



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) (於百慕達註冊成立之有限公司)
Stock Code 股份代號：526

Interim Report 中期報告
2021/2022

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CORPORATE INFORMATION**BOARD OF DIRECTORS****Executive Directors**

Mr LI Lixin

Mr CHENG Jianhe

Ms JIN Yaxue

Non-Executive Director

Ms CHENG Weihong

Independent Non-Executive Directors

Mr SHIN Yick Fabian

Mr HE Chengying

Mr KWONG Kwan Tong

COMPANY SECRETARY

Ms PANG Yuen Shan Christina

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton

HM11, Bermuda

**HEAD OFFICE AND PRINCIPAL PLACE
OF BUSINESS**

Workshop 06-07, 36/F King Palace Plaza

No. 52A Sha Tsui Road, Tsuen Wan

New Territories, Hong Kong

SECURITIES CODE

Hong Kong Stock Code: 526

WEBSITE ADDRESS

<http://www.lisigroup.com.hk>

AUDITOR

KPMG

Public Interest Entity Auditor

registered in accordance with the

Financial Reporting Council Ordinance

PRINCIPAL BANKERS

Shengjing Bank, Tianjin Branch,
the People's Republic of China (the "PRC")

Bank of Langfang, Tianjin Branch, PRC
Tianjin Rural Commercial Bank Co., Ltd.

Bank of Communications,

Hong Kong and Ningbo Branches, PRC

Bank of Ningbo, PRC

China Construction Bank, Ningbo Branch, PRC

The Hongkong and Shanghai Banking
Corporation Limited

**PRINCIPAL SHARE REGISTRAR AND
TRANSFER OFFICE**

MUFG Fund Services (Bermuda) Limited

4th Floor North

Cedar House

41 Cedar Avenue

Hamilton HM12

Bermuda

**HONG KONG BRANCH SHARE
REGISTRAR AND TRANSFER OFFICE**

Tricor Secretaries Limited

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2021 – unaudited
(Expressed in Renminbi (“RMB”))

		Six months ended 30 September	
Note	2021 RMB'000 (Unaudited)	2020 RMB'000 (Restated) (Unaudited) (Note 2)	
Revenue	4	1,031,685	860,245
Cost of sales		(754,848)	(614,106)
Gross profit		276,837	246,139
Other income	5	46,497	12,647
Selling and distribution expenses		(49,694)	(43,921)
Administrative expenses		(58,025)	(78,040)
Profit from operations		215,615	136,825
Finance costs	6(a)	(88,108)	(95,033)
Net valuation loss on investment properties		(40,520)	(58,000)
Reversal on/(impairment losses) on financial assets and guarantee contracts	6(c)	7,925	(7,764)
Impairment loss on goodwill		–	(165,153)
Profit/(loss) before taxation	6	94,912	(189,125)
Income tax	7	(6,778)	(19,921)
Profit/(loss) for the period attributable to equity shareholders of the Company		88,134	(209,046)
Earnings/(loss) per share (RMB cent)			
Basic	8(a)	1.10	(2.60)
Diluted	8(b)	1.10	(2.60)

The notes on pages 11 to 37 form part of this interim financial report.

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

*For the six months ended 30 September 2021 – unaudited
(Expressed in RMB)*

	Six months ended 30 September	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit/(loss) for the period	88,134	(209,046)
Other comprehensive income for the period (after tax and reclassification adjustments):		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation into presentation currency	5,030	24,806
Other comprehensive income for the period	5,030	24,806
Total comprehensive income attributable to equity shareholders of the Company for the period	93,164	(184,240)

The notes on pages 11 to 37 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021 – unaudited
(Expressed in RMB)

	Note	30 September 2021 RMB'000 (Unaudited)	31 March 2021 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	9	521,143	505,392
Investment properties		1,885,312	2,005,840
Goodwill	10	–	–
Financial assets at fair value through profit or loss (“FVPL”)		809,267	802,314
Deferred tax assets		15,369	15,284
		3,231,091	3,328,830
Current assets			
Inventories		192,375	180,197
Trade and other receivables	11	949,600	860,616
Prepayments	11	69,163	148,447
Financial assets at FVPL		80,341	80,296
Restricted cash	12	169,043	194,437
Cash and cash equivalents	13	373,841	332,738
		1,834,363	1,796,731
Current liabilities			
Trade and other payables	14	1,441,350	1,493,412
Bank and other loans	15	2,072,715	2,480,464
Income tax payable		63,757	72,795
Lease liabilities		15,367	13,182
		3,593,189	4,059,853
Net current liabilities		(1,758,826)	(2,263,122)
Total assets less current liabilities		1,472,265	1,065,708

The notes on pages 11 to 37 form part of this interim financial report.

