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**CHINA AUTOMOBILE NEW RETAIL (HOLDINGS) LIMITED**

**中國汽車新零售（控股）有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 526)**

**ANNOUNCEMENT OF UNAUDITED FINAL RESULTS  
FOR THE YEAR ENDED 31 MARCH 2022**

**UNAUDITED ANNUAL RESULTS**

As set out under “Review of Unaudited Annual Results” in this announcement below, the auditing process for the annual results of China Automobile New Retail (Holdings) Limited (the “Company”, together with its subsidiaries, the “Group”) and its subsidiaries has not been completed due to the prolonged preventive and control measures such as working from home, travel restriction and quarantine adopted by the local authorities of the PRC government to prevent and to combat the COVID-19 outbreak. In the meantime, the board (the “Board”) of directors (the “Directors”) of the Company at the Board meeting on 29 June 2022 approved the unaudited consolidated results of the Group for the year ended 31 March 2022 (the “Year”), which have been reviewed by the audit committee of the Company (the “Audit Committee”), together with the comparative audited figures of the previous corresponding year are set out as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2022

(Expressed in Renminbi (“RMB”))

	<i>Note</i>	<b>2022</b> <b>RMB’000</b> <b>(Unaudited)</b>	2021 <i>RMB’000</i> <i>(Audited)</i>
Revenue	4	<b>2,149,573</b>	1,850,030
Cost of sales		<b>(1,596,143)</b>	(1,529,930)
<b>Gross profit</b>	4(b)	<b>553,430</b>	320,100
Other income	5	<b>38,226</b>	22,081
Selling and distribution expenses		<b>(95,591)</b>	(88,631)
Administrative expenses		<b>(279,467)</b>	(131,754)
Finance costs	6(a)	<b>(256,425)</b>	(171,014)
Impairment losses on financial assets, contract assets and guarantee contracts	6(c)	<b>(144,263)</b>	(1,866,895)
Impairment loss on property, plant and equipment		<b>(14,478)</b>	–
Net valuation loss on investment properties		<b>(166,131)</b>	(195,707)
Impairment loss on goodwill	9	<b>–</b>	(396,464)
<b>Loss before taxation</b>	6	<b>(364,699)</b>	(2,508,284)
Income tax	7	<b>(20,491)</b>	(42,709)
<b>Loss for the year</b>		<b>(385,190)</b>	(2,550,993)
<b>Loss per share (RMB cent)</b>			
– Basic and diluted	8	<b>(4.79)</b>	(31.71)

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

*For the year ended 31 March 2022*

*(Expressed in RMB)*

	<i>Note</i>	<b>2022</b> <i>RMB'000</i> <b>(Unaudited)</b>	2021 <i>RMB'000</i> <b>(Audited)</b>
<b>Loss for the year</b>		<b>(385,190)</b>	<b>(2,550,993)</b>
<b>Other comprehensive income for the year (after tax and reclassification adjustments):</b>			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation into presentation currency		<u>11,121</u>	<u>23,095</u>
<b>Other comprehensive income for the year</b>		<u><b>11,121</b></u>	<u><b>23,095</b></u>
<b>Total comprehensive income for the year attributable to equity shareholders of the Company</b>		<u><b>(374,069)</b></u>	<u><b>(2,527,898)</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022  
(Expressed in RMB)

	<i>Note</i>	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	2021 <i>RMB'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		<b>504,724</b>	505,392
Investment properties		<b>1,774,302</b>	2,005,840
Goodwill	9	–	–
Financial assets at fair value through profit or loss (“FVPL”)		<b>808,419</b>	802,314
Deferred tax assets		<b>16,216</b>	15,284
		<b>3,103,661</b>	3,328,830
<b>Current assets</b>			
Inventories		<b>281,603</b>	180,197
Trade and other receivables and contract assets	10(a)	<b>841,724</b>	860,616
Prepayments	10(b)	<b>290,195</b>	148,447
Financial assets at FVPL		–	80,296
Restricted cash		<b>172,878</b>	194,437
Cash and cash equivalents		<b>320,504</b>	332,738
		<b>1,906,904</b>	1,796,731
<b>Current liabilities</b>			
Trade and other payables	11	<b>1,922,528</b>	1,493,412
Promissory note		<b>318,262</b>	–
Bank and other loans	12	<b>2,422,568</b>	2,480,464
Lease liabilities		<b>15,551</b>	13,182
Income tax payable		<b>41,817</b>	72,795
		<b>4,720,726</b>	4,059,853
<b>Net current liabilities</b>		<b>(2,813,822)</b>	<b>(2,263,122)</b>
<b>Total assets less current liabilities</b>		<b>289,839</b>	1,065,708

