Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

AUDITED RESULTS

The board of directors (the "Directors") of China Automobile New Retail (Holdings) Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2020 together with comparative figures of the previous corresponding year are as follows:

Consolidated statement of profit or loss

		For the year ended 31 March	
		2020	2019
	Note	***RMB'000***	*RMB'000*
			(Restated)
			(Note)
Continuing operations			
Revenue	4	**1,183,976**	2,729,867
Cost of sales		**(1,107,808)**	(2,565,308)
Gross profit	4(b)	**76,168**	164,559
Other income	5	**8,929**	(35)
Selling and distribution expenses		**(5,970)**	(2,354)
Administrative expenses		**(36,912)**	(29,177)
Finance (costs)/income		**(103,223)**	82,938
Impairment losses on financial assets and guarantee contracts		**(28,703)**	–

		For the year ended 31 March	
		2020	2019
	Note	***RMB'000***	*RMB'000*
			(Restated)
			(Note)
Net valuation loss on investment properties		**(41,233)**	–
Net gain on acquisition of subsidiaries	10	**258,235**	–
Impairment loss on goodwill	11	**(239,989)**	–
(Loss)/profit before taxation from continuing operations	6	**(112,698)**	215,931
Income tax	7	**15,850**	(38,932)
(Loss)/profit for the year from continuing operations		**(96,848)**	176,999
Discontinued operations			
(Loss)/profit for the year from discontinued operations	9	**(57,610)**	33,701
(Loss)/profit for the year		**(154,458)**	210,700
(Loss)/earnings per share (for continuing and discontinued operations) (RMB cent)			
– Basic	8(a)	**(1.96)**	2.79
– Diluted	8(b)	**(1.96)**	1.67
(Loss)/earnings per share (for continuing operations) (RMB cent)			
– Basic	8(a)	**(1.23)**	2.34
– Diluted	8(b)	**(1.23)**	1.22

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. The comparative information has been re-presented to show the results of discontinued operations separately. See Notes 3 and 9.

Consolidated statement of profit or loss and other comprehensive income

		For the year ended 31 March	
		2020	2019
	Note	***RMB'000***	*RMB'000*
			(Note)
(Loss)/profit for the year		**(154,458)**	210,700
Other comprehensive income for the year (after tax and reclassification adjustments):			
Item that will not be reclassified to profit or loss:			
– Equity investment at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)		**142,703**	(71,468)
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation into presentation currency		**(4,961)**	(4,891)
Other comprehensive income for the year		**137,742**	(76,359)
Total comprehensive income for the year attributable to equity shareholders of the Company		**(16,716)**	134,341

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 3.

Consolidated statement of financial position

		At 31 March	
		2020	2019
	Note	***RMB'000***	*RMB'000*
			(Note)
Non-current assets			
Property, plant and equipment		**86,863**	425,987
Investment properties		**1,541,547**	771,050
Goodwill	11	**396,464**	679,766
Equity investment		**–**	109,420
Deferred tax assets		**3,054**	8,009
		2,027,928	1,994,232
Current assets			
Inventories		**280,178**	430,997
Trade and other receivables	12	**1,454,486**	338,137
Prepayments	12	**617,637**	474,771
Non-equity investments		**–**	786,758
Restricted bank deposits		**242,627**	116,673
Cash and cash equivalents		**17,305**	164,381
		2,612,233	2,311,717
Assets of disposal groups classified as held for sale	9	**3,307,215**	–
		5,919,448	2,311,717
Current liabilities			
Trade and other payables	13	**1,461,735**	675,102
Bank and other loans		**1,060,675**	942,004
Income tax payable		**27,177**	20,332
		2,549,587	1,637,438
Liabilities of disposal groups classified as held for sale	9	**2,111,982**	–
		4,661,569	1,637,438
Net current assets		**1,257,879**	674,279
Total assets less current liabilities		**3,285,807**	2,668,511

	Note	At 31 March 2020 RMB'000	2019 RMB'000 (Note)
Non-current liabilities			
Promissory notes	10	**323,385**	–
Bank and other loans		**–**	122,600
Deferred tax liabilities		**315,250**	233,584
		638,635	356,184
NET ASSETS		**2,647,172**	2,312,327
CAPITAL AND RESERVES			
Share capital		**69,888**	65,494
Reserves		**2,577,284**	2,246,833
TOTAL EQUITY		**2,647,172**	2,312,327

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 3.

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 new and revised 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 and prior accounting periods 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 equity and non-equity investments, investment properties which are stated at their fair values. Disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

As at 31 March 2020, bills payable of RMB245,499,000 and a bank loan of RMB129,838,000 were overdue but not yet renewed or repaid at the end of the reporting period. Up to the date of approval of these consolidated financial statements, these overdue bills and bank loan were fully repaid. Subsequent to 31 March 2020 and up to the date of approval of these consolidated financial statements, bank and other loans which were overdue but not yet repaid or renewed amounted to RMB373,290,000. Besides, the Group has failed to fulfill certain requirements relating to a long-term loan of RMB139,424,000 and hence the lender has the right to require the Group to repay the loan immediately at any time prior to its original repayment dates.

