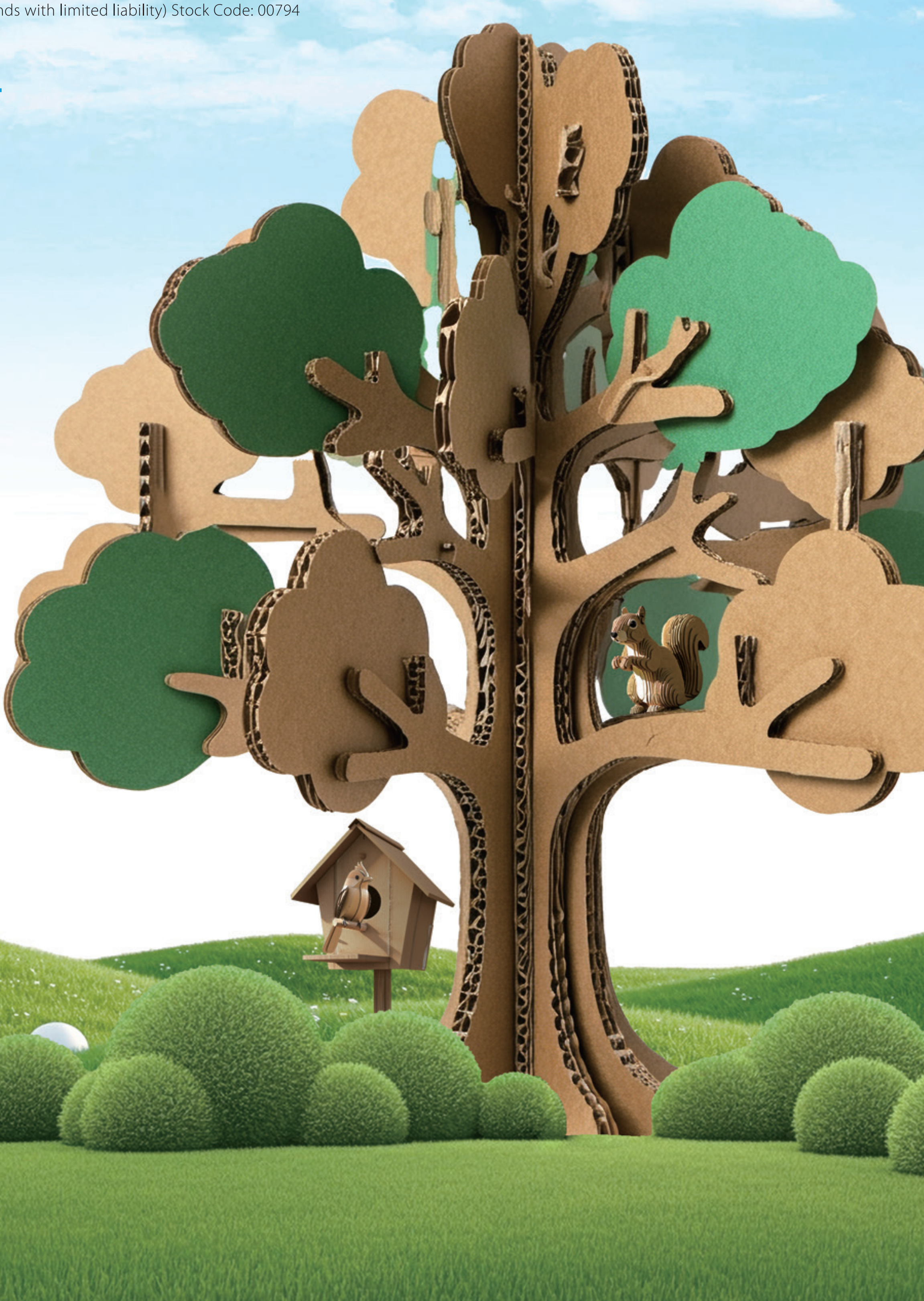
COME SURE Group (Holdings) Limited

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

ANNUAL REPORT 2025



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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
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As to Cayman Islands law:

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Quarry Bay
Hong Kong

As to PRC law:

GUANGDONG BAOYUAN LAW FIRM
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COFCO Building, Baocheng 3rd Road
Baoan District
Shenzhen, PRC
(Appointed with effect from 2 September 2024)

FA FANG Solicitors
Room 1806, Floor 18
COFCO Real Estate Group Center
Longjing 2nd Road
Baoan District
Shenzhen, PRC
(Resigned with effect from 2 September 2024)

AUDITOR

Confucius International CPA Limited
Public Interest Entity Auditor
registered in accordance with
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181 Johnston Road
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Hong Kong

VALUERS

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Room 1101-4, 11/F Harcourt House
39 Gloucester Road
Wanchai
Hong Kong

REGISTERED OFFICE

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Regatta Office Park
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Grand Cayman, KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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COMPANY WEBSITE ADDRESS

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
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Hong Kong

Hang Seng Bank Limited
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Hong Kong

DBS Bank (Hong Kong) Limited
G/F, The Centre
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Bank of China (Hong Kong) Limited
Bank of China Tower
1 Garden Road
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PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Ocorian Trust (Cayman) Limited
Windward 3
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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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8 Wing Kut Street
Central
Hong Kong

STOCK CODE

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FINANCIAL SUMMARY

RESULTS

	Year ended 31 March				
	2021 HK$'000	2022 HK$'000	2023 HK$'000	2024 HK$'000	**2025** **HK$'000**
Revenue	1,201,784	1,177,271	787,078	764,520	**760,436**
Cost of sales	(975,392)	(995,012)	(668,789)	(632,781)	**(618,379)**
Gross profit	226,392	182,259	118,289	131,739	**142,057**
Other income	9,550	63,602	3,555	2,896	**13,479**
Other gains and losses	9,414	7,903	(1,652)	24,476	**2,218**
Selling expenses	(80,957)	(89,783)	(68,097)	(59,066)	**(56,539)**
Administrative expenses	(115,912)	(115,930)	(89,310)	(77,082)	**(69,980)**
Other operating expenses	(591)	(86,097)	(355)	(9,903)	**(14,037)**
Finance costs	(19,362)	(28,465)	(28,027)	(27,708)	**(21,430)**
Share of results of associates	–	–	–	–	**(1,498)**
Gain on disposal of subsidiaries	–	31,378	–	–	**–**
Loss on deregistration of subsidiaries	–	(1,704)	–	–	**–**
(Loss) profit before tax	28,534	(36,837)	(65,597)	(14,648)	**(5,730)**
Income tax credit (expense)	123	(3,045)	(1,639)	(1,170)	**8,332**
Profit (loss) for the year	28,657	(39,882)	(67,236)	(15,818)	**2,602**

ASSETS AND LIABILITIES

	As at 31 March				
	2021 HK$'000	2022 HK$'000	2023 HK$'000	2024 HK$'000	**2025** **HK$'000**
Non-current assets	799,849	725,468	670,967	653,670	**588,728**
Current assets	692,870	573,796	397,895	443,497	**417,920**
Total assets	1,492,719	1,299,264	1,068,862	1,097,167	**1,006,648**
Non-current liabilities	(249,856)	(245,131)	(213,584)	(190,871)	**(155,435)**
Current liabilities	(589,458)	(415,678)	(319,351)	(390,668)	**(340,067)**
Total liabilities	(839,314)	(660,809)	(532,935)	(581,539)	**(495,502)**
Net assets	653,405	638,455	535,927	515,628	**511,146**
Equity attributable to owners of the Company	658,467	638,455	535,927	515,067	**510,247**
Non-controlling interest	(5,062)	–	–	561	**899**
Total equity	653,405	638,455	535,927	515,628	**511,146**

CHAIRMAN'S **STATEMENT**

DEAR VALUED SHAREHOLDERS,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Come Sure Group (Holdings) Limited (the "**Company**"), I am honoured to present the annual financial report of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2025 (the "**Year**"). This year marked a pivotal moment in our journey, as we successfully navigated through global and regional challenges to deliver sustainable progress across our operations. Our achievements during the Year reflect our commitment to resilience, innovation, and excellence.

BUSINESS ENVIRONMENT AND PERFORMANCE OVERVIEW

The Year had the Group placed in a highly complex operating environment. The Group navigated significant challenges including fluctuating market demand, escalating raw material costs, and increasing stringent environmental regulations impacting the paper packaging industry within the People's Republic of China ("**PRC**"). Notwithstanding these headwinds, the Group demonstrated commendable resilience and operational agility, achieving a positive turnaround from loss to profitability.

STRATEGIC RESPONSE TO MARKET DYNAMICS

The PRC's paper packaging sector continued to derive momentum from government policies such as the "plastic ban" and the accelerated growth of e-commerce platforms, which collectively underpinned steady industry expansion. However, the sector also faced persistent issues including overcapacity, price volatility, and macroeconomic uncertainties. In response, the Group adopted a prudent and measured approach, focusing on stabilising operations and implementing targeted initiatives to enhance operational efficiency and improve financial performance.

PRODUCTION INTEGRATION AND ASSET OPTIMISATION

A key strategic achievement during the Year was the successful integration of production lines between the Group following the government-led redevelopment project at Tangxiayong Community. This integration has enabled the Group to optimise production capacity utilisation at the Dongguan factories, while the conversion of the Huizhou factory into an investment property is expected to generate a stable and recurring rental income stream. This asset reallocation diversifies the Group's revenue base and strengthens its financial resilience.

REVENUE DIVERSIFICATION AND SUPPLY CHAIN MANAGEMENT

In alignment with evolving market demands, the Group recalibrated its sales mix to place greater emphasis on paperboard and semi-finished products, which offer shorter lead times and improved receivables turnover. While this strategic shift exerted pressure to the Group's profit, it enhanced the Group's overall operational flexibility and mitigated exposure to tariff fluctuations and cost volatility. Additionally, leveraging robust supplier relationships, the Group refined its raw material procurement strategy to better align with customer requirements and cost optimisation objectives, thereby maintaining supply chain stability and responsiveness.

CHAIRMAN'S STATEMENT

SUSTAINABILITY AND LONG-TERM GROWTH COMMITMENT

The Group remains committed to sustainable development, having strengthened its domestic market presence and enhanced production efficiency through disciplined cost management and innovation. As environmental regulations tighten and technological innovation becomes increasingly pivotal, the Group is dedicated to advancing sustainable packaging solutions that comply with prevailing industry standards and regulatory frameworks, thereby positioning itself for enduring success.

OUTLOOK

Looking forward, the Group will continue to respond proactively to evolving market conditions and to pursue growth opportunities with strategic planning. In particular, the Group will continue to formulate comprehensive strategies to capture opportunities arising from the shift of supply chains to Southeast Asia through its associate companies and attract new clientele. Concurrently, the Group intends to actively explore potential strategic partnerships opportunities, aimed at expanding its market share both within the PRC and internationally. While maintaining a cautiously optimistic outlook, the Group remains vigilant of ongoing global economic uncertainties and will continue to exercise stringent risk management and cost control measures. The Group remains committed to delivering sustainable and long-term value to the shareholders of the Company (the "**Shareholders**").

ACKNOWLEDGEMENTS

I wish to extend my sincere gratitude to our Shareholders, customers, suppliers, business partners, and regulatory authorities for their continued trust and support. I also commend the dedication and professionalism of our management team and employees, whose efforts have been instrumental in the Group's achievements. Together, we will continue to pursue sustainable growth and enhance shareholder value.

Yours faithfully,
CHONG Kam Chau
Chairman

30 June 2025

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

During the Year, the paper packaging industry in the PRC maintained a steady growth trajectory despite the challenging economic environment. According to data from the National Bureau of Statistics of China (the "**NBSC**"), the PRC's paper and paper products industry recorded a growth of approximately 8.2% for the full year 2024. This growth was primarily driven by the policy banning the use of single-use plastic which stimulated the demand for green packaging alternatives, as well as the continued expansion of the domestic e-commerce market which increased the demand for packing products. Domestic consumption for paper packaging products remained strong, particularly in food, pharmaceuticals, and consumer goods packaging. The NBSC recorded an increase in annual online retail sales of physical goods of approximately 6.5% to RMB13,081.6 billion.

