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## **LISI GROUP (HOLDINGS) LIMITED**

### **利時集團（控股）有限公司**

*(Incorporated in Bermuda with limited liability)*  
(Stock Code: 526)

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

The board (the “Board”) of directors (the “Directors”) of Lisi Group (Holdings) Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2022 (the “Reporting Period”) together with the comparative figures as follows:

### **CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

For the six months ended 30 September 2022 – unaudited  
(Expressed in Renminbi (“RMB”))

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2022</b>	2021
	<i>Note</i>	<b>RMB’000</b>	<i>RMB’000</i>
		<b>(Unaudited)</b>	(Unaudited)
			<i>(Note)</i>
<b><u>Continuing Operations</u></b>			
<b>Revenue</b>	3	<b>1,277,444</b>	1,021,096
Cost of sales		<b>(933,359)</b>	(744,106)
<b>Gross profit</b>	3(b)	<b>344,085</b>	276,990
Other income	4	<b>8,233</b>	46,651
Selling and distribution expenses		<b>(49,204)</b>	(44,828)
Administrative expenses		<b>(63,864)</b>	(52,998)

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2022</b>	2021
	<i>Note</i>	<b>RMB'000</b>	<i>RMB'000</i>
			<i>(Restated)</i>
		<b>(Unaudited)</b>	(Unaudited)
			<i>(Note)</i>
<b>Profit from operations</b>		<b>239,250</b>	225,815
Finance costs	5(a)	<b>(26,770)</b>	(38,753)
Net valuation loss on investment properties		<b>(3,918)</b>	(9,520)
Impairment losses on financial assets and contract assets	5(c)	<b>(2,601)</b>	(341)
<b>Profit before taxation</b>	5	<b>205,961</b>	177,201
Income tax	6	<b>(37,195)</b>	(6,777)
Profit for the period from Continuing Operations		<b>168,766</b>	170,424
<b><u>Discontinued Operations</u></b>			
Profit/(loss) for the period from Discontinued Operations	12(a)	<b>2,067,715</b>	(82,290)
<b>Profit for the period attributable to equity shareholders of the Company</b>		<b>2,236,481</b>	88,134
<b><u>From Continuing Operations and Discontinued Operations</u></b>			
<b>Earnings per share (RMB cent)</b>			
Basic	7(a)	<b>27.8</b>	1.10
Diluted	7(b)	<b>27.8</b>	1.10
<b><u>From Continuing Operations</u></b>			
<b>Earnings per share (RMB cent)</b>			
Basic	7(a)	<b>2.10</b>	2.12
Diluted	7(b)	<b>2.10</b>	2.12

*Note:* The comparison information has been re-presented to show the results of Discontinued Operations separately. See Notes 3 and 12.

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

For the six months ended 30 September 2022 – unaudited  
(Expressed in RMB)

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	(Unaudited)	(Unaudited)
<b>Profit for the period</b>	<b>2,236,481</b>	88,134
<b>Other comprehensive (loss)/income for the period (after tax and reclassification adjustments):</b>		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation into presentation currency	<u>(14,155)</u>	<u>5,030</u>
<b>Other comprehensive (loss)/income for the period</b>	<b><u>(14,155)</u></b>	<b><u>5,030</u></b>
<b>Total comprehensive income for the period attributable to equity shareholders of the Company</b>	<b><u>2,222,326</u></b>	<b><u>93,164</u></b>
<b>Total comprehensive income/(loss) for the period attributable to equity holders of the Company arisen from:</b>		
– Continuing Operations	<b>154,611</b>	174,969
– Discontinued Operations	<b><u>2,067,715</u></b>	<b><u>(81,805)</u></b>
	<b><u>2,222,326</u></b>	<b><u>93,164</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022 – unaudited

(Expressed in RMB)

		30 September 2022	31 March 2022
	<i>Note</i>	<b>RMB'000</b> (Unaudited)	<b>RMB'000</b> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	8	<b>446,184</b>	504,724
Investment properties		<b>577,272</b>	1,774,302
Financial assets at fair value through profit or loss (“FVPL”)		–	808,419
Deferred tax assets		<b>16,790</b>	16,216
		<u><b>1,040,246</b></u>	<u>3,103,661</u>
<b>Current assets</b>			
Inventories		<b>258,573</b>	281,603
Trade and other receivables and contract assets	9	<b>964,126</b>	841,724
Prepayments	9	<b>55,178</b>	290,195
Financial assets at FVPL		<b>811,393</b>	–
Restricted cash		<b>241,111</b>	172,878
Cash and cash equivalents		<b>334,968</b>	320,504
		<u><b>2,665,349</b></u>	<u>1,906,904</u>
<b>Current liabilities</b>			
Trade and other payables	10	<b>714,086</b>	1,922,528
Promissory note		–	318,262
Bank and other loans		<b>752,905</b>	2,422,568
Lease liabilities		<b>13,578</b>	15,551
Income tax payable		<b>47,148</b>	41,817
		<u><b>1,527,717</b></u>	<u>4,720,726</u>
<b>Net current assets/(liabilities)</b>		<u><b>1,137,632</b></u>	<u>(2,813,822)</u>
<b>Total assets less current liabilities</b>		<u><b>2,177,878</b></u>	<u>289,839</u>