		30 September 2021 RMB'000 (Unaudited)	31 March 2021 RMB'000 (Audited)
	<i>Note</i>		
Non-current liabilities			
Promissory note		317,516	314,743
Bank and other loans	15	450,061	95,780
Lease liabilities		34,268	29,153
Deferred tax liabilities		457,982	506,758
		1,259,827	946,434
NET ASSETS		212,438	119,274
CAPITAL AND RESERVES			
Share capital		69,888	69,888
Reserves	16(b)	142,550	49,386
TOTAL EQUITY		212,438	119,274

The notes on pages 11 to 37 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021 – unaudited

(Expressed in RMB)

	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Statutory reserves RMB'000	Contributed surplus RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at 1 April 2020	69,888	2,690,990	1,341	59,780	202,449	(28,963)	30,340	(378,653)	2,647,172
Changes in equity for the six months ended 30 September 2020:									
Loss for the period	-	-	-	-	-	-	-	(209,046)	(209,046)
Other comprehensive income	-	-	-	-	-	24,806	-	-	24,806
Total comprehensive income for the period	-	-	-	-	-	24,806	-	(209,046)	(184,240)
Balance at 30 September 2020	69,888	2,690,990	1,341	59,780	202,449	(4,157)	30,340	(587,699)	2,462,932

The notes on pages 11 to 37 form part of this interim financial report.

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	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Statutory reserve RMB'000	Contributed surplus RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Accumulated loss RMB'000	Total equity RMB'000
Balance at 1 October 2020	69,888	2,690,990	1,341	59,780	202,449	(4,157)	30,340	(587,699)	2,462,932
Changes in equity for the six months ended 31 March 2021:									
Loss for the period	-	-	-	-	-	-	-	(2,351,684)	(2,351,684)
Other comprehensive income	-	-	-	-	-	(1,711)	-	-	(1,711)
Total comprehensive income for the period	-	-	-	-	-	(1,711)	-	(2,351,684)	(2,353,395)
Appropriation to reserves	-	-	-	9,737	-	-	-	-	9,737
Balance at 31 March 2021	69,888	2,690,990	1,341	69,517	202,449	(5,868)	30,340	(2,939,383)	119,274
Balance at 1 April 2021									
	69,888	2,690,990	1,341	69,517	202,449	(5,868)	30,340	(2,939,383)	119,274
Changes in equity for the six months ended 30 September 2021:									
Profit for the period	-	-	-	-	-	-	-	88,134	88,134
Other comprehensive income	-	-	-	-	-	5,030	-	-	5,030
Total comprehensive income for the period	-	-	-	-	-	5,030	-	88,134	93,164
Appropriation to reserves	-	-	-	-	-	-	-	-	-
Balance at 30 September 2021	69,888	2,690,990	1,341	69,517	202,449	(838)	30,340	(2,851,249)	212,438

The notes on pages 11 to 37 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2021 – unaudited

(Expressed in RMB)

	Six months ended 30 September	
Note	2021 RMB'000 (Unaudited)	2020 RMB'000 (Restated) (Unaudited) (Note 2)
Operating activities		
Cash generated from/(used in) operations	99,510	(303,121)
Tax paid	(40,031)	(10,093)
Net cash generated from/(used in) operating activities	59,479	(313,214)
Investing activities		
Payments for purchase of financial assets at FVPL	–	(812,900)
Proceeds from sales of financial assets at FVPL	–	866,000
Payments for purchase of property, plant and equipment	(62,503)	(34,157)
Proceeds from disposal of property, plant and equipment	42,293	2,021
Proceeds from disposal of investment properties	97,000	–
Net decrease in restricted cash	25,394	112,790
Interest received	2,520	9,774
Investment and dividend income received	23,992	34,798
Net decrease/(increase) in other receivables	9,502	(333,193)
Net cash generated from/(used in) investing activities	138,198	(154,867)

The notes on pages 11 to 37 form part of this interim financial report.

		Six months ended 30 September	
	Note	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Restated) (Unaudited) (Note 2)
Financing activities			
Proceeds from new bank and other loans		849,030	1,110,406
Repayment of bank and other loans		(899,173)	(791,675)
Finance costs paid		(88,108)	(94,597)
Interest element of lease rentals paid		(1,392)	(1,400)
Capital element of lease rentals paid		(12,303)	(12,515)
Net cash (used in)/generated from financing activities		(151,946)	210,219
Net increase/(decrease) in cash and cash equivalents		45,731	(257,862)
Cash and cash equivalents at 1 April		332,738	586,112
Effect of foreign exchange rate changes		(4,628)	490
Cash and cash equivalents at 30 September	13	373,841	328,740

The notes on pages 11 to 37 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

1. CORPORATE INFORMATION

China Automobile New Retail (Holdings) Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability under the Bermuda Companies Act 1981. The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 11 October 1995. The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are provision of car trading platform related services, trading of imported cars, manufacturing and trading of household products, operation of supermarkets, wholesale of wine and electrical appliances and investments holding.

