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## COME SURE GROUP (HOLDINGS) LIMITED

錦勝集團（控股）有限公司\*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00794)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

#### GROUP RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Come Sure Group (Holdings) Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2022 as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022

		Six months ended 30 September	
	Notes	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<b>Revenue</b>	3	<b>476,948</b>	630,051
Cost of goods sold		<b>(396,461)</b>	(547,530)
<b>Gross profit</b>		<b>80,487</b>	82,521
Other income	4	<b>17,473</b>	61,842
Other gains and losses	5	<b>(1,765)</b>	6,469
Selling expenses		<b>(41,788)</b>	(46,562)
Administrative expenses		<b>(46,794)</b>	(61,707)
Reversal of impairment of trade receivables		<b>134</b>	–
Other operating expenses	6	<b>(119)</b>	(70,195)
Finance costs	7	<b>(13,560)</b>	(14,360)
Gain on disposal of subsidiaries	16	<b>–</b>	31,378
<b>Loss before tax</b>		<b>(5,932)</b>	(10,614)
Income tax (expense) credit	8	<b>(2,456)</b>	1,501
<b>Loss for the period</b>	9	<b>(8,388)</b>	(9,113)

\* For identification purposes only

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

*For the six months ended 30 September 2022*

		<b>Six months ended</b>	
		<b>30 September</b>	
	<i>Notes</i>	<b>2022</b>	2021
		<b>HK\$'000</b>	HK\$'000
		<b>(unaudited)</b>	(unaudited)
<b>Loss for the period</b>		<u><b>(8,388)</b></u>	<u>(9,113)</u>
<b>Other comprehensive (expense) income:</b>			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(42,704)	7,654
Release of translation reserve upon disposal of subsidiaries		<u>–</u>	<u>(890)</u>
Other comprehensive (expense) income for the period, net of income tax		<u><b>(42,704)</b></u>	<u>6,764</u>
<b>Total comprehensive expense for the period</b>		<u><b>(51,092)</b></u>	<u>(2,349)</u>
<b>Loss for the period attributable to:</b>			
Owners of the Company		(8,388)	(8,216)
Non-controlling interests		<u>–</u>	<u>(897)</u>
		<u><b>(8,388)</b></u>	<u>(9,113)</u>
<b>Total comprehensive expense for the period attributable to:</b>			
Owners of the Company		(51,092)	(2,058)
Non-controlling interests		<u>–</u>	<u>(291)</u>
		<u><b>(51,092)</b></u>	<u>(2,349)</u>
<b>Loss per share</b>			
Basic and diluted	<i>10</i>	<u><b>(2.44) cents</b></u>	<u>(2.39) cents</u>
<b>Dividend</b>	<i>11</i>	<u>–</u>	<u>–</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2022*

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 September 2022

	<b>30 September 2022 HK\$'000 (unaudited)</b>	31 March 2022 HK\$'000 (audited)
<b>Non-current liabilities</b>		
Long-term bank borrowings	9,100	11,200
Lease liabilities	<u>205,155</u>	<u>233,931</u>
	<u>214,255</u>	<u>245,131</u>
<b>NET ASSETS</b>	<u><u>582,440</u></u>	<u><u>638,455</u></u>
<b>Capital and reserves</b>		
Share capital	3,439	3,439
Reserves	<u>579,001</u>	<u>635,016</u>
<b>TOTAL EQUITY</b>	<u><u>582,440</u></u>	<u><u>638,455</u></u>

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The interim results as set out in this result announcement do not constitute the Group's interim report for the six months ended 30 September 2022, which will be published by the Company in due course, but are extractions thereof.

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

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

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

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

*Amendments to HKFRSs that are mandatorily effective for the current period*

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

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

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

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

HKFRS 17	Insurance Contracts and the related Amendments <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>1</sup>
Amendments to HKFRS 16	Lease liability in a sale and leaseback <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>3</sup> Effective date to be determined

### 3. REVENUE AND SEGMENTAL INFORMATION

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

#### Segmental information

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

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

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

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 3. REVENUE AND SEGMENTAL INFORMATION (Continued)

#### Segment revenues and results

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

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

#### For the six months ended 30 September 2022

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

**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**3. REVENUE AND SEGMENTAL INFORMATION (Continued)**

**Segment revenues and results (Continued)**

**For the six months ended 30 September 2021**

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

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 3. REVENUE AND SEGMENTAL INFORMATION (Continued)

#### Segment revenues and results (Continued)

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

Inter-segment sales are charged at prevailing market rates.