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 31 March 2022  
(Expressed in RMB)

	<i>Note</i>	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	2021 <b>RMB'000</b> <b>(Audited)</b>
<b>Non-current liabilities</b>			
Promissory note		–	314,743
Bank and other loans	12	<b>64,600</b>	95,780
Lease liabilities		<b>33,952</b>	29,153
Deferred tax liabilities		<b>446,082</b>	506,758
		<b>544,634</b>	946,434
<b>NET ASSETS</b>		<b>(254,795)</b>	119,274
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>69,888</b>	69,888
Reserves		<b>(324,683)</b>	49,386
<b>TOTAL EQUITY</b>		<b>(254,795)</b>	119,274

## **NOTES**

### **1 STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

### **2 BASIS OF PREPARATION**

The measurement basis used in the preparation of the financial statements is the historical cost basis except for financial assets at FVPL and investment properties which are stated at their fair values.

The Group recorded a loss of RMB385 million for the year ended 31 March 2022. Due to the implementation of Limits and Measurement Methods for Emissions from Light-duty Vehicles (“CHINA VI”), the COVID-19 outbreak and the intensified tension caused by the ongoing trade issues between the United States and the Peoples’ Republic of China (the “PRC”), the trading of imported cars business and the provision of imported cars platform services business (collectively, the “automotive business”) had been suspended during the year ended 31 March 2021 and have not yet been resumed during the year ended 31 March 2022. The automotive business recorded minimal rental income for the year ended 31 March 2022.

As at 31 March 2022, the Group had net current liabilities of RMB2,814 million, which included bank and other loans amounted to RMB2,423 million, bills payable of RMB190 million and promissory note of RMB318 million, which are repayable within one year. As at 31 March 2022, bank and other loans of RMB1,041 million under the automotive business were overdue. Included in these bank and other loans were RMB458 million the lenders of which have commenced litigations against the Group for repaying the outstanding balances.

The subsidiaries in automotive business provided guarantees to some of its customers' lenders in relation to these customers' banking facilities and bank loans.

The courts in the PRC have ordered to freeze certain of the Group's bank accounts and seize the properties of the subsidiaries under the automotive business.

Notwithstanding these circumstances, the directors of the Company do not consider material uncertainties exist which may cast significant doubt on the Group's ability to continue as a going concern. The Company sold the automotive business through the disposal ("Disposal") of the entire issued share capital of Robust Cooperation Limited ("Robust") and Mega Convention Group Limited ("Mega") (collectively, the Disposal Group") to a third party and the Disposal was completed on 21 June 2022 and since then, the Group ceased to engage in the automotive business. Upon completion of the Disposal, the Group is no longer liable to settle the overdue bank and other loans of the automotive business and no longer liable to the obligation under guarantees granted by the automotive business.

Taking into account the Group's cash flow forecast for the twelve months ending 31 March 2023 prepared by management and the completion of the Disposal, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### 3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs to these financial statements:

- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform – phase 2*
- Amendments to HKFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*

None of these developments have had a material effect on how the Group's results and financial position for the current period have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period except for the 2021 amendment to HKFRS 16. The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022. The Group has early adopted the 2021 amendment in this financial year. With the extended time limit, certain rent concessions that were previously ineligible for the practical expedient because of the original time limit, become eligible. Accordingly, these rent concessions, which were previously accounted for as lease modifications, are now accounted for as negative variable lease payments, and are recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 April 2021.



#### 4 REVENUE AND SEGMENT REPORTING

##### (a) Revenue

###### (i) Disaggregation of revenue

Disaggregation of revenue by major products or service lines is as follows:

	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Audited)
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products of service lines		
– sales of goods	1,925,099	1,662,618
– rendering of services	125,135	80,518
	<u>2,050,234</u>	<u>1,743,136</u>
<b>Revenue from other resources</b>		
– investment income	50,036	40,761
– rental income from operating leases	49,303	66,133
	<u>99,339</u>	<u>106,894</u>
	<u>2,149,573</u>	<u>1,850,030</u>

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

	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Audited)
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by timing of revenue recognition		
– Point in time	1,932,786	1,724,627
– Over time	117,448	18,509
	<u>2,050,234</u>	<u>1,743,136</u>

The directors of the Company consider that the customer base is diversified and includes only one customer of manufacturing and trading segment with whom transactions have exceeded 10% of the Group's revenue for the year ended 31 March 2022 (2021: Nil). Revenue from this customer amounted to RMB261,473,000 during the year ended 31 March 2022.