	<b>30 September 2022</b>	31 March 2022
<i>Note</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current liabilities</b>		
Bank and other loans	–	64,600
Lease liabilities	<b>29,661</b>	33,952
Deferred tax liabilities	<b>180,686</b>	446,082
	<u>210,347</u>	<u>544,634</u>
<b>NET ASSETS</b>	<b><u>1,967,531</u></b>	<b><u>(254,795)</u></b>
<b>CAPITAL AND RESERVES</b>		
Share capital	11(b) <b>69,888</b>	69,888
Reserves	<b>1,897,643</b>	(324,683)
<b>TOTAL EQUITY</b>	<b><u>1,967,531</u></b>	<b><u>(254,795)</u></b>

## NOTES

### 1. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange” and the “Listing Rules” respectively), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

In addition, the disposal of the car-sale business and car trading platform business has been completed during the Reporting Period and the details are set out in Notes 3 and 12.

This interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

### 2. ACCOUNTING POLICIES

#### Changes in accounting policies

The Group has applied the following amendments to the HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

- Annual Improvements to HKFRs 2018-2020
- Amendments to HKFRS 3, Reference to the Conceptual Framework
- Amendments to HKAS16, Property, plant and equipment: Proceeds before intended use
- Amendments to HKAS37, Provisions, contingent liabilities and contingent assets: Onerous contracts - cost of fulfilling a contract

The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3. REVENUE AND SEGMENT REPORTING

#### (a) Disaggregation of revenue

Two business segments including car-sale and car trading platform (“Automotive Business”) were discontinued and disposed during the Reporting Period. Subsequent to the disposal of Automotive Business, the Group will focus its resources and efforts on its continuing business segments which include (i) manufacturing and trading; (ii) retail; (iii) wholesale; and (iv) investments holding. The segment information reported below does not include any amounts for these Discontinued Operations, which are described in more detail in Note 12. The comparative segment disclosures have been represented to conform with the Reporting Period’s presentation.

Disaggregation of revenue by major products of service lines and geographical location of customers is as follows:

	Six months ended 30 September	
	2022	2021
	RMB’000	RMB’000
	(Unaudited)	(Restated) (Unaudited)
<b>Continuing Operations</b>		
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products of service lines		
– sales of goods	1,169,297	932,115
– rendering of services	67,957	38,494
	<u>1,237,254</u>	<u>970,609</u>
<b>Revenue from other sources</b>		
– investment income	22,096	30,990
– rental income from operating leases	18,094	19,497
	<u>40,190</u>	<u>50,487</u>
	<u>1,277,444</u>	<u>1,021,096</u>

Disaggregation of revenue from contracts with customers by timing of revenue recognition is disclosed as follows:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<i><b>RMB'000</b></i>	<i>RMB'000</i>
		<i>(Restated)</i>
	<b>(Unaudited)</b>	(Unaudited)
<b><u>Continuing Operations</u></b>		
<b>Revenue from contracts with customers</b>		
<b>within the scope of HKFRS 15</b>		
Disaggregated by timing of revenue recognition		
– Point in time	<b>1,172,986</b>	970,609
– Over time	<b>64,268</b>	–
	<b>1,237,254</b>	970,609

**(b) Segment reporting**

The Group manages its business by lines of business. The Group's reportable segment for the Reporting Period are presented as follows:

**Continuing Operations**

- Manufacturing and trading: this segment manufactures and trades plastic and metallic household products.
- Retail: this segment manages the supermarket operations and property rental services.
- Wholesale: this segment carries out the wholesale of wine and electrical appliances business, and provides central air-conditioner installation services.
- Investments holding: this segment manages the investments in debt and equity securities.

**Discontinued Operations**

- Car-sale: this segment carries out the trading of imported cars.
- Car trading platform: this segment provides imported cars platform services and property rental services.

No operating segments have been aggregated to form the above reportable segments.



(i) *Segment results*

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and net income are allocated to the reportable segments with reference to revenue and net income generated by those segments and the expenses incurred by those segments. Inter-segment sales are priced with reference to prices charged to external parties for similar products or services. Other than inter-segment sales, assistance provided by one segment to another is not measured.

The measure used for reporting segment result is gross profit. The Group's operating expenses such as selling and distribution expenses and administrative expenses, and assets and liabilities are not monitored by the Group's senior executive management based on segment. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income not derived from investment in debt or equity securities, interest expenses and reconciliation of reportable segment profit to consolidated profit before tax is presented.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the Reporting Period and the six months ended 30 September 2021 is set out below.