#### Segment assets and liabilities

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

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

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

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

**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**4. OTHER INCOME**

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

**5. OTHER GAINS AND LOSSES**

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

**6. OTHER OPERATING EXPENSES**

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

**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**7. FINANCE COSTS**

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

**8. INCOME TAX EXPENSE (CREDIT)**

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

**Hong Kong**

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2021: 16.5%) on the estimated assessable profits except for the first HK\$2,000,000 of a qualifying group entity's assessable profit which is calculated at 8.25%, in accordance with the two-tiered profit tax rate regime.

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 8. INCOME TAX EXPENSE (CREDIT) (Continued)

#### PRC

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

According to the relevant requirements of the Administrative Measures with regard to the recognition of High and New Technology Enterprise (“**HNTE**”), an enterprise which has obtained the HNTE qualification is entitled to enjoy tax preferential treatment from the year in which the certificate is issued. Furthermore, in accordance with the relevant requirements of the EIT Law, HNTEs are entitled to enjoy a preferential tax rate at the EIT rate of 15%. During the six months ended 30 September 2021 and 2022, a subsidiary, Sky Achiever Paper Industrial (Shenzhen) Company Limited (“**SAP**”) is qualified as HNTE and enjoys a preferential tax concession and the applicable EIT rate is at a reduced rate of 15% from 9 December 2019 to 8 December 2022. The HNTE designation will be reassessed every three years according to relevant rules and regulations.

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

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

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

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

#### Macau

Pursuant to the Macao Special Administrative Region’s Offshore Law, with effect from 1 January 2021, the licenses of Macau offshore institutions (“**MCOs**”) were expired due to the Macao Special Administrative Region’s Offshore Law and its supplementary regulations were revoked. As such, these MCO subsidiaries of the Group no longer enjoyed tax exemption.

#### The Group

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

The Company is in the process of negotiation with IRD in relation to the tax assessments of the subsidiaries and the Directors are of the opinion that there has been no best estimation of the outcome as at the end of this reporting period, taking into account the uncertainties of the outcome of the negotiation which has not been concluded as at the date of this announcement. Thus, no tax provision has been made for the six months ended 30 September 2022 (six months ended 30 September 2021: Nil). The Directors will closely monitor the progress and will make provision in a timely manner where necessary and as appropriate.

**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**9. LOSS FOR THE PERIOD**

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

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

**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**10. LOSS PER SHARE**

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

	<b>Loss for the six months ended 30 September</b>	
	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Loss for the period attributable to owners of the Company	<u><b>(8,388)</b></u>	<u>(8,216)</u>
	<b>Number of shares as at 30 September</b>	
	<b>2022</b>	2021
	<b>(unaudited)</b>	(unaudited)
Weighted average number of ordinary shares at end of period	<u><b>343,858,000</b></u>	<u>343,858,000</u>

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

**11. DIVIDEND**

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

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 12. PROPERTY, PLANT AND EQUIPMENT

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

### 13. TRADE AND BILLS RECEIVABLES

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

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

**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES**

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

*Note:*

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

**15. TRADE AND BILLS PAYABLES**

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

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

**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**16. DISPOSAL OF SUBSIDIARIES**

On 2 July 2021, the Group entered into a share purchase agreement with a wholly-owned subsidiary of Nine Dragons Paper (Holdings) Limited, which is a connected person under the Listing Rules during the year ended 31 March 2022, to dispose the entire equity interest of 60% shareholdings in Turbo Best Holdings Limited and its subsidiaries (“**TBH Group**”) at a consideration of approximately HK\$93,074,000. The disposal was completed on 31 August 2021.