2. BASIS OF PREPARATION

This interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange” and the “Listing Rules” respectively), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). It was authorised for issue on 30 November 2021.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

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

This interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

During the year ended 31 March 2020, management committed to a plan to expand its automotive business and sell the non-automotive business. On 28 May 2020, the Group entered into an agreement to sell the non-automotive business which comprise of (i) the manufacturing and trading segment; (ii) retail segment; (iii) wholesale segment; and (iv) investments holding segment (collectively, the non-automotive operations) at a consideration of RMB1.25 billion (the “Proposal Disposal”). The Group presented the results of the non-automotive operations separately as “loss for the year from discontinued operations” in the consolidated statement of profit or loss and the assets and liabilities of the non-automotive operations as held for sale in the consolidated statement of financial position in the financial statements for the year ended 31 March 2020.

However, management reassessed and concluded that the Proposed Disposal is not highly probable. The Group ceased the classification of the non-automotive operations as held for sale and restated the comparative statement of profit or loss and its notes accordingly. The comparative statement of the financial position is not re-presented as a result of the change of in assessment. The Proposed Disposal was terminated on 1 June 2021.

3. ACCOUNTING POLICIES

Going concern

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.

As at 30 September 2021, the Group had net current liabilities of RMB1,758.8 million (31 March 2021: RMB2,263.1 million), which included bank and other loans amounted to RMB2,072.7 million (31 March 2021: RMB2,480.5 million) and bills payable of RMB157.6 million (31 March 2021: RMB148.0 million), which are repayable within one year. As at the date of approval of these consolidated financial statements, bank and other loans of RMB1,018.0 million (31 March 2021: RMB1,022.6 million) were overdue. These overdue bank and other loans were not settled or renewed at of the date of approval of these financial statements. Included in these bank and other loans and bills payable were RMB459 million (31 March 2021: RMB459 million) the lenders of which have commenced litigations against the Group for repaying the outstanding balances.

The Group has provided guarantees to some of its customers' lenders in relation to these customers' banking facilities and bank loans amounting to RMB2,622.5 million (31 March 2021: RMB2,622.5 million). As at 30 September 2021, bank loans of RMB323.5 million (31 March 2021: RMB1,299.0 million) out of the abovementioned guarantees were defaulted. Included in these bank loans were RMB100 million (31 March 2021: RMB100 million) the banks of which have commenced litigations against the borrowers and the guarantors, including the subsidiaries of the Group, for repaying the outstanding loans.

The courts in the PRC have ordered to freeze certain of the Group's bank accounts.

These conditions indicate the existence of multiple material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

In view of these, the directors of the Company have taken measures to manage its liquidity needs which include, but not limited to, the following:

- 1) The Group is actively negotiating with banks and other financial institutions for extension of its liabilities;
- 2) The Group is actively looking for additional sources of financing;

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 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 2021 if such a payment would cause the Group unable to settle its liabilities to other parties when they fall due;
- 2) Tong Shiping (shareholder 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 2021.

Taking into account the Group's cash flow forecast for the twelve months ending 30 September 2022 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.

Changes in accounting policies

The Group has applied the following amendments to the HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021

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

4. REVENUE AND SEGMENT REPORTING

(a) Disaggregation of revenue

The principal activities of the Group are provision of car trading platform related services, trading of imported cars, manufacturing and trading of household products, operation of supermarkets, wholesale of wine and electrical appliances and investment holding.

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

	Six months ended 30 September	
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Restated) (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products of service lines		
– sales of goods	932,115	765,149
– rendering of services	38,494	29,058
	970,609	794,207
Revenue from other sources		
– investment income	30,990	30,318
– rental income from operating leases	30,086	35,720
	61,076	66,038
	1,031,685	860,245

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

	Six months ended 30 September	
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Restated) (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products of service lines		
– Point in time	1,021,123	852,327
– Over time	10,562	7,918
	1,031,685	860,245

(b) Segment reporting

The Group manages its business by lines of business. The Group's reportable segment for the six months ended 30 September 2021 are presented as follows:

- 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.
- 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.

The Group ceased to classify the non-automotive segments as discontinued operations during the year ended 31 March 2021. As such, the Group no longer allocate the reportable segments into continuing and discontinued operations.

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.

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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 six months ended 30 September 2021 and 2020 is set out below.