	Six months ended 30 September 2022 (Unaudited)								
	Continuing Operations					Discontinued Operations			Total
	Manufacturing and trading	Retail	Wholesale	Investments holding	Sub-total	Car-sale	Car trading platform	Sub-total	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Revenue from external customers	751,916	168,931	334,501	22,096	1,277,444	-	749	749	1,278,193
Inter-segment revenue	4,071	8,525	36,022	-	48,618	-	-	-	48,618
<b>Reportable segment revenue</b>	<b>755,987</b>	<b>177,456</b>	<b>370,523</b>	<b>22,096</b>	<b>1,326,062</b>	<b>-</b>	<b>749</b>	<b>749</b>	<b>1,326,811</b>
<b>Reportable segment profit</b>	<b>211,669</b>	<b>41,920</b>	<b>68,400</b>	<b>22,096</b>	<b>344,085</b>	<b>-</b>	<b>600</b>	<b>600</b>	<b>344,685</b>
	Six months ended 30 September 2021 (Unaudited)								
	Continuing Operations					Discontinued Operations			
	Manufacturing and trading	Retail	Wholesale	Investments holding	Sub-total	Car-sale	Car trading platform	Sub-total	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	521,596	164,365	304,145	30,990	1,021,096	-	10,589	10,589	1,031,685
Inter-segment revenue	-	-	41,635	-	41,635	-	51	51	41,686
<b>Reportable segment revenue</b>	<b>521,596</b>	<b>164,365</b>	<b>345,780</b>	<b>30,990</b>	<b>1,062,731</b>	<b>-</b>	<b>10,640</b>	<b>10,640</b>	<b>1,073,371</b>
<b>Reportable segment profit/(loss)</b>	<b>131,157</b>	<b>56,968</b>	<b>57,875</b>	<b>30,990</b>	<b>276,990</b>	<b>-</b>	<b>(153)</b>	<b>(153)</b>	<b>276,837</b>

(ii) Reconciliations of reportable segment revenue

	Six months ended 30 September	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b><u>Continuing Operations</u></b>		
Reportable segment revenue	1,326,062	1,062,731
Elimination of inter-segment revenue	(48,618)	(41,635)
	<hr/>	<hr/>
Consolidated revenue	<b>1,277,444</b>	<b>1,021,096</b>
	<hr/> <hr/>	<hr/> <hr/>

4. OTHER INCOME

	Six months ended 30 September	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b><u>Continuing Operations</u></b>		
Government grants	2,918	2,655
Interest income on cash at bank	3,987	2,674
(Loss)/gain on disposal of property, plant and equipment	(48)	19,547
Gain on disposal of investment properties	–	21,629
Others	1,376	146
	<hr/>	<hr/>
	<b>8,233</b>	<b>46,651</b>
	<hr/> <hr/>	<hr/> <hr/>

5. PROFIT BEFORE TAXATION

**Continuing Operations**

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Six months ended 30 September	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	14,679	17,811
Interest on lease liabilities	1,278	1,392
Other finance costs	10,813	19,550
	<hr/>	<hr/>
Total borrowing costs	<b>26,770</b>	<b>38,753</b>
	<hr/> <hr/>	<hr/> <hr/>

(b) Staff costs

	Six months ended	
	30 September	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, wages and other benefits	72,509	64,681
Contributions to defined contribution retirement plans	2,824	4,409
	<u>75,333</u>	<u>69,090</u>

(c) Other items

	Six months ended	
	30 September	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories	880,681	601,241
Depreciation and amortization		
– owned property, plant and equipment	35,721	32,815
– right-of-use assets	9,521	7,169
Impairment losses on financial assets and contract assets	2,601	341
Net foreign exchange gain, net	19	9,683
	<u>19</u>	<u>9,683</u>

6. INCOME TAX

	Six months ended	
	30 September	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b><u>Continuing Operations</u></b>		
<b>Current taxation</b>		
– Provision for the six months period	39,891	29,806
– (Over)/under-provision in respect of prior years	(2,529)	405
	<u>37,362</u>	<u>30,211</u>
<b>Deferred taxation:</b>		
– Origination and reversal of temporary differences	(167)	(23,434)
	<u>37,195</u>	<u>6,777</u>

*Notes:*

- (i) Hong Kong Profits Tax rate for the Reporting Period is 16.5% (six months ended 30 September 2021: 16.5%). No provision for Hong Kong Profits Tax has been made as the Company and the subsidiaries of the Group incorporated in Hong Kong did not have assessable profits subject to Hong Kong Profits Tax for the Reporting Period (six months ended 30 September 2021: RMBNil).
- (ii) The Group established in the Mainland China are subject to PRC Corporate Income Tax rate of 25% for the Reporting Period (six months ended 30 September 2021: 25%). One of the Group's subsidiaries in the Mainland China enjoyed a preferential PRC Corporate Income Tax rate of 15% applicable for enterprise with advanced and new technologies.
- (iii) Subsidiaries incorporated in other jurisdictions are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

## **7. EARNINGS PER SHARE**

### **(a) Basic earnings per share**

The calculation of basic earnings per share from Continuing Operations and Discontinued Operations for the Reporting Period is based on the profit attributable to ordinary equity shareholders of the Company of RMB2,236,481,000 (six months ended 30 September 2021: profit of RMB88,134,000) and the weighted average of 8,044,020,000 ordinary shares from Continuing Operations and Discontinued Operations (six months ended 30 September 2021: 8,044,020,000 ordinary shares) in issue during the six months period.