Leading paper packaging manufacturers continued to dominate the paper and paper packaging industry in the PRC as they are in a better position to strategically leverage synergy and stable paper supplies to strengthen their competitive edge. Nonetheless, the rising paper cost, and the further tightened domestic and international environmental policies with the "dual carbon" targets have driven the increase in cost in technological innovation and emissions reduction to comply such requirements, and poses as key challenges to the PRC's paper and paper packaging industry as a whole. Furthermore, due to the increasing production capacity in the industry during the Year thanks to the technological advancement, the prices of corrugated paper and boxboard were generally fluctuating at low levels during the Year due to an overall market surplus despite the steady growth of demand for paper packaging products.

In addition, global economic uncertainties continued to constrain export performance during the Year. The PRC's average export price of paper and paperboard for 2024 was USD1,175.04 per ton, a decrease of 13.93% compared to 2023, reported by China Paper Association (the "**CPA**"). Given the cost pressures, market surplus and export challenges faced by the industry, according to CPA's statistics from 2,572 paper and paperboard production enterprises in the PRC, the total profit for the full year 2024 was RMB25.8 billion, with a year-on-year ("**YoY**") decline of 2.71% despite the continuing growth of the paper packaging industry.

To maintain sustainable business growth and seize opportunities in green packaging transformation, leading paper packaging manufacturers in the industry adhered to innovation-driven development strategy and optimized their operational structure. With the PRC's strong domestic market and global influence, the industry is well-positioned for long-term expansion.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In light of the challenging business environment outlined in the industry review, the Group prioritized the stability of its operations during the Year, focusing on the provision of high value-added printed corrugated packaging products and services, while continually reviewing and implementing effective cost control measures. During the Year, in response to fluctuations in tariff policies across various countries, the Group observed that some clients shifted portions of their supply chains from China to other Southeast Asian regions to reduce operational costs and mitigate risks, thereby exerting pressure on the Group's sales. Considering the surplus in supply in the paper packaging market, the Group had been committed to maintaining its revenue and profit margins, by leveraging its strong reputation and credibility within the Chinese paper packaging industry to expand its domestic market, and prudently adjusting its business and expansion strategies as necessary.

In recent years, the Group consistently undertook strategic adjustments to its sales structure, placing greater emphasis on paperboard and semi-finished products, which with shorter lead times and trade receivables turnover cycles compared to printed corrugated paper packaging products. This strategic shift aimed to reduce the Group's overall expenses and effectively enhance its long-term operational efficiency. The Group maintained long-term, stable, and mutually beneficial relationships with key suppliers, ensuring a reliable and high-quality supply of raw materials. The Group observed a trend of its customers shifting their supply chains to Southeast Asia, to mitigate costs and operational risks, including fluctuations in tariff policies across various countries. In response, the Group strategically leveraged its relationships with both domestic and overseas suppliers, including those from Southeast Asia, to adjust the proportion of raw materials procured from these sources based on actual circumstances. This approach enabled the Group to effectively address various cost considerations and timing requirements of its customers. While meeting customer needs, the Group could also control costs, delivery times, and quality efficiently and flexibly, thereby enhancing its operational efficiency.

The Group adhered to a prudent strategy for business operations and expansion, continuously seeking further growth in the domestic market and enhancing its revenue streams while improving production efficiency through integration. During the Year, the factory located in Tangxiayong Community was set to close and evacuate due to a government-led redevelopment plan (the "**Evacuation Arrangement**"; for further details, please refer to the Company's announcement dated 2 September 2024). The Group seized the opportunity to reassess the production capacity and capabilities of its existing facilities, and decided to integrate the production lines of its Huizhou factory with those of the Dongguan factory. This integration aimed not only to maximise the production efficiency of the latter, but also to convert the Huizhou factory into an investment property. This transformation allows the Group to generate additional rental income, enhance the profitability of its property leasing business, and broaden the Group's revenue sources.

For the Year, the Group achieved a turnaround from a loss to profitability, from net loss of approximately HK$15.8 million of previous fiscal year ("**2023/24**") to net profit of approximately HK$2.6 million for the Year. With the Group's effort in expanding its revenue sources, the Group managed to maintain its revenue level during the Year despite the challenging business environment. The Group recorded a revenue of approximately HK$760.4 million for the Year, which slightly decreased by approximately 0.5% from approximately HK$764.5 million of 2023/24. The Group recorded a slight improvement in both gross profit and gross profit margin for the Year, achieving approximately HK$142.1 million and 18.7% respectively (compared to approximately HK$131.7 million and 17.2% for 2023/24). The improvement in both the gross profit and gross profit margin for the Year was mainly due to the Group's effectiveness in maintaining its operational efficiency and integrating of production lines and enhancing its cost control capabilities through a series of cost reduction and efficiency-enhancing measures, which offset the decrease in profit margins due to the strategic adjustments to the sales mix by placing greater focus on paperboard and semi-finished project.

The Group recorded other operating expenses which amounted to approximately HK$14.0 million for the Year (2023/24: approximately HKD9.9 million), mainly attributable to statutory labour redundancy costs and the loss on disposal and write off of property, plant and equipment resulting from the conversion of the Huizhou factory into an investment property, as well as the closure of the Group's factory in the Tangxiayong Community due to 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 financial impact of these expenses was one-off, and was partly net off by the receipt of 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 early termination of lease which amounted to HK$3.9 million. For the Year, the Group's other revenue totalled approximately HK$13.5 million (2023/24: approximately HKD2.9 million). This increase in other revenue for the Year, in addition to the aforementioned government compensation, was mainly attributable by a VAT incentive of approximately HK$4.3 million under PRC's tax policy arrangements, alongside rent concession of approximately HK$1.9 million. Moreover, the Group conducted a review of its tax provisions during the Year, and made a reversal of overprovision of tax from prior years amounting to approximately HK$19.0 million. In light of the aforementioned factors, the Group recorded net profit for the Year, marking a successful turnaround from loss to profit.

RESULT OF OPERATION

	2025		2024	
	HK$'000	(%)	HK$'000	(%)
Paper-based packaging				
PRC domestic sales	657,945	87.9	663,369	87.5
Domestic delivery export	51,971	6.9	56,108	7.4
Direct export	38,930	5.2	38,722	5.1
	748,846	100.0	758,199	100
Properties investment				
Rental income	11,590		6,321	
Total Revenue	760,436		764,520	
Gross profit margin		18.7		17.2
Net profit (loss) margin		0.3		(2.1)

REVENUE

The Group was primarily engaged in the production of high-quality corrugated paperboard and value-added, structurally designed paper-based packaging products, predominantly used for home appliance packaging. Amidst challenging situations faced by PRC's domestic real estate and home appliance retail markets, coupled with uncertainties in both the global and domestic economic environments, the Group proactively adjusted its business strategies to enhance operational efficiency and maintain its competitive edge. Customers adopted a cautious approach to business activities, resulting in overall reduction in order frequency. To support sustained growth and business integration, the Group continued its business strategies during the Year, allocating resources towards the production and sales of paperboard and semi-finished products. Although these products generally are priced with lower unit prices compared to the Group's printed corrugated paper packaging products, this strategic shift improved overall sales volume and operational efficiency.

Furthermore, the Group focused on expanding its domestic market presence and diversifying its customer base throughout the Year. This effort led to increased sales orders from domestic customers and facilitated further expansion into the medical supplies packaging sector. Consequently, overall sales volume was maintained during the Year despite the reduction in frequency of orders made. However, the average unit price of the Group's products declined due to the altered sales mix, and production capacity was slightly impacted by maintenance and integration activities on production lines. Consequently, the Group's revenue for the Year experienced a minor decline to approximately HK$760.4 million, as compared to approximately HK$764.5 million for 2023/24.

REVENUE (Continued)

Faced with a challenging market environment, the Group regarded these strategic adjustments as essential for its sustainable development. By broadening its business scope and integrating production lines to improve cost efficiency, the Group laid a solid foundation to capitalise on future opportunities and ensure sustainable long-term growth.

Guangdong operation

During the Year, the Group's Guangdong factories remained focused on the high value-added paper packaging sector, including the production of premium corrugated paperboard and structurally designed paper-based packaging products, which continued to form the Group's core business. Despite ongoing shifts in client preferences regarding supply chain locations, cost pressures, and a sluggish economic recovery, the Group maintained sales volume by implementing strategic adjustments aligned with evolving market demands, including modifications to the sales product mix. Unit selling prices for paperboard and semi-finished products were lower than those for structural packaging products but also had a lower cost of sales. Therefore, the Group recorded a slight decrease of around 1.2% in revenue from sales of goods for the Year to approximately HK$748.8 million from approximately HK$758.2 million for 2023/24. The Group undertook production integration during the Year to optimise cost-sharing and broaden revenue sources.

Properties investment

Following the conversion of the Huizhou factory into an investment property, the Huizhou factory commenced generating rental income for the Group during the Year. As a result, the Group's revenue from the properties leasing business for the Year increased significantly by approximately 84.1% to approximately HK$11.6 million (2023/24: approximately HK$6.3 million).

GROSS PROFIT

Despite a challenging operating environment as outlined in the "Business Review" and a slight decline in revenue for the Year, the Group achieved an increase in gross profit during the Year. This was driven by the proactive implementation of stringent cost control measures by the Group, effectively reducing fixed costs (including employee expenses and asset depreciation, through the integration of regional operations and production lines) and thereby enhancing overall operational efficiency.

The Group strategically adjusted its sales mix and utilised flexible procurement channels to ensure cost-effectiveness and efficient inventory management. Leveraging longstanding and stable relationships with key suppliers, the Group secured a sufficient supply of high-quality paper at reasonable costs throughout the Year. Furthermore, the conversion of the Huizhou factory into an investment property generated additional rental income, contributing substantially to the increase in gross profit from the property investment segment.

GROSS PROFIT (Continued)

Although there had been a decrease in both revenue and unit selling prices during the Year, the Group's overall gross profit increased to approximately HK$142.1 million (2023/24: approximately HK$131.7 million), with the gross profit margin rising from approximately 17.2% to approximately 18.7%. This improvement demonstrated the Group's capability to sustain and enhance profitability through operational efficiencies and strategic initiatives amid a challenging market landscape.

Guangdong operation

The Group's Guangdong operations, as the core business segment, continued to contribute to the majority of the Group's gross profit during the Year. In line with the Group's strategic goal to sustain revenue and market share, the proportion of paperboard and semi-finished packaging products within the sales mix was maintained. Benefitting from a lower cost of sales for these products, combined with rigorous cost control and the integration of production facilities at the Dongguan factories, the Group successfully preserved its gross profit level throughout the Year.

Gross profit from the Guangdong operations increased to approximately HK$131.6 million, compared to approximately HK$125.7 million for 2023/24, with the gross profit margin improving to approximately 17.6% (2023/24: approximately 16.6%). Looking ahead, the Group remains committed to continuously enhancing internal controls and leveraging its integrated regional operations and production lines to further improve profitability.

Properties investment

The costs associated with property leasing represented the direct outgoings related to the investment properties. The Group converted its Huizhou plant into an investment property during the 2023/24 and successfully leased it out in June 2024. Hence, the gross profit of properties leasing for the Year increased significantly to approximately HK$10.5 million from approximately HK$6.0 million for 2023/24.

OTHER INCOME

The Group's other income increased significantly to approximately HK$13.5 million for the Year (2023/24: approximately HK$2.9 million). The increase was mainly attributable to VAT incentive of approximately HK$4.3 million under PRC's tax policy arrangements, rent concession of approximately HK$1.9 million, and the relocation compensation from the landlord regarding the Evacuation Arrangement as a result of redevelopment of Tangxiayong Community of approximately HK$3.1 million (for details please refer to the Company's announcement made on 2 September 2024).

OTHER GAINS AND LOSSES

The Group recorded other gains of approximately HK$2.2 million for the Year, mainly representing the one-off gain on early lease termination of approximately HK$3.9 million due to the Evacuation Arrangement, exchange gain of approximately HK$2.2 million, fair value gain on trading securities of approximately HK$0.5 million and fair value loss on investment properties of approximately HK$4.7 million.

The Group's other gains for 2023/24 of approximately HK$24.5 million were mainly due to the one-off fair value gain on investment properties of approximately HK$32.6 million by converting the former Huizhou production base into investment property, and fair value loss of approximately HK$7.7 million from other existing investment properties. The Group continuously monitored the performance of the securities market and periodically reviewed its lease terms and investment portfolio.

