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)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2024

GROUP RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Come Sure Group (Holdings) Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2024 (the "**Year**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2024

	Notes	**2024** *HK$'000*	2023 *HK$'000*
Revenue	*2*	**764,520**	787,078
Cost of sales		**(632,781)**	(668,789)
Gross profit		**131,739**	118,289
Other income	*3*	**2,896**	10,449
Other gains and losses	*4*	**24,971**	(8,546)
Selling expenses		**(59,066)**	(68,097)
Administrative expenses		**(77,577)**	(89,310)
Other operating expenses	*5*	**(9,903)**	(355)
Finance costs	*6*	**(27,708)**	(28,027)
Loss before tax		**(14,648)**	(65,597)
Income tax expense	*7*	**(1,170)**	(1,639)
Loss for the year	*8*	**(15,818)**	(67,236)
Loss for the year attributable to:			
Owners of the Company		**(15,839)**	(67,236)
Non-controlling interests		**21**	–
		(15,818)	(67,236)
Loss per share			
Basic and diluted	*10*	**HK(4.78) cents**	HK(19.84) cents

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Notes	**2024** **HK$'000**	2023 HK$'000
Loss for the year	*8*	**(15,818)**	(67,236)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(13,031)**	(29,710)
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of prepaid land lease and property, plant and equipment upon transfer to investment property		**8,616**	–
Fair value loss on financial assets at fair value through other comprehensive income		**(601)**	(540)
Other comprehensive expense for the year, net of income tax		**(5,016)**	(30,250)
Total comprehensive expense for the year		**(20,834)**	(97,486)
Total comprehensive expense attributable to:			
Owners of the Company		**(20,860)**	(97,486)
Non-controlling interests		**26**	–
		(20,834)	(97,486)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Prepaid lease payments		**8,841**	28,035
Right-of-use assets		**171,897**	196,187
Property, plant and equipment		**108,952**	182,339
Investment properties		**348,108**	248,680
Goodwill		**11,631**	11,631
Interests in an associate		**6**	–
Financial assets at fair value through other comprehensive income ("**FVTOCI**")		**–**	–
Deposits paid for acquisition of property, plant and equipment		**679**	3,169
Rental deposits		**3,869**	3,729
Club membership		**366**	366
		654,349	674,136
Current assets			
Inventories		**50,813**	57,338
Trade and bills receivables	*11*	**218,892**	222,836
Prepayments, deposits and other receivables		**22,088**	15,406
Tax recoverable and tax reserve certificate		**9,812**	10,663
Financial assets at fair value through profit or loss ("**FVTPL**")		**2,315**	2,533
Pledged bank deposits		**37,241**	10,054
Bank and cash balances		**101,657**	75,896
		442,818	394,726

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 31 March 2024

	Notes	**2024** **HK$'000**	2023 HK$'000
Current liabilities			
Trade and bills payables	*12*	**218,001**	98,673
Accruals and other payables		**24,499**	31,873
Contract liabilities		**3,344**	1,644
Lease liabilities		**12,461**	9,881
Short-term bank borrowings		**69,885**	100,009
Tax payables		**20,291**	20,463
Long-term bank borrowings		**42,187**	56,808
		390,668	319,351
Net current assets		**52,150**	75,375
Total assets less current liabilities		**706,499**	749,511
Non-current liabilities			
Long-term bank borrowings		**2,800**	7,000
Lease liabilities		**188,071**	206,584
		190,871	213,584
NET ASSETS		**515,628**	535,927
Capital and reserves			
Share capital		**3,311**	3,311
Reserves		**511,756**	532,616
Equity attributable to owners of the Company		**515,067**	535,927
Non-controlling interests		**561**	–
Total equity		**515,628**	535,927

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17	Insurance Contracts and related Amendments
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising From a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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

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:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Related Amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of Exchangeability[2]

[1] Effective for annual periods beginning on or after 1 January 2024
[2] Effective for annual periods beginning on or after 1 January 2025
[3] Effective date to be determined

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

2. REVENUE AND SEGMENT INFORMATION

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

Segment information

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

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

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

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 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 2024

	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	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)

2. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

For the year ended 31 March 2023

	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	582,781	198,461	–	–	781,242
Inter-segment sales	66,223	2,993	–	(69,216)	–
	649,004	201,454	–	(69,216)	781,242
Revenue from other sources					
Gross rental income	–	–	5,836	–	5,836
Total	649,004	201,454	5,836	(69,216)	787,078
Segment results	(24,861)	(5,014)	(3,966)		(33,841)
Dividend income from equity securities at FVTPL					110
Fair value changes of equity securities at FVTPL					(107)
Income from wealth management products					571
Finance costs					(9,475)
Corporate income and expenses, net					(22,855)
Loss before tax					(65,597)

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 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.