The calculation of basic earnings per share from Continuing Operations for the Reporting Period is based on the profit attributable to ordinary equity shareholders of the Company of RMB168,766,000 (six months ended 30 September 2021: profit of RMB170,424,000) and the weighted average of 8,044,020,000 ordinary shares from Continuing Operations (six months ended 30 September 2021: 8,044,020,000 ordinary shares) in issue during the six months period.

### **(b) Diluted earnings per share**

There were no potential dilutive ordinary shares from Continuing Operations and Discontinued Operations during the Reporting Period (six months ended 30 September 2021: Nil).

## **8. PROPERTY, PLANT AND EQUIPMENT**

During the Reporting Period, the Group acquired items of property, plant and equipment with a cost of RMB81,140,000 of which right-of-use asset recognised was RMB25,405,000 (six months ended 30 September 2021: RMB81,575,000 and RMB20,995,000). Items of property, plant and equipment with a net book value of RMB41,927,000 were disposed during the Reporting Period (six months ended 30 September 2021: RMB25,663,000).

## 9. TRADE AND OTHER RECEIVABLES, CONTRACT ASSETS AND PREPAYMENTS

	At 30 September 2022 RMB'000 (Unaudited)	At 31 March 2022 RMB'000 (Audited)
Trade receivables from:		
– Third parties	145,410	151,598
– Companies under the control of a shareholder of the Company (Note (i))	700,499	451,416
	<u>845,909</u>	<u>603,014</u>
Less: loss allowance	<u>(8,546)</u>	<u>(68,500)</u>
	837,363	534,514
Bills receivables	<u>1,064</u>	<u>–</u>
	<u>838,427</u>	<u>534,514</u>
Amounts due from companies under the control of a shareholder of the Company (Note (ii))	<u>876</u>	<u>876</u>
Other receivables (Note (iii))	20,376	1,822,088
Less: loss allowance	<u>(1,643)</u>	<u>(1,621,225)</u>
	<u>18,733</u>	<u>200,863</u>
Financial assets measured at amortised cost	<u>858,036</u>	<u>736,253</u>
Deposits:		
– Deposits for operating leases expenses paid to third parties	7,409	7,686
– Others	<u>3,414</u>	<u>7,078</u>
	<u>10,823</u>	<u>14,764</u>
Trade and other receivables (Note (iv))	868,859	751,017
Contract assets (Note (v))	<u>95,267</u>	<u>90,707</u>
	<u>964,126</u>	<u>841,724</u>
Prepayments:		
– Prepayments to suppliers	50,924	288,310
– Others	<u>4,254</u>	<u>1,885</u>
	<u>55,178</u>	<u>290,195</u>

*Notes:*

- (i) The balance mainly related to transactions under an export agency agreement entered into between the Group and a company under the control of a shareholder of the Company.
- (ii) The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.
- (iii) Other receivables include advances to customers of car trading platform segment and prepayment for purchase of parallel imported cars which orders were subsequently cancelled, amounted to RMB1,815,745,000 at 31 March 2022.
- (iv) All of the trade and other receivables are expected to be recovered or recognized as expenses within one year.
- (v) Contract assets are mainly arising from performance under the sale and installation of HVAC. The Group's HVAC business requires stage payments. A 20% to 30% of the consideration of goods will be payable after the completion of the installation inspection. This amount is included in contract assets until the completion of installation inspection as the Group's entitlement to this final payment is conditional upon the Group's work satisfactorily passing inspection. The contract assets are expected to be fully recovered in three years.

**Ageing analysis**

Included in trade and other receivables are trade receivables (net of loss allowance) with the following ageing analysis (based on earlier of the invoice date and revenue recognition) as of the end of the reporting period:

	<b>At</b>	<b>At</b>
	<b>30 September</b>	<b>31 March</b>
	<b>2022</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Within 1 month	<b>141,901</b>	143,359
More than 1 month but less than 3 months	<b>294,821</b>	240,597
Over 3 months	<b>401,705</b>	150,558
	<b>838,427</b>	534,514

## 10. TRADE AND OTHER PAYABLES

	At 30 September 2022 RMB'000 (Unaudited)	At 31 March 2022 RMB'000 (Audited)
Trade payables to:		
– Third parties	198,888	216,623
– Companies under the control of shareholders of the Company	<u>77,923</u>	<u>67,886</u>
	276,811	284,509
Bills payable	<u>235,209</u>	<u>189,550</u>
	<u>512,020</u>	<u>474,059</u>
Amounts due to companies under the control of shareholders of the Company ( <i>Note (i)</i> )	<u>53,777</u>	<u>46,652</u>
Accrued charges and other payables:		
– Accrued expenses	20,792	21,991
– Payables for staff related costs	75,183	71,614
– Deposits from customers and suppliers:		
– Third parties	9,650	22,052
– Company under the control of shareholders of the Company	–	265
– Interest payables	7,854	338,509
– Payables for miscellaneous taxes	3,576	32,244
– Payables for acquisition of subsidiaries	–	243,300
– Others	<u>3,791</u>	<u>249,070</u>
	<u>120,846</u>	<u>979,045</u>
Financial liabilities measured at amortised cost	686,643	1,499,756
Expected credit loss for financial guarantee granted	–	376,081
Contract liabilities ( <i>Note (ii)</i> )	<u>27,443</u>	<u>46,691</u>
	<u>714,086</u>	<u>1,922,528</u>

### Notes:

- (i) The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.
- (ii) The entire contract liabilities balance at the beginning of the year 2021 and 2022 have been recognised as revenue or reclassified as other payables due to cancellation of order during the year.

