27,308)	385,899
<b>Segment results</b>	1,123	1,056	4,921		7,100
Dividend income from equity securities at FVTPL					80
Income from wealth management products					136
Finance costs					(4,649)
Corporate income and expenses, net					(11,541)
<b>Loss before tax</b>					(8,874)



# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

## 3. REVENUE AND SEGMENTAL INFORMATION (Continued)

### Segment revenues and results (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies as described in the Group's annual financial statements for the year ended 31 March 2024. Segment profits or losses represented the profit earned (loss incurred) from each segment without allocation of fair value changes of equity securities at FVTPL, dividend income from equity securities at FVTPL, income from wealth management products, finance costs, share of result of an associate and corporate income and expenses. This is the measurement reported to the chief operating decision makers is for the purpose of resources allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

### Segment assets and liabilities

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

	Corrugated products HK\$'000 (unaudited)	Offset printed corrugated products HK\$'000 (unaudited)	Properties leasing HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
<b>As at 30 September 2024</b>				
<b>Segment assets</b>	<b>482,942</b>	<b>196,602</b>	<b>356,215</b>	<b>1,035,759</b>
<b>Segment liabilities</b>	<b>319,532</b>	<b>99,945</b>	<b>5,382</b>	<b>424,859</b>
	Corrugated products HK\$'000 (audited)	Offset printed corrugated products HK\$'000 (audited)	Properties leasing HK\$'000 (audited)	Total HK\$'000 (audited)
<b>As at 31 March 2024</b>				
<b>Segment assets</b>	531,945	185,579	348,947	1,066,471
<b>Segment liabilities</b>	343,957	96,064	4,587	444,608

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

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

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

## 4. OTHER INCOME

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Dividend income from equity securities at FVTPL	84	80
Government subsidies	843	404
Evacuation compensation	3,144	–
Penalty income	3	6
Bank interest income	246	117
Other rental income	1,240	214
Exchange gain	–	2,127
VAT refund	1,158	–
Sundry income	1,638	198
	<b>8,356</b>	<b>3,146</b>

## 5. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Fair value changes of equity securities at FVTPL	431	–
Fair value changes of investment properties	(810)	2,121
Income from wealth management products	171	136
Gain on termination of lease	3,900	–
	<b>3,692</b>	<b>2,257</b>

## 6. OTHER OPERATING EXPENSES

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss on disposal of property, plant and equipment	4,055	–
Write off of property, plant and equipment	2,241	–
Labour redundancy costs	3,993	–
Others	2,096	–
	<b>12,385</b>	<b>–</b>



# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

## 7. FINANCE COSTS

	Six months ended 30 September 2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Interest on:		
– bank borrowings	3,259	4,649
– lease liabilities	7,680	8,709
	<b>10,939</b>	13,358

## 8. INCOME TAX EXPENSE

	Six months ended 30 September 2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Hong Kong Profits Tax:		
– Current tax	517	441
– Previous years tax	1,117	–
The People's Republic of China (the "PRC" or "China") Enterprise Income Tax ("EIT"):		
– Current tax (credit) charge	(112)	204
	<b>1,522</b>	645

### Hong Kong

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2023: 16.5%) on the estimated assessable profits except for the first HK\$2,000,000 of a qualifying group entity's assessable profit which is calculated at 8.25%, in accordance with the two-tiered profit tax rate regime.



# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

## 8. INCOME TAX EXPENSE (Continued)

### PRC

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

According to the relevant requirements of the Administrative Measures with regard to the recognition of High and New Technology Enterprise (“**HNTE**”), an enterprise which has obtained the HNTE qualification is entitled to enjoy tax preferential treatment from the year in which the certificate is issued. Furthermore, in accordance with the relevant requirements of the EIT Law, HNTEs are entitled to enjoy a preferential tax rate at the EIT rate of 15%. During the six months ended 30 September 2024, two subsidiaries, Guangdong Come Sure Environmental Protection Technology Company Limited and Guangdong Come Sure Wah Ming Environmental Protection Technology Company Limited are qualified as HNTE and enjoy a preferential tax concession and the applicable EIT rate is at a reduced rate of 15% from 28 December 2023 to 27 December 2026. The HNTE designation will be reassessed every three years according to relevant rules and regulations.

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

The taxable income of an enterprise is less than RMB3 million, the taxable income shall be reduced by 25% and be subject to EIT at 20% tax rate.

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

The profits of the PRC subsidiaries of the Group derived since 1 January 2008 are subject to withholding tax at a rate of 5% (six months ended 30 September 2023: 5%) upon distribution of such profits to investors in Hong Kong.

### The Group

The Inland Revenue Department of Hong Kong (“**IRD**”) issued estimated assessment and additional assessment for the years of assessment 2009/10 to 2017/18 to six subsidiaries of the Group amounting to approximately HK\$30,698,000. 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 approximately HK\$20,204,000.



# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

## 9. LOSS FOR THE PERIOD

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

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Depreciation and amortisation:		
– Depreciation for property, plant and equipment	<b>7,678</b>	10,218
– Depreciation for right-of-use assets	<b>7,607</b>	8,750
– Amortisation of prepaid lease payments	<b>254</b>	379
	<b>15,539</b>	19,347
Gross rental income from investment properties	<b>(5,536)</b>	(3,078)
Less: Direct operating expense of investment properties that generated rental income	<b>394</b>	86
	<b>(5,142)</b>	(2,992)
Staff costs:		
– Directors' emoluments	<b>3,985</b>	3,987
– Other staff salaries, bonus and allowances	<b>43,329</b>	50,540
– Retirement benefits scheme contributions (excluding directors)	<b>5,244</b>	5,636
	<b>52,558</b>	60,163
Cost of inventories recognised as an expense	<b>322,695</b>	318,592
Lease payments for short-term lease not included in the measurement of lease liabilities	<b>1,263</b>	1,267
Net foreign exchange loss (gain)	<b>93</b>	(2,127)

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

## 10. LOSS PER SHARE

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

	Loss for the six months ended 30 September 2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Loss for the period attributable to owners of the Company	<b>(7,626)</b>	(9,515)

	Number of shares as at 30 September 2024 (unaudited)	2023 (unaudited)
Weighted average number of ordinary shares for the purpose of the basis and diluted loss per share	<b>331,084,000</b>	331,084,000

For the six months ended 30 September 2024 and 2023, there is no potential dilutive shares in the calculation of loss per share.

## 11. DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 September 2024 (for the six months ended 30 September 2023: Nil).

## 12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2024, the Group acquired property, plant and equipment of approximately HK\$482,000.

## 13. INTERESTS IN AN ASSOCIATE

	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
At beginning of period	<b>6</b>	–
Additions	<b>1,344</b>	6
Share of result of an associate	<b>(430)</b>	–
At end of period	<b>920</b>	6



# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

## 13. INTERESTS IN AN ASSOCIATE (Continued)

Details of the Group's associate at the end of the reporting period are as follow:

Name of associate	Place of incorporation/ operation	Issued share capital	Proportion of ownership interest and voting power held by the Company as at		Principal activities
			30 September 2024	31 March 2024	
Mass Winner Holdings Limited	Hong Kong	Ordinary HK\$3,000,000	45%	45%	Investment holding

## 14. TRADE AND BILLS RECEIVABLES

Payment terms with customers are mainly on credit, cash on delivery and payment in advance. The credit periods ranged from 15 days to 120 days after the end of the month in which the revenue is recognised and invoiced. The 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:

	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Trade receivables:		
Not yet due for settlement (aged within 120 days)	187,861	138,661
Overdue:		
1 to 30 days	22,350	36,494
31 to 90 days	14,500	14,454
91 to 365 days	1,024	4,136
Over 1 year	4,017	3,494
	229,752	197,239
Less: Allowance for expected credit losses	(3,104)	(3,089)
	226,648	194,150
Bills receivables not yet due for settlement (aged within 180 days)	24,898	24,742
	251,546	218,892

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

## 15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Prepayments	2,388	2,016
Deposits	2,458	1,465
Other receivables	4,696	2,623
VAT receivables	19,238	15,984
	<b>28,780</b>	22,088

## 16. TRADE AND BILLS PAYABLES

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

	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Trade payables:		
0 to 30 days	86,256	65,674
31 to 90 days	12,383	16,161
Over 90 days	1,957	1,175
	<b>100,596</b>	83,010
Bills payables (aged within 180 days)	119,980	134,991
	<b>220,576</b>	218,001

## 17. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each		
<b>As at 1 April 2023, 31 March 2024, 1 April 2024 and 30 September 2024</b>	<b>2,000,000</b>	<b>20,000</b>
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.01 each		
<b>As at 1 April 2023, 31 March 2024, 1 April 2024 and 30 September 2024</b>	<b>331,084</b>	<b>3,311</b>





# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

## 18. CAPITAL COMMITMENTS

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

	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Capital expenditure contracted but not provided for: – Purchase of property, plant and equipment	215	193

## 19. CONTINGENT LIABILITIES

The Inland Revenue Department of Hong Kong ("IRD") issued estimated assessment and additional assessment for the year of assessment 2009/10 to 2017/18 to six subsidiaries of the Group amounting to approximately HK\$30,698,000. 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 approximately HK\$20,204,000.

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 the Period, taking into account the uncertainties of the outcome of the negotiation which has not been concluded as at the date of this interim report. Thus, no tax provision has been made for the Period (as at 31 March 2024: Nil). The Directors will closely monitor the progress and will make provision in a timely manner where necessary and as appropriate.

## 20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

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

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

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

## 20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

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

The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period for recurring measurement, grouped Level 1 and 2 based on the degree to which the fair value is observable according to the Group's accounting policy.

	30 September 2024 (unaudited)	
	Level 1 HK\$'000	Level 2 HK\$'000
<b>Financial assets at FVTPL</b>		
Equity security at FVTPL	2,745	–
<b>Financial assets at FVTOCI</b>		
Insurance contracts	–	–

	31 March 2024 (audited)	
	Level 1 HK\$'000	Level 2 HK\$'000
<b>Financial assets at FVTPL</b>		
Equity security at FVTPL	2,315	–
<b>Financial assets at FVTOCI</b>		
Insurance contracts	–	–

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

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





# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

## 21. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Sale of property, plant and equipment to Come Sure (Thailand) Limited (Note a)	<b>440</b>	–
Rental in respect of land and buildings paid to related companies owned by Mr. CHONG Kam Chau, the Director of the Company	<b>205</b>	205

Note:

(a) Come Sure (Thailand) Limited is owned by Mass Winner Holdings Limited, the associate of the Company.

## 22. APPROVAL OF FINANCIAL STATEMENTS

The unaudited consolidated financial statements were approved and authorised for issue by the Board on 29 November 2024.