LISI GROUP (HOLDINGS) LIMITED
利時集團（控股）有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 526)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

AUDITED RESULTS

The board of directors (the "Directors") of Lisi Group (Holdings) Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2019 together with comparative figures of the previous corresponding year are as follows:

Consolidated Statement of Profit or Loss

		Year ended 31 March	
		2019	2018
			(Note)
	Note	***RMB'000***	*RMB'000*
Revenue	4	**3,960,034**	3,885,647
Cost of sales		**(3,466,682)**	(3,493,974)
Gross profit	4(b)	**493,352**	391,673
Other income	5	**41,207**	20,172
Selling and distribution expenses		**(87,483)**	(80,920)
Administrative expenses		**(140,463)**	(136,069)
Profit from operations		**306,613**	194,856
Net valuation loss on investment properties		**(59,226)**	(22,500)
Share of losses of an associate		**–**	(4,857)
Finance income/(costs)	6(a)	**31,394**	(1,066,566)

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. See Note 3.

		Year ended 31 March	
		2019	2018
			(Note)
	Note	***RMB'000***	*RMB'000*
Profit/(loss) before taxation	6	**278,781**	(899,067)
Income tax	7	**(68,081)**	(39,925)
Profit/(loss) for the year attributable to equity shareholders of the Company		**210,700**	(938,992)
Earnings/(loss) per share (RMB cent)			
Basic	8(a)	**2.79**	(15.69)
Diluted	8(b)	**1.67**	(15.69)

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. See Note 3.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Year ended 31 March	
	2019	2018
		(Note)
	RMB'000	*RMB'000*
Profit/(loss) for the year	**210,700**	(938,992)
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)	**(71,468)**	–
Items that may be reclassified subsequently to profit or loss:		
– Non-equity investments at fair value through other comprehensive income – net movement in fair value reserve (recycling)	**–**	1,282
– Exchange differences on translation into presentation currency	**(4,891)**	(3,852)
Other comprehensive income for the year	**(76,359)**	(2,570)
Total comprehensive income for the year attributable to equity shareholders of the Company	**134,341**	(941,562)

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. See Note 3.

Consolidated Statement of Financial Position

		At 31 March	
		2019	2018
			(Note)
	Note	***RMB'000***	*RMB'000*
Non-current assets			
Property, plant and equipment		**425,987**	852,858
Investment properties		**771,050**	403,890
Goodwill		**679,766**	679,766
Intangible assets		**–**	3,028
Equity investment		**109,420**	–
Available-for-sale investments		**–**	70,194
Deferred tax assets		**8,009**	32,978
		1,994,232	2,042,714
Current assets			
Inventories		**430,997**	385,467
Trade and other receivables	9	**812,908**	702,969
Non-equity investments		**786,758**	–
Available-for-sale investments		**–**	766,075
Restricted bank deposits		**116,673**	621,134
Cash and cash equivalents		**164,381**	162,474
		2,311,717	2,638,119
Current liabilities			
Trade and other payables	10	**675,102**	2,555,605
Bank and other loans		**942,004**	1,310,575
Income tax payable		**20,332**	17,318
		1,637,438	3,883,498
Net current assets/(liabilities)		**674,279**	(1,245,379)
Total assets less current liabilities		**2,668,511**	797,335

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. See Note 3.

	At 31 March	
	2019	2018
		(Note)
	RMB'000	*RMB'000*
Non-current liabilities		
Bank and other loans	**122,600**	202,600
Deferred tax liabilities	**233,584**	240,557
	356,184	443,157
NET ASSETS	**2,312,327**	354,178
CAPITAL AND RESERVES		
Share capital	**65,494**	49,074
Reserves	**2,246,833**	305,104
TOTAL EQUITY	**2,312,327**	354,178

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. See Note 3.

NOTES

1. STATEMENT OF COMPLIANCE

The consolidated financial statements of the Group for the year ended 31 March 2019 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 "Stock Exchange") (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 consolidated financial statements for the year ended 31 March 2019 comprise the Group and the Group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for equity and non-equity investments, derivative financial instruments, investment properties and contingent consideration which are stated at their fair values.

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 number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

(a) HKFRS 9, *Financial instruments*

(b) HKFRS 15, *Revenue from contracts with customers*

(c) HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

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

(a) HKFRS 9, *Financial instruments*

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 April 2018. Therefore, comparative information continues to be reported under HKAS 39.