	Six months ended 30 September 2021 (Unaudited)						
	Car trading platform	Car-sale	Manufacturing and trading	Retail	Wholesale	Investments holding	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	10,589	-	521,596	164,365	304,145	30,990	1,031,685
Inter-segment revenue	51	-	-	-	41,635	-	41,686
Reportable segment revenue	10,640	-	521,596	164,365	345,780	30,990	1,073,371
Reportable segment (loss)/profit	(153)	-	131,157	56,968	57,875	30,990	276,837

	Six months ended 30 September 2020 (Unaudited)						
	Car trading platform	Car-sale	Manufacturing and trading	Retail	Wholesale	Investments holding	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	23,073	39,867	387,163	224,732	155,092	30,318	860,245
Inter-segment revenue	272	-	-	-	27,738	-	28,010
Reportable segment revenue	23,345	39,867	387,163	224,732	182,830	30,318	888,255
Reportable segment profit	9,696	2,719	106,393	65,336	31,677	30,318	246,139

(ii) *Reconciliations of reportable segment revenue*

	Six months ended 30 September	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Restated) (Unaudited)
Reportable segment revenue	1,073,371	888,255
Elimination of inter-segment revenue	(41,686)	(28,010)
Consolidated revenue	1,031,685	860,245

5. OTHER INCOME

	Six months ended 30 September	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Restated) (Unaudited)
Government grants	2,655	7,310
Interest income on cash at bank	2,520	4,404
Gain/(loss) on disposal of property, plant and equipment	19,547	(1,128)
Gain on disposal of investment properties	21,629	–
Others	146	2,061
	46,497	12,647

6. PROFIT/(LOSS) BEFORE TAXATION

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

(a) Finance costs

	Six months ended 30 September	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Restated) (Unaudited)
Interest on bank and other borrowings	67,166	74,709
Interest on lease liabilities	1,392	1,400
Other finance costs	19,550	18,924
	88,108	95,033

(b) Staff costs

	Six months ended 30 September	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Restated) (Unaudited)
Salaries, wages and other benefits	66,897	60,297
Contributions to defined contribution retirement plans	4,409	2,894
	71,306	63,191

(c) Other items

	Six months ended 30 September	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Restated) (Unaudited)
Cost of inventories	601,241	507,851
Depreciation and amortization		
– owned property, plant and equipment	33,130	33,573
– right-of-use assets	7,169	10,215
(Reversal on)/impairment losses on financial assets and guarantee contracts	(7,925)	7,764
Net foreign exchange gain, net	9,690	10,834

7. INCOME TAX

	Six months ended 30 September	
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Restated) (Unaudited)
Current taxation		
– Provision for the six months period	26,089	33,466
– Under-provision in respect of prior years	4,123	–
	30,212	33,466
Deferred taxation:		
– Origination and reversal of temporary differences	(23,434)	(13,545)
	6,778	19,921

Notes:

- (i) Hong Kong Profits Tax rate for the six months ended 30 September 2021 is 16.5% (six months ended 30 September 2020: 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 six months ended 30 September 2021 (six months ended 30 September 2020: RMBNil).
- (ii) The Group established in the Mainland China are subject to PRC Corporate Income Tax rate of 25% for the six months ended 30 September 2021 (six months ended 30 September 2020: 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. EARNINGS/(LOSS) PER SHARE**(a) Basic earnings/(loss) per share**

The calculation of basic earnings/(loss) per share for the six months ended 30 September 2021 is based on the profit attributable to ordinary equity shareholders of the Company of RMB88,134,000 (six months ended 30 September 2020: loss of RMB209,046,000) and the weighted average of 8,044,020,000 ordinary shares (six months ended 30 September 2020: 8,044,020,000 ordinary shares) in issue during the six months period.

(b) Diluted earnings/(loss) per share

There were no potential dilutive ordinary shares during the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2021, the Group acquired items of property, plant and equipment with a cost of RMB81,575,000 of which right-of-use asset recognised was RMB20,995,000 (six months ended 30 September 2020: RMB34,159,000 and RMB Nil). Items of property, plant and equipment with a net book value of RMB25,663,000 were disposed during the six months ended 30 September 2021 (six months ended 30 September 2020: RMB2,294,000).

10. GOODWILL

RMB'000

Cost:

At 1 April 2020, 31 March 2021 and 30 September 2021 1,329,844

Accumulated impairment losses:

At 1 April 2020 (933,380)

Impairment loss (396,464)

At 31 March 2021 and 30 September 2021 (1,329,844)

Carrying amount:

At 30 September 2021 -

At 31 March 2021 -

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:

	At 30 September 2021 RMB'000 (Unaudited)	At 31 March 2021 RMB'000 (Audited)
Manufacturing and trading	-	-
Car-sale	-	-
	-	-

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:

	Car-sale
	At
	31 March
	2021
Long-term growth rate	2%
Discount rate (pre-tax)	20.0%

Due to the impact of the implementation of Limits and Measurement Methods for Emissions from Light-duty Vehicles (CHINA VI), COVID-19 outbreak and recent trade friction between the governments of the PRC and the United States on car-sale CGU, the business of car-sale has been negatively affected. Impairment loss of RMB396,464,000 has 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.