SELLING AND ADMINISTRATIVE EXPENSES

The selling expenses of the Group for the Year decreased by approximately 4.4% to approximately HK$56.5 million from approximately HK$59.1 million for 2023/24. Despite the Group's commission expense increased during the Year in line with the Group's expansion initiative to the domestic market, cost control was improved through integrating the production lines into the Dongguan factories, in particular, the Group's delivery expenses for the Year decreased by approximately 12% to approximately HK$34.0 million when compared to that of 2023/24. In addition to production integration, the Group consistently imposed stringent internal cost control and risk management throughout the Year, therefore, the administrative expenses decreased significantly by approximately 9.2% to approximately HK$70.0 million, as compared to approximately HK$77.1 million for 2023/24.

OTHER OPERATING EXPENSES

The other operating expenses for the Year mainly included the one-off expenses incurred from disposal and write off of factory machinery and equipment of approximately HK$6.3 million, the labour redundancy costs of approximately HK$6.4 million and other sundries expenses. The abovementioned one-off expenses were mainly incurred from the Evacuation Arrangement and the Group's production line integration during the Year. The Group's other operating expenses for the Year totaled approximately HK$14.0 million (2023/24: approximately HK$9.9 million).

FINANCE COSTS

The finance costs mainly represented interest expenses on lease liabilities and bank borrowings. The Group applied HKFRS 16 Leases, its interest expenses for lease liabilities for the Year decreased to approximately HK$14.8 million from approximately HK$17.2 million for 2023/24. During the Year, interest rates were generally high in the first half of the Year but declined in the second half, the Group's interest expenses on bank borrowings declined significantly over the Year to approximately HK$6.7 million, as compared to approximately HK$10.5 million for 2023/24.

SHARE OF RESULTS OF ASSOCIATES

In order to make its presence and enable it to explore more opportunities outside of the domestic market, an associate of the Group was established in Thailand during the Year, in line with the recent trends of clients shifting part of the supply chain to Southeast Asia. The associate's factory commenced operations in December 2024. As a result, the Group's share of loss of an associate in Thailand for the Year was approximately HK$1.4 million (2023/24: Nil).

NET PROFIT AND DIVIDEND

With the Group's effort in production integration, market expansion and stringent cost control, the Group recorded a net profit of approximately HK$2.6 million for the Year (2023/24: net loss of approximately HK$15.8 million). In addition to the above-mentioned increase in gross profit and other income for the Year, the improvement in the Group's net profit for the Year was also due to the reversal of overprovision of tax from prior years amounting to approximately HK$19.0 million upon the Group's tax provisions reviewed during the Year. Correspondingly, the Group recorded a net profit margin of approximately 0.3% for the Year, whereas the net loss margin for 2023/24 was approximately 2.1%.

The basic and diluted earnings per share for the Year was HK0.68 cents (2023/24: basic and diluted loss per share was HK4.78 cents). The Board does not propose payment of final dividend for the Year.

CAPITAL STRUCTURE

Prudent treasury policy had been providing adequate support to the Group's strategic moves. The Group's current ratio (calculated as current assets divided by current liabilities) for the Year improved to approximately 1.23 as at 31 March 2025 (as at 31 March 2024: approximately 1.14), mainly due to the decrease in the Group's taxation payable. The Company's issued share capital as at 31 March 2025 was HK$3,310,840 divided into 331,084,000 shares of HK$0.01 each.

WORKING CAPITAL

	2025 Turnover days	2024 Turnover days
Trade and bills receivable	**109**	106
Trade and bills payable	**120**	92
Inventories	**27**	31
Cash conversion cycle*	**16**	45

* 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 2025 were approximately HK$235.7 million, when compared to that of approximately HK$218.9 million as at 31 March 2024, increased slightly mainly due to the integration of its production processes. The Group continued to implement stringent credit risk management by closely monitoring the creditworthiness and payment history of its customers. Although the trade and bills receivable turnover days increased during the Year to 109 days as compared to 106 days for 2023/24, they remained within the established credit terms, and the trade receivable turnover cycle was considered stable.

Attributed to the close collaboration relationship with the suppliers, it secured a stable supply of raw paper at reasonable costs. In addition, the Group extended its trade and bills payable turnover significantly to 120 days as compared to 92 days for 2023/24, by utilizing bank acceptance bills to settle payments with key suppliers. The Group also continued to strengthen procurement controls with the aim of improving cost management and inventory efficiency. The Group's trade and bills payables as at 31 March 2025 were approximately HK$189.4 million (as at 31 March 2024: approximately HK$218.0 million).

The production lead time for paperboard and semi-finished goods is shorter compared to the Group's other printed corrugated paper-based packaging products. The strategic shift in the Group's sales mix in recent years, along with production line integration, further enhanced the Group's inventory efficiency. The inventories decreased significantly by 18.0% to approximately HK$41.7 million as at 31 March 2025 from approximately HK$50.8 million of as at 31 March 2024, the inventories turnover days for the Year decreased to 27 days correspondingly (2023/24: 31 days).

Overall, these efficiency improvements contributed to a significant enhancement in the Group's cash conversion cycle to 16 days for the Year from 45 days for 2023/24. The Group responded swiftly to demand changes, integrated its production lines, and negotiated mutually beneficial trade terms with suppliers. The improved operational efficiency demonstrated the effectiveness of the Group's business strategies.

LIQUIDITY AND FINANCIAL RESOURCES

	As at 31 March	
	2025	2024
Current ratio	**1.23**	1.14
Gearing ratio	**11.5%**	10.5%

LIQUIDITY AND FINANCIAL RESOURCES (Continued)

The Group's bank and cash balances as at 31 March 2025 were approximately HK$107.8 million (as at 31 March 2024: approximately HK$138.9 million), including pledged deposit of approximately HK$20.1 million (as at 31 March 2024: approximately HK$37.2 million). The Group's principal sources of working capital during the Year remained to be the cash flow from operating activities and bank borrowings. To secure future cashflow, the Group also had unused banking facilities of approximately HK$320.4 million as at 31 March 2025.

The current ratio (current assets divided by current liabilities) of the Group maintained at a healthy level during the Year and improved to approximately 1.23 as at 31 March 2025 (as at 31 March 2024: approximately 1.14). The Group's current assets and current liabilities as at 31 March 2025 were approximately HK$417.2 million and approximately HK$340.1 million respectively, as compared to approximately HK$443.5 million and approximately HK$390.7 million respectively as at 31 March 2024.

The total outstanding bank borrowings of the Group remained stable, from approximately HK$114.9 million as at 31 March 2024 to approximately HK$115.9 million as at 31 March 2025, of which approximately HK$98.6 million was repayable within one year and approximately HK$17.3 million was repayable after one year. All the bank borrowings of the Group were secured, mostly denominated in HK$ and RMB and carried floating interest rates as at 31 March 2025.

The Group's gearing ratio (total borrowings divided by total assets) was approximately 11.5% as at 31 March 2025 (as at 31 March 2024: approximately 10.5%), for the Group to be maintained at a sound liquidity position. The Group maintained adequate cash reserves and banking facilities, thereby enabling flexible capital management to support sustainable business growth and to capitalize on potential investment opportunities in the future.

FOREIGN EXCHANGE RISK

The Group is exposed to foreign currency risk as certain business transactions, assets, and liabilities are denominated in currencies other than the functional currency of the respective Group entities. The Group will continue to closely monitor its foreign currency exposure and consider implementing appropriate hedging measures to mitigate significant risks when necessary.

CHARGE OF ASSETS

The Group pledged certain assets such as bank deposits, buildings and investment properties to secure banking facilities granted to the Group, with the aggregate net book value of the pledged assets amounted to approximately HK$256.8 million as at 31 March 2025 (as at 31 March 2024: approximately HK$278.0 million),

CAPITAL COMMITMENT

As at 31 March 2025, the Group's capital expenditure regarding property, plant and equipment, which are contracted but not provided, was approximately HK$0.3 million (as at 31 March 2024: approximately HK$0.2 million).

The Group did not have any capital expenditure authorized but not contracted for as at 31 March 2025 (as at 31 March 2024: Nil).

CONTINGENT LIABILITIES

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 HK$20,204,000 as at 31 March 2024.

During the Year, the tax assessments had been agreed and finalised with the IRD, thus resulting in underprovision of Hong Kong Profit Tax of approximately HK$10,821,000. The Group has utilised the tax reserve certificates to settle part of the amount, and paid the remaining balance by cash.

Consequentially, the Group did not have any material contingent liabilities as at 31 March 2025.

EMPLOYEES AND REMUNERATION

The Group's emolument policies are determined with the performance of individual employees and the prevailing market situation, which are reviewed periodically. As at 31 March 2025, the Group had 627 employees in total (as at 31 March 2024: 785). The Group's total expenses on the remuneration of employees, including the emolument of the Company's Directors for the Year were approximately HK$100.8 million (2024: approximately HK$116.9 million).

The remuneration and bonuses of the Company's Directors and senior management were reviewed and approved by the remuneration committee of the Company (the "**Remuneration Committee**") 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, discretionary bonuses, which are generally structured to market terms by reference, were also awarded to eligible employees in accordance with the assessment of individual performance.

PROSPECTS

As demand for e-commerce trade recovers gradually, the need for corrugated paper packaging is also improving. Looking ahead to 2025/26 fiscal year, the Group faces a business environment where opportunities and challenges coexist. With the PRC government actively advocating for economic stability, expanding domestic demand and promoting consumption, the Group believes that a steady economic recovery and the enhancement of consumer confidence will drive growth in the Chinese paper packaging industry. Given that corrugated paper is a renewable and environmentally friendly packaging material that aligns with green packaging principles, the Group maintains a cautiously optimistic outlook on the long-term prospects of the sector.

The widespread application of corrugated paper packaging is driven not only by traditional industry demand but also by the development of non-retail sectors, such as medical supplies. To meet customer needs and expand its client base, the Group has improved the balance between production and sales through resource integration in recent years, ensuring a flexible configuration and stable supply of both domestic and international raw materials. In response to changing customer demands, the Group will continue to formulate comprehensive strategies, capturing opportunities arising from the shift of supply chains to Southeast Asia through its associate companies while attracting new clients. Concurrently, the Group will actively seek potential strategic partnerships opportunities to expand its market share both domestically and internationally.

In an increasingly uncertain business environment with global risks such as inflationary pressures and geopolitical tensions, the Group will leverage its long-term cooperative relationships with existing suppliers and implement a diversified procurement strategy. This includes sourcing raw materials from both domestic and international suppliers to address market volatility, ensuring quality standards, and maintaining a stable supply of raw materials.

Despite the challenges in the global business environment, the rapid growth of the e-commerce industry in China and the increasing demand for high-quality environmentally friendly packaging are expected to provide significant growth opportunities for the PRC's paper packaging industry. However, these opportunities also intensify market competition and heighten demands for higher environmental and industry standards. To address the changing market demands, the Group will continue to integrate its resources and production capabilities, allocating more resources to the production of paperboard and semi-finished packaging products to enhance operational efficiency and flexibility.

The Group will continuously review its business operations and remain innovative in its development and strategies. In addition to comprehensive cost control and efficiency improvement measures, and adhering to prudent business and financial strategies, the Group is committed to ensuring safe and environmentally friendly production. By leveraging advanced production technologies, the Group aims to ensure that its high-quality products meet market demands, support sustainable development, and achieve robust profitability, thereby further solidifying its leading position in the PRC's corrugated paper packaging industry.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 March 2025 and the date of this annual report, the Group does not have any intended plans for material investments or capital assets.

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 (the "**Code**") contained in Appendix C1 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 C3 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

During the Year, Mr. CHAU On Ta Yuen resigned as an independent non-executive Director, a member of the audit committee of the Company (the "**Audit Committee**"), a member of the Remuneration Committee and a member of the nomination committee of the Company (the "**Nomination Committee**") with effect from 8 July 2024; 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 with effect from the same day.

Mr. CHEUNG Wang Ip has obtained the legal advice as referred to in Rule 3.09D of the Listing Rules on 5 July 2024, and confirmed he understood his obligations as a director of the Company.

THE BOARD (Continued)

Board Composition (Continued)

As at 31 March 2025, 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 Ms. TSUI Pui Man, Mr. LAW Tze Lun and Mr. CHEUNG Wang Ip.

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. An updated list of Directors identifying their roles and functions is maintained on the websites of the Stock Exchange and the Company.

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 at all times comprises three independent non-executive Directors which represent more than one-third of the Board and include at least one independent non-executive Director possesses appropriate professional qualification or accounting or related financial management expertise. 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 one year or 13 months.