The following table summarises the impact of transition to HKFRS 9 on accumulated losses and reserves and the related tax impact at 1 April 2018.

	RMB'000
Accumulated losses	
Transferred from fair value reserve (recycling) relating to non-equity investments now measured at fair value through profit or loss (FVPL)	5,185
Recognition of additional expected credit losses on financial assets measured at amortised cost	(1,448)
Related tax	(999)
Net decrease in accumulated loss at 1 April 2018	2,738
Fair value reserve (recycling)	
Transferred to accumulated losses relating to non-equity investments now measured at FVPL	5,185
Related tax	(1,296)
Net decrease in fair value reserve (recycling) at 1 April 2018	3,889
Fair value reserve (non-recycling)	
Remeasurement of equity investment	134,517
Related tax	(33,628)
Net increase in fair value reserve (non-recycling) at 1 April 2018	100,889

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

(i) Classification of financial assets and financial liabilities

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at FVPL. These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The following table shows the original measurement categories for the Group's financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

	HKAS 39 carrying amount at 31 March 2018	**Reclassification**	**Remeasurement**	**HKFRS 9 carrying amount at 1 April 2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets carried at amortised cost				
Trade and other receivables	702,969	–	(1,448)	701,521
Financial assets carried at FVPL				
Non-equity investments *(Note (i))*	–	766,075	–	766,075
Financial assets measured at FVOCI (non-recyclable)				
Equity investment *(Note (ii))*	–	70,194	134,517	204,711
Financial assets classified as available-for-sale under HKAS 39 *(Notes (i), (ii))*	836,269	(836,269)	–	–

Notes:

(i) Under HKAS 39, wealth management products were classified as available-for-sale financial assets. They are classified as at FVPL under HKFRS 9.

(ii) Under HKAS 39, equity securities not held for trading were classified as available-for-sale financial assets. These equity securities are classified as at FVPL under HKFRS 9, unless they are eligible for and designated at FVOCI by the Group. At 1 April 2018, the Group designated its investment in equity security at FVOCI (non-recycling), as the investment is held for strategic purposes.

The measurement categories for all financial liabilities remain the same, except for financial guarantee contracts. The carrying amounts for all financial liabilities (including financial guarantee contracts) at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

The Group did not designate or de-designate any financial assets or financial liability at FVPL at 1 April 2018.

(ii) Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit loss" (ECL) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the following items:

– financial assets measured at amortised cost (including cash and cash equivalents, and trade and other receivables); and

– financial guarantee contract issued.

The following table reconciles the closing loss allowance determined in accordance with HKAS 39 as at 31 March 2018 with the opening loss allowance determined in accordance with HKFRS 9 as at 1 April 2018.

	RMB'000
Loss allowance at 31 March 2018 under HKAS 39	(6,200)
Additional credit loss recognised at 1 April 2018 on:	
– Trade and other receivables	(1,448)
Loss allowance at 1 April 2018 under HKFRS 9	(7,648)

(iii) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

– Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in accumulated losses and reserves as at 1 April 2018. Accordingly, the information presented for the year ended 31 March 2018 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

– The following assessments have been made on the basis of the facts and circumstances that existed at 1 April 2018 (the date of initial application of HKFRS 9 by the Group):

    – the determination of the business model within which a financial asset is held; and

    – the designation of certain investment in equity instrument not held for trading to be classified as at FVOCI (non-recycling).

– If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

(b) HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has elected to use the cumulative effect transition method and there is no significant impact of transition to HKFRS 15 to the opening balance of equity at 1 April 2018 in this regard. The comparative information has not been restated and continues to be reported under HKAS 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 April 2018.

The adoption of HKFRS 15 does not have a material impact on the financial position and the financial results of the Group.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

(i) *Timing of revenue recognition*

Previously, revenue arising from provision of services was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised goods or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised goods or service is regarded as being transferred over time:

A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that goods or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from sales of goods or rendering of service.

(ii) *Presentation of contract assets and liabilities*

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays non-refundable consideration, or is contractually required to pay non-refundable consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

The adoption of HKFRS 15 does not have a significant impact on the presentation of assets and liabilities at 1 April 2018 and there is no adjustment in this regard.

(iii) Consideration receivable from a supplier

An entity evaluates the consideration receivable from a supplier to determine whether the amount represents a reduction of the transaction price, provision a distinct goods or services, or a combination of the two.

If the entity cannot reasonably estimate the fair value of the goods or service provided to the supplier, then it accounts for the consideration receivable from the supplier as a reduction of the transaction price.