(ii) *Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date*

As at 31 March 2022, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts with customers of wholesale of heating, ventilation and air-conditioning systems ("HVAC") is RMB474 million. The Group will recognise the revenue in future when or as the customers accept the goods and the services are rendered, which is expected to occur over the next 36 months. The Group has applied practical expedient in paragraph 121 of HKFRS15 to its contracts for other businesses such that the above information does not include information about revenue that the Group will be entitled to and when it satisfies the remaining performance obligations under the contracts for other business that had an original expected duration of one year or less.

(iii) *Total future minimum lease payments receivable by the Group*

Total future minimum lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	2021 <b>RMB'000</b> <b>(Audited)</b>
Within 1 year	<b>47,744</b>	52,277
After 1 year but within 5 years	<b>113,794</b>	119,136
After 5 years	<b>38,525</b>	59,332
	<b>200,063</b>	230,745

**(b) Segment reporting**

The Group manages its business by lines of business. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following six reportable segments:

- 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.
- 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 years ended 31 March 2022 and 2021 is set out below.

	2022 (Unaudited)						
	Manufacturing and trading RMB'000	Retail RMB'000	Wholesale RMB'000	Investments holding RMB'000	Car-sale RMB'000	Car trading platform RMB'000	Total RMB'000
Revenue from external customers	1,159,942	422,906	500,743	50,036	-	15,946	2,149,573
Inter-segment revenue	-	1,107	97,474	-	-	51	98,632
Reportable segment revenue	<u>1,159,942</u>	<u>424,013</u>	<u>598,217</u>	<u>50,036</u>	<u>-</u>	<u>15,997</u>	<u>2,248,205</u>
Reportable segment profit	<u>284,687</u>	<u>110,992</u>	<u>104,298</u>	<u>50,036</u>	<u>-</u>	<u>3,417</u>	<u>553,430</u>

  

	2021 (Audited)						
	Manufacturing and trading RMB'000	Retail RMB'000	Wholesale RMB'000	Investments holding RMB'000	Car-sale RMB'000	Car trading platform RMB'000	Total RMB'000
Revenue from external customers	833,089	515,608	288,618	40,761	136,663	35,291	1,850,030
Inter-segment revenue	1,393	-	77,664	-	-	449	79,506
Reportable segment revenue	<u>834,482</u>	<u>515,608</u>	<u>366,282</u>	<u>40,761</u>	<u>136,663</u>	<u>35,740</u>	<u>1,929,536</u>
Reportable segment (loss)/profit	<u>217,754</u>	<u>148,857</u>	<u>67,986</u>	<u>40,761</u>	<u>(162,325)</u>	<u>7,067</u>	<u>320,100</u>

(ii) *Reconciliations of reportable segment revenue*

	2022 RMB'000 (Unaudited)	2021 RMB'000 (Audited)
Reportable segment revenue	2,248,205	1,929,536
Elimination of inter-segment revenue	<u>(98,632)</u>	<u>(79,506)</u>
Consolidated revenue	<u>2,149,573</u>	<u>1,850,030</u>

(iii) *Geographic information*

The following table sets out information about the geographical location of the Group's revenue from external customers, which is based on the location at which the services were rendered or the goods were delivered.

	<b>Revenue from external customers</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Mainland China and Hong Kong (place of domicile)	<b>1,065,747</b>	1,095,305
The United States	<b>787,331</b>	531,247
Europe	<b>173,444</b>	120,230
Others	<b>123,051</b>	103,248
	<b>2,149,573</b>	1,850,030

The analysis above includes property rental income from external customers and investment income in Mainland China of RMB49,303,000 and RMB50,036,000, respectively, for the year ended 31 March 2022 (2021: RMB66,133,000 and RMB40,761,000).

All of the Group's non-current assets (excluding deferred tax assets) are located in Mainland China and Hong Kong as at 31 March 2022 and 2021.

**5 OTHER INCOME**

	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Government grants	<b>14,220</b>	10,803
Interest income on cash at bank	<b>6,599</b>	9,629
Net gain from sale of scrap materials	<b>1,729</b>	1,988
Net gain/(loss) on disposal of property, plant and equipment and investment properties	<b>17,307</b>	(1,068)
Others	<b>(1,629)</b>	729
	<b>38,226</b>	22,081

## 6 LOSS BEFORE TAXATION

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

### (a) Finance costs

	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Audited)
Interest on bank and other borrowings and promissory note	277,530	215,483
Interest on lease liabilities	2,740	2,791
Net foreign exchange difference	<u>(23,845)</u>	<u>(47,260)</u>
	<u><b>256,425</b></u>	<u>171,014</u>

### (b) Staff costs

	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Audited)
Salaries, wages and other benefits	148,000	132,221
Contributions to defined contribution retirement plans	<u>6,178</u>	<u>3,935</u>
	<u><b>154,178</b></u>	<u>136,156</u>

The employees of the subsidiaries of the Group established in the PRC participate in defined contribution retirement benefit schemes managed by the local government authorities, whereby these subsidiaries are required to contribute to the schemes at 14% to 16% (2021: 14% to 16%) of the employees' salaries. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC, from the above-mentioned retirement schemes at their normal retirement age.