Notwithstanding these circumstances, the directors of the Company do not consider that material uncertainties related to events or conditions exits which may cast significant doubt on the Group's ability to continue as a going concern, taking into accounts the following:

1) The Group has entered into an agreement to dispose the entire share capital of Magician Investments (BVI) Limited, Magician Strategic Limited and Wealthy Honor Holdings Limited (collectively, the "Target Companies") at cash consideration of RMB1.25 billion, subject to independent shareholders' approval (Note 9);

2) The vendor of Robust Cooperation Limited ("Robust") has agreed not to demand for the payment of the HK$300,000,000 cash consideration due to the vendor for a period of at least 18 months from 31 March 2020 if such a payment would cause the Group unable to settle its liabilities to other parties when they fall due;

3) The Group is actively negotiating with banks and other financial institutions for extension of its liabilities; and

4) Tong Shiping (director of the Company), Cheng Weihong and Li Lixin (directors and shareholders of the Company) have agreed to provide continuing financial support to the Group as is necessary to ensure its continuing operations for a period of at least 12 months from 31 March 2020.

Taking into account the Group's cash flow forecast for the twelve months ending 31 March 2021 prepared by management, and assuming the success of the above measures, 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 consolidated financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

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 HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods 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.

HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease,* HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

The Group has initially applied HKFRS 16 as from 1 April 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

i. *New definition of a lease*

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

ii. Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to warehouses, retail stores and offices.

At the date of transition to HKFRS 16 (i.e. 1 April 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 April 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 5.72%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 March 2020;

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 March 2019 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019:

	RMB'000
Operating lease commitments at 31 March 2019	67,678
Less: commitments relating to short-term leases and other leases with remaining lease term ending on or before 31 March 2020 exempt from capitalisation	(5,984)
Add: lease payments for the additional lease periods	20,167
lease payables at 31 March 2019	524
	82,385
Less: total future interest expenses	(10,680)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019	71,705

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 March 2019.

The following table summarises the impact of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 March 2019	**Capitalisation of operating lease contracts**	**Carrying amount at 1 April 2019**
	RMB'000	*RMB'000*	*RMB'000*
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Property, plant and equipment	425,987	71,181	497,168
Total non-current assets	**1,994,232**	**71,181**	**2,065,413**
Trade and other payables	675,102	(524)	674,578
Lease liabilities (current)	–	25,433	25,433
Current liabilities	**1,637,438**	**24,909**	**1,662,347**
Net current assets	**674,279**	**(24,909)**	**649,370**
Total assets less current liabilities	**2,668,511**	**46,272**	**2,714,783**

	Carrying amount at 31 March 2019	Capitalisation of operating lease contracts	Carrying amount at 1 April 2019
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities (non-current)	–	46,272	46,272
Total non-current liabilities	**356,184**	**46,272**	**402,456**
Net assets	**2,312,327**	**–**	**2,312,327**

iii. *Impact on the financial result, segment results and cash flows of the Group*

After the initial recognition of right-of-use assets and lease liabilities as at 1 April 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a change in presentation of cash flows within the cash flow statement.

iv. *Lessor accounting*

The Group leases out a few of items of properties as the lessor of operating leases. The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under HKAS 17.

Under HKFRS 16, when the Group acts as an intermediate lessor in a sublease arrangement, the Group is required to classify the sublease as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset. The adoption of HKFRS 16 does not have a significant impact on the Group's financial statements in this regard.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

(i) Disaggregation of revenue

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

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– sales of goods	**1,121,211**	2,728,979
– rendering of services	**37,488**	888
	1,158,699	2,729,867
Revenue from other resources		
– rental income from operating leases	**25,277**	–
	1,183,976	2,729,867

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

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Point in time	**1,144,039**	2,729,867
– Over time	**14,660**	–
	1,158,699	2,729,867

The remaining performance obligation is part of a contract that has an original expected duration of one year or less, therefore, such information is not disclosed as a practical expedient in paragraph 121 of HKFRS 15.

The directors of the Company consider that the customer base is diversified and includes two customers from the "car-sale" segment with whom transactions have exceeded 10% of the Group's revenue from continuing operations for the years ended 31 March 2020 (2019: Nil). During the year, revenues from sales of goods to those customers amounted to approximately RMB176,230,000 and RMB140,736,000.

(ii) Total future minimum lease payments receivable by the Group from continuing operations

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:

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Within 1 year	**20,644**	–
After 1 year but within 5 years	**1,116**	–
	21,760	–

(b) Segment reporting

The Group manages its business by lines of business. In view of the acquisition of a new line of business as disclosed in Note 10 and the intended disposal of non-automobile business as disclosed in Note 9, the Group's reportable segments for the year ended 31 March 2020 are presented as follows:

Continuing operations

– Car trading platform: this segment provides imported cars platform services and property rental services.

– Car-sale: this segment carries out the trading of imported cars.

Discontinued 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.

– Investments holding: this segment manages the investments in debt and equity securities.

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 2020 and 2019 is set out below.