2. 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 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**

2. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

At 31 March 2023

	Corrugated products *HK$'000*	Offset printed corrugated products *HK$'000*	Properties leasing *HK$'000*	Total *HK$'000*
Segment assets	591,538	195,397	249,460	1,036,395
Total assets for reportable segments				1,036,395
Unallocated items:				
Leasehold land in Hong Kong for corporate use				964
Club membership				366
Financial assets at FVTPL				2,533
Tax recoverable and tax reserve certificate				10,663
Bank balances managed on central basis				518
Others				17,423
Consolidated assets				1,068,862
Segment liabilities	240,765	89,999	6,103	336,867
Total liabilities for reportable segments				336,867
Unallocated items:				
Tax payables				20,463
Bank borrowings				163,817
Others				11,788
Consolidated liabilities				532,935

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, tax recoverable and tax reserve certificate, 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.

2. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information

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, investment properties and deposits paid for acquisition of property, plant and equipment.

For the year ended 31 March 2023

	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	22,794	16,423	–	771	39,988
Interest on lease liabilities	13,656	4,877	–	19	18,552
Additions to non-current assets *(note)*	9,467	1,706	1,190	–	12,363

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

2. 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 locations detailed below:

	Revenue from external customers		Non-current assets *(note)*	
	2024	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**100,820**	130,772	**244,045**	251,792
Macau	**331**	–	**–**	–
The PRC except Hong Kong and Macau	**663,369**	656,306	**398,673**	410,713
Consolidated total	**764,520**	787,078	**642,718**	662,505

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

Information about major customers

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

	2024	2023
	HK$'000	*HK$'000*
Customer A *(note)*	**89,085**	99,096

Note: Revenue from corrugated products.

3. OTHER INCOME

	2024 *HK$'000*	2023 *HK$'000*
Dividend income from equity securities at FVTPL	**117**	110
Government subsidies	**1,264**	2,086
Bank interest income	**191**	493
Other rental income	**417**	368
Exchange gain	**–**	6,894
Sundry income	**907**	498
	2,896	10,449

4. OTHER GAINS AND LOSSES

	2024 *HK$'000*	2023 *HK$'000*
Fair value changes of equity securities at FVTPL	**(218)**	(107)
Fair value changes of investment properties	**24,872**	(9,010)
Income from wealth management products	**317**	571
	24,971	(8,546)

5. OTHER OPERATING EXPENSES

	2024 *HK$'000*	2023 *HK$'000*
Loss on disposal of plant and equipment	**5,037**	43
Write off of plant and equipment	**344**	238
Labour redundancy costs	**4,322**	–
Others	**200**	74
	9,903	355

6. FINANCE COSTS

	2024	2023
	HK$'000	*HK$'000*
Interest on:		
– bank borrowings	**10,465**	9,475
– lease liabilities	**17,243**	18,552
	27,708	28,027

7. INCOME TAX EXPENSE

	2024	2023
	HK$'000	*HK$'000*
Hong Kong Profits Tax:		
– Current tax	**527**	579
– Under provision for previous years	**729**	618
	1,256	1,197
PRC Enterprise Income Tax ("**EIT**"):		
– Current tax	**26**	20
– (Over)/under provision for previous years	**(112)**	422
	(86)	442
	1,170	1,639

Hong Kong

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

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.

7. INCOME TAX EXPENSE (Continued)

PRC (Continued)

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 2024, two subsidiaries, Guangdong Come Sure Environmental Protection Technology Company Limited and Guangdong Come Sure Wah Ming Environmental Protection Technology Company Limited are qualified as HNTE and enjoy a preferential tax concession and the applicable EIT rate is at a reduced rate of 15% from 28 December 2023 to 27 December 2026. The HNTE designation will be reassessed every three years according to relevant rules and regulations.