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	At 30 September 2021 RMB'000 (Unaudited)	At 31 March 2021 RMB'000 (Audited)
Trade receivables from:		
– Third parties	186,804	209,790
– Companies under the control of a shareholder of the Company (Note (i))	418,443	332,618
	605,247	542,408
Less: loss allowance	(7,466)	(71,205)
	597,781	471,203
Amounts due from companies under the control of a shareholder of the Company (Note (ii))	6,174	5,529
Other receivables (Note (iii))	1,790,977	1,884,429
Less: loss allowance	(1,453,507)	(1,515,098)
	337,470	369,331
Financial assets measured at amortised cost	941,425	846,063
Deposits:		
– Deposits for operating leases expenses paid to third parties	4,669	8,484
– Others	3,506	6,069
	8,175	14,553
Trade and other receivables	949,600	860,616
Prepayments:		
– Prepayments to suppliers	68,347	146,757
– Others	816	1,690
	69,163	148,447

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 RMB1,662,890,000 (31 March 2021: RMB1,864,727,000).

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 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:

	At	At
	30 September	31 March
	2021	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 1 month	180,428	109,858
More than 1 month but less than 3 months	212,534	186,505
Over 3 months	204,819	174,840
	597,781	471,203

12. RESTRICTED CASH

The restricted cash included pledged deposits for issuance of bank loan and other restricted cash.

The bank balance of RMB452,000 was frozen by courts due to the litigations against subsidiaries of the group.

13. CASH AND CASH EQUIVALENTS

	At	At
	30 September	31 March
	2021	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Cash at bank and on hand	373,841	332,738

The Group's operations in the PRC conduct their businesses mainly in RMB. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

14. TRADE AND OTHER PAYABLES

	At 30 September 2021 <i>RMB'000</i> (Unaudited)	At 31 March 2021 <i>RMB'000</i> (Audited)
Trade payables to:		
– Third parties	118,775	158,996
– Company under the control of shareholders of the Company	169	48,422
	118,944	207,418
Bills payable (Note (iii))	157,587	147,993
	276,531	355,411
Amounts due to companies under the control of shareholders of the Company (Note (i))	39,637	35,928
Accrued charges and other payables:		
– Accrued expenses	42,320	42,585
– Payables for staff related costs	76,469	70,825
– Deposits from customers and suppliers:		
– Third parties	16,025	28,198
– A company under the control of a shareholder of the Company	–	265
– Interest payables	177,247	134,614
– Payables for miscellaneous taxes	30,264	28,554
– Payables for acquisition of subsidiaries	249,030	253,282
– Others (Note (ii))	143,727	154,683
	735,082	713,006
Financial liabilities measured at amortised cost	1,051,250	1,104,345
Expected credit loss for financial guarantee granted	342,131	336,893
Contract liabilities (Note (ii))	47,969	52,174
	1,441,350	1,493,412

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 2020 and 2021 have been recognised as revenue or reclassified as other payables due to cancellation of order during the year.
- (iii) During the reporting period, bills payable of RMB30,000,000 became overdue and bank has commenced litigation against the subsidiary of the Group, requesting the subsidiary to repay the outstanding amount. Up to the date of approval of these consolidated financial statements, these bills payable were not yet settled. The balance was transferred to the bank and other loan as at 30 September 2021.

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

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

	At 30 September 2021 RMB'000 (Unaudited)	At 31 March 2021 RMB'000 (Audited)
Within 1 month	73,573	163,543
Over 1 month but within 3 months	93,161	40,423
Over 3 months but within 6 months	90,366	83,327
Over 6 months	19,431	68,118
	276,531	355,411

15. BANK AND OTHER LOANS

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

	At 30 September 2021 RMB'000 (Unaudited)	At 31 March 2021 RMB'000 (Audited)
Bank loans:		
– Unsecured and guaranteed (Note (iii) and (iv))	99,545	99,545
– Secured and unguaranteed (Note (ii))	746,762	786,762
– Secured and guaranteed (Note (ii), (iii), (iv) and (vi))	934,625	941,624
	1,780,932	1,827,931
Bond Payable:		
– Unsecured and unguaranteed (Note (v))	4,566	8,442
Loan from other financial institutions:		
– Secured and guaranteed (Note (ii), (iii), (iv) and (vi))	547,343	547,343
Loans from companies under the control of shareholders of the Company:		
– Unsecured and unguaranteed (Note (i))	189,935	192,528
	2,522,776	2,576,244

Notes:

- (i) At 30 September 2021, the loans from companies under the control of shareholders of the Company are interest with 0% to 7% per annum (31 March 2021: 0% to 7 %) and are repayable before March 2022 (31 March 2021: 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 (Note 15(b)).
- (iii) Bank and other loans of RMB1,582 million as at 30 September 2021 (31 March 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) Up to the date of approval of consolidated financial statement, bank and other loans of RMB1,017,973,000 were overdue but were not yet renewed or repaid at the end of the reporting period. Included in these bank and other loans were RMB459 million the banks of which have commenced litigations against a subsidiary of the Group requesting the subsidiary to repay the outstanding balances.
- (v) Subsequent to the end of reporting period, the remaining balance of HKD5,500,000 (equivalent to RMB4,566,000) was fully repaid.
- (vi) At 30 September 2021, the Group failed to fulfil certain covenants of bank and other loans of RMB874,830,000 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 RMB92,844,000 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:

	At 30 September 2021 RMB'000 (Unaudited)	At 31 March 2021 RMB'000 (Audited)
Within 1 year or on demand	2,072,715	2,480,464
After 1 year but within 2 years	31,180	31,180
After 2 years but within 5 years	418,881	64,600
	450,061	95,780
	2,522,776	2,576,244

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

- (b) Certain of the Group's loans are secured by the Group's leasehold land and buildings, investment properties, trade receivables and equity interest in a subsidiary of the Group. The aggregate carrying values of the leasehold land and buildings, investment properties and trade receivables pledged are analysed as follows:

	At 30 September 2021 RMB'000 (Unaudited)	At 31 March 2021 RMB'000 (Audited)
Pledged for bank loans:		
Leasehold land and buildings	67,158	67,158
Investment properties	1,369,000	1,467,580
Trade receivables	1,182	1,182
	1,437,340	1,535,920

- (c) At 30 September 2021, the Group's banking facilities amounted to RMB1,456,906,000 (31 March 2021: RMB1,493,906,000) were utilised to the extent of RMB1,130,465,000 (31 March 2021: RMB1,222,477,000).

16. CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

The directors of the Company did not recommend the payment of an interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: RMBNil).

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

No dividend in respect of the previous financial period has been approved during the six months ended 30 September 2021 (six months ended 30 September 2020: RMBNil).

(b) Share capital

Authorised:

Ordinary shares at HK\$0.01 each

Six months ended 30 September 2021		Year ended 31 March 2021	
No. of shares '000	HK\$'000	No. of shares '000	HK\$'000
10,000,000	100,000	10,000,000	100,000

Ordinary shares, issued and fully paid:

At 1 April and at 30 September/31 March

Six months ended 30 September 2021		Year ended 31 March 2021	
No. of shares '000	RMB'000	No. of shares '000	RMB'000
8,044,020	69,888	8,044,020	69,888

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

17. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the balances and transactions disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions:

(a) Transactions with companies under the control of shareholders of the Company

	Six months ended 30 September	
Note	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Sales of goods	3,823	3,301
Rental income from operating leases	54	38
Services income from operating leases	154	36
Import and export handling charges	4,542	3,438
Lease expenses	6,670	9,722
Interest expenses (i)	996	1,200
Net (decrease)/increase in non-interest bearing advances received from related parties (ii)	(1,779)	392
Net decrease in loans received from related parties (iii)	2,594	8,279

Notes:

- (i) Interest expenses represented interest charges on loans received from related parties.
- (ii) The amounts are unsecured and have no fixed terms of repayment.
- (iii) The loans are unsecured, bear interest ranging from 0% to 7% (six month ended 30 September 2020: 0% to 3.95%) per annum and are repayable before March 2022 (six month ended 30 September 2020: May 2022).

As disclosed in Note 15, certain of the Group's bank and other loans 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.

18. COMMITMENTS

At 30 September 2021, the outstanding capital commitments of the Group not provided for in the condensed consolidated financial statements were as follows:

	At 30 September 2021 <i>RMB'000</i> (Unaudited)	At 31 March 2021 <i>RMB'000</i> (Audited)
Commitments in respect of plant and machinery – Contracted for	587	724

19. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

(ii) *Information about Level 3 fair value measurements*

The fair value of the Group's financial assets at FVPL is determined using the discounted cash flow model and the significant unobservable input used in the fair value measurement is discount rate, ranged from 4.2% to 5.1% for the six months ended 30 September 2021 (year ended 31 March 2021: 4.8% to 5.6%). The fair value measurement is negatively correlated to the discount rate. As at 30 September 2021, it is estimated that with all other variables held constant, an increase/decrease in the discount rate by 5% would have decreased/increased the Group's profit/(loss) by RMB2,342,000 (year ended 31 March 2021: RMB3,320,000).

The movement during the period in the balance of the Level 3 fair value measurement is as follow:

	Six months ended 30 September 2021 RMB'000 (Unaudited)	Year ended 31 March 2021 RMB'000 (Audited)
Financial assets at FVPL		
At 1 April	882,610	1,091,363
Payment for purchases	–	800,000
Changes in fair value recognised in profit or loss during the period/year	6,998	(9,773)
Proceeds from sales	–	(998,980)
At 30 September/31 March	889,608	882,610

(b) **Fair value of financial assets and liabilities carried at other than fair value**

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values at 30 September 2021 and 31 March 2021.