	2020								
	Continuing operations			Discontinued operations					Total
	Car-sale	Car trading platform	Sub-total	Manufacturing and trading	Retail	Wholesale	Investments holding	Sub-total	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	**1,126,341**	**57,635**	**1,183,976**	**645,007**	**504,722**	**284,700**	**47,440**	**1,481,869**	**2,665,845**
Inter-segment revenue	–	**592**	**592**	–	–	**46,529**	–	**46,529**	**47,121**
Reportable segment revenue	**1,126,341**	**58,227**	**1,184,568**	**645,007**	**504,722**	**331,229**	**47,440**	**1,528,398**	**2,712,966**
Reportable segment profit	**36,899**	**39,269**	**76,168**	**166,858**	**134,029**	**76,905**	**47,440**	**425,232**	**501,400**

	2019								
	Continuing operations			Discontinued operations					Total
(Restated)	Car-sale	Car trading platform	Sub-total	Manufacturing and trading	Retail	Wholesale	Investments holding	Sub-total	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	2,729,867	–	2,729,867	433,928	461,829	281,844	52,566	1,230,167	3,960,034
Inter-segment revenue	–	–	–	–	–	38,735	–	38,735	38,735
Reportable segment revenue	2,729,867	–	2,729,867	433,928	461,829	320,579	52,566	1,268,902	3,998,769
Reportable segment profit	164,559	–	164,559	89,955	127,592	58,680	52,566	328,793	493,352

(ii) Reconciliations of reportable segment revenue

(Restated)	Continuing operations		Discontinued operations		Total	
	2020	2019	**2020**	2019	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Reportable segment revenue	**1,184,568**	2,729,867	**1,528,398**	1,268,902	**2,712,966**	3,998,769
Elimination of inter-segment revenue	**(592)**	–	**(46,529)**	(38,735)	**(47,121)**	(38,735)
Consolidated revenue	**1,183,976**	2,729,867	**1,481,869**	1,230,167	**2,665,845**	3,960,034

(iii) Geographic information

All of the Group's revenue from continuing operations is generated from mainland China. All of the Group's non-current assets (excluding deferred tax assets) are located in Mainland China and Hong Kong as at 31 March 2020 and 2019.

5 OTHER INCOME

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Government grants	**3,006**	–
Interest income on cash at bank	**5,872**	98
Others	**51**	(133)
	8,929	(35)

6 (LOSS)/PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS

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

(a) Finance (costs)/income

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Interest on bank and other borrowings and promissory note	**(69,333)**	(2,085)
Interest on lease liabilities	**(10)**	–
Net foreign exchange loss	**(33,880)**	–
Changes in fair value of contingent consideration	**–**	85,023
	(103,223)	82,938

(b) Other items

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Cost of inventories	**1,089,411**	2,565,199
Depreciation and amortisation		
– owned property, plant and equipment	**2,188**	127
– right-of-use assets	**479**	–
Operating lease charges under HKAS 17	**–**	951
Operating lease charges of short-term leases and other leases with remaining lease term ending on or before 31 March 2020	**575**	–
Impairment losses on trade and other receivables	**22,481**	–
Expected credit losses for financial guarantees issued	**6,222**	–
	28,703	–

7 INCOME TAX IN THE CONSOLIDATED STATEMNET OF PROFIT OR LOSS

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

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Current taxation:		
– Provision for the year	**10,357**	39,397
– Under-provision in respect of prior years	**523**	–
	10,880	39,397
Deferred taxation:		
– Origination and reversal of temporary differences	**(26,730)**	(465)
Tax expense on continuing operations	**(15,850)**	38,932

(b) Reconciliation between tax expense and accounting (loss)/profit at applicable tax rates of continuing operations:

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
(Loss)/profit before taxation	**(112,698)**	215,931
Expected tax on (loss)/profit before tax, calculated at the rates applicable to profits in the tax jurisdictions concerned *(Notes (i), (ii) and (iii))*	**(23,538)**	48,681
Tax effect of non-deductible expenses	**49,664**	4,280
Tax effect of non-taxable income	**(42,609)**	(14,029)
Tax effect of unused tax losses	**110**	–
Under-provision in respect of prior years	**523**	–
Income tax	**(15,850)**	38,932

Notes:

(i) The Hong Kong Profits Tax rate for the year ended 31 March 2020 is 16.5% (2019: 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 2020 (2019: RMBNil).

(ii) The Group established in the Mainland China are subject to PRC Corporate Income Tax rate of 25% (2019: 25%).

(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)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic loss per share for the year ended 31 March 2020 is based on the following loss attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue during the year.

	2020			2019		
	Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
(Loss)/profit for the year attributable to equity shareholders of the Company	**(96,848)**	**(57,610)**	**(154,458)**	176,999	33,701	210,700

Weighted average number of ordinary shares:

	2020	2019
	'000	*'000*
Issued ordinary shares at 1 April	**7,544,020**	5,678,038
Effect of issuance of ordinary shares	**335,616**	945,772
Effect of contingently issuable shares	**–**	920,210
Weighted average number of ordinary shares at 31 March	**7,879,636**	7,544,020

(b) Diluted (loss)/earnings per share

There were no potential dilutive ordinary shares during the year ended 31 March 2020.

The calculation of diluted earnings per share for the year ended 31 March 2019 is based on the following profit attributable to ordinary equity shareholders of the Company (diluted) and the weighted average of 7,544,020,000 ordinary shares (diluted) (see Note 8 (a)).