All of the trade and other payables are expected to be settled or recognised as revenue within one year or are repayable on demand.

Included in trade and other payables are trade and bills payables with the following ageing analysis (based on the invoice date) as of the end of the reporting period:

	At <b>30 September</b> <b>2022</b> <i>RMB'000</i> <b>(Unaudited)</b>	At 31 March 2022 <i>RMB'000</i> (Audited)
Within 1 month	<b>156,172</b>	187,780
Over 1 month but within 3 months	<b>142,205</b>	86,053
Over 3 months but within 6 months	<b>97,768</b>	185,913
Over 6 months	<b>115,875</b>	14,313
	<b>512,020</b>	474,059

## 11. CAPITAL, RESERVES AND DIVIDENDS

### (a) Dividends

#### (i) Dividends payable to equity shareholders of the Company attributable to the interim period.

The directors of the Company did not recommend the payment of an interim dividend for the Reporting Period (six months ended 30 September 2021: RMBNil).

#### (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period.

No dividend in respect of the previous financial period has been approved during the Reporting Period (six months ended 30 September 2021: RMBNil).



(b) **Share capital**

	<b>Six months ended 30 September 2022</b>		<b>Year ended 31 March 2022</b>	
	<i>No. of shares</i>		<i>No. of shares</i>	
	<i>'000</i>	<i>HK\$'000</i>	<i>'000</i>	<i>HK\$'000</i>
<b>Authorised:</b>				
Ordinary shares				
at HK\$0.01 each	<b>10,000,000</b>	<b>100,000</b>	10,000,000	100,000

	<b>Six months ended 30 September 2022</b>		<b>Year ended 31 March 2022</b>	
	<i>No. of shares</i>		<i>No. of shares</i>	
	<i>'000</i>	<i>RMB'000</i>	<i>'000</i>	<i>RMB'000</i>
<b>Ordinary shares, issued and fully paid:</b>				
At 1 April and at 30 September/31 March	<b>8,044,020</b>	<b>69,888</b>	8,044,020	69,888

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

**12. DISCONTINUED OPERATIONS AND DISPOSAL OF SUBSIDIARIES**

Pursuant to the announcement of the Company dated 6 May 2022, the seller, being the Company, and the purchaser, an independent third party, entered into the sale and purchase agreement on 6 May 2022, pursuant to which to the Company has conditionally agreed to sell, and the purchaser has conditionally agreed to acquire, the entire issued share capital of the Robust Cooperation Limited, Mega Convention Group Limited and their respective subsidiaries (the "Disposal Group") at a total consideration of HK\$3 million. The Disposal Group is principally engaged in the car-sale and car trading platform business. On 21 June 2022, the transaction was completed and the members of the Disposal Group ceased to be subsidiaries of the Company.

Two business discontinued along with the completion of disposal of the Disposal Group as set out below:

1. Car-sale business; and
2. Car trading platform business.

The comparative figures in the consolidated statement of profit or loss have been restated to re-present the discontinued operations. The profit for the period from 1 April 2022 to 21 June 2022 and the loss for the six months ended 30 September 2021 from the Disposal Group is set out below:

**12(a). RESULTS OF THE DISCONTINUED OPERATIONS INCLUDED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	<b>For the period from 1 April 2022 to 21 June 2022 RMB'000 (Unaudited)</b>	Six months ended 30 September 2021 RMB'000 (Restated) (Unaudited)
Revenue	749	10,589
Expenses	(53,131)	(70,145)
Other items	(3,216)	(22,734)
<b>Loss before taxation</b>	<b>(55,598)</b>	<b>(82,290)</b>
Income tax	(1,045)	–
<b>Loss for the period</b>	<b>(56,643)</b>	<b>(82,290)</b>
Gain on disposal of subsidiaries, net of transactions costs (Note 12(b))	2,124,358	–
<b>Profit/(loss) for the period from Discontinued Operations</b>	<b>2,067,715</b>	<b>(82,290)</b>

**12(b). ASSETS AND LIABILITIES DISPOSED OF AT DISPOSAL DATE**

The assets and liabilities disposed of at disposal date:

	<b>At 21 June 2022 RMB'000 (Unaudited)</b>
Non-current assets	1,245,403
Current assets	455,644
Current liabilities	(3,596,841)
Non-current liabilities	<u>(266,734)</u>
<b>Net liabilities disposed of</b>	<b>(2,162,528)</b>
Cash consideration (HK\$3 million)	(2,565)
Exchange difference reclassified subsequently to profit or loss	<u>40,735</u>
<b>Gain on disposal of subsidiaries</b>	<b><u><u>(2,124,358)</u></u></b>
Net cash inflows arising on disposal:	
Cash consideration received	2,565
Total bank balance disposed of	<u>–</u>
<b>Net cash inflows</b>	<b><u><u>2,565</u></u></b>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL HIGHLIGHTS**