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

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

Certain subsidiaries of the Group 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% (2023: 5%) upon distribution of such profits to investors in Hong Kong.

The Group

The Inland Revenue Department of Hong Kong ("**IRD**") issued estimated assessment and additional assessment for the years of assessment 2009/10 to 2017/18 to six subsidiaries of the Group amounting to approximately HK$30,698,000. The Group had made objections to IRD on these assessments and purchased tax reserve certificates amounting to HK$9,766,000 in aggregate. IRD has held over the payment of profits tax of approximately HK$20,204,000.

8. LOSS FOR THE YEAR

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

	2024 *HK$'000*	2023 *HK$'000*
Depreciation for property, plant and equipment	**19,690**	21,085
Depreciation for right-of-use assets	**17,498**	18,117
Amortisation of prepaid lease payments	**591**	786
Total depreciation and amortisation	**37,779**	39,988
Gross rental income from investment properties	**(6,321)**	(5,836)
Less: Direct operating expense of investment properties that generated rental income	**292**	183
	(6,029)	(5,653)
Cost of inventories recognised as an expense	**632,489**	668,606
Auditor's remuneration	**1,200**	1,200
Lease payments for short-term lease not included in the measurement of lease liabilities	**2,500**	2,601
Net foreign exchange loss (gain)	**495**	(6,894)

9. DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: Nil).

10. LOSS PER SHARE

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

Loss

	2024 *HK$'000*	2023 *HK$'000*
Loss for the year attributable to owners of the Company	**(15,839)**	(67,236)

Number of shares

	Number of shares 2024	2023
Weighted average number of ordinary shares (after adjustment for the effects of repurchase of shares) for the purpose of basic and diluted loss per share	**331,084,000**	338,853,392

For the year ended 31 March 2024 and 2023, there is no potential dilutive shares in the calculation of loss per share.

11. 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:

	2024	2023
	HK$'000	*HK$'000*
Trade receivables:		
Not yet due for settlement *(note a)*	**138,661**	162,713
Overdue:		
1 to 30 days	**36,494**	7,235
31 to 90 days	**14,454**	7,363
91 to 365 days	**4,136**	294
Over 1 year	**3,494**	3,600
	197,239	181,205
Less: Allowance for expected credit losses	**(3,089)**	(3,191)
	194,150	178,014
Bills receivables not yet due for settlement *(note b)*	**24,742**	44,822
	218,892	222,836

Notes:

(a) Aged within 120 days.

(b) Aged within 180 days.

11. TRADE AND BILLS RECEIVABLES (Continued)

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

Ageing of trade receivables which are past due but not impaired

	2024	2023
	HK$'000	*HK$'000*
Overdue by:		
1 to 90 days	**50,948**	14,598
91 to 365 days	**4,136**	294
Over 1 year	**405**	409
Total	**55,489**	15,301

Movement in the allowance for expected credit losses

	2024	2023
	HK$'000	*HK$'000*
At 1 April	**3,191**	3,427
Exchange differences	**(102)**	(236)
At 31 March	**3,089**	3,191

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$3,089,000 (2023: approximately HK$3,191,000) which are either being placed under liquidation or in severe financial difficulties.

12. TRADE AND BILLS PAYABLES

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

	2024	2023
	HK$'000	*HK$'000*
Trade payables:		
0 to 30 days	**65,674**	58,042
31 days to 90 days	**16,161**	2,003
Over 90 days	**1,175**	353
	83,010	60,398
Bills payables *(note)*	**134,991**	38,275
	218,001	98,673

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

During the year ended 31 March 2024 (the "**Year**"), the People's Republic of China (the "**PRC**" or "**China**") experienced a slow recovery in its economy as well as the overall consumer spending, primarily due to the profound adverse impact that the COVID-19 pandemic has on both global and domestic economy which still persists and the crisis experienced by the PRC developers of the real estate market. The Chinese paper packaging industry, in particular, has encountered ongoing challenges, such as supply and demand imbalances resulting from weakened demand in paper and paper products and rising operating costs. Additionally, intense competition within the industry put pressure on the production capacity, technological capabilities, and pricing strategies of Chinese paper packaging manufacturers. According to data from the National Bureau of Statistics of China (the "**NBSC**"), the total revenue of the PRC's paper and paper products industry for the full year 2023 decreased by 2.4% year-on-year ("**YoY**") to approximately RMB1,392.6 billion.