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, the Remuneration Committee and a 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 22 to page 25 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, reappointment of external auditor and the annual and interim results of the Group, and one general meeting (i.e. the annual general meeting of the Company held on 9 September 2024) 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 (resigned with effect from 8 July 2024)	2/2	–
Ms. TSUI Pui Man	4/4	1/1
Mr. LAW Tze Lun	4/4	1/1
Mr. CHEUNG Wang Ip (appointed with effect from 8 July 2024)	2/2	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 one year or 13 months, subject to rotation and re-election accordance to the Articles of Association. Each of the Directors has entered into a service agreement 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 by the Board shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election.

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. In accordance with Articles 108(a) and 108(b) of the Articles, Mr. CHONG Wa Pan and Ms. TSUI Pui Man, shall retire by rotation and being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company (the "**AGM**"). In accordance with Article 112 of the Articles, Mr. CHEUNG Wang Ip (who was appointed by the Board to fill a casual vacancy on 9 September 2024) shall retire as Director and, being eligible, offer himself for re-election as Director at 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 consider 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 systems. As at 31 March 2025, the Audit Committee consists of three independent non-executive Directors, namely Mr. LAW Tze Lun (chairman of the Audit Committee), Ms. TSUI Pui Man and Mr. CHEUNG Wang Ip.

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 systems, and to ensure the timely response from management towards the issues raised in the management letter from external auditors; and

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

During the Year, four 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 by the Group and discussed, among other things, 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.

As at 31 March 2025, the Remuneration Committee consists of three independent non-executive Directors, namely Ms. TSUI Pui Man (the chairman of the Remuneration Committee), Mr. LAW Tze Lun and Mr. CHEUNG Wang Ip, 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 the Directors and senior management for the 2024/25 fiscal year and their performance-based remuneration and bonus with reference to corporate goals and objectives resolved by the Board. All committee members attended the meeting but abstained from voting on the resolution for approving his/her own remuneration.

NOMINATION COMMITTEE

The Company established the Nomination Committee on 5 February 2009 in compliance with Rule 3.27A of the Listing Rules with written terms of reference and is available on the websites of the Stock Exchange and the Company. As at 31 March 2025, the Nomination Committee consists of three independent non-executive Directors, namely Ms. TSUI Pui Man (the chairman of the Nomination Committee), Mr. LAW Tze Lun, Mr. CHEUNG Wang Ip 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 (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 (the "**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, at least annually and 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.

In addition, the Group is determined to maintain gender diversity and equality in terms of the whole workforce (including senior management) and the Board. The Group will continue to take gender diversity into consideration during recruitment. As at 31 March 2025, the gender ratio of male to female employee of the Group is 3.14:1. For details of gender ratio in the workforce, please refer to the section headed "Performance KPIs Statistics" in the ESG Report. In line with the Group's dedication in promoting gender diversity and equality, the Nomination Committee adheres to the Board Diversity Policy to ensure that there at least one female Director in the Board. The Board is mindful of the objectives for the factors as set out in this paragraph for assessing the candidacy of the Board members, and will from time to time seek appropriate candidates taking into account the gender diversity policy to ensure there would be sufficient potential successors to the Board to achieve gender diversity.

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;

NOMINATION COMMITTEE (Continued)

(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 2025, 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 Confucius International 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.

Confucius International 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.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION (Continued)

During the Year, the fee paid and payable to Confucius International CPA Limited in respect of audit services amounted to HK$1.0 million and no non-audit services was provided by Confucius International CPA Limited.

The Audit Committee recommended the reappointment of Confucius International 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 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 to be held on 2 September 2025. Notice of the AGM and necessary information on issues to be considered in the AGM will be despatched to the Shareholders at least 21 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 any one or more Shareholders holdings, at the date of deposit of the requisition, in aggregate at least one-tenth of the voting rights at general meeting (on a one vote per share basis) in the share capital of the Company. 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 78, 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, Cheer Fame Holdings Limited, Come Sure Investment 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 53, 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 Pun is a director of Central Dragon Limited, Central Master Limited, Cheer Power (China) Limited, Come Sure Development Limited, Come Sure Group Limited – MCO, Come Sure Holdings Limited, Luck Sea Investment Limited, Mass Linker Limited, Smart Profit Capital Investment Limited, Come Sure Packaging Products (Shenzhen) Company Limited and Wah Ming Paper Industrial (Shenzhen) Company 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 was a member of the 10th, 11th and 12th term of the Political Consultative Conference of Jiangxi Province (江西省政協第十、十一及十二屆委員), and is the Vice-President of the Jiangxi Association of Overseas Liaison (江西省海外聯誼會副理事長), the Permanent Honorary President of the Fukien Athletic Club (香港福建體育會永遠名譽會長), the Vice President of Dongguan Environmental Packaging Industry Association (東莞市環保包裝行業協會副會長), the Permanent Honorary President of Guangdong Province of Jin Jiang Chamber of Commerce (廣東省晉江商會永遠榮譽會長), 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).

DIRECTORS (Continued)

Executive Directors (Continued)

Mr. CHONG Wa Ching (莊華清先生), aged 48, 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, Come Sure Investment Limited, Cheer Fame Asia 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

Ms. TSUI Pui Man (徐珮文女士) ("Ms. TSUI"), aged 68, 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.

Mr. LAW Tze Lun (羅子璘先生) ("Mr. LAW"), aged 53, 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 30 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.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS (Continued)

Independent Non-executive Directors (Continued)

Mr. CHEUNG Wang Ip (張宏業先生) ("Mr. CHEUNG"), aged 64, was appointed as an independent non-executive Director on 8 July 2024. He is a Chartered General Practice Surveyor by profession and has over 30 years of professional work experience in the property industry and related fields, including valuation and feasibility study. Mr. CHEUNG is a Registered Valuer of the Royal Institute of Chartered Surveyors and a member of the Hong Kong Institute of Surveyors (General Practice) as well as a member of Associacao da Avaliacao da Propriedade de Macau (澳門房地產評估業協會). He is a member of the China Real Estate Chamber of Commerce Hong Kong Chapter and a member of China Real Estate Appraiser in the PRC. In addition, Mr. CHEUNG served as a member of the Shanxi Provincial Committee of the Chinese People's Political Consultative Conference. Mr. CHEUNG was an independent non-executive director of Kin Yat Holdings Limited (stock code: 638) the shares of which were delisted from the Main Board of the Stock Exchange on 23 August 2024. He was the deputy managing director of Vigers Appraisal and Consulting Limited with his resignation took place in August 2024.

The interest of the Directors in shares and/or underlying shares of the Company as at 31 March 2025 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. CHONG Wa Lam (莊華琳先生), aged 46, 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, Huizhou Come Sure Paper Industrial Company Limited, Huizhou Come Sure Packing Company Limited, Guangdong Come Sure Environmental Protection Technology Company Limited, Guangdong Come Sure Wah Ming Environmental Protection Technology Company Limited, Sky Achiever Paper Industrial (Shenzhen) Company Limited, Wah Ming Colour Printing (Shenzhen) Company Limited and Come Sure International Import & Export (Shenzhen) 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 committee member of China Federation of Youth Committee (中國僑聯青年委員會委員), an executive director of Hong Kong CPPCC Youth Association (香港政協青年聯會常務理事), a standing committee member of Huidong Industries & Commerce Association (惠東縣工商業聯合會常委), a Vice President of Huidong Association of Enterprises with Foreign Investment (惠東外商投資企業協會副會長), a standing committee member of China Packaging Federation Paper Products Committee (中國包裝聯合會紙製品包裝委員會常務委員).

COMPANY SECRETARY

Ms. BOK Yuk Wan (濮玉云女士) ("Ms. BOK"), aged 43, 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.

DIRECTORS' REPORT

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 42 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 17 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 (2024: 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 2 September 2025. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 28 August 2025 to 2 September 2025, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on 27 August 2025.

FIXED ASSETS

During the Year, the Group has acquired approximately HK$3.0 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$0.7 million (2024: approximately HK$0.7 million) as the deposits for the acquisition of property, plant and equipment.

SHARE CAPITAL

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

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 2025 amounted to approximately HK$373.3 million (2024: approximately HK$374.4 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 43(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 (including sale of treasury shares) during the Year.

EQUITY LINKED AGREEMENT

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 117 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

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 *(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)*

In accordance with the provisions of the Articles of Association, Mr. CHONG Wa Pan, Ms. TSUI Pui Man and Mr. Cheung Wang Ip 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.

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.

Details of changes in the Directors' remuneration are set out as follows:

– The fixed salary of Mr. CHONG Kam Chau, an executive Director, was adjusted from at the annual rate of HK$2,910,000 to HK3,204,000 commencing from 1 April 2025.

– The fixed salary of Mr. CHONG Wa Pan, an executive Director, was adjusted from at the annual rate of HK$2,160,000 to HK2,700,000 commencing from 1 April 2025.

– The fixed salary of Mr. CHONG Wa Ching, an executive Director, was adjusted from at the annual rate of HK$1,500,000 to HK2,100,000 commencing from 1 April 2025.

– The annual director fee of Ms. TSUI Pui Man, Mr. LAW Tze Lun and Mr. CHEUNG Wang Ip, the independent non-executive Directors, was adjusted from HK$132,000 to HK$150,000.

Save as disclosed in this annual report, there is no other information of the Directors that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules subsequent to the publication of the Company's interim report for the six months ended 30 September 2024.

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 2025 are set out in notes 31 and 32 to the consolidated financial statements of this annual report.

FIVE YEAR SUMMARY

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

RETIREMENT BENEFITS SCHEMES

Particulars of the Group's retirement benefits schemes are set out in note 36 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 2025, the interests and short positions in the shares, underlying shares (the "**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 C3 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	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%

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 2025.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2025, 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	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%

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.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in this annual report, 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 2025.

MATERIAL ACQUISITIONS AND DISPOSAL

During the Year, there was no material acquisitions or disposals of subsidiaries, associates and joint ventures by the Group.

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

During the Year, there were no transactions (including those related party transactions disclosed in note 40 to the consolidated financial statements) that 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.

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.

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 at 31 March 2025 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$393,000 (2024: approximately HK$48,000).

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	10.03%	N.A.
Five largest customers in aggregate	27.21%	N.A.
The largest supplier	N.A.	32.93%
Five largest suppliers in aggregate	N.A.	62.43%

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 AND CAPITAL ASSETS

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

HLM CPA Limited ("**HLM**") has resigned as the auditor of the Company with effect from 13 November 2023. Following the resignation of HLM, Confucius International CPA Limited has been appointed as the auditor of the Company with effect from 13 November 2023. For further information, please refer to the announcement of the Company dated 13 November 2023. Saved as disclosed, there has been no change in the auditor of the Company in any of the preceding three years.

The consolidated financial statements for the years ended 31 March 2024 and 31 March 2025 have been audited by Confucius International 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 reappoint Confucius International CPA Limited as auditor of the Company.

On behalf of the Board

CHONG Kam Chau
Chairman

30 June 2025

INDEPENDENT AUDITOR'S REPORT

PAN-CHINA
天健國際會計師事務所有限公司
Confucius International CPA Limited
Certified Public Accountants

香港湾仔莊士敦道181号大有大厦1501-08室
Rooms 1501-08,15th Floor, Tai Yau Building,
181 Johnston Road, Wanchai, Hong Kong
电话 Tel: (852) 3103 6980
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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 117, which comprise the consolidated statement of financial position as at 31 March 2025, 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 material accounting policy information and other explanatory information.

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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards 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.

KEY AUDIT MATTERS (Continued)

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$341,540,000 as at 31 March 2025 and the decrease in fair value of the investment properties recorded in the profit for the year was approximately HK$4,684,000. 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 Matters

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

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

We found that the assumptions 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 THE 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 HKFRS Accounting Standards 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 RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

- 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.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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, actions taken to eliminate threats or safeguards applied.

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.