#### **Continuing Operations**

The Continuing Operations of the Group comprised (i) manufacturing and trading business; (ii) retail business; (iii) wholesale business and (iv) investments holding business, which together reported revenue of approximately RMB1,277.4 million for the Reporting Period, representing an increase of 25.1% when compared with the revenue of approximately RMB1,021.1 million reported for the corresponding period last year. Net profit of the Continuing Operations for the Reporting Period was approximately RMB168.8 million when compared to a net profit of RMB170.4 million for the corresponding period last year. The Group's basic and diluted earnings per share of the Continuing Operations for the Reporting Period were RMB2.10 cent and the Group's basic and diluted earnings of the Continuing Operations per share were RMB2.12 cent for the corresponding period last year.

#### **Discontinued Operations**

On 6 May 2022, the Group entered into an agreement to sell the Automotive Business which comprised of car-sale and car trading platform business at a consideration of HK\$3 million. The disposal was completed in 21 June 2022. The gain on disposal of Automotive Business of approximately RMB2,124.3 million was recognized in the Reporting Period. Excluded the gain on disposal of Automotive Business of approximately RMB2,124.3 million, the net loss of the Discontinued Operations for the period from 1 April 2022 to 21 June 2022 was approximately RMB56.6 million.

#### **Continuing Operations and Discontinued Operations**

Including both the results of Continuing Operations and Discontinued Operations, the Group recorded a revenue of approximately RMB1,278.1 million for the Reporting Period, representing an increase of 23.9% when compared with the revenue of approximately RMB1,031.7 million reported for the corresponding period last year. Net profit for the Reporting Period was approximately RMB2,236.5 million compared to a net profit of RMB88.1 million for the corresponding period last year. The Group's basic and diluted earnings per share for the Reporting Period were RMB27.8 and the Group's basic and diluted earnings per share were RMB1.10 cent for the corresponding period last year.

#### **Net Assets, Liquidity and Financial Resources**

As at 30 September 2022, the Group's net assets increased to RMB1,967.5 million, rendering net asset value per share at RMB24.5 cent. The increase in net assets is mainly due to the disposal of Automotive Business of net liabilities by approximately RMB2,162.5 million during the period.

As at 30 September 2022, the Group's total assets were valued at RMB3,705.6 million, including cash and bank deposits of approximately RMB335.0 million. Consolidated bank loans and other borrowings amounted to RMB752.9 million. Debt-to-equity ratio (bank loans and other borrowings over total equity) has been improved significantly from (976.1)% as at 31 March 2022 to 38.3% as at 30 September 2022. The significant change in the debt-to-equity ratio was mainly due to the disposal of Automotive Business which included bank loans and other borrowings amounted to approximately RMB1,667.8 million.

Most of the Group's business transactions were conducted in RMB and US\$. As at 30 September 2022, the Group's major borrowings included bank loans, loan from other financial institutions which had an outstanding balance of RMB726.6 million, other borrowings from shareholders totaling RMB26.3 million. All of the Group's borrowings have been denominated in RMB, HK\$ and US\$.

### **Pledge of Assets**

The Group's leasehold land and buildings and investment properties with a carrying amount of RMB695.9 million as at 30 September 2022, and equity interest were pledged to secure bank borrowing and facilities of the Group. Bank deposits of RMB241.1 million were pledged for the Group's bank loans and bills and security performance.

The Group's leasehold land and buildings and investment properties with a carrying amount of RMB14.2 million as at 30 September 2022 were pledged to secure bank loans borrowed by a third party of company.

### **Prepayment to Suppliers**

As at 30 September 2022, the balance of prepayment to suppliers is RMB55.2 million. Subsequent to 30 September 2022, the utilization of the prepayment to suppliers was approximately RMB21.7 million or 39.3% of the balance.

### **Capital Expenditure and Commitments**

The Group will continue to allocate a reasonable amount of resources for better utilization of the Company's assets, and improvement of capital assets to improve operations efficiency and to meet customer needs and market demands. Sources of funding are expected to come primarily from trading revenue that the Group will generate from operations and alternative debt and equity financing.

## **Exposure to Foreign-Exchange Fluctuations**

The functional currency of the Company is RMB and the Group's monetary assets and liabilities were principally denominated in RMB, HK\$ and US\$. The Group considers the risk exposure to foreign currency fluctuation would be essentially in line with the performance of the exchange rate of RMB. Given that RMB is not yet an international hard currency, there is no effective method to hedge the relevant risk for the size and cash flow pattern of the Group. As the Chinese Government is driving RMB to get more internationalized and towards free floating in the future, we expect more hedging tools will be available in the currency market. The Group will monitor closely the development of currency policy of the Chinese Government and the availability of the hedging tools which are appropriate for the operations of manufacturing business in this respect.

## **Segment Information**

On 6 May 2022, the Group entered into an agreement to sell the automotive business which comprise of car-sale and platform business at a consideration of HK\$3 million. The disposal was completed in 21 June 2022. Subsequent to the disposal of Automotive Business, the Group will focus its resources and efforts on its remaining business segments which include (i) manufacturing and trading business; (ii) retail business; (iii) wholesales business; and (iv) investments holding business.