Furthermore, according to statistics from the China Packaging Federation, the national paper and paperboard container manufacturing industry recorded a cumulative export value of approximately RMB8.47 billion in the full year of 2023, marking a YoY decline of 11.3%. Throughout the Year, global trade activity continued to weaken due to various global factors, including destocking in the United States, geopolitical uncertainties and banking crises. As a result, customers adopted cautious and conservative strategies in their business operations, and some even shifted their supply chains from China to other Southeast Asian regions to reduce production costs and diversify risks, further impacting the export attributed by the China's paper packaging industry.

Despite facing the challenging market environment, the online retail market in China continued to exhibit long-term growth potential. According to the NBSC, the PRC's annual online retail sales in 2023 had an YoY increase of 11.0%, reaching approximately RMB15,426.4 billion. This growth supported the expansion of the PRC's express delivery industry and drove the demand for high-quality paper packaging products. To seize industry development opportunities and maintain sustainable business growth, Chinese paper packaging manufacturers had to maintain efficient operations, as well as to possess innovative product and technological capabilities, to ensure they meet the ever-increasing industry standards.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review

During the Year, the Group continued to focus on providing high value-added printed corrugated paper-based packaging products and services. Despite the long term growth potential of the online retail market in China driving the demand for high quality paper packaging products, the demand for related paper packaging products is still recovering for the Year due to the challenging global business environment and the weakened domestic appliance demand caused by the crisis faced by the real estate industry. Additionally, to reduce production costs and diversify risk, several customers of the Group shifted their supply chains from China to other regions in Southeast Asia to lower operation costs, further increased the sales pressure on the Group.

Facing the challenges, the Group made efforts to expand its domestic market visibility and maintain sales levels by leveraging its good reputation and credit in the PRC's paper packaging industry. During the Year, the Group successfully increased the portion of paperboard and semi-finished products in its sales mix, leading to receiving more sales orders from the domestic market. This was achieved through diversifying the customer base and adjusting the product mix. The Group also expanded its sales of paper packaging products to the medical equipment sector. With the mentioned efforts by the Group, the Group managed to maintain its sales volume during the Year. The paperboard and semi-finished products of the Group generally have a lower unit selling price compared to its printed corrugated paper packaging products, but also have a lower cost of sales and shorter trade receivables turnover cycle. As a result, the average unit price of the Group's products declined during the Year, and despite achieving a similar sales volume when compared to the previous fiscal year, the Group's revenue for the Year slightly decreased by approximately 2.9% to approximately HK$764.5 million.

The Group continuously reviewed its internal monitoring and risk management system to maintain its competitive advantage in the fiercely competitive market. Although there was a slight decrease in the revenue for the Year, the Group managed to improve its gross profit and gross profit margin to approximately HK$131.7 million and 17.2% respectively (2023: approximately HK$118.3 million and approximately 15.0%). Such improvement was mainly attributed to the Group's adjustment in its sales mix, stringent cost control and the integration of production lines through the operation of the newly established factory in Dongguan during the Year, which effectively reduced fixed costs and enhanced cost efficiency of the Group.

Business Review (Continued)

Furthermore, the Group's effective inventory management relied on its strong and mutually beneficial relationships with key suppliers. During the Year, the Group continued to receive stable and high-quality supply of raw materials, allowing it to flexibly adjust the portion of domestic and imported raw material procurement to match its business strategy changes. The Group proactively reviewed its internal control and risk management system from time to time and stayed alert to the potential market changes, striving to maintain sustainable business growth with its well-established reputation and internal risk control capabilities.

The increased profitability of the Group's properties leasing business during the Year also contributed to the improvement in its total gross profit. After integrating the production lines into the new factory in Dongguan, the Group successfully transferred the former Huizhou production base into an investment property, which the Group expects to generate additional rental income for the Group in the upcoming year. In addition, the change of use of the mentioned property also contributed to the Group's profitability for the Year. The Group recorded a fair value gain of approximately HK$24.9 million for investment properties (2023: fair value loss of approximately HK$9.0 million). The Group achieved a net loss of approximately HK$15.8 million for the Year (2023: net loss of approximately HK$67.2 million). The Group will continue to adopt a prudent approach amid the volatile market, continued to closely monitor the economic development and property market conditions, and reviewed the performance of its investment portfolio from a long-term investment perspective.