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

	2021 <i>HK\$'000</i>
Property, plant and equipment	68,487
Prepaid lease payments	14,296
Trade and bills receivables	435
Prepayment, deposits and other receivables	1,388
Inventories	6,247
Pledged bank deposits	18
Bank balances and cash	18,954
Trade and bills payables	(2,519)
Accruals and other payables	(1,165)
Contract liabilities	(2,175)
Amount due to non-controlling shareholder	(44,783)
Tax payables	(191)
	<hr/>
Net assets disposed	58,992
Release of translation reserve	(890)
Release of statutory reserve	(58)
Non-controlling interests	3,652
	<hr/>
	61,696
Less: Consideration	(93,074)
	<hr/>
Gain on disposal	31,378
	<hr/> <hr/>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Review

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

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

## **MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

### **Industry Review (Continued)**

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

### **Business Review**

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Business Review (Continued)

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

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Results of Operation

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

### Revenue

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

## **MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

### **Revenue (Continued)**

#### *Guangdong operation*

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

#### *Properties leasing*

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

### **Gross Profit**

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

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Gross Profit (Continued)

#### *Guangdong operation*

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

#### *Properties leasing*

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

### Other Income

The Group's other income for the Period was approximately HK\$17.5 million (for the corresponding period in 2021: approximately HK\$61.8 million). The other income for the Period was mainly generated from the exchange gain and government subsidies. The other income for the corresponding period in 2021 was mainly due to the one-off evacuation compensation received by the Group pursuant to the lease termination in relation to the lease termination agreements of six premises (the "**Premises**") leased by the group on 18 May 2021 (the "**Lease Termination**"). For details of the Lease Termination, please refer to the announcement of the Company dated 18 May 2021 and the circular of the Company dated 16 July 2021.

### Selling and Administrative Expenses

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

### Finance Costs

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

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Other Gains and Losses

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

### Working Capital

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

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

The Group had adopted stringent credit risks management through closely monitoring the creditworthiness and collection history of customers. The Group's trade and bills receivables as at 30 September 2022 was approximately HK\$275.2 million (as at 31 March 2022: approximately HK\$299.2 million). For those existing customers with good payment records and close business relationship, the Group allowed longer credit terms. As the credit terms of trade receivables at Dongguan Factory I ranging from 15 days to 120 days from the month in which the revenue is recognised, the Group's trade and bills receivables turnover days for the Period still fall within a manageable range of 110 days (for the year ended 31 March 2022: 96 days).

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

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Liquidity and Financial Resources

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

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

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

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

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

## **MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

### **Foreign Exchange Risk**

The Group is exposed to foreign currency risk as some of its business transactions, assets and liabilities are denominated in currencies other than the functional currency of the respective members of the Group. The Group will continue to closely monitor the foreign currency exposure and will consider taking appropriate initiatives, including but not limited to hedging significant foreign currency exposure if necessary.

### **Charge of Assets**

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

### **Capital Commitment**

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

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

### **Contingent Liabilities**

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Employees and Remuneration

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

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

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

### Prospect

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Prospect (Continued)

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

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

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

Particulars of the repurchases during the Period are as follows:

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

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

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

## **CORPORATE GOVERNANCE**

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

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

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

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

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

## **AUDIT COMMITTEE**

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

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

## **EVENTS AFTER THE PERIOD**

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

## **PUBLIC FLOAT**

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

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This results announcement is available for viewing on the Company's website at [www.comesure.com](http://www.comesure.com) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk), and the interim report of the Company for the Period containing all the information required by the Listing Rules will be despatched to the Company's shareholders and published on the Company's and the Stock Exchange's websites in due course.

By Order of the Board  
**Come Sure Group (Holdings) Limited**  
**CHONG Kam Chau**  
*Chairman*

Hong Kong, 30 November 2022

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. CHONG Kam Chau, Mr. CHONG Wa Pan and Mr. CHONG Wa Ching; and three independent non-executive Directors, namely Mr. CHAU On Ta Yuen, Ms. TSUI Pui Man and Mr. LAW Tze Lun.*