Confucius International CPA Limited
Certified Public Accountants

Wong Ho Yuen, Gary
Practising Certificate Number: P01316
Hong Kong, 30 June 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Revenue	7	**760,436**	764,520
Cost of sales		**(618,379)**	(632,781)
Gross profit		**142,057**	131,739
Other income	8	**13,479**	2,896
Other gains and losses	9	**2,218**	24,476
Selling expenses		**(56,539)**	(59,066)
Administrative expenses		**(69,980)**	(77,082)
Other operating expenses	10	**(14,037)**	(9,903)
Finance costs	11	**(21,430)**	(27,708)
Share of results of associates		**(1,498)**	–
Loss before tax		**(5,730)**	(14,648)
Income tax credit (expense)	12	**8,332**	(1,170)
Profit (Loss) for the year	13	**2,602**	(15,818)
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(7,415)**	(13,031)
Share of other comprehensive income of associates		**112**	–
Items that will not be reclassified subsequently to profit or loss:			
Revaluation surplus of prepaid land lease and property, plant and equipment upon transfer to investment property		**–**	8,616
Fair value gain (loss) of financial assets at fair value through other comprehensive income		**219**	(601)
Other comprehensive expense for the year, net of income tax		**(7,084)**	(5,016)
Total comprehensive expense for the year		**(4,482)**	(20,834)
Profit (Loss) for the year attributable to:			
Owners of the Company		**2,252**	(15,839)
Non-controlling interests		**350**	21
		2,602	(15,818)
Total comprehensive expense attributable to:			
Owners of the Company		**(4,820)**	(20,860)
Non-controlling interests		**338**	26
		(4,482)	(20,834)
Earnings (Loss) per share			
Basic and diluted	16	**HK0.68 cents**	HK(4.78) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Non-current assets			
Prepaid lease payments	17	8,435	8,841
Right-of-use assets	19	135,901	171,897
Property, plant and equipment	18	85,825	108,952
Investment properties	20	341,540	348,108
Goodwill	21	11,631	11,631
Interests in associates	22	865	6
Financial assets at fair value through other comprehensive income ("**FVTOCI**")	26	812	–
Rental deposits		3,353	3,869
Club membership		366	366
		588,728	653,670
Current assets			
Inventories	23	41,655	50,813
Trade and bills receivables	24	235,678	218,892
Prepayments, deposits and other receivables	25	28,593	22,767
Tax recoverable		17	9,812
Financial assets at fair value through profit or loss ("**FVTPL**")	26	2,803	2,315
Amount due from an associate		1,397	–
Pledged bank deposits	27	20,059	37,241
Bank and cash balances	27	87,718	101,657
		417,920	443,497
Current liabilities			
Trade and bills payables	28	189,407	218,001
Accruals and other payables	29	23,585	24,499
Contract liabilities	30	488	3,344
Lease liabilities	33	10,478	12,461
Short-term bank borrowings	31	87,153	69,885
Tax payables		191	20,291
Long-term bank borrowings	32	28,765	42,187
		340,067	390,668
Net current assets		77,853	52,829
Total assets less current liabilities		666,581	706,499

CONSOLIDATED **STATEMENT OF FINANCIAL POSITION**

At 31 March 2025

	Notes	**2025 HK$'000**	2024 HK$'000
Non-current liabilities			
Long-term bank borrowings	32	**–**	2,800
Lease liabilities	33	**155,435**	188,071
		155,435	190,871
NET ASSETS		**511,146**	515,628
Capital and reserves			
Share capital	34	**3,311**	3,311
Reserves		**506,936**	511,756
Equity attributable to owners of the Company		**510,247**	515,067
Non-controlling interests		**899**	561
Total equity		**511,146**	515,628

The consolidated financial statements on pages 47 to 117 were approved and authorised for issue by the Board of Directors on 30 June 2025 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 2025

	Attributable to owners of the Company												
	Share capital HK$'000 (note 34)	Share premium reserve HK$'000 (note (i))	Special reserve HK$'000 (note (ii))	Investment revaluation reserve HK$'000	Land and building revaluation surplus HK$'000	Foreign currency translation reserve HK$'000 (note (iii))	Statutory reserve HK$'000 (note (iv))	Other reserve HK$'000 (note (v))	Contribution reserve HK$'000 (note (vi))	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2023	3,311	175,562	105,309	(540)	–	29,923	44,449	(20)	15,840	162,093	535,927	–	535,927
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	535	535
Loss for the year	–	–	–	–	–	–	–	–	–	(15,839)	(15,839)	21	(15,818)
Other comprehensive expense for the year:													
Exchange differences on translating foreign operations	–	–	–	–	–	(13,036)	–	–	–	–	(13,036)	5	(13,031)
Fair value loss of financial assets at FVTOCI	–	–	–	(601)	–	–	–	–	–	–	(601)	–	(601)
Revaluation of prepaid land lease and property, plant and equipment upon transfer to investment properties	–	–	–	–	8,616	–	–	–	–	–	8,616	–	8,616
Other comprehensive expense for the year	–	–	–	(601)	8,616	(13,036)	–	–	–	–	(5,021)	5	(5,016)
Total comprehensive expense for the year	–	–	–	(601)	8,616	(13,036)	–	–	–	(15,839)	(20,860)	26	(20,834)
Change in equity for the year	–	–	–	(601)	8,616	(13,036)	–	–	–	(15,839)	(20,860)	561	(20,299)
At 31 March 2024 and 1 April 2024	**3,311**	**175,562**	**105,309**	**(1,141)**	**8,616**	**16,887**	**44,449**	**(20)**	**15,840**	**146,254**	**515,067**	**561**	**515,628**
Profit for the year	–	–	–	–	–	–	–	–	–	2,252	2,252	350	2,602
Other comprehensive expense for the year:													
Exchange differences on translating foreign operations	–	–	–	–	–	(7,403)	–	–	–	–	(7,403)	(12)	(7,415)
Fair value gain of financial assets at FVTOCI	–	–	–	219	–	–	–	–	–	–	219	–	219
Share of other comprehensive income of an associate	–	–	–	–	–	112	–	–	–	–	112	–	112
Other comprehensive expense for the year	–	–	–	219	–	(7,291)	–	–	–	–	(7,072)	(12)	(7,084)
Total comprehensive expense for the year	–	–	–	219	–	(7,291)	–	–	–	2,252	(4,820)	338	(4,482)
Change in equity for the year	–	–	–	219	–	(7,291)	–	–	–	2,252	(4,820)	338	(4,482)
At 31 March 2025	**3,311**	**175,562**	**105,309**	**(922)**	**8,616**	**9,596**	**44,449**	**(20)**	**15,840**	**148,506**	**510,247**	**899**	**511,146**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

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) 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.

(iv) 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.

(v) 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.

(vi) 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 2025

	Notes	2025 HK$'000	2024 HK$'000
OPERATING ACTIVITIES			
Loss before tax		**(5,730)**	(14,648)
Adjustments for:			
Amortisation of prepaid lease payments		**252**	591
Depreciation of property, plant and equipment	18	**15,282**	19,690
Depreciation of right-of-use assets	19	**14,545**	17,498
Share of results of associates		**1,498**	–
Loss on disposal of plant and equipment	10	**4,115**	5,037
Write off of plant and equipment	10	**2,230**	344
Fair value changes of equity securities at FVTPL	9	**(488)**	218
Fair value changes of investment properties	9	**4,684**	(24,872)
Income from wealth management products	9	**(389)**	(317)
Dividend income from equity securities at FVTPL	8	**(138)**	(117)
Government subsidies	8	**(895)**	(1,264)
Evacuation compensation	8	**(3,123)**	–
Finance costs	11	**21,430**	27,708
Bank interest income	8	**(656)**	(191)
Write off of trade receivables	10	**480**	–
Gain on early termination of lease	9	**(3,873)**	–
Operating profit before working capital changes		**49,224**	29,677
Decrease in inventories		**8,325**	4,541
Increase in trade and bills receivables		**(20,995)**	(3,151)
Increase in prepayments, deposits and other receivables		**(5,863)**	(7,423)
(Decrease) increase in trade and bills payables		**(25,001)**	122,344
Decrease in accruals and other payables		**(1,542)**	(6,450)
Increase in amount due from an associate		**(1,397)**	–
(Decrease) increase in contract liabilities		**(2,818)**	1,751
Cash (used in) generated from operations		**(67)**	141,289
Income taxes paid		**(1,505)**	(658)
Net cash (used in) generated from operating activities		**(1,572)**	140,631

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(2,958)**	(5,111)
Purchase of financial assets at FVTOCI		**(593)**	(601)
Decrease (increase) in pledged bank deposits		**16,652**	(27,449)
Capital injection into investment in associates	22	**(2,245)**	(6)
Capital contribution from non-controlling interests		**–**	535
Dividend income from equity securities at FVTPL		**138**	117
Cash inflow from wealth management products		**389**	317
Proceeds from disposal of property, plant and equipment		**1,821**	1,556
Interest received		**656**	191
Net cash generated from (used in) investing activities		**13,860**	(30,451)
FINANCING ACTIVITIES			
Drawdown on new bank borrowings	41	**152,443**	138,484
Repayment of bank borrowings	41	**(150,870)**	(185,374)
Repayment of lease liabilities	41	**(23,554)**	(25,716)
Evacuation compensation		**3,123**	–
Government subsidies		**895**	1,264
Interest paid	41	**(6,821)**	(10,525)
Net cash used in financing activities		**(24,784)**	(81,867)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(12,496)**	28,313
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(1,443)**	(2,552)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**101,657**	75,896
CASH AND CASH EQUIVALENTS AT END OF YEAR, represented by bank and cash balances		**87,718**	101,657

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 42.

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 HKFRS ACCOUNTING STANDARDS

New and amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time which are mandatorily effective for the Group's annual periods beginning on 1 April 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments 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 HKFRS Accounting Standards 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 HKFRS ACCOUNTING STANDARDS (Continued)

Amendments to HKFRS Accounting Standards issued but not yet effective

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

Amendments to HKAS 21	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1. Effective for annual periods beginning on or after 1 January 2025
2. Effective for annual periods beginning on or after 1 January 2026
3. Effective for annual periods beginning on or after 1 January 2027
4. Effective date to be determined by the HKICPA

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

3. MATERIAL ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards which collective term includes all applicable HKFRS, HKAS and interpretations 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.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Basis of preparation (Continued)

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.

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.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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.

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 HKFRS Accounting Standards). 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.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Goodwill (Continued)

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, unless the Group can demonstrate that some other method better reflects the goodwill associated with the operation disposed of.

Investments in subsidiaries

Investments in subsidiaries are included in the statement of financial position of the Company (see note 42) at cost less any identified impairment loss.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Investments in associates (Continued)

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

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.

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as prepaid lease payments) at the date of transfer is recognised in other comprehensive income and accumulated in revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained profits.

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.

3. MATERIAL ACCOUNTING POLICIES (Continued)

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.

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, unless those costs are incurred to produce inventories.

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”.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Definition of a lease (Continued)

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.

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.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Definition of a lease (Continued)

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 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.

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. MATERIAL 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.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Inventories (Continued)

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

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. 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 liability 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.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

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.

(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.

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits/will continue to be held in the investment revaluation reserve.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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.

(i) Significant increase in credit risk

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

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

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

3. MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

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.

(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.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(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:

- 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.

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.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets (Continued)

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

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.

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

Financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities including trade and bills payables, accruals and other payables, lease liabilities 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. MATERIAL 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. MATERIAL 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 related to income 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.

Borrowing costs

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

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

Taxation

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

Current tax

Tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit/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.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax (Continued)

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.

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.

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.

3. MATERIAL ACCOUNTING POLICIES (Continued)

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

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.

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).

3. MATERIAL ACCOUNTING POLICIES (Continued)

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.

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.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Related parties (Continued)

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, 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 in Hong Kong 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. This presumption is rebutted in relation to investment properties in PRC, because the business model applicable to them is to consume substantially all the economic benefits embodied in them over time rather than through sale. Accordingly, deferred tax relating to investment properties in PRC is determined on the basis of recovery through use. As a result, the Group has not recognised any deferred tax on changes in fair value of investment properties.

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

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of 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 2025, the carrying amount of goodwill is approximately HK$11,631,000 (2024: 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 by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might differ materially from the actual result. Details of the judgement and assumptions have been disclosed in note 20. At 31 March 2025, the carrying amount of investment properties are approximately HK$341,540,000 (2024: approximately HK$348,108,000).

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 2025, the carrying amount of trade receivables was approximately HK$198,897,000 (2024: approximately HK$194,150,000, net of ECL provision of approximately HK$216,000 (2024: approximately HK$3,089,000).

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 2025, the carrying amount of inventories was approximately HK$41,655,000 (2024: approximately HK$50,813,000). No write-down of inventories was recognised for both years.