Result of Operation

	2024		2023	
	HK$'000	*(%)*	*HK$'000*	*(%)*
Paper-based packaging				
PRC domestic sales	**663,369**	**87.5**	656,306	84.0
Domestic delivery export	**56,108**	**7.4**	80,451	10.3
Direct export	**38,722**	**5.1**	44,485	5.7
	758,199	**100**	781,242	100.0
Properties investment				
Rental income	**6,321**		5,836	
Total Revenue	**764,520**		787,078	
Gross profit margin		**17.2**		15.0
Net loss margin		**(2.1)**		(8.5)

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Revenue

The Group has been mainly engaging in high value-added business, including the production of high-quality corrugated paperboard and structurally-designed paper-based packaging products, which are commonly used for home appliance packaging. The domestic real estate and home appliance retail markets in China remained weak during the Year. Faced with uncertainties in the global and domestic economic environment, our customers remained cautious in their business activities, and further slowed down their order frequency.

To achieve ongoing expansion and integration of the business, the Group adjusted its business strategies and sales mix during the Year, and allocated more resources to the sales of paperboard and semi-finished products. Although the paperboard and semi-finished products generally have lower unit prices compared to the Group's printed corrugated paper packaging products, such adjustment improved the Group's sales volume and operation efficiency. Moreover, the Group continued to focus on expanding the domestic market and diversifying its customer base during the Year, which leads to the Group receiving more sales orders from domestic customers and expanding its sales further in the medical equipment sector. The overall sales volume was therefore maintained during the Year.

In addition to the decline in the average unit price of Group products following the changes to the Group's sales mix, the Group's production capacity was slightly affected during the Year by its production line maintenance and integration. The Group's revenue for the year slightly decreased to approximately HK$764.5 million (2023: approximately HK$787.1 million). Nonetheless, the Group believes that the expansion of its business outreach and integration of its production line to increase cost effectiveness allows it to build a solid foundation to seize opportunities and ensure sustainable long-term business development.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Revenue (Continued)

Guangdong operation

Guangdong operation, being the focus of the Group's business, is mainly engaged in high-value-added paper packaging activities. As mentioned earlier, market demand for paper packaging products experienced fluctuations and the maintenance and integration of its production lines underwent by the Group during the Year, resulted in a decrease in the Group's revenue attributable to the Guangdong operations. The revenue attributable to Guangdong operations for the Year amounted to approximately HK$733.7 million (2023: approximately HK$773.3 million).

Facing these challenges, the Group actively changed its business strategies to match market needs by allocating more resources to the sales of paperboard and semi-finished goods. Furthermore, by leveraging the Group's advanced production capacity and brand recognition accumulated over the years in Guangdong and surrounding areas, the Group successfully attracted new orders in the domestic market during the Year. It also expanded its customer base in the domestic paper packaging industry, particularly in the medical equipment sector. The Group is optimistic that these efforts shall contribute to the Group's long-term business development.

Properties investment

During the Year, the Group's revenue generated from the properties leasing business remained stable at approximately HK$6.3 million (2023: approximately HK$5.8 million).

Gross Profit

During the Year, the Group faced pressure in maintaining its gross profit while facing the slight decrease in its revenue mainly attributable to the impact of the operating environment mentioned in "Business Review" and the change in the Group's sales mix. To adapt to market changes, the Group consistently controlled costs throughout the Year and reduced fixed costs, including employee costs and asset depreciation, by integrating regional operations and production lines.

Raw materials also caused significant cost pressure for the Group. With strategic changes in the sales mix, the Group further relied on flexible procurement channels to ensure cost-effectiveness and efficient inventory management. Maintaining long-term business relationships with key suppliers enabled the Group to ensure sufficient and high-quality paper supply at reasonable costs during the Year. The Group continued to enhance internal management and operational efficiency, and the gross profit from the Group's property leasing business also increased during the Year. Therefore, despite a decrease in revenue, the Group's overall gross profit for the Year increased to approximately HK$131.7 million (2023: approximately HK$118.3 million), with the gross profit margin also improved to approximately 17.2% (2023: approximately 15.0%).