From 1 February 2020 to 31 December 2020, in an effort to provide financial support to enterprises during the COVID-19 pandemic, the PRC government authorities have granted partial exemption on the Group's contributions to the social insurance, including the contribution to defined retirement schemes.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant salaries, subject to a cap of monthly relevant salaries of Hong Kong Dollars ("HK\$") 30,000.

Contributions to these retirement plans vest immediately. There are no forfeited contributions that may be used by the Group to reduce the existing level of distribution. The Group has no further obligation for payment of other retirement benefits beyond the above annual contributions.

(c) **Other items**

	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Audited)
Cost of inventories <sup>#</sup>	1,467,231	1,431,908
Depreciation charge		
– owned property, plant and equipment	64,059	50,624
– right-of-use assets	21,037	23,832
Auditor's remuneration	7,530	8,050
Rental income from investment properties less direct outgoings of RMB19,603,000 (2021: RMB33,998,000)	<u>(29,700)</u>	<u>(32,135)</u>
Impairment losses on trade and other receivables and contract assets	105,075	1,570,562
Expected credit losses for financial guarantees issued	<u>39,188</u>	<u>296,333</u>
	<u>144,263</u>	<u>1,866,895</u>

<sup>#</sup> Cost of inventories includes RMB116,018,000 (2021: RMB81,166,000) for the year ended 31 March 2022, relating to staff costs, and depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

**7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

(a) Income tax in the consolidated statement of profit or loss represents:

	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Audited)
<b>Current taxation:</b>		
– Provision for the year	81,917	49,306
– Under-provision in respect of prior years	<u>182</u>	<u>122</u>
	82,099	49,428
<b>Deferred taxation:</b>		
– Origination and reversal of temporary differences	<u>(61,608)</u>	<u>(6,719)</u>
	<u>20,491</u>	<u>42,709</u>

(b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Loss before taxation	<b>(364,699)</b>	(2,508,284)
Expected tax on loss before tax, calculated at the rates applicable to profits in the tax jurisdictions concerned <i>(Notes (i) and (iii))</i>	<b>(90,801)</b>	(594,650)
Tax effect of non-deductible expenses	<b>9,022</b>	75,096
Tax effect of non-taxable income	<b>(3,935)</b>	(7,796)
Tax effect of unused tax losses and deductible temporary differences not recognised	<b>128,972</b>	583,570
Tax effect of PRC tax concessions <i>(Note (ii))</i>	<b>(22,949)</b>	(13,633)
Under-provision in respect of prior years	<b>182</b>	122
Income tax	<b>20,491</b>	42,709

*Notes:*

- (i) The Hong Kong Profits Tax rate for the year ended 31 March 2022 is 16.5% (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 year ended 31 March 2022 (2021: RMBNil).
- (ii) The Group established in the Mainland China are subject to PRC Corporate Income Tax rate of 25% (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.



## 8 LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share for the year ended 31 March 2022 is based on the loss attributable to ordinary equity shareholders of the Company of RMB385,190,000 (2021: RMB2,550,993,000) and the weighted average of 8,044,020,000 ordinary shares (2021: 8,044,020,000 ordinary shares) in issue during the year.

### (b) Diluted loss per share

There were no potential dilutive ordinary shares during the years ended 31 March 2022 and 2021. Hence, diluted loss per share is the same as basic loss per share.

## 9 GOODWILL

	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Audited)
<b>Cost:</b>		
At 1 April 2020, At 31 March 2021 and 2022	<u>1,329,844</u>	<u>1,329,844</u>
<b>Accumulated impairment losses:</b>		
At 1 April	(1,329,844)	(933,380)
Impairment loss	<u>–</u>	<u>(396,464)</u>
At 31 March	<u>(1,329,844)</u>	<u>(1,329,844)</u>
<b>Carrying amount:</b>		
At 31 March	<u>–</u>	<u>–</u>

The goodwill is allocated to the car-sale segment cash-generating units (“CGU”). Due to the impact of the implementation of Limits and Measurement Methods for Emissions from Light-duty Vehicles (CHINA VI), COVID-19 outbreak and trade issues between the governments of the PRC and the United States on car-sale CGU, the business of car-sale had been negatively affected. Impairment loss of RMB396,464,000 had been recognised in “impairment loss on goodwill” during the year ended 31 March 2021 to reduce the carrying value of the car-sale CGU to its recoverable amount.