## **Continuing Operations**

Manufacturing and trading business contribute 58.9% of total revenue of the Group for the Continuing Operations in the Reporting Period. Retail business, wholesales business and investments holding business had 13.2%, 26.2% and 1.7% of the remaining respectively.

In terms of geographical location, China is the primary market of the Group, which accounted for 44.6% of total revenue of the Group for the Reporting Period. The remaining comprised of revenue from North America 43.9%, Europe 10.3% and others 1.2%.

## **Discontinued Operations**

Car sale business and car trading platform business contribute approximately RMB0.7 million in revenue for the period from 1 April 2022 to 21 June 2022.

## **Contingent liabilities**

The Group's leasehold land and buildings and investment properties with a carrying amount of RMB14.2 million as at 30 September 2022 were pledged to secure bank loans borrowed by a third party of company. The directors of the company do not consider it probable that a claim in excess of the provision for warranties provided by the Group will be made against the Group under any of the guarantees. The maximum liability of the Group as of the close of business under the guarantees issued is RMB18.0 million being the balance of the principal amount of the bank loans the Group pledged for.

## **Employee Information**

As at 30 September 2022, the Group employed a workforce of 1,498 employees in its various chain stores, offices and factories located in Hong Kong and the PRC. Competitive remuneration packages were provided and commensurate with the individual responsibilities, qualifications, experience and performance. The Group provided management skills workshops, practical seminars for knowledge update, on-the-job training and safety training programs to its employees.

## **Review of Operations**

For the Reporting Period, the Group recorded a net profit for the Continuing Operations of approximately RMB168.8 million, compared to a net profit of RMB170.4 million for the corresponding period last year.

For the Reporting Period, the Group recorded a gain on disposal of Automotive Business of approximately RMB2,124.3 million in the Discontinued Operations. Excluded the gain on disposal of Automotive Business of approximately RMB2,124.3 million, the Group recorded a net loss from the Discontinued Operations of approximately RMB56.6 million for the period from 1 April 2022 to 21 June 2022.

Including both the results of Continuing Operations and Discontinued Operations, the Group recorded a net profit of approximately RMB2,236.5 million for the Reporting Period, compared to a net profit of RMB88.1 million for the corresponding period last year.

## **Revenue from the Continuing Operations**

For the Reporting Period, the Group recorded revenue for the Continuing Operations of approximately RMB1,277.4 million, representing an increase of 25.1% when compared with the revenue of approximately RMB1,021.1 million reported for the corresponding period last year.

## ***Manufacturing and Trading Business***

During the Reporting Period, the manufacturing and trading business contributed approximately RMB751.9 million to the total revenue of the group for the Continuing Operations. The business of this segment increased significantly by RMB230.3 million or 44.2% when compared with the corresponding period last year of approximately RMB521.6 million. The competition in overseas market has been severe and our management team in this business line works very hard to look for further opportunities in the market. Their contribution successfully strengthened our established customer base, and the base can cope with short term fluctuation in the market during the period of the COVID-19 pandemic. The business of this segment performed very well in the Reporting Period.

### ***Retail and Wholesale Business***

Retail business increased by 2.8% to RMB168.9 million and wholesale business increased by 10.0% to RMB334.5 million for the Reporting Period as compared with the corresponding period last year. For the various preventive measures imposed by the PRC government, the epidemic seems to be under control. The customers are gradually back to normal life and the retail business recorded a slightly increase in revenue. The wholesale business in wine and beverages has stabilized and in electrical appliances (heating, ventilation and air-conditioning (HVAC)) recorded an increase in revenue which contributed by the hard work of the sale team and good sales strategy with large property companies for the Reporting Period.

### ***Investments Holding Business***

Dividend income and investment income was decreased by 28.7% to RMB22.1 million for the Reporting Period as compared with the corresponding period last year.

### **Revenue from the Discontinued Operations**

#### ***Car-sale and car trading platform business***

The trading and sales of imported car business, car trading platform and property rental business contributed approximately RMB0.7 million for the period from 1 April 2022 to 21 June 2022.



## **PROSPECTS**

### **Further strengthening our competence and competitiveness in the manufacturing business**

Manufacturing is the basis of guaranteeing the Group's ability to operate as a going concern. In recent years, the Group's manufacturing business has grown steadily and at a high speed, thanks to the hard work of the team and appropriate strategies. The Group will continue with its cost control measures and the business strategy of focusing on higher margin products and customers that have improved the Group's business and financial performance. Apart from the continuing effort in cost control measures such as integration and realignment of management and sales resources together with structural changes in procurement and manufacturing planning, the Group will also continue with its efforts to develop and roll out new products so as to meet the high expectations of both old and new customers. Besides, the Group will also enlarge our customer base in both existing and emerging markets to achieve our goal of continuous achievement growth and performance improvement.

### **Expansion of the wholesale business with high growth potential**

Within the Group's wholesale business, the heating, ventilation and air-conditioning (HVAC) wholesale business is growing rapidly due to the sales strategy and efforts of the business team. The Group will adopt the approach of working with large property groups in the long term to rapidly expand its business to various regions across the country. We will work to develop this business into a new point of growth for the Group's results in the future.