20. CONTINGENT LIABILITIES

(a) Assets pledged

At 30 September 2021, the Group pledged certain leasehold land and buildings and investment properties to secure bank loans borrowed by a third party company. The carrying values of the leasehold land and buildings and investment properties are analysed as follows:

	At 30 September 2021 RMB'000 (Unaudited)
Leasehold land and buildings	2,450
Investment properties	12,200
	14,650

As at the end of the reporting period, the directors of the Company do not consider it probable that a claim will be made against the Group under the pledge. The exposure of the Group at 30 September 2021 under the pledge is RMB29,500,000, being the banking facility granted by bank to the third party company.

(b) Financial guarantees issued

In addition to the disclosure in Note 3, the Group has provided guarantees to some of its customers' lenders in relation to these customers' banking facilities and bank loans amounting to RMB2,622.5 million as at 30 September 2021 (31 March 2021: RMB2,622.5 million). As at 30 September 2021, bank loans of RMB323.5 million (31 March 2021: RMB1,299.0 million) out of the abovementioned guarantees were defaulted. Included in these bank loans were RMB100 million (31 March 2021: RMB100 million) the banks of which have commenced litigations against the borrowers and the guarantors, including the subsidiaries of the Group, for repaying the outstanding loans. The Group estimated the expected credit loss and provision of RMB342,131,000 was made against the guarantees granted by the Group as of 30 September 2021 (31 March 2021: RMB336,893,000).

(c) Litigations

In addition to the litigations commenced by banks against subsidiaries of the Group, there are other litigations against the Group. For those other litigations that the courts have made the ruling, the Group has made provisions in accordance with the courts' ruling. Up to the date of approval of these consolidated financial statements, the exposure under these other litigations that the courts have not yet made a ruling amounted to RMB4.5 million. The management considers the likelihood of compensation to be low and therefore no provision was provided.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

General Information

For the six months ended 30 September 2021, the Group recorded a revenue of approximately RMB1,031.7 million, representing an increase of 19.9% when compared with the revenue of approximately RMB860.2 million reported for the corresponding period last year. Net profit for the six months ended 30 September 2021 was approximately RMB88.1 million compared to a net loss of RMB209.0 million for the corresponding period last year. The Group's basic and diluted earnings per share for the six months ended 30 September 2021 were RMB1.10 cent and the Group's basic and diluted loss per share were RMB2.60 cent for the corresponding period last year.

Net Assets, Liquidity and Financial Resources

As at 30 September 2021, the Group's net assets increased to RMB212.4 million, rendering net asset value per share at RMB2.6 cent. The increase in net assets is mainly due to increase in trade and other receivables by approximately RMB90.0 million during the period.

As at 30 September 2021, the Group's total assets were valued at RMB5,065.5 million, including cash and bank deposits of approximately RMB542.9 million. Consolidated bank loans and other borrowings amounted to RMB2,522.8 million. Debt-to-equity ratio (bank loans and other borrowings over total equity) has been decreased significantly from 2,159.9% as at 31 March 2021 to 1,187.8% as at 30 September 2021. The significant change in the debt-to-equity ratio was essentially due to the equity increased during the period.

Most of the Group's business transactions were conducted in RMB and US\$. As at 30 September 2021, the Group's major borrowings included bank loans, loan from other financial institutions which had an outstanding balance of RMB2,332.9 million, other borrowings from shareholders totaling RMB189.9 million. All of the Group's borrowings have been denominated in RMB, HK\$ and US\$.

Pledge of Assets

The Group's leasehold land and buildings, investment properties and trade receivables with a carrying amount of RMB1,437.3 million as at 30 September 2021 were pledged to secure bank borrowing and facilities of the Group.

The Group's leasehold land and buildings and investment properties with a carrying amount of RMB12.2 million as at 30 September 2021 were pledged to secure bank loans borrowed by a third party company.

Prepayment to Suppliers

As at 30 September 2021, the balance of prepayment to suppliers is RMB68.3 million. As at the 30 November 2021, the utilization of the prepayment to suppliers was approximately RMB23.6 million or 34.6% of the balance.

Capital Expenditure and Commitments

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

Exposure to Foreign-Exchange Fluctuations

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

Segment Information

Car-sale business and car trading platform business contribute 1.0% of total revenue of the Group in the six months ended 30 September 2021. Retail and wholesale business, manufacturing and trading business and investments holding business had 45.4%, 50.6% and 3.0% of the remaining respectively.

In terms of geographical location, China is the primary market of the Group, which accounted for 52.5% of total revenue of the Group for the six months ended 30 September 2021. The remaining comprised of revenue from North America 39.1%, Europe 6.1% and others 2.3%.

Contingent Liabilities

As at 30 September 2021, 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"). 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 RMB2,622.5 million being the aggregate banking facilities granted to third party customer of the Group by banks.

Employee Information

As at 30 September 2021, the Group employed a workforce of 1,971 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 six months ended 30 September 2021.