## 10 TRADE AND OTHER RECEIVABLES, CONTRACT ASSETS AND PREPAYMENTS

### (a) Trade and other receivables and contract assets

	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Audited)
Trade receivables from:		
– Third parties	151,598	209,790
– Companies under the control of a shareholder of the Company ( <i>Note (i)</i> )	<u>451,416</u>	<u>332,618</u>
	603,014	542,408
Less: loss allowance	<u>(68,500)</u>	<u>(71,205)</u>
	<u>534,514</u>	<u>471,203</u>
Amounts due from companies under the control of a shareholder of the Company ( <i>Note (ii)</i> )	<u>876</u>	<u>5,529</u>
Other receivables ( <i>Note (iii)</i> )	1,822,088	1,884,429
Less: loss allowance	<u>(1,621,225)</u>	<u>(1,515,098)</u>
	<u>200,863</u>	<u>369,331</u>
Financial assets measured at amortised cost	<u>736,253</u>	<u>846,063</u>
Deposits:		
– Deposits for operating leases expenses paid to third parties	7,686	8,484
– Others	<u>7,078</u>	<u>6,069</u>
	<u>14,764</u>	<u>14,553</u>
Trade and other receivables ( <i>Note (iv)</i> )	751,017	860,616
Contract assets ( <i>Note (v)</i> )	<u>90,707</u>	<u>–</u>
	<u>841,724</u>	<u>860,616</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 (31 March 2021: RMB1,864,727,000).
- (iv) All of the trade and other receivables are expected to be recovered or recognised 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 inspection after installation 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:

	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Audited)
Within 1 month	143,359	109,858
More than 1 month but less than 3 months	240,597	186,505
Over 3 months	150,558	174,840
	<u>534,514</u>	<u>471,203</u>

**(b) Prepayments**

	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Audited)
Prepayments:		
– Prepayments to suppliers	288,310	146,757
– Others	1,885	1,690
	<u>290,195</u>	<u>148,447</u>

During the year ended 31 March 2022, the Group made prepayments to certain suppliers for raw materials and trading merchandises of RMB866 million. The purchase orders corresponding to these prepayments were subsequently cancelled. Prepayments of RMB671 million were refunded during the year and prepayment of RMB195 million were subsequently refunded.

## 11 TRADE AND OTHER PAYABLES

	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Audited)
Trade payables to:		
– Third parties	216,623	158,996
– Companies under the control of shareholders of the Company	<u>67,886</u>	<u>48,422</u>
	284,509	207,418
Bills payable	<u>189,550</u>	<u>147,993</u>
	<u>474,059</u>	<u>355,411</u>
Amounts due to companies under the control of shareholders of the Company ( <i>Note (i)</i> )	<u>46,652</u>	<u>35,928</u>
Accrued charges and other payables:		
– Accrued expenses	21,991	42,585
– Payables for staff related costs	71,614	70,825
– Deposits from customers and suppliers		
– Third parties	22,052	28,198
– Company under the control of shareholders of the Company	265	265
– Interest payable	338,509	134,614
– Payables for miscellaneous taxes	32,244	28,554
– Payables for acquisition of subsidiaries	243,300	253,282
– Others	<u>249,070</u>	<u>154,683</u>
	<u>979,045</u>	<u>713,006</u>
Financial liabilities measured at amortised cost	1,499,756	1,104,345
Expected credit loss for financial guarantee granted	376,081	336,893
Contract liabilities ( <i>Note (ii)</i> )	<u>46,691</u>	<u>52,174</u>
	<u>1,922,528</u>	<u>1,493,412</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 2022 and 2021 have been recognised as revenue or reclassified as other payables due to cancellation of orders 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:

	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Audited)
Within 1 month	187,780	163,543
Over 1 month but within 3 months	86,053	40,423
Over 3 months but within 6 months	185,913	83,327
Over 6 months	14,313	68,118
	<u>474,059</u>	<u>355,411</u>

## 12 BANK AND OTHER LOANS

The Group's bank and other loans are analysed as follows:

	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Audited)
<b>Bank loans:</b>		
– Unsecured and guaranteed ( <i>Notes (iii) and (iv)</i> )	48,669	99,545
– Secured and unguaranteed ( <i>Note (ii)</i> )	535,580	786,762
– Secured and guaranteed ( <i>Notes (ii), (iii), (iv) and (v)</i> )	1,350,444	941,624
	<u>1,934,693</u>	1,827,931
<b>Bond payable:</b>		
– Unsecured and unguaranteed	–	8,442
<b>Loans from other financial institutions:</b>		
– Secured and guaranteed ( <i>Notes (ii), (iii), (iv) and (v)</i> )	361,339	547,343
<b>Loans from shareholders and companies under the control of shareholders of the Company:</b>		
– Unsecured and unguaranteed ( <i>Note (i)</i> )	191,136	192,528
	<u>2,487,168</u>	<u>2,576,244</u>

*Notes:*

- (i) At 31 March 2022, the loans from shareholders and companies under the control of shareholders of the Company bearing interest ranged from 0% to 7% (31 March 2021: 0% to 7%) per annum and are repayable by March 2023 (31 March 2021: by March 2022).
- (ii) Certain bank loans are secured by the leasehold land and buildings and equity interests of certain third parties and/or assets of the Group.
- (iii) Bank and other loans of RMB1,760 million as at 31 March 2022 (2021: RMB1,589 million) were guaranteed by shareholders of the Company, directors of the Company, close family members of a shareholder of the Company and/or companies under the control of shareholders of the Company.
- (iv) At 31 March 2022, bank and other loans of RMB1,041 million (2021: RMB587 million) were overdue but were not yet renewed or repaid at the end of the reporting period. Included in these bank and other loans were RMB458 million (2021: RMB429 million) the banks of which have commenced litigations against a subsidiary of the Group requesting the subsidiary to repay the outstanding balances.
- (v) At 31 March 2022, in addition to the overdue bank loans, the Group failed to fulfil certain covenants of bank and other loans of RMB450 million (2021: RMB875 million) and the lenders have the right to require the Group to repay the loans immediately at any time prior to their original repayment dates. Loans of RMB404 million which were long-term loans were reclassified as current liabilities at the end of the reporting period.
- (a) The Group's bank and other loans are repayable as follows:

	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Audited)
Within 1 year or on demand	2,422,568	2,480,464
After 1 year but within 2 years	34,500	31,180
After 2 years but within 5 years	30,100	64,600
	64,600	95,780
	2,487,168	2,576,244

All of the bank and other loans are carried at amortised cost.

### 13 DIVIDENDS

The directors of the Company did not recommend the payment of a final dividend for the year ended 31 March 2022 (2021: RMB Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL HIGHLIGHTS

#### General Information

For the Year, the Group recorded a revenue of approximately RMB2,149.6 million, representing an increase of 16.2% when compared with the revenue of approximately RMB1,850.0 million reported for the last year. Net loss for the Year was approximately RMB385.2 million compared to a net loss of RMB2,551.0 million for the last year. The Group's basic and diluted loss per share for the Year were RMB4.79 cents while the Group's basic and diluted loss per share were RMB31.71 cents for the corresponding period last year.

#### Net Assets, Liquidity and Financial Resources

As at 31 March 2022, the Group's net assets decreased to approximately RMB(254.8) million, rendering net assets value per share at RMB(3.17) cents. The decrease in net assets was mainly due to net valuation loss of investment properties and impairment losses on financial assets, contract assets and guarantee contracts amounting to RMB166.1 million and 144.3 million during the year.

As at 31 March 2022, the Group's total assets were valued at RMB5,010.6 million, including cash and bank deposits of approximately RMB320.5 million. Consolidated bank loans and other borrowings were amounted to RMB2,487.2 million. Debt-to-equity ratio (bank loans and other borrowings over total equity) has been increased from 2,159.9% as at 31 March 2021 to (976.1)% as at 31 March 2022. The change in the debt-to-equity ratio was essentially due to the significant reduction in equity as a result of the net loss of approximately RMB385.2 million for the year ended 31 March 2022 incurred mainly from impairment losses and valuation loss for car sale and car trading platform businesses.

Most of the Group's business transactions were conducted in RMB and US\$. As at 31 March 2022, the Group's major borrowings included bank loans and loans from other financial institutions, which had an outstanding balance of RMB2,296.0 million, other borrowings from shareholders totaling RMB191.2 million. All of the Group's borrowings are denominated in RMB, HK\$ and US\$.

#### Pledge of Assets

The Group's leasehold land and buildings and investment properties with a carrying amount of RMB1,807.7 million as at 31 March 2022, and equity interest were pledged to secure bank borrowing and facilities of the Group. Bank deposits of RMB172 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 RMB14.6 million as at 31 March 2022 were pledged to secure bank loans borrowed by a third party company.

### **Prepayment to Suppliers**

As at 31 March 2022, the balance of prepayment to suppliers is RMB288.3 million. Subsequent to 31 March 2022, the utilization of the prepayment to suppliers was approximately RMB31.1 million or 10.8% of the balance and RMB195 million or 67.6% of the balance was refunded.