Profit attributable to ordinary equity shareholders of the Company (diluted):

	2019		
	Continuing operations *RMB'000*	Discontinued operations *RMB'000*	Total *RMB'000*
Profit attributable to ordinary equity shareholders	176,999	33,701	210,700
After tax effect of changes in fair value of contingent consideration	(85,023)	–	(85,023)
Profit attributable to ordinary equity shareholders (diluted)	91,976	33,701	125,677

9 DISCONTINUED OPERATIONS

During the year ended 31 March 2020, management committed to a plan to expand its automobile business and sell the non-automobile business to provide the Group with an immediate cash inflow for settling its indebtedness and strengthening the Group's liquidity and financial position, as well as to address or mitigate the effect caused by the challenging global economic climate and uncertain business environment amid the COVID-19 outbreak and the intensified tension caused by the ongoing trade issues between the United States and the PRC.

On 28 May 2020, the Group entered into an agreement with Mr. Li Lixin, an executive director and a shareholder of the Company (the "Purchaser"), pursuant to which the Group agreed to sell and the Purchaser agreed to purchase the entire share capital of the Target Companies at a consideration of RMB1.25 billion (the "Disposal"). The Completion of the Disposal is subject to fulfillment of conditions set out in the agreement, including independent shareholders' approval.

The Target Companies and their subsidiaries (collectively, the "Disposal Group") represented (i) the manufacturing and trading segment, (ii) retail segment, (iii) wholesale segment and (iv) investments holding segment of the Group (collectively, the discontinued operations). Accordingly, the consolidated results of the discontinued operations for the period from 1 April 2019 to 31 March 2020 have been presented as discontinued operations in the consolidated financial statements in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* and the comparative figures of the consolidated statement of profit or loss and corresponding notes have been restated to show the discontinued operations separately from continuing operations, and the assets and liabilities of the Disposal Group are classified as held for sales at 31 March 2020.

It is impracticable to disclose the gain or loss on the proposed disposal as it is subject to the financial positions of the Disposal Group at the date of disposal.

(a) Results of discontinued operations

	2020	2019
	RMB'000	*RMB'000*
Revenue	**1,481,869**	1,230,167
Cost of sales	**(1,056,637)**	(901,374)
Gross profit	**425,232**	328,793
Other income	**12,540**	41,242
Selling and distribution expenses	**(85,423)**	(85,129)
Administrative expenses	**(115,727)**	(109,173)
Impairment losses on financial assets and guarantee contracts	**(219)**	(2,113)
Finance costs	**(54,193)**	(51,544)
Net valuation loss on investment properties	**(111,050)**	(59,226)
Impairment losses on property, plant and equipment	**(59,821)**	–
Impairment loss on goodwill *(Note 11)*	**(43,313)**	–
(Loss)/profit before taxation	**(31,974)**	62,850
Income tax	**(25,636)**	(29,149)
(Loss)/profit for the year from discontinued operations	**(57,610)**	33,701
Basic and diluted (loss)/earnings per share (RMB cent)	**(0.73)**	0.45

(b) The net cash flows incurred by the discontinued operations are as follows:

	2020	2019
	RMB'000	*RMB'000*
Net cash generated from operating activities	**407,428**	11,295
Net cash (used in)/generated from investing activities	**(191,591)**	174,498
Net cash generated from/(used in) financing activities	**204,754**	(178,521)
Net cash inflow	**420,591**	7,272

(c) Assets and liabilities of disposal groups held for sale

At 31 March 2020, the non-current assets and disposal groups held for sale were stated at the lower of carrying amount and fair value less costs to sell, comprising the following assets and liabilities:

	2020
	RMB'000
Property, plant and equipment	**409,636**
Investment properties	**660,000**
Deferred tax assets	**13,818**
Inventories	**146,453**
Trade and other receivables	**310,654**
Prepayments	**21,624**
Non-equity investments	**1,091,363**
Restricted bank deposits	**84,860**
Cash and cash equivalents	**568,807**
Assets held for sale	**3,307,215**
Trade and other payables	**483,338**
Bank and other loans	**1,345,594**
Lease liabilities	**52,598**
Income tax payable	**30,637**
Deferred tax liabilities	**199,815**
Liabilities held for sale	**2,111,982**
Net assets held for sale	**1,195,233**

10 BUSINESS COMBINATION

On 2 March 2019, the Company entered into an acquisition agreement with Valuable Peace Limited (the "Vendor"), which is held by a close family member of two directors of the Company. Pursuant to the agreement, the Company agreed to acquire 100% interests in Robust from the Vendor through 1) the issuance of 500,000,000 ordinary shares in the Company; 2) the issuance of interest-free promissory note of HK$400,000,000 due for payment in three years; and 3) the payment of cash of HK$300,000,000. The directors of the Company consider that the automotive industry, especially the parallel importation industry is a fast growing market and by completing the acquisition, the Company will be able to further diversify the Group's existing business to strive for greater growth potential.