Gross Profit (Continued)

Guangdong operation

Guangdong operation, being the focus of the Group's business, is mainly engaged in production of high quality corrugated paperboard and value-added structurally-designed paper-based packaging products. In response to market demands, the Group increased the proportion of paperboard and semi-finished goods in its sales mix during the Year. It has also expanded its domestic market presence and attracted new customers to maintain stable sales. Alongside the shift in sales strategy, the Group integrated its production lines during the Year to reduce fixed costs and enhance operational efficiency. The gross profit margin for the Guangdong operation rose to approximately 17.1% (2023: approximately 14.6%), with a corresponding increase of approximately 11.6% in gross profit to HK$125.7 million (2023: approximately HK$112.6 million).

Properties investment

The cost of properties leasing represented the direct outgoings of the investment properties. The gross profit of properties leasing for the Year increased by approximately 5.3% to approximately HK$6.0 million (2023: approximately HK$5.7 million).

Other Income

The other income for the Year was mainly generated from government subsidies and sundry income. Due to a decrease in foreign exchange gains during the Year, other income for the Year reduced to approximately HK$2.9 million (2023: approximately HK$10.4 million).

Other Gains and Losses

During the Year, the Group recorded other gains of approximately HK$25.0 million (2023: other losses of approximately HK$8.6 million). The gains mainly represented the fair value gain on investment properties of approximately HK$24.9 million during the Year, of which fair value gain of approximately HK$32.6 million from the former Huizhou production base transferred into investment property during the Year and fair value loss of approximately HK$7.7 million from other existing investment properties. The fair value loss of investment properties for the corresponding period of 2023 was approximately HK$9.0 million. The Group continued to monitor the market dynamics closely, while evaluating the operation efficiency and returns of its investment portfolio from time to time.

Selling and Administrative Expenses

In line with the decreased revenue, with the strategic increase in the sales proportion of paperboard and semi-finished goods (which involved relatively lower commission rates compared to other high value-added products of the Group) and our efforts to implement stringent cost control measures for business sustainability, the selling expenses for the Year decreased by approximately 13.3% to approximately HK$59.1 million (2023: approximately HK$68.1 million). The Group continued to enforce strict internal monitoring and risk management throughout the Year, and the integration of production capacity had proven effective in enhancing operational efficiency. Consequently, the administrative expenses for the Year also decreased by approximately 13.1% to around HK$77.6 million (2023: approximately HK$89.3 million).

Other Operating Expenses

The Group's other operating expenses increased to approximately HK$9.9 million for the Year (2023: approximately HK$0.4 million). The increase of the other operating expenses for the Year was mainly from the one-off expenses incurred from the disposal of factory machinery and equipment and labour redundancy costs during the process of production line integration.

Finance Costs

The finance costs were mainly occurred from interest on lease liabilities and bank loan. Upon the application of HKFRS 16 Leases, the Group's interest expenses for lease liabilities for the Year decreased to approximately HK$17.2 million (2023: approximately HK$18.6 million). The interest rate stayed at a peak levels globally during the Year. Hence, the Group's interest on bank borrowings for the Year increased to approximately HK$10.5 million (2023: approximately HK$9.5 million).

Net Loss and Dividend

The Group recorded net loss of approximately HK$15.8 million during the Year (2023: net loss of approximately HK$67.2 million). The decrease of net loss was mainly due to the fair value gain on investment properties primarily attributable to the change of the former Huizhou production base into an investment property, and increase in gross profit due to adjustment in sales mix and integration of certain existing production lines of the Group. Correspondingly, the Group recorded a net loss margin of approximately 2.1% for the Year, whereas the net loss margin for the year ended 31 March 2023 was approximately 8.5%.

The basic and diluted loss per share for the Year was HK4.78 cents (2023: basic and diluted loss per share was HK19.84 cents). The Board does not propose payment of final dividend for the Year.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Capital Structure

The Group's current ratio (calculated as current assets divided by current liabilities) for the Year decreased slightly to approximately 1.13 as at 31 March 2024 (as at 31 March 2023: approximately 1.24), mainly due to the increase in trade and bills payables of the Group, partially offset by the increase in bank balances and cash and decrease in short-term bank borrowings. The Group maintained a stable current ratio by adopting a prudent treasury policy.