### **Capital Expenditure and Commitments**

The Group will continue to allocate a reasonable amount of resources 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 and car business of the Group in this respect.

### **Segment Information**

Car-sale business and car trading platform business contribute 0.7% of total revenue of the Group in the Year. Retail and wholesale business, manufacturing and trading business and investments holding business had 43.0%, 54.0% and 2.3% of the remaining respectively.

In terms of geographical location, China is the primary market of the Group, which accounted for 49.6% of total revenue of the Group for the Year. The remaining comprised of revenue from North America 36.6%, Europe 8.1% and others 5.7%.

### **Contingent Liabilities**

As at 31 March 2022, the Group provides guarantees to secure bank loans borrowed by some major customers. Such arrangements were made by 天津濱海國際汽車城有限公司 (Tianjin Binhai International Automobile City Company Ltd, the "Automobile City").



## **Employee Information**

As at 31 March 2022, the Group employed a workforce of 1,500 employees in its various chain stores, offices and factories located in Hong Kong and the PRC. Competitive remuneration packages were provided and commensurate with 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. There was a share option scheme in force but no share option was granted during the Year.

## **Review of Operations**

For the Year, the Group recorded a net loss of RMB385.2 million, compared to the net loss of RMB2,551.0 million for the corresponding last year. The loss was attributable to the net valuation loss on investment properties of approximately RMB166.1 million and the impairment losses on financial assets, contract assets and guarantee contracts of approximately RMB144.3 million.

## **Revenue**

During the Year, the Group recorded revenue of approximately RMB2,149.6 million, representing an increase of 16.2% when compared with the revenue of RMB1,850.0 million reported for the last year.

### *Car-sale Business*

The trading and sales of imported cars business decreased substantially by 100% to RMBnil for the year ended 31 March 2022 as compared with RMB136.7 million for the corresponding period last year. The trade friction between the United States of America and China, the issuance of Limits and Measurement Methods for Emissions from Light-duty Vehicles (China VI) and COVID-19 pandemic did have adverse impact on the business and investment environment in China and thus affected the mood of consumers in China especially in the market of durable goods.

### *Car Trading Platform Business*

The imported cars platform services and property rental business contributed revenue of RMB15.9 million for the Year, representing a decrease of 54.9% when comparing with the revenue of RMB35.3 million for the last year. The business was also affected by the COVID-19 pandemic.

### *Retail and Wholesale Business*

For the keen market competition from e-commerce and large supermarket chains, the slowdown of consumption and recurrence of the pandemic, the revenue of the retail business decreased by 18% to RMB422.9 million for the Year as compared with the last year. The revenue of the wholesale business increased by 73.5% to RMB500.7 million. The wholesale business in wine and beverages has stabilized and in electrical appliances (heating, ventilation and air-conditioning (HVAC)) recorded a significantly increase in revenue which contributed by the working with large property companies.

### *Manufacturing and Trading Business*

During the Year, the manufacturing and trading business contributed approximately RMB1,159.9 million to the revenue. The business of this segment increased by RMB326.8 million when compared with the last year of approximately RMB833.1 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 strengthen 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 quite well in the Year.

### *Investments Holding Business*

Dividend income and investment income increased by 22.8% to RMB50.0 million during the Year as compared with the last year.

## **PROSPECTS**

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

Manufacturing is the pillar of 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 satisfy the needs of different 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 PRC. For the wholesale business in HVAC, the Group has signed contracts with various property development companies for the large scale air-conditioning business cooperation.

## Car-sale and platform business

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 is 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 of household products; (ii) operation of supermarkets, (iii) wholesale of wine and electrical appliances, and (iv) investment holding (collectively, the “Remaining Business Segments”). Moreover, the Disposal would provide an opportunity for the Group to reduce its debt burden and to improve the Group’s financial performance and financial position.

## DIRECTORS’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2022, the interests and short positions of the directors 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 (Note 1)	Approximate percentage of the issued share capital of the Company
Mr Li Lixin	Note 2	2,755,137,680 (L)	34.25%
		1,687,282,681 (S)	20.98%
Ms Cheng Weihong	Note 3	1,849,407,702 (L)	22.99%
		398,000,000 (S)	4.95%

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.

Note 3: Ms Cheng Weihong’s interest in 1,849,407,702 shares is held as to 956,407,702 shares through Mighty Mark Investments Limited (“Mighty Mark”) and 893,000,000 shares through Hopeful Glad Limited (“Hopeful Glad”). The issued share capital of Mighty Mark and Hopeful Glad are wholly owned by Ms Cheng Weihong.