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:

	2025 **HK$'000**	2024 HK$'000
Debt (note a)	**281,831**	315,404
Less: Bank and cash balances and pledged bank deposits	**(107,777)**	(138,898)
Net debt	**174,054**	176,506
Equity (note b)	**510,247**	515,067
Net debt to equity ratio	**34%**	34%

Note:

(a) Debt is defined as short-term, long-term bank borrowings and lease liabilities, as detailed in notes 31, 32 and 33 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

	2025 HK$'000	2024 HK$'000
Financial assets:		
Financial assets at FVTOCI	812	–
Financial assets at FVTPL	2,803	2,315
Financial assets at amortised cost	350,776	366,426
Financial liabilities:		
Financial liabilities at amortised cost	491,091	554,271

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, deposits and other receivables, rental deposits, financial assets at FVTPL, financial assets at FVTOCI, pledged fixed deposits, bank and cash balances, amount due from an associate, trade and bills payables, accruals and other payables, 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 31 and 32 for details of these borrowings). The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

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

The Group has bank deposits and bank borrowings (see notes 27, 31 and 32 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.

6. FINANCIAL INSTRUMENTS (Continued)

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

Market risk (Continued)

ii. Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for its variable rate bank deposits and bank borrowings at the end of the reporting period. The analysis is prepared assuming the amounts of bank deposits and bank borrowings outstanding at the end of each reporting period were outstanding for the whole year. A 100 basis point (2024: 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 (2024: 100 basis points) higher/lower and all other variables were held constant, the Group's profit (loss) after tax for the year ended 31 March 2025 would decrease/increase by approximately HK$946,000 (2024: increase/decrease by approximately HK$929,000).

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% (2024: 10%) higher/lower and all other variables were held constant, the Group's profit (loss) after tax for the year ended 31 March 2025 would increase/decrease by approximately HK$280,000 (2024: decrease/increase by approximately HK$232,000) as a result of the changes in fair value of equity securities at FVTPL.

Credit risk

As at 31 March 2025, 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 35% (2024: 27%) as at 31 March 2025.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 93% (2024: 92%) of the total trade and bills receivables as at 31 March 2025.

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

6. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk

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

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

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

	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 2025						
Non-derivative financial liabilities						
Bank borrowings	118,498	–	–	–	118,498	115,918
Trade and bills payables	189,407	–	–	–	189,407	189,407
Accruals and other payables	19,853	–	–	–	19,853	19,853
Lease liabilities	24,205	23,891	74,406	160,675	283,177	165,913
	351,963	23,891	74,406	160,675	610,935	491,091

	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 2024						
Non-derivative financial liabilities						
Bank borrowings	116,116	2,878	–	–	118,994	114,872
Trade and bills payables	218,001	–	–	–	218,001	218,001
Accruals and other payables	20,866	–	–	–	20,866	20,866
Lease liabilities	28,975	28,559	90,619	192,935	341,088	200,532
	383,958	31,437	90,619	192,935	698,949	554,271

6. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk (Continued)

Long term 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 2025 and 2024, the aggregate undiscounted principal amounts of these bank loans amounted to approximately HK$28,765,000 and approximately HK$28,829,000 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$30,908,000 (2024: approximately HK$31,577,000).

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.

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

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

	Level 1 HK$'000	Level 2 HK$'000
At 31 March 2025		
Financial assets at FVTPL		
Equity securities at FVTPL	**2,803**	**–**
Financial assets at FVTOCI		
Insurance contracts	**–**	**812**
At 31 March 2024		
Financial assets at FVTPL		
Equity securities at FVTPL	2,315	–
Financial assets at FVTOCI		
Insurance contracts	–	–

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

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 2025

	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	533,606	215,240	–	–	748,846
Inter-segment sales	34,308	2,077	–	(36,385)	–
	567,914	217,317	–	(36,385)	748,846
Revenue from other sources					
Gross rental income	–	–	11,590	–	11,590
Total	567,914	217,317	11,590	(36,385)	760,436
Segment results	15,149	10,959	1,768	–	27,876
Dividend income from equity securities at FVTPL					138
Fair value changes of equity securities at FVTPL					488
Income from wealth management products					389
Finance costs					(6,654)
Share of results of associates					(1,498)
Corporate income and expenses, net					(26,469)
Loss before tax					(5,730)

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

For the year ended 31 March 2024

	Corrugated products HK$'000 HK$'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	572,329	185,870	–	–	758,199
Inter-segment sales	37,358	2,677	–	(40,035)	–
	609,687	188,547	–	(40,035)	758,199
Revenue from other sources					
Gross rental income	–	–	6,321	–	6,321
Total	609,687	188,547	6,321	(40,035)	764,520
Segment results	(1,337)	2,460	30,168		31,291
Dividend income from equity securities at FVTPL					117
Fair value changes of equity securities at FVTPL					(218)
Income from wealth management products					317
Finance costs					(10,465)
Corporate income and expenses, net					(35,690)
Loss before tax					(14,648)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profits or losses represented the profit earned (loss incurred) from each segment without allocation of dividend income from equity securities at FVTPL, fair value changes of equity securities at FVTPL, income from wealth management products, finance costs, share of results of associates 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 2025

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Properties leasing HK$'000	Total HK$'000
Segment assets	463,707	173,996	345,693	983,396
Total assets for reportable segments				983,396
Unallocated items:				
Leasehold land in Hong Kong for corporate use				964
Club membership				366
Financial assets at FVTPL				2,803
Financial assets at FVTOCI				812
Tax recoverable				17
Bank balances managed on central basis				571
Others				17,719
Consolidated assets				1,006,648
Segment liabilities	278,758	90,283	3,972	373,013
Total liabilities for reportable segments				373,013
Unallocated items:				
Tax payables				191
Bank borrowings				115,918
Others				6,380
Consolidated liabilities				495,502

7. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

At 31 March 2024

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Properties leasing HK$'000	Total HK$'000
Segment assets	531,945	185,579	348,947	1,066,471
Total assets for reportable segments				1,066,471
Unallocated items:				
Leasehold land in Hong Kong for corporate use				964
Club membership				366
Financial assets at FVTPL				2,315
Tax recoverable and tax reserve certificate				9,812
Bank balances managed on central basis				613
Others				16,626
Consolidated assets				1,097,167
Segment liabilities	343,957	96,064	4,587	444,608
Total liabilities for reportable segments				444,608
Unallocated items:				
Tax payables				20,291
Bank borrowings				114,872
Others				1,768
Consolidated liabilities				581,539

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, club membership, financial assets at FVTPL, financial assets at FVTOCI, tax recoverable, bank balances managed on central basis and other corporate assets; and

- all liabilities are allocated to segments other than tax payables, bank borrowings and other corporate liabilities.

7. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 March 2025

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Properties leasing HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measurement of segment profit or segment assets:					
Depreciation and amortisation	14,055	15,365	–	659	30,079
Interest on lease liabilities	10,869	3,907	–	–	14,776
Additions to non-current assets (note)	2,344	671	–	–	3,015

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 2024

	Corrugated products HK$'000	Offset printed corrugated products HK$'000	Properties leasing HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measurement of segment profit or segment assets:					
Depreciation and amortisation	21,132	15,825	–	822	37,779
Interest on lease liabilities	12,886	4,357	–	–	17,243
Additions to non-current assets (note)	3,762	551	–	800	5,113

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

7. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations are located in the People's Republic of China (the "**PRC**" or "**China**"), Hong Kong and Macau.

Information about the Group's revenue from external customers is presented based on the location of the customers and information about its non-current assets is presented based on the geographical location as detailed below:

	Revenue from external customers		Non-current assets	
	2025	2024	**2025**	2024
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**97,254**	100,820	**241,097**	244,045
Macau	**–**	331	**–**	–
The PRC except Hong Kong and Macau	**663,182**	663,369	**336,000**	397,994
Consolidated total	**760,436**	764,520	**577,097**	642,039

Note: Non-current assets included prepaid lease payments, right-of-use assets, property, plant and equipment, investment properties, rental deposits, financial assets at FVTOCI, club membership and interests in associates.

Information about a major customer:

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

	2025	2024
	HK$'000	HK$'000
Customer A (note)	**76,276**	89,085

Note: Revenue from corrugated products.

8. OTHER INCOME

	2025	2024
	HK$'000	HK$'000
Dividend income from equity securities at FVTPL	**138**	117
Government subsidies	**895**	1,264
Evacuation compensation	**3,123**	–
Bank interest income	**656**	191
Value added tax incentive	**4,260**	–
Other rental income in related to leasing of property, plant and equipment	**858**	417
Rent concession	**1,894**	–
Sundry income	**1,655**	907
	13,479	2,896

9. OTHER GAINS AND LOSSES

	2025 HK$'000	2024 HK$'000
Exchange gain (loss)	**2,152**	(495)
Fair value changes of equity securities at FVTPL	**488**	(218)
Fair value changes of investment properties	**(4,684)**	24,872
Gain on early termination of lease	**3,873**	–
Income from wealth management products	**389**	317
	2,218	24,476

10. OTHER OPERATING EXPENSES

	2025 HK$'000	2024 HK$'000
Loss on disposal of plant and equipment	**4,115**	5,037
Write off of plant and equipment	**2,230**	344
Write off of trade receivables	**480**	–
Labour redundancy costs	**6,424**	4,322
Others	**788**	200
	14,037	9,903

11. FINANCE COSTS

	2025 HK$'000	2024 HK$'000
Interest on:		
– bank borrowings	**6,654**	10,465
– lease liabilities	**14,776**	17,243
	21,430	27,708

12. INCOME TAX (CREDIT) EXPENSE

	2025 HK$'000	2024 HK$'000
Hong Kong Profits Tax		
Current tax	551	527
Under provision in previous years	10,046	729
	10,597	1,256
PRC enterprise income tax ("**EIT**")		
Current tax	44	26
Over-provision for previous years	(18,973)	(112)
	(18,929)	(86)
	(8,332)	1,170

Hong Kong

Hong Kong Profits Tax is calculated at 16.5% (2024: 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 2025, 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 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.

If 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 in the PRC are entitled to claim 100% 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% (2024: 5%) upon distribution of such profits to investors in Hong Kong.

12. INCOME TAX (CREDIT) EXPENSE (Continued)

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. The tax assessments had been agreed and finalised with the IRD, thus resulting in under-provision of Hong Kong Profit Tax of approximately HK$10,821,000. The Group has utilised the tax reserve certificates to settle part of the amount, and paid the remaining balance by cash.

The Group conducted a review of its tax provisions for PRC subsidiaries during the Year, and made a reversal of overprovision of tax for prior years amounting to approximately HK$18,973,000.

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

	2025 **HK$'000**	2024 HK$'000
Loss before tax	**(5,730)**	(14,648)
Tax at rate of 25% (note)	**(1,432)**	(3,662)
Tax effect of income that is not taxable	**(1,814)**	(9,085)
Tax effect of expenses that are not deductible	**3,544**	6,552
Tax effect on temporary differences not recognised	**(450)**	284
Tax effect of tax losses not recognised	**5,432**	18,072
Tax effect of utilisation of tax losses not previously recognised	**(5,644)**	(6,437)
Tax effect of tax deduction	**(790)**	(7,348)
(Over) under provision in previous years	**(8,927)**	617
Effect of different tax rates of subsidiaries	**1,749**	2,177
Income tax (credit) expense	**(8,332)**	1,170

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

13. PROFIT (LOSS) FOR THE YEAR

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

	2025 HK$'000	2024 HK$'000
Depreciation for property, plant and equipment	15,282	19,690
Depreciation for right-of-use assets	14,545	17,498
Amortisation of prepaid lease payments	252	591
Total depreciation and amortisation	30,079	37,779
Gross rental income from investment properties	(11,590)	(6,321)
Less: Direct operating expense of investment properties that generated rental income	1,119	292
	(10,471)	(6,029)
Cost of inventories recognised as an expense	617,260	632,489
Auditor's remuneration	1,000	1,200
Evacuation compensation	(3,123)	–
Labour redundancy costs	6,424	4,322
Lease payments for short-term lease not included in the measurement of lease liabilities	2,596	2,500
Loss on disposal of plant and equipment	4,115	5,037
Net foreign exchange (gain) loss	(2,152)	495
Write off of plant and equipment	2,230	344

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the 6 (2024: 6) directors were as follows:

For the year ended 31 March 2025

	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	–	3,450	–	18	3,468
Mr. CHONG Wa Pan (note (ii))	–	2,700	–	18	2,718
Mr. CHONG Wa Ching	–	2,040	–	18	2,058
	–	8,190	–	54	8,244
Independent non-executive directors:					
Mr. CHAU On Ta Yuen (note (iii))	33	–	–	–	33
Mr. CHEUNG Wang Ip (note (iv))	97	–	–	–	97
Ms. TSUI Pui Man	132	–	–	–	132
Mr. LAW Tze Lun	132	–	–	–	132
	394	–	–	–	394
	394	8,190	–	54	8,638

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

For the year ended 31 March 2024

	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	–	3,210	–	18	3,228
Mr. CHONG Wa Pan (note (ii))	–	2,460	–	18	2,478
Mr. CHONG Wa Ching	–	1,800	–	18	1,818
	–	7,470	–	54	7,524
Independent non-executive directors:					
Mr. CHAU On Ta Yuen	132	–	–	–	132
Ms. TSUI Pui Man	132	–	–	–	132
Mr. LAW Tze Lun	132	–	–	–	132
	396	–	–	–	396
	396	7,470	–	54	7,920

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.