The Company's issued share capital as at 31 March 2024 was HK$3,310,840 divided into 331,084,000 shares of HK$0.01 each.

Working Capital

	2024	2023
	Turnover days	Turnover days
Trade and bills receivable	**106**	121
Trade and bills payable	**92**	61
Inventories	**31**	43
Cash conversion cycle*	**45**	103

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

The Group changed its sales mix during the Year by increasing the portion of paperboard and semi-finished goods in sales which had a shorter trade receivables turnover cycle than the Group's printed corrugated paper packaging products. Therefore, the Group's trade and bills receivables as at 31 March 2024 decreased to approximately HK$218.9 million (as at 31 March 2023: approximately HK$222.8 million), with trade and bills receivables turnover days improved to 106 days for the Year as compared to 121 days for the year ended 31 March 2023. The Group will continue to adopt stringent credit risks management, and closely monitored the creditworthiness and collection history of its customers.

To match the changes in the Group's sales mix during the Year, the Group strengthened its control on procurement with the objective to improve cost and inventory efficiency. The Group enjoyed stable supplies of raw paper with reasonable cost, and prolonged the trade and bill payables turnover pattern, attributed to its close collaboration relationship with the suppliers. The Group's trade and bills payables as at 31 March 2024 was approximately HK$218.0 million (as at 31 March 2023: approximately HK$98.7 million), the trade and bill payables turnover days for the Year increased significantly to 92 days as compared to 61 days for the year ended 31 March 2023.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Working Capital (Continued)

Given the lead time of paperboard and semi-finished goods is shorter than the Group's other printed corrugated paper-based packaging products, the Group's inventories turnover days improved to 31 days for the Year (for the year ended 31 March 2023: 43 days), with inventories decreased to approximately HK$50.8 million as at 31 March 2024, compared to HK$57.3 million as at 31 March 2023.

As a result of the abovementioned factors, the Group's cash conversion cycle was shortened to 45 days for the Year (as at 31 March 2023: 103 days), showing the Group's operation efficiency enhanced with the Group's effort in production line integration and strategic change in sales mix during the Year.

Liquidity and Financial Resources

	As at 31 March	
	2024	2023
Current ratio	**1.13**	1.24
Gearing ratio	**10.5%**	15.3%

During the Year, the principal sources of working capital of the Group remained to be the cash flow from operating activities and bank borrowings. The Group's bank and cash balances was approximately HK$138.9 million as at 31 March 2024 (as at 31 March 2023: approximately HK$86.0 million), including pledged deposit of approximately HK$37.2 million (as at 31 March 2023: approximately HK$10.1 million). To secure future cashflow, the Group also had unused banking facilities of approximately HK$437.9 million as at 31 March 2024.

The Group's current assets and current liabilities increased to approximately HK$442.8 million and approximately HK$390.7 million respectively as at 31 March 2024, as compared to approximately HK$394.7 million and approximately HK$319.4 million respectively as at 31 March 2023. The current ratio (current assets divided by current liabilities) of the Group maintained at a healthy level of approximately 1.13 as at 31 March 2024 (as at 31 March 2023: approximately 1.24).

All the bank borrowings of the Group were secured, mostly denominated in HKD and RMB and carried floating interest rates. The total outstanding bank borrowings of the Group were approximately HK$114.9 million as at 31 March 2024 (as at 31 March 2023: approximately HK$163.8 million), of which approximately HK$96.6 million was repayable within one year and approximately HK$18.3 million was repayable after one years.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Liquidity and Financial Resources (Continued)

As at 31 March 2024, the Group's liquidity position improved with gearing ratio (total borrowings divided by total assets) of approximately 10.5% (as at 31 March 2023: approximately 15.3%). The Group maintained sufficient cash level and banking facilities, enabling the Group to manage its capital for sustainable business growth with flexibility, as well as to seize potential investment opportunities in the future.

Foreign Exchange Risk

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

Charge of Assets

As at 31 March 2024, the Group pledged certain assets including bank deposits, property, plant and equipment, and investment properties, with aggregate net book value of approximately HK$278.0 million (as at 31 March 2023: approximately HK$258.4 million), to secure banking facilities granted to the Group.