Upon completion of the above acquisition on 31 July 2019, the Group recorded a negative goodwill of RMB258,235,000. In the opinion of the directors of the Company, negative goodwill was recognised as a result of bargain purchase, and decline in market price of the consideration shares and the increase of the net asset value of Robust and its subsidiaries (the "Robust Group") between the date the consideration was determined and the date of completion of the acquisition. The negative goodwill is calculated as below:

	RMB'000
Fair value of identifiable net assets acquired:	
Property, plant and equipment	72,237
Investment properties	1,599,120
Trade and other receivables and prepayments	2,923,020
Cash and cash equivalents	15,409
Restricted bank deposits	499,144
Trade and other payables	(2,461,129)
Bank and other loans	(1,101,840)
Income tax payable	(33,437)
Deferred tax liabilities	(338,926)
	1,173,598
Satisfied by:	
Fair value of consideration shares issued upon completion	351,561
Present value of consideration promissory note to be issued upon completion	300,132
Cash consideration *(Note (i))*	263,670
Total consideration	915,363
Negative goodwill *(Note(vii))*	258,235

Notes:

(i) Up to the date of issue of this announcement, the Company has not paid the cash consideration of HK$300,000,000 to the Vendor.

(ii) The fair values of the properties acquired at the acquisition date were determined using the market approach.

(iii) From the date of the above acquisition to 31 March 2020, the acquisition contributed revenue of RMB57,634,000 and net loss of RMB73,533,000 to the Group for the year ended 31 March 2020. Had the above acquisition been completed on 1 April 2019, the directors of the Company estimated the consolidated revenue and consolidated net loss from continuing operations for the year ended 31 March 2020 would have been RMB1,238,474,000 and RMB96,848,000, respectively, assuming the fair value of consideration payable remains the same.

(iv) The Group incurred acquisition-related costs of RMB15,443,000 relating to external legal fees, due diligence costs, valuation and audit costs. These costs have been included in "Administrative expenses" in the consolidated statements of profit or loss during the year ended 31 March 2020.

(v) The trade and other receivables comprise gross contractual amounts of RMB2,947,709,000 of which provision for credit loss of RMB24,689,000 has been made at the acquisition date.

(vi) On the acquisition date, the directors of the Company do not consider it probable that a claim will be made against the Group under the guarantees. The exposure of Robust Group at 31 July 2019 under the guarantees is approximately RMB2,291 million, being the aggregate banking facilities granted to third party customers of the Company by banks.

(vii) Net cash inflow arising on acquisition

	RMB'000
Cash and cash equivalents acquired	15,409

11 GOODWILL

	RMB'000
Cost:	
At 1 April 2018, 31 March 2019	**1,373,157**
Classified as assets of disposal groups held for sale	**(43,313)**
At 31 March 2020	**1,329,844**
Accumulated impairment losses:	
At 1 April 2018, 31 March 2019	**(693,391)**
Impairment loss	**(283,302)**
Classified as assets of disposal groups held for sale	**43,313**
At 31 March 2020	**(933,380)**
Carrying amount:	
At 31 March 2020	**396,464**
At 31 March 2019	679,766

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to operating segment as follows:

	2020	2019
	RMB'000	*RMB'000*
Manufacturing and trading	**–**	43,313
Car-sale	**396,464**	636,453
	396,464	679,766

The recoverable amounts of these CGUs are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets prepared by management of the Company covering a five-year period. The assumptions used in the value-in-use calculations are as follows:

	Manufacturing and trading		**Car-sale**	
	2020	2019	**2020**	2019
Long-term growth rate	**3.0%**	2.0%	**3.0%**	2.5%
Discount rate (pre-tax)	**18.9%**	14.7%	**14.5%**	14.1%

Impairment loss of RMB239,989,000 has been recognised in "impairment loss on goodwill" of the continuing operations during the year ended 31 March 2020 to reduce the carrying value of the car-sale CGU to its recoverable amount, due to the impact of implementation of Limits and Measurement Methods for Emissions from light-duty Vehicels (CHINA VI), COVID-19 outbreak and recent trade friction between the governments of the PRC and the United States on car-sale CGU. Any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

The carrying amount of the Manufacturing and trading CGU was determined to be higher than its recoverable amount due to the negative effect caused by the COVID-19 outbreak and the ongoing trade friction between the government of the PRC and the United States and an impairment loss of RMB43,313,000 was recognised in "loss for the year from discontinued operations" during the year ended 31 March 2020 (2019: Nil).

12 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	31 March 2020	31 March 2019
	RMB'000	*RMB'000*
Trade receivables from:		
– Third parties	**173,822**	64,423
– Companies under the control of a shareholder of the Company *(Note (a))*	**–**	207,541
Bills receivable	**–**	2,696
	173,822	274,660
Less: loss allowance	**(21,489)**	(2,868)
	152,333	271,792
Amounts due from related companies:		
– Amounts due from companies under the control of shareholders of the Company *(Note (b))*	**–**	4,326
– Amount due from an associate	**–**	6,200
	–	10,526
Less: loss allowance	**–**	(6,200)
	–	4,326
Other receivables:		
– Advances to third parties	**1,319,368**	892
– Others	**4,510**	3,491
	1,323,878	4,383
Less: loss allowance	**(25,681)**	(693)
	1,298,197	3,690
Financial assets measured at amortised cost	**1,450,530**	279,808

	31 March 2020 RMB'000	31 March 2019 RMB'000
Deposits:		
– Deposits for operating leases expenses paid to third parties	**203**	3,672
– Deposits for parallel importation of cars to a company under the control of a non-controlling shareholder of the Company	**–**	50,000
– Others	**3,753**	4,657
	3,956	58,329
Trade and other receivables	**1,454,486**	338,137
Prepayments:		
– Prepayments to suppliers	**613,222**	473,454
– Others	**4,415**	1,317
	617,637	474,771
	2,072,123	812,908

Notes:

(a) 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 and is classified as assets of disposal groups held for sale at 31 March 2020 (Note 9(c)).