Furthermore, no share option had been granted under the Company's share option scheme since its adoption on 31 August 2012 and there were no other options outstanding at the beginning or the end of the year ended 31 March 2022. Other than that, at no time during the year ended 31 March 2022 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 Year.

## SUBSTANTIAL SHAREHOLDERS

As at 31 March 2022, the interests or short positions of every person, other than a director or chief executive 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:

Name	Capacity	Number of shares/ underlying shares (Note)	Approximate percentage of the issued share capital of the Company
Big-Max Manufacturing Co., Limited	Beneficial owner	1,382,141,014 (L)	17.18%
		893,521,680 (S)	11.11%
Shi Hui Holdings Limited	Beneficial owner	1,355,174,666 (L)	16.85%
		793,761,001 (S)	9.87%
Tong Shipping	Interest of spouse	1,849,407,702 (L)	22.99%
		398,000,000 (S)	4.95%
Mighty Mark Investments Limited	Beneficial owner	956,407,702 (L)	11.89%
Hopeful Glad Limited	Beneficial owner	893,000,000 (L)	11.10%
		398,000,000 (S)	4.95%
Central Huijin Investment Limited	Person having a security interest in shares/interest in controlled corporation	2,413,065,680 (L)	29.99%

<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>
China Construction Bank Corporation	Person having a security interest in shares/interest in controlled corporation	2,413,065,680 (L)	29.99%
Poly Platinum Enterprises Limited	Beneficial owner/Person having a security interest in shares	1,051,144,000 (L)	13.07%
Greater Bay Area Homeland Development Fund (GP) Limited	Person having a security interest in shares/interest in controlled corporation	1,051,144,000 (L)	13.07%
Greater Bay Area Homeland Investments Limited	Person having a security interest in shares/interest in controlled corporation	1,048,124,000 (L)	13.03%

*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 the Year.

## **AUDIT COMMITTEE**

The Audit Committee of the Company has reviewed and discussed with the management the accounting principles and practice adopted by the Group, the risk and internal controls, the environmental, social and governance report, auditing and financial reporting matters and has reviewed the unaudited consolidated financial statements for the Year as set out in this announcement.

## **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 of Corporate Governance Code the (“CG Code”) and Corporate Governance Report as set out in Appendix 14 of the Listing Rules issued by the Stock Exchange of Hong Kong Limited (“the Stock Exchange”) throughout the Year saved for the following:

Pursuant to code A.2.1 the responsibilities between the chairman and the chief executive officer (“CEO”) of the Company are expected to be segregated and not be performed by the same individual. Since 1 October 2020, the Company does not have any officer with the title of Chairman or CEO.

On 1 January 2022, the amendments to the CG Code (the “New CG Code”) came into effect and the New CG Code will apply to corporate governance reports for financial year commencing on or after 1 January 2022. The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard.

## **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 Year.

## **ANNUAL GENERAL MEETING**

The date of the annual general meeting of the Company (the “AGM”) will be announced in due course. Shareholders of the Company should refer to details regarding the AGM in the circular of the Company, the notice of AGM and the form of proxy accompanying thereto to be dispatched by the Company.

## **REVIEW OF UNAUDITED ANNUAL RESULTS**

The Company has been advised by the Company's auditors, KPMG, that the auditing process for the annual results for the Year has not been completed. Due to the prolonged preventive and control measures such as working from home, travel restriction and quarantine adopted by the local authority of the PRC government to prevent and to combat the COVID-19 outbreak, the collection of audit evidence has been delayed. The unaudited annual results contained herein have not yet been agreed with the Company's auditors but have been duly reviewed by the Audit Committee. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The Company expects that the publication of the Year's audited annual results will be postponed to on or before 18 July 2022.

## **FURTHER ANNOUNCEMENT(S)**

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for the Year as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein. The Company expects that the auditing process will be completed on or before 18 July 2022, subject to the release of travel restrictions and resumption of work and whether the business operation in the PRC will be resumed to normal in or around early July 2022. In addition, the Company will issue further announcement(s) as and when necessary if there are other material development in the completion of the auditing process.

## **PUBLICATION OF UNAUDITED RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement will be published on the website of the Company at [www.lisigroup.com.hk](http://www.lisigroup.com.hk) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). The audited result announcement and annual report will be dispatched to the shareholders of the Company and available on the above websites in due course.

**The financial information contained in this announcement in respect of the annual results of the Group have not been audited nor agreed with the Company's auditors. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.**

By Order of the Board  
**Cheng Jianhe**  
*Director*

Hong Kong, 29 June 2022

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