(iii) Mr. Chau On Ta Yuen has resigned as an independent non-executive Director of the Company with effect from 8 July 2024.

(iv) Mr. Cheung Wang Ip has been appointed as an independent non-executive Director of the Company with effect from 8 July 2024.

(b) Directors' termination benefits

During the year ended 31 March 2025, no termination benefits were paid to the Directors (2024: Nil).

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

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

During the year ended 31 March 2025, no consideration was paid for making available the services of the Directors (2024: Nil).

(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 2025, 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 (2024: 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 (2024: Nil).

(f) Employees' emoluments

	2025 HK$'000	2024 HK$'000
Directors' emoluments (note 14(a))	8,638	7,920
Other staff costs		
– Other staff salaries, bonus and allowances	81,394	97,934
– Retirement benefits scheme contributions	10,745	11,075
	100,777	116,929

Of the five individuals with the highest emoluments in the Group, three (2024: three) were directors of the Company whose emoluments are included in the disclosures in note 14(a) above. The emoluments of the remaining two (2024: two) individuals, being senior management of the Company, were as follows:

	2025 HK$'000	2024 HK$'000
Salaries and other allowances	2,645	2,435
Retirement benefits scheme contributions	18	18
	2,663	2,453

Their emoluments were within the following band:

	Number of individuals 2025	2024
Nil-HK$2,000,000	2	2
HK$2,000,001-HK$2,500,000	–	–
HK$2,500,001-HK$3,000,000	–	–
HK$3,000,001-HK$3,500,000	–	–
	2	2

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(g) During the year ended 31 March 2025, 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 (2024: Nil).

(h) No director waived any emoluments in the years ended 31 March 2025 and 2024. 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 2025 and 2024.

15. DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2025 (2024: Nil).

16. EARNINGS (LOSS) PER SHARE

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

Profit (Loss)

	2025 **HK$'000**	2024 HK$'000
Profit (loss) for the year attributable to owners of the Company	**2,252**	(15,839)

Number of shares

	Number of shares **2025**	2024
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	**331,084,000**	331,084,000

For the year ended 31 March 2025 and 2024, there is no potential dilutive shares in the calculation of earnings (loss) per share.

17. PREPAID LEASE PAYMENTS

	2025 **HK$'000**	2024 HK$'000
Prepaid lease payments for land situated in PRC	**8,435**	8,841

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 2023	102,477	2,209	35,478	337,715	9,025	18,501	4,552	509,957
Additions	–	–	3,956	2,516	142	873	–	7,487
Reclassification	–	–	–	(29)	(44)	73	–	–
Transfer to investment properties	(90,175)	–	–	–	–	–	–	(90,175)
Disposal	–	–	–	(9,617)	–	(852)	–	(10,469)
Written off	–	–	(1,497)	(2,246)	(436)	(438)	–	(4,617)
Exchange differences	(3,631)	–	(1,001)	(4,667)	(242)	(230)	(336)	(10,107)
At 31 March 2024 and 1 April 2024	8,671	2,209	36,936	323,672	8,445	17,927	4,216	402,076
Additions	–	–	386	496	1,437	702	–	3,021
Reclassification	–	–	–	(957)	(167)	–	–	(1,124)
Disposal	(356)	–	–	(22,576)	(222)	(911)	–	(24,065)
Written off	–	–	(3,354)	(166)	(561)	–	–	(4,081)
Exchange differences	(131)	–	(549)	(2,056)	(102)	(94)	(166)	(3,098)
At 31 March 2025	8,184	2,209	33,419	298,413	8,830	17,624	4,050	372,729
Accumulated depreciation and impairment								
At 1 April 2023	45,864	1,245	11,261	243,634	7,845	13,217	4,552	327,618
Charge for the year	3,041	40	3,214	11,207	796	1,392	–	19,690
Reclassification	–	–	–	(22)	(10)	32	–	–
Transfer to investment properties	(42,043)	–	–	–	–	–	–	(42,043)
Disposal	–	–	–	(3,865)	–	(11)	–	(3,876)
Written off	–	–	(1,427)	(2,018)	(393)	(435)	–	(4,273)
Exchange differences	(1,478)	–	(289)	(1,670)	(111)	(108)	(336)	(3,992)
At 31 March 2024 and 1 April 2024	5,384	1,285	12,759	247,266	8,127	14,087	4,216	293,124
Charge for the year	300	40	3,278	9,792	615	1,257	–	15,282
Reclassification	–	–	–	(123)	20	–	–	(103)
Disposal	(168)	–	–	(17,039)	(166)	(756)	–	(18,129)
Written off	–	–	(1,196)	(150)	(505)	–	–	(1,851)
Exchange differences	(19)	–	(224)	(892)	(55)	(63)	(166)	(1,419)
At 31 March 2025	5,497	1,325	14,617	238,854	8,036	14,525	4,050	286,904
Carrying amounts								
At 31 March 2025	**2,687**	**884**	**18,802**	**59,559**	**794**	**3,099**	**–**	**85,825**
At 31 March 2024	3,287	924	24,177	76,406	318	3,840	–	108,952

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 2025, the buildings situated in Hong Kong, which have been fully depreciated, and leasehold land in Hong Kong with an aggregate carrying amount of approximately HK$884,000 (2024: approximately HK$924,000) are pledged as security for the banking facilities granted to the Group (note 35).

19. RIGHT-OF-USE ASSETS

	HK$'000
At 1 April 2023	196,187
Depreciation charge	(17,498)
Exchange adjustments	(6,792)
At 31 March 2024 and 1 April 2024	171,897
Lease termination	(18,671)
Depreciation charge	(14,545)
Exchange adjustments	(2,780)
At 31 March 2025	**135,901**

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.

	2025 **HK$'000**	2024 HK$'000
Expense related to short-term leases	**2,507**	2,500
Total cash outflow for leases	**26,061**	28,216

20. INVESTMENT PROPERTIES

	HK$'000
At 1 April 2023	248,680
Transfer from property, plant and equipment and prepaid lease payment	74,347
Exchange difference	209
Increase in fair value recognised in profit or loss (note 9)	24,872
At 31 March 2024 and 1 April 2024	348,108
Exchange difference	(1,884)
Decrease in fair value recognised in profit or loss (note 9)	(4,684)
At 31 March 2025	**341,540**

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 2025, the Group's investment properties of aggregate carrying value of HK$235,900,000 (2024: HK$239,800,000) have been pledged to secure banking facilities granted to the Group (note 35).

The fair values of the Group's investment properties as at 31 March 2025 and 31 March 2024 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 of Hong Kong properties 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. The valuation of PRC properties was arrived by capitalising the estimated rental income having regard to the existing tenancies and potential reversionary income.

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.

20. INVESTMENT PROPERTIES (Continued)

	Fair Value Hierarchy	Valuation Techniques	Significant unobservable inputs	Range	Relation 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$11,409 per square foot to HK$60,356 per square foot (2024: Approximately HK$14,062 per square foot to HK$61,247 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
Investment properties located in PRC	Level 3	Term and reversion method	Market unit rent per square meter	Approximately RMB11.11 per square meter to RMB15.75 per square meter (2024: Approximately RMB10.5 per square meter to RMB16.0 per square meter)	The increase/decrease in the market unit rent would result in an increase/ decrease in the fair value of the property.
			Yield per annum	Approximately 6.5% per annum to 7.0% per annum (2024: Approximately 6.5% per annum to 7.0% per annum)	The increase/decrease in the yield per annum would result in a decrease/ increase in the fair value of the property.

21. GOODWILL

	HK$'000
Cost	
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	11,631
Impairment	
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	–
Carrying values	
At 31 March 2025	**11,631**
At 31 March 2024	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.

21. GOODWILL (Continued)

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 18.69% (2024: 20.45%). The cash flow projections for the 5-year period are extrapolated using an estimated average sale growth pattern at an annualised rate of 0% (2024: 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 10.30% (2024: 19.95%), 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. INTERESTS IN ASSOCIATES

	HK$'000
At 1 April 2023	–
Capital injection	6
Share of post-acquisition loss	–
At 31 March 2024 and 1 April 2024	6
Capital injection	2,245
Share of post-acquisition loss and other comprehensive income	(1,386)
At 31 March 2025	**865**

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

Name of associates	Place of incorporation/ operation	Issued and fully paid up share capital/ registered capital	Proportion of ownership interest and voting power held by the Company 2025	2024	Principal activities
Directly held					
Mass Winner Holdings Limited	Hong Kong	Ordinary HK$5,000,000	45%	45%	Investment holding
Indirectly held					
Come Sure (Thailand) Limited	Thailand	Ordinary Thai Baht 25,000,000	45%	45%	Trading and manufacturing of corrugated paperboards and paper-based packing products

22. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information for associates

Summarised financial information in respect of the Group's associates is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with HKFRS Accounting Standards.

All of these associates are accounted for using the equity method in these financial statements.

Mass Winner Holdings Limited and its subsidiaries ("Mass Winner")

Summarised statement of financial position

	2025	2024
	HK$'000	HK$'000
Current assets	**3,836**	6
Current liabilities	**(3,325)**	–
Non-current assets	**5,114**	–
Non-current liabilities	**(3,704)**	–

Summarised statement of profit or loss and other comprehensive income

	For the year end 31 March	
	2025	2024
	HK$'000	HK$'000
Revenue and other revenue	**961**	–
Loss for the year	**(3,328)**	–
Other comprehensive income	**249**	–
Total comprehensive expense	**(3,079)**	–

Reconciliation of the above summarised financial information to the carrying amount of the interests in the associates recognised in the consolidated financial statements.

22. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information for associates (Continued)

Mass Winner Holdings Limited and its subsidiaries ("Mass Winner") (Continued)

	2025 HK$'000	2024 HK$'000
Net assets at the beginning of the year	6	–
Capital injection	4,994	6
Loss for the year	(3,328)	–
Share of translation reserve	249	–
Net assets at the end of the year	1,921	6
Interests in associates (45%) (note a)	865	6
Carrying amounts	865	6

Note: (a) On 31 March 2024, Mass Winner Holdings Limited allotted a total of 2,994,000 ordinary shares. This consisted of 1,344,000 ordinary shares attributed to the Group, with the total consideration being HK$1,344,000. After this allotment, the total share capital was 3,000,000 ordinary shares, 45% of which were attributed to the Group. As at 31 March 2024, the Group's paid-up capital injection in an associate was HK$6,000.

23. INVENTORIES

	2025 HK$'000	2024 HK$'000
Raw materials	30,760	36,801
Work in progress	1,600	1,619
Finished goods	9,295	12,393
	41,655	50,813

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:

	2025 HK$'000	2024 HK$'000
Trade receivables:		
Not yet due for settlement (note a)	**164,605**	138,661
Overdue:		
1 to 30 days	**18,143**	36,494
31 to 90 days	**10,502**	14,454
91 to 365 days	**4,895**	4,136
Over 1 year	**968**	3,494
	199,113	197,239
Less: Allowance for expected credit losses	**(216)**	(3,089)
	198,897	194,150
Bills receivables not yet due for settlement (note b)	**36,781**	24,742
	235,678	218,892

Notes:

(a) Aged within 120 days.
(b) Aged within 90 days.

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

24. TRADE AND BILLS RECEIVABLES (Continued)

Ageing of trade receivables which are past due but not impaired

	2025 HK$'000	2024 HK$'000
Overdue by:		
1 to 90 days	28,645	50,948
91 to 365 days	4,895	4,136
Over 1 year	752	405
Total	34,292	55,489

Movement in the allowance for expected credit losses

	2025 HK$'000	2024 HK$'000
At 1 April	3,089	3,191
Exchange differences	(31)	(102)
Bad debt written off	(2,842)	–
At 31 March	216	3,089

In determining the recoverability of a trade receivable, 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$216,000 (2024: approximately HK$3,089,000) which are either being placed under liquidation or in severe financial difficulties.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 HK$'000	2024 HK$'000
Prepayments	**1,702**	2,016
Deposits	**2,194**	2,144
Other receivables	**1,774**	2,623
VAT recoverable	**22,923**	15,984
	28,593	22,767

26. FINANCIAL ASSETS AT FVTPL/FVTOCI

	2025 HK$'000	2024 HK$'000
Financial assets at FVTPL		
Equity securities listed in Hong Kong	**2,803**	2,315

Equity securities at FVTPL were stated at fair value based on quoted market prices.