(b) The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

The amount of deposits expected to be recovered or recognised as expense after more than one year is RMBNil (2019: RMB50,000,000). All of the other trade and other receivables are expected to be recovered or recognised as expenses within one year.

Ageing analysis

Included in trade and other receivables are trade and bills 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:

	2020 RMB'000	2019 RMB'000
Within 1 month	**35,383**	81,290
More than 1 month but less than 3 months	**53,234**	83,071
Over 3 months	**63,716**	107,431
	152,333	271,792

13 TRADE AND OTHER PAYABLES

	2020	2019
	RMB'000	*RMB'000*
Trade payables to:		
– Third parties	**971**	164,488
– Companies under the control of shareholders of the Company	**–**	42,731
	971	207,219
Bills payable *(Note (iii))*	**791,999**	87,124
	792,970	294,343
Amounts due to related companies:		
– Companies under the control of shareholders of the Company *(Note (i))*	**764**	33,500
Accrued charges and other payables:		
– Accrued expenses	**11,666**	20,999
– Payables for staff related costs	**559**	48,776
– Deposits from customers and suppliers		
– Third parties	**519**	–
– Company under the control of shareholder of the Company	**24,782**	12,667
– Payables for interest expenses	**9,404**	5,450
– Payables for miscellaneous taxes	**3,593**	5,086
– Expected credit loss for financial guarantee granted	**40,560**	–
– Payables for acquisition of subsidiaries *(Note 10)*	**274,260**	–
– Others	**10,002**	23,743
	375,345	116,721
Financial liabilities measured at amortised cost	**1,169,079**	444,564
Contract liabilities *(Note (ii))*	**292,656**	230,538
	1,461,735	675,102

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 2019 and 2020 has been recognised as revenue during the year.

(iii) Bills payable of RMB245,499,000 as at 31 March 2020 were due on or before 31 March 2020 but were not yet repaid at the end of the reporting period. Up to the date of approval of these consolidated financial statements, these overdue bills were fully repaid.

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:

	2020	2019
	RMB'000	*RMB'000*
Within 1 month	**971**	135,574
Over 1 month but within 3 months	**–**	108,972
Over 3 months but within 6 months	**266,500**	44,333
Over 6 months	**525,499**	5,464
	792,970	294,343

14 DIVIDEND

The director of the Company did not recommend the payment of a final dividend for the year ended 31 March 2020 (2019: RMBNil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

General Information

For the year ended 31 March 2020 (the "Year"), the Group recorded a revenue for the continuing operations of approximately RMB1,184.0 million, representing a decrease of 56.6% when compared with the revenue of approximately RMB2,729.9 million reported for the last year. Net loss for the Year was approximately RMB154.5 million compared to a net profit of RMB210.7 million for the last year. The Group's basic and diluted loss per share for the Year were RMB1.96 cents while the Group's basic and diluted earnings per share were RMB2.79 cents and RMB1.67 cents for the corresponding period last year.

Net Assets, Liquidity and Financial Resources

As at 31 March 2020, the Group's net assets increased to RMB2,647.2 million, rendering net asset value per share at RMB32.91 cents. The increase in net assets was mainly the result of the issuance of shares for the acquisition of a car trading platform business on 31 July 2019, and the acquisition has brought positive contribution to the asset base.

As at 31 March 2020, the Group's total assets were valued at RMB7,947.4 million, including cash and bank deposits of approximately RMB259.9 million. Consolidated bank loans and other borrowings were amounted to RMB1,060.7 million. Debt-to-equity ratio (bank loans and other borrowings over total equity) has been decreased from 46.0% as at 31 March 2019 to 40.1% as at 31 March 2020. The change in the debt-to-equity ratio was essentially due to the bank loans of a car trading platform business consolidated into the Group upon completion of the acquisition of a car trading platform business mentioned above.

Most of the Group's business transactions were conducted in RMB and US$. As at 31 March 2020, the Group's major borrowings included bank loans and loans from other financial institutions, which had an outstanding balance of RMB1,052.9 million, other borrowings from shareholders totaling RMB7.77 million. All of the Group's borrowings are denominated in RMB, HK$, US$ and CAD.

Pledge of Assets

The Group's leasehold land and buildings and investment properties with a carrying amount of RMB1,609.2 million for continuing operations as at 31 March 2020 were pledged to secure bank borrowing and facilities of the Group.

Prepayment to Suppliers

As at 31 March 2020, the balance of prepayment to suppliers is RMB617.6 million. As at the 30 June 2020, the utilization of the prepayment to suppliers was approximately RMB425.6 million or 68.9% of the balance.

Capital Expenditure and Commitments

The Group will continue to allocate a reasonable amount of resources to acquisitions, 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$, US$ and CAD. 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

With the acquisition of car-sale business in 2017 and car trading platform business in 2019, the overall car business has emerged to become the most important business segment of the Group in the year ended 31 March 2020. Retail and wholesale business, manufacturing and trading business and investments holding business were classified as discontinued operations for the Year.