Subsequent to the disposal of Automotive Business, the Group will focus its resources and efforts on its remaining business segments which include (i) manufacturing and trading of household products; (ii) operation of supermarkets and property rental services; (iii) wholesales of alcohol, wine, beverages and electrical appliances; and (iv) investments holding business. We will also closely monitor the volatility of global financial markets, better communicate with our clients and timely adjust our sales and purchase strategies accordingly to achieve our goal of continuous business growth and performance improvement. Leveraging its solid foundation and committed managing team, the Group has full confidence in overcoming all the difficulties ahead of us.

## DIRECTOR’S AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2022, the interests and short positions of the director and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) were as follows:

Name	Capacity	Number of shares/ underlying shares <i>(Note 1)</i>	Approximate percentage of the issued share capital of the Company
Mr Li Lixin	<i>Note 2</i>	2,755,137,680 (L) 1,687,282,681 (S)	34.25% 20.98%

*Note 1:* (L) denotes long positions (S) denotes short positions

*Note 2:* Mr Li Lixin’s interest in 2,755,137,680 shares is held as to 17,822,000 shares personally, 1,382,141,014 shares through Big-Max Manufacturing Co., Limited (“Big-Max”) and 1,355,174,666 shares through Shi Hui Holdings Limited (“Shi Hui”). The issued share capital of Big-Max and Shi Hui are wholly owned by Mr Li Lixin.

Furthermore, no share option had been granted under the Company's share option scheme since its adoption on 31 August 2012 and there was no other option outstanding at the beginning or the end of the six months ended 30 September 2022. Other than that, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangements to enable the directors to acquire benefits by means of the acquisition of share in, or debentures of, the Company or any other body corporate and none of the directors, their spouses or children under the age of 18 have any right to subscribe for the securities of the Company, or had exercised any such right during the Reporting Period.

## **SUBSTANTIAL SHAREHOLDERS**

As at 30 September 2022, the interests or short positions of every person, other than a director of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

<b>Name</b>	<b>Capacity</b>	<b>Number of shares/ underlying shares (Note)</b>	<b>Approximate percentage of the issued share capital of the Company</b>
Big-Max Manufacturing Co., Limited	Beneficial owner	1,382,141,014 (L) 893,521,680 (S)	17.18% 11.11%
Shi Hui Holdings Limited	Beneficial owner	1,355,174,666 (L) 793,761,001 (S)	16.85% 9.87%
Central Huijin Investment Limited	Person having a security interest in shares/ interest in controlled corporation	2,413,065,680 (L)	29.99%
China Construction Bank Corporation	Person having a security interest in shares/ interest in controlled corporation	2,413,065,680 (L)	29.99%
Cheng Weihong	Interest in controlled corporation	1,849,407,702 (L) 398,000,000 (S)	22.99% 4.95%

<b>Name</b>	<b>Capacity</b>	<b>Number of shares/ underlying shares (Note)</b>	<b>Approximate percentage of the issued share capital of the Company</b>
Tong Shipping	Interest of spouse	1,849,407,702 (L) 398,000,000 (S)	22.99% 4.95%
Mighty Mark Investments Limited	Beneficial owner	956,407,702 (L)	11.89%
Poly Platinum Enterprises Limited	Beneficial owner/Person having a security interest in shares	933,000,000 (L)	11.60%
Greater Bay Area Homeland Development Fund (GP) Limited	Person having a security interest in shares/ interest in controlled corporation	933,000,000 (L)	11.60%
Greater Bay Area Homeland Investments Limited	Person having a security interest in shares/ interest in controlled corporation	933,000,000 (L)	11.60%
Hopeful Glad Limited	Beneficial owner	893,000,000 (L) 398,000,000 (S)	11.10% 4.95%

*Note:* (L) denotes long positions (S) denotes short positions

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during this period.

## **AUDIT COMMITTEE**

The Audit Committee of the Company has reviewed with the management the accounting principles and practice adopted by the Group and discussed internal controls and financial reporting matters including a review of the consolidated financial statements for the Reporting Period.

## **COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES**

In the opinion of the Directors, the Company has complied with the code provisions of Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Listing Rules issued by the Stock Exchange throughout the Reporting Period.

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

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issued (the “Model Code”) as set out in Appendix 10 of the Listing Rules issued by the Stock Exchange. All Directors have confirmed that they have complied with the required standard as set out in the Model Code throughout the Reporting Period.

## **PUBLICATION OF THE FURTHER INFORMATION**

The 2022/2023 interim report of the Company containing all information required by Appendix 16 to the Listing Rules will be published on both the websites of The Stock Exchange and the Company in due course.

By Order of the Board

**Li Lixin**

*Chairman and Executive Director*

Hong Kong, 29 November 2022

*As at the date of this announcement, the Board comprises Mr Li Lixin, Mr Cheng Jianhe and Ms Jin Yaxue being executive Directors, Mr He Chengying, Mr Shin Yick Fabian and Mr Kwong Kwan Tong being independent non-executive Directors.*