Review of Operations

For the six months ended 30 September 2021, the Group recorded a net profit of RMB88.1 million, compared to a net loss of RMB209.0 million for the corresponding period last year.

Revenue

For the six period ended 30 September 2021, the Group recorded revenue of approximately RMB1,031.7 million, representing an increase of 19.9% when compared with the revenue of approximately RMB860.2 million reported for the corresponding period last year.

Car-sale Business

The trading and sales of imported cars business decreased substantially by 100% to RMBnil for the period ended 30 September 2021 as compared with RMB39.9 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.

Car Trading Platform Business

The imported cars platform services and property rental business contributed revenue of RMB10.6 million for the period ended 30 September 2021, representing significantly decrease of 54.1% when comparing with the revenue of RMB23.1 million for the last corresponding period. The business was also affected by the COVID-19 pandemic.

Retail and Wholesale Business

Retail business decreased by 26.9% to RMB164.4 million and wholesale business increased by 96.1% to RMB304.1 million for the six months ended 30 September 2021 as compared with the corresponding period last year. For the keen market competition from e-commerce and large supermarket chains, the slowdown of consumption and recurrence of the pandemic, the retail business recorded a decrease in revenue, The wholesale business in wine and beverages has stabilized and in electrical appliances has been growing rapidly and recorded a significantly increase in revenue contributed by the hard work of the sale team and good sales strategy for the six months ended 30 September 2021.

Manufacturing and Trading Business

During the six months ended 30 September 2021, the manufacturing and trading business contributed approximately RMB521.6 million to the total revenue of the Group. The business of this segment increased significantly by RMB134.4 million or 34.7% when compared with the corresponding period last year of approximately RMB387.2 million. The competition in overseas market has been very severe and our management team in this business line is working very hard to strengthen our established customer base and looking for further opportunities in the market. The 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 very well in the six months ended 30 September 2021.

Investments Holding Business

Dividend income and investment income was increased by 2.2% to RMB31.0 million for the six months ended 30 September 2021 as compared with the corresponding period last year.

PROSPECTS

Further strengthening our competence and competitiveness in the manufacturing business

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

Expansion of the wholesale business with high growth potential

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

Car-sale and platform businesses

During the interim period, the performance of the Group's car-sale and platform businesses was still affected by the pandemic and the implementation of Limits and Measurement Methods for Emissions from Light-duty Vehicles (CHINA VI). Recently, with the support of the Ministry of Commerce of China, the Ministry of Ecology and Environment has implemented the policy of disclosing environmental information of parallel imported cars. Since the first case of parallel imported cars disclosing environmental information on 25 May 2021, 46 models of vehicles have completed such disclosure of information. There is now a certain basis for the redevelopment of the business of parallel importation of cars, and the Group will strive to recover the Group's automotive businesses as much as possible in line with any change in policy and the development of the industry. However, the development of the industry is still subject to variables. Therefore, the management will also study and consider the development of the businesses and the need for and feasibility of any adjustment having regard to any change in national policy, the development prospects of the industry, and the actual situation of the Group's businesses.

OTHER INFORMATION

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

As at 30 September 2021, 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%
		2,737,284,681 (S)	34.03%
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 was no other option outstanding at the beginning or the end of the six months ended 30 September 2021. Other than that, at no time during the six months ended 30 September 2021 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 six months ended 30 September 2021.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2021, the interests or short positions of every person, other than a director of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

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%
		1,382,111,014 (S)	17.18%
Shi Hui Holdings Limited	Beneficial owner	1,355,174,666 (L)	16.85%
		1,355,173,667 (S)	16.85%
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%

Name	Capacity	Number of shares/ underlying shares (Note)	Approximate percentage of the issued share capital of the Company
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%
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	1,049,971,001 (L)	13.05%
浙江省財務開發公司	Person having a security interest in shares	1,049,971,001 (L)	13.05%
Greater Bay Area Homeland Investments Limited	Person having a security interest in shares/ interest in controlled corporation	1,048,124,000 (L)	13.03%
Caitong Securities Co., Limited	Person having a security interest in shares	700,971,001 (L)	8.71%

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

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

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

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with the management the accounting principles and practice adopted by the Group and discussed internal controls and financial reporting matters including a review of the consolidated financial statements for the six months ended 30 September 2021.

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

In the opinion of the Directors, the Company has complied with the code provisions of Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules issued by the Stock Exchange throughout the six months ended 30 September 2021.

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 six months ended 30 September 2021.

PUBLICATION OF THE FURTHER INFORMATION

The 2021/2022 interim report of the Company containing all information required by Appendix 16 to the Listing Rules will be published on both the websites of The Stock Exchange and the Company in due course.

By Order of the Board
Li Lixin
Executive Director

Hong Kong, 30 November 2021



CHINA AUTOMOBILE NEW RETAIL (HOLDINGS) LIMITED
中國汽車新零售（控股）有限公司

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