In terms of geographical location, all of the Group's revenue for the continuing operations is generated from Mainland China.

Contingent Liabilities

As at 31 March 2020, 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") prior to the acquisition in July 2019. 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 RMB2,187.0 million being the aggregate banking facilities granted to third party customer of the Group by banks.

Employee Information

As at 31 March 2020, the Group employed a workforce of 1,697 employees for the continuing and discontinued operations 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 RMB154.5 million, compared to the net profit of RMB210.7 million for the corresponding last year. The change was mainly attributable to the recognition of the gain in fair value change of approximately RMB85.0 million from the Tranche C consideration shares for the car-sale business project in Tianjin in the last year for the continuing operations while impairment loss on goodwill of approximately RMB240.0 million in the Year for continuing operations.

Revenue for the Continuing Operations

The Revenue for the continuing operations comprised Car-sale Business and Car-Trading Platform Business. During the Year, the Group recorded revenue from continuing operations of approximately RMB1,184.0 million, representing a decrease of 56.6% when compared with the revenue of approximately RMB2,729.9 million reported for the last year.

Car-sale Business

The Group had originally anticipated that there would be considerable growths of revenue of the car-sale business as at the date of acquisition. However, the trading and sales of imported cars business decreased substantially by 58.7% to RMB1,126.3 million for the year ended 31 March 2020 as compared with RMB2,729.9 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. The desire for purchase of imported cars is lessoned and some customers have a wait-and-see attitude on their purchase plan which affected the transactions of imported cars and resulted in a drop of turnover for our car-sale business in the year ended 31 March 2020 as compared with the corresponding period last year. Decrease in revenue in 2020 affected the sales forecasted incoming years assumed in the valuation model. As a result, the recoverable amounts assessed by an independent professional valuer was lower than the carrying value of the car-sale business, and impairment losses of approximately RMB240.0 million on goodwill was recognised for the year ended 31 March 2020. The management team of car-sale business expected the market of imported cars will soon be back to normal in late 2020 as the demand of the customers was expected to be rebounded after relief of the COVID-19 pandemic. The management is confident that the sales performance will catch up in the foreseeable future.

Car Trading Platform Business

The imported cars platform services and property rental business started operation after completion of the acquisition in July 2019. The business contributed revenue of RMB57.6 million for the year ended 31 March 2020. The management is confident that its business will provide considerable revenue for the next year.

Revenue for the Discontinued Operations

Revenue for the discontinued operations included Retail and Wholesale Business, Manufacturing and Trading Business and Investment Holding Business. During the Year, the Group recorded revenue for the discontinued operations of approximately RMB1,481.9 million, representing a increase of 20.5% when compared with the total revenue of approximately RMB1,230.2 million reported for the last year.

Retail and Wholesale Business

Retail business increased by 9.3% to RMB504.7 million and wholesale business increased by 1.0% to RMB284.7 million for the Year as compared with last year. Although keen market competition from e-commerce, large supermarket chains and new shopping malls nearby, the retail business was operated successfully and recorded an increase in revenue. On the other hand, the wholesale business in wine and beverages has stabilized and recorded a satisfactory increase in revenue contributed by the hard work of the sale team for the Year.

Manufacturing and Trading Business

During the Year, the manufacturing and trading business contributed approximately RMB645.0 million to the revenue for the discontinued operations. The business of this segment increased by RMB211.1 million when compared with the last year of approximately RMB433.9 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. The business of this segment performed quite well in the Year.

Investments Holding Business

Dividend income and investment income decreased by 9.8% to RMB47.4 million during the Year as compared with the last year.

PROSPECTS

Expanding into a Promising Car-Sale Business Market

Since the completion of the acquisition of a car-sales business in early 2017, the Group continued to expand into car-sale business market.

On 2 March 2019, the Company and Valuable Peace Limited (the "Vendor") entered into a sale and purchase agreement (the "SPA"). Pursuant to the SPA, the Company intends to acquire and the Vendor intends to sell entire issued share capital of Robust Cooperation Limited which holds indirectly the entire equity interest in the Automobile City (the "Acquisition"). The Acquisition was completed on 31 July 2019. For details of the Acquisition, please refer to the announcements dated 3 March 2019, 30 April 2019 and 31 July 2019 and the circular dated 28 May 2019.

The Group will actively expand its car business through pursuing acquisition and/or cooperation opportunities of domestic and overseas procurement/warehouse/logistic facilities, car-sale exhibition facilities and products delivery/after-sales service network. An example is the signing of memorandum of understanding related to the possible acquisition of Beijing Gunlie E-commerce Company Limited. Please refer to the announcement of the Company on 22 September 2019.

Besides, the Group will soon launch virtual intelligent car-sale business portal with collaboration with major e-commerce operators, trading parallel imported cars and domestic manufactured cars at the same time. Geographically, the initial focus will be Tianjin, Changsha, Guangzhou, Wuxi and Urumqi.