Capital Commitment

As at 31 March 2024, the Group's capital expenditure regarding property, plant and equipment, which are contracted but not provided, was approximately HK$0.2 million (as at 31 March 2023: approximately HK$1.7 million).

The Group did not have any capital expenditure authorized but not contracted for as at 31 March 2024 (as at 31 March 2023: Nil).

Contingent Liabilities

The Inland Revenue Department of Hong Kong ("**IRD**") issued estimated assessment and additional assessment for the year of assessment 2009/10 to 2017/18 to six subsidiaries of the Group amounting to 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.

The Company is in the process of negotiation with IRD in relation to the tax assessments of the subsidiaries and the Directors are of the opinion that there has been no best estimation of the outcome as at the end of the Year, 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 Year (2023: Nil). The Directors will closely monitor the progress and will make provision in a timely manner where necessary and as appropriate.

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 2024, the Group had 785 employees in total (as at 31 March 2023: 933). The Group's total expenses on the remuneration of employees, including the emolument of the Company's Directors for the Year were approximately HK$116.9 million (2023: approximately HK$137.4 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 generally structured to market terms by reference, were also awarded to eligible employees in accordance with the assessment of individual performance.

Prospect

The business environment in which the Group is engaged in has become more uncertain with global risks such as inflationary pressures and geopolitical tensions. To address market volatility and rising raw material costs, the Group will continue to implement a diversified procurement strategy, including sourcing raw materials from both domestic and international suppliers and leveraging the long-term cooperative relationships with existing suppliers. By diversifying the procurement sources, the Group aims to mitigate risks, ensure quality standards, and maintain 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 increased demand for high quality environmentally friendly packaging is expected to provide potential growth opportunities for the PRC's paper packaging industry, despite it is expected that intense market competition and pressure to meet higher environmental and industry standards shall follow with such opportunities. To address changing market demands, the Group will continue to integrate its resources and production, such as allocating more resources to the production of paperboard and semi-finished packaging products, to better equip itself in facing these challenges. This approach has effectively expanded the Group's domestic market and enhanced the Group's operational efficiency during the Year.

Recognizing the evolving trends in the paper packaging industry towards higher standards in terms of safety, lightweight and ease of transportation to meet the needs of fast-paced logistics and e-commerce, the Group will continue to review its business operations and remain innovative in business development and strategies. By leveraging advanced production technologies, the Group aims to ensure its product quality meets the market demands, further solidifying its leading position in the PRC's corrugated paper packaging industry.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Prospect (Continued)

Upon integrating the production lines into the Dongguan factories, the Group's former production base in Huizhou was transferred into investment properties during the Year and successfully leased out in June 2024 to an independent third party, which the Group expects to contribute more rental income to the Group. Under uncertain economic conditions, the Group adopts a more cautious approach and currently has no significant investment plans. To achieve sustainable profitability and deliver maximum long-term returns to shareholders, the Group will continue to regularly review the adequacy and effectiveness of its internal cost management, risk management, and investment strategies based on market conditions.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 March 2024 and the date of this announcement, the Group does not have any intended plans for material investments or capital assets.

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

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

CORPORATE GOVERNANCE

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

The Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on 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 standard for securities transactions by the 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.

AUDIT COMMITTEE

The main duties of the audit committee (the "**Audit Committee**") of the Company are to consider the relationship with the 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. The Audit Committee consists of three independent non-executive Directors, namely Mr. LAW Tze Lun (the chairman of the Audit Committee), Mr. CHAU On Ta Yuen and Ms. TSUI Pui Man.

The Audit Committee, together with the management of the Company and the external auditors, have reviewed this results announcement and 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.

DIVIDENDS

The Board does not propose any payment of final dividend for the Year.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting ("**AGM**") to be held on 9 September 2024, the register of members of the Company will be closed from 4 September 2024 to 9 September 2024, 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 3 September 2024.

EVENT AFTER THE REPORTING PERIOD

There is no significant event occurring after the end of the Year up to the date of this announcement.

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 2024.

SCOPE OF WORK OF CONFUCIUS INTERNATIONAL CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this results announcement have been agreed by the Group's auditors, Confucius International CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Confucius International CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Confucius International CPA Limited in this announcement.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company will be published on the websites of the Company and the Stock Exchange in due course and despatched to the Company's shareholders upon request.

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

Hong Kong, 28 June 2024

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.