	2025 HK$'000	2024 HK$'000
Financial assets at FVTOCI		
Insurance contracts	**812**	–

The Group entered into life insurance policies with an insurance company to insure two directors and one senior management of the Company (2024: two directors and one senior management of the Company). Under these policies, the Group is the beneficiary and policy holder. The subsidiary paid upfront premiums for these policies and may surrender any time by filing a written request and receive cash based on the surrender value of the policies at the date of withdrawal, denominated in USD, which is calculated by the insurer. In the opinion of the Directors of our Company, the surrender value of these policies provided by the insurance company is the best approximation of its fair value, which is categorised within Level 2 of the fair value hierarchy. During the year ended 31 March 2025, the Group paid approximately HK$593,000 (2024: HK$601,000) for the insurance contracts which the redemption value is HK$812,000 and HK$Nil as at 31 March 2025 and 31 March 2024.

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 35). Deposits amounting to approximately HK$20,059,000 (2024: approximately HK$37,241,000) 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 from 0.10% to 0.80% (2024: 0.20% to 1.25%) 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 1.00% (2024: 0.30% to 1.35%) per annum and are exposed to cash flow interest rate risk.

As at 31 March 2025, bank and cash balances and pledged bank deposits of the Group amounting to approximately HK$92,875,000 (2024: approximately HK$124,832,000) 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 2025, bank and cash balances and pledged bank deposits of the Group amounting to approximately HK$1,686,000 (2024: approximately HK$1,325,000) were denominated in United States dollars ("**US$**").

28. TRADE AND BILLS PAYABLES

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

	2025 HK$'000	2024 HK$'000
Trade payables:		
0 to 30 days	**65,257**	65,674
31 to 90 days	**9,903**	16,161
Over 90 days	**1,593**	1,175
	76,753	83,010
Bills payables (note)	**112,654**	134,991
	189,407	218,001

Note:

All bills payables are due within 180 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

	2025 HK$'000	2024 HK$'000
VAT and other tax payables	3,732	3,633
Accruals and other payables	19,853	20,866
	23,585	24,499

30. CONTRACT LIABILITIES

	2025 HK$'000	2024 HK$'000
Receipts in advance from customers and tenants	488	3,344

Movements in contract liabilities:

	2025 HK$'000	2024 HK$'000
Balance as at 1 April	3,344	1,644
Decrease in contract liabilities as a result of recognising revenue during the year	(3,109)	(1,493)
Increase in contract liabilities as a result of advance from customers during the year	253	3,193
Balance as at 31 March	488	3,344

31. SHORT-TERM BANK BORROWINGS

	2025 HK$'000	2024 HK$'000
Trust receipts loans	7,963	8,385
Short-term bank loans (note)	79,190	61,500
	87,153	69,885

The average interest rates at 31 March were as follows:

	2025	2024
Trust receipts loans	6.24%	6.54%
Short-term bank loans	4.96%	6.60%

31. SHORT-TERM BANK BORROWINGS (Continued)

Note:

At 31 March 2025 and 2024, all short-term bank borrowings were arranged at floating rates, thus exposing the Group to cash flow interest rate risk. As at 31 March 2025, 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 (Note 35).

32. LONG-TERM BORROWINGS

	2025 HK$'000	2024 HK$'000
Bank loans (note)	**28,765**	44,987
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	**11,432**	26,715
More than one year, but not exceeding two years	**5,940**	12,812
More than two years, but not exceeding five years	**11,393**	5,460
More than five years	**–**	–
	28,765	44,987
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)	**(17,333)**	(15,472)
Amounts due within one year (shown under current liabilities)	**(11,432)**	(26,715)
Current portion	**(28,765)**	(42,187)
Non-current portion	**–**	2,800

Note:

The bank loans are arranged at floating rates and expose the Group to cash flow interest rate risk. The average interest rate was 4.77% (2024: 7.14%) per annum at 31 March 2025.

At 31 March 2025 and 2024, the bank loans were secured by the following:

(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 35).

All the long-term bank loans as at 31 March 2025 are denominated in HK$ and RMB.

33. LEASE LIABILITIES

	2025 HK$'000	2024 HK$'000
Total minimum lease payments:		
Within one year	24,205	28,975
More than one year, but not exceeding two years	23,891	28,559
More than two years, but not exceeding five years	74,406	90,619
More than five years	160,675	192,935
	283,177	341,088
Future finance charges on lease liabilities	(117,264)	(140,556)
	165,913	200,532

	2025 HK$'000	2024 HK$'000
Carrying amount:		
Within one year	10,478	12,461
Within a period of more than one year but not more than two years	10,894	12,939
Within a period of more than two years but not more than five years	40,829	50,711
Within a period of more than five years	103,712	124,421
	165,913	200,532
Less: Amount due for settlement within 12 months shown under current liabilities	(10,478)	(12,461)
Amount due for settlement more than 12 months shown under non-current liabilities	155,435	188,071

Lease liabilities as at 31 March 2025 and 2024 represented the lease of production plants and staff quarters in PRC.

34. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	2,000,000	20,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	331,084	3,311

35. 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:

	2025 HK$'000	2024 HK$'000
Property, plant and equipment (note 18)	**884**	924
Investment properties (note 20)	**235,900**	239,800
Bank deposits (note 27)	**20,059**	37,241
	256,843	277,965

36. 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 (2024: 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 2025 were approximately HK$10,799,000 (2024: approximately HK$11,129,000). No forfeited contributions are available to reduce the contribution payable by the Group in the future years.

37. MAJOR NON-CASH TRANSACTIONS

The balance of approximately HK$63,000 (2024: approximately HK$2,376,000) deposits paid for acquisition of property, plant and equipment as at 31 March 2025 was transferred to property, plant and equipment during the year.

38. CAPITAL COMMITMENTS

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

	2025 HK$'000	2024 HK$'000
Capital expenditure contracted but not provided for:		
Purchase of property, plant and equipment	313	193

39. LEASE COMMITMENTS

The Group as lessor

Property rental income earned during the year was approximately HK$11,590,000 (2024: approximately HK$6,321,000). The Group leases its investment properties under operating lease arrangements, with lease terms negotiated ranging from one to twelve years. The terms of the leases generally require tenants to pay upfront security deposits. The investment properties are expected to generate rental yield of 3.4% (2024: 1.8%) on an ongoing basis.

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

	2025 HK$'000	2024 HK$'000
Within one year	11,240	5,304
Between 1 and 2 years	8,800	2,288
Between 2 and 5 years	20,243	1,560
More than 5 years	46,839	–
	87,122	9,152

40. 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:

	2025 HK$'000	2024 HK$'000
Rental in respect of land and buildings paid to related companies (note a)	409	409
Sale of property, plant and equipment to an associate	437	–

Note:

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

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

41. 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$'000	Total HK$'000
At 1 April 2023	216,465	163,817	316	380,598
Changes from financing cash flows:				
Interest paid	–	–	(10,525)	(10,525)
Drawdown of new bank borrowings	–	138,484	–	138,484
Repayment of bank borrowings	–	(185,374)	–	(185,374)
Capital element of lease rentals paid	(8,473)	–	–	(8,473)
Interest element of lease rentals paid	(17,243)	–	–	(17,243)
Other changes:				
Interest expenses	17,243	–	10,465	27,708
Exchange differences	(7,460)	(2,055)	–	(9,515)
At 31 March 2024 and 1 April 2024	**200,532**	**114,872**	**256**	**315,660**
Changes from financing cash flows:				
Interest paid	**–**	**–**	**(6,821)**	**(6,821)**
Drawdown of new bank borrowings	**–**	**152,443**	**–**	**152,443**
Repayment of bank borrowings	**–**	**(150,870)**	**–**	**(150,870)**
Capital element of lease rentals paid	**(8,778)**	**–**	**–**	**(8,778)**
Interest element of lease rentals paid	**(14,776)**	**–**	**–**	**(14,776)**
Other changes:				
Lease termination	**(22,544)**	**–**	**–**	**(22,544)**
Interest expenses	**14,776**	**–**	**6,654**	**21,430**
Exchange differences	**(3,297)**	**(527)**	**–**	**(3,824)**
At 31 March 2025	**165,913**	**115,918**	**89**	**281,920**

42. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31 March 2025 and 2024 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid up share capital/registered capital	Proportion of ownership interest and voting power held by the Company 2025	2024	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 paperboards 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 paperboards and paper-based packaging products/PRC
錦勝國際進出口(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 paperboards 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%	Property holding/PRC

42. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid up share capital/registered capital	Proportion of ownership interest and voting power held by the Company 2025	2024	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
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
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

42. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid up share capital/registered capital	Proportion of ownership interest and voting power held by the Company 2025	2024	Principal activities/ place of operation
Indirectly held (Continued)					
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 RMB50,000,000	100%	100%	Trading of offset printed corrugated paper-based packaging products/PRC
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 RMB120,000,000 Paid up capital RMB115,000,000	100%	100%	Trading and manufacturing of corrugated paperboards and paper-based packaging products/PRC
Mass Linker Limited	Hong Kong	Ordinary HK$10,000	100%	100%	Property holding/Hong Kong
Sky Achiever Holdings Limited	Hong Kong	Ordinary HK$10,000	100%	100%	Trading of paper-based packaging products and molded pulp products/Hong Kong
Come Sure Investment Limited	Hong Kong	Ordinary HK$1,000,000	100%	100%	Investment holding/Hong Kong
中洲紙業(深圳)有限公司 Sky Achiever Paper Industrial (Shenzhen) Company Limited*	PRC wholly foreign owned enterprise	Registered and paid up capital HK$12,500,000	100%	100%	Trading and manufacturing of paper-based packaging products and molded pulp products/PRC
深圳市錦隆高新產業供應鏈有限公司 Shenzhen Jin Long High-Tech Industrial Supply Chain Limited*	PRC non-wholly owned enterprise	Registered capital RMB5,000,000 Paid up capital RMB1,000,000	51%	51%	Trading and manufacturing of 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.

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 HK$'000	2024 HK$'000
Non-current asset		
Investments in subsidiaries (note (a))	**335,379**	335,379
Current assets		
Prepayment	**164**	168
Amounts due from subsidiaries (note (b))	**179,361**	179,361
Bank balances and cash	**518**	563
	180,043	180,092
Current liabilities		
Accruals	**32**	20
Amount due to subsidiaries (note (b))	**137,148**	135,181
Financial guarantee contracts (note (c))	**1,606**	2,553
	138,786	137,754
Net current assets	**41,257**	42,338
NET ASSETS	**376,636**	377,717
Capital and reserves		
Share capital	**3,311**	3,311
Reserves (note (d))	**373,325**	374,406
TOTAL EQUITY	**376,636**	377,717

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

Notes:

(a) Investments in subsidiaries

	2025 HK$'000	2024 HK$'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 2025, the Company has issued guarantees of approximately HK$763,477,000 (2024: approximately HK$842,739,000) and unlimited corporate guarantees to banks in respect of the banking facilities granted to twelve (2024: 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$194,203,000 (2024: approximately HK$226,850,000).

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 2025, the fair value of the financial guarantee contracts was approximately HK$1,606,000 (2024: approximately HK$2,553,000).

(d) Reserves

	Share premium HK$'000	Special reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2023	175,562	141,681	55,795	373,038
Profit for the year	–	–	1,368	1,368
At 31 March 2024 and 1 April 2024	175,562	141,681	57,163	374,406
Loss for the year	–	–	(1,081)	(1,081)
At 31 March 2025	175,562	141,681	56,082	373,325

44. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year presentation.

LIST OF MAJOR PROPERTIES

Details of the Group's major properties as at 31 March 2025 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, Hong Kong (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
Shi Er Tuo Bai Sha Bu Qian Shi Ling Lot, Da Ling Town, Huidong County, Huizhou City, Guangdong Province, the PRC 中國廣東省惠州市惠東縣大嶺鎮十二托白沙布錢石嶺地段	100	Long term	Industrial Land	42,059.77 sq.m. 105,853.25 sq.m.	Investment properties