Strengthening Our Liquidity and Financial Position

On 28 May 2020, the Company and Li Lixin, executive director and controlling shareholder of the Company, entered into a disposal agreement, pursuant to which the Company conditionally agreed to see, and Li Lixin conditionally agreed to by the entire shareholding interest in Magician Investments (BVI) Limited, Magician Strategic Limited and Wealthy Honor Holdings Limited (the "Disposal"). The Disposal operated retail and wholesale business, manufacturing and trading business and investments holding business. The Board considered that the Disposal provides the Group with an immediate cash inflow for settling its indebtedness and strengthening the Group's liquidity and financial position. For details of the Disposal, please refer to the announcements dated 17 March 2020 and 28 May 2020.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2020, the interests and short positions of the directors and chief executives 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. Tong Shiping	*Note 2*	1,849,407,702 (L)	22.99%
		398,000,000 (S)	4.95%
Mr. Li Lixin	*Note 3*	2,755,137,680 (L)	34.25%
		2,388,284,681 (S)	29.69%
Ms. Cheng Weihong	*Note 2*	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. Tong Shiping is the husband of Ms. Cheng Weihong. Ms. Cheng Weihong's interest in 956,407,702 Shares and 893,000,000 Shares are held through Mighty Mark Investments Limited ("Mighty Mark") and Hopeful Glad Limited ("Hopeful Glad") respectively. The issued share capital of Mighty Mark and Hopeful Glad are wholly owned by Ms. Cheng Weihong.

Note 3: 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 were no other options outstanding at the beginning or the end of the year ended 31 March 2020. Other than that, at no time during the year ended 31 March 2020 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 ended 31 March 2020.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2020, 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**
Mighty Mark Investments Limited	Beneficial owner	956,407,702 (L)	11.89%
Hopetul Glad Limited	Beneficial owner	893,000,000 (L)	11.10%
		398,000,000 (S)	4.95%
Big-Max Manufacturing Co., Limited	Beneficial owner	1,382,141,014 (L)	17.18%
		1,033,111,014 (S)	12.84%
Shi Hui Holdings Limited	Beneficial owner	1,355,174,666 (L)	16.85%
		1,355,173,667 (S)	16.85%
Central Huijin Investment Limited	Person having a security interest in shares/interest in controlled corporation	2,839,301,680 (L)	35.30%
China Construction Bank Corporation	Person having a security interest in shares/interest in controlled corporation	2,839,301,680 (L)	35.30%

Name	Capacity	Number of shares/ underlying shares *(Note)*	Approximate percentage of the issued share capital of the Company
Greater Bay Area Homeland Investments Limited	Person having a security interest in shares/interest in controlled corporation	1,375,857,143 (L)	17.10%
Poly Platinum Enterprises Limited	Beneficial owner/Person having a security interest in shares	885,239,143 (L)	11.00%
Greater Bay Area Homeland Development Fund (GP) Limited	Person having a security interest in shares/interest in controlled corporation	875,857,143 (L)	10.89%
Ministry of Finance of Zhejiang Province, the People's Republic of China (中華人民共和國浙江省財政廳)	Person having a security interest in shares	792,971,000 (L)	9.86%
浙江省財務開發公司	Person having a security interest in shares	792,971,001 (L)	9.86%
Caitong Securities Co., Limited	Person having a security interest in shares	700,971,001 (L)	8.71%
China Fund Limited	Beneficial owner	462,663,898 (L)	5.75%
Li Yuelan	Interest in controlled corporation	462,663,898 (L)	5.75%
Liu Xuezhong	Interest in controlled corporation	462,663,898 (L)	5.75%

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 with the management the accounting principles and practice adopted by the Group and discussed internal controls, auditing and financial reporting matters including a review of the audited consolidated financial statements for the Year, in conjunction with the Group's auditor, KPMG (the "Auditor").

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 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:

Under code provision E1.2 the chairman of the board and the chairmen of the audit, remuneration and nomination committees should attend the annual general meeting. The chairmen of the audit, remuneration and nomination committees of the Company were unable to attend the annual general meeting held during the Year due to their other commitments.

Under code provision 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. Under the current organisation structure of the Group, Mr. Tong Shiping now serves as both the Chairman and the CEO. The Board believes that vesting the roles of both the Chairman and the CEO in the same person can facilitate the execution of the Group's business strategies and boost effectiveness of its operation. Therefore, the Board considers that the deviation from the code provision A.2.1 of the CG Code is appropriate in such circumstance. In addition, under the supervision of the Board which is comprised of four executive Directors, one non-executive Director and four independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders.

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 ended 31 March 2020.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position and related notes thereto for the year ended 31 March 2020 as set out in the preliminary announcement have been compared by the Auditor to the amounts set out in the Group's consolidated financial statements for the Year and the amounts were found to be in agreement. The work performed by the Auditor in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by HKICPA and consequently no assurance has been expressed by the Auditor on the preliminary announcement.

PUBLICATION OF THE FURTHER INFORMATION

The 2020 annual 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
Tong Shiping
Chairman

Hong Kong, 30 June 2020

As at the date of this announcement, the Board comprises Mr. Tong Shiping (Chairman and Chief Executive Officer), Mr. Li Lixin, Mr. Cheng Jianhe and Ms. Jin Yaxue being executive Directors, Ms. Cheng Weihong being non-executive Director, Mr. He Chengying, Mr. Cheung Kiu Cho Vincent, Mr. Shin Yick Fabian and Mr. Kwong Kwan Tong being independent non-executive Directors.