The Group provides venues for supplier to conduct promotional activities in the operation of department stores and supermarkets, and the fair value the service provided to the supplier cannot be reasonably estimated. Accordingly, the consideration receivable from a supplier arising from the service mentioned above are recognised as a reduction of purchase cost under HKFRS 15, whereas recognised as revenue for providing service to the supplier under HKAS 18.

The Group assessed that the impact of HKFRS 15 in other areas including customer rights of return and loyalty program is not significant as the respective volume of transactions are not material.

The adoption of HKFRS 15 does not have material impact on the Group's consolidated financial statements for the year ended 31 March 2019, by comparing the amounts reported under HKFRS 15 in these consolidated financial statements with estimates of the hypothetical amounts that would have been recognised under HKAS 18 if the superseded standard had continued to apply to the year ended 31 March 2019 instead of HKFRS 15.

(c) HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC) 22 does not have any material impact on the financial position and the financial result of the Group.

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the manufacturing and trading of household products, the operation of department stores and supermarkets, the wholesale of wine and beverages and electrical appliances, the trading and sales of imported cars and investments holding. Further details regarding the Group's principal activities are disclosed in Note 4(b).

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products of service lines is as follows:

	2019	2018
		(Note)
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products of service lines		
– sales of goods	**3,841,996**	3,729,852
– rendering of services	**21,827**	74,679
	3,863,823	3,804,531
Revenue from other sources		
– rental income from operating leases	**43,645**	32,169
– investment income	**52,566**	48,947
	96,211	81,116
	3,960,034	3,885,647

Note: The Group has initially applied HKFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with HKAS 18. See Note 3(b).

Disaggregation of revenue from contracts with customers by timing of revenue recognition and by geographic markets is disclosed in Notes 4(b)(i) and 4(b)(iii) respectively.

The remaining performance 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 no customer with whom transactions have exceeded 10% of the Group's revenue for the years ended 31 March 2019 and 2018.

(b) Segment reporting

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

– Manufacturing and trading: this segment manufactures and trades plastic and metallic household products.

– Retail: this segment manages the department stores and supermarket operations.

– Wholesale: this segment carries out the wholesale of wine and beverages and electrical appliances business.

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

– 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/(loss) before tax is presented.

Disaggregation of revenue from contracts by timing of revenue recognition, as well as 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 2019 and 2018 is set out below.

	2019					
	Manufacturing and trading	**Retail**	**Wholesale**	**Car-sale**	**Investments holding**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Disaggregated by timing of revenue recognition						
Point in time	**433,928**	**418,184**	**280,470**	**2,729,867**	**52,566**	**3,915,015**
Over time	**–**	**43,645**	**1,374**	**–**	**–**	**45,019**
Revenue from external customers	**433,928**	**461,829**	**281,844**	**2,729,867**	**52,566**	**3,960,034**
Inter-segment revenue	**–**	**–**	**38,735**	**–**	**–**	**38,735**
Reportable segment revenue	**433,928**	**461,829**	**320,579**	**2,729,867**	**52,566**	**3,998,769**
Reportable segment profit	**89,955**	**127,592**	**58,680**	**164,559**	**52,566**	**493,352**

	2018					
	Manufacturing and trading	Retail	Wholesale	Car-sale	Investments holding	Total *(Note)*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	328,996	485,497	279,739	2,742,468	48,947	3,885,647
Inter-segment revenue	–	–	13,159	–	–	13,159
Reportable segment revenue	328,996	485,497	292,898	2,742,468	48,947	3,898,806
Reportable segment profit	62,943	81,266	50,940	147,577	48,947	391,673

Note: The Group has initially applied HKFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with HKAS 18. See Note 3(b).

(ii) Reconciliations of reportable segment revenue

	2019	2018
	RMB'000	*RMB'000*
Reportable segment revenue	**3,998,769**	3,898,806
Elimination of inter-segment revenue	**(38,735)**	(13,159)
Consolidated revenue	**3,960,034**	3,885,647

(iii) Geographic information

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

	Revenue from external customers	
	2019	2018
	RMB'000	*RMB'000*
Mainland China and Hong Kong (place of domicile)	**3,563,376**	3,579,635
The United States	**316,052**	254,347
Europe	**21,869**	15,518
Canada	**15,494**	13,726
Others	**43,243**	22,421
	3,960,034	3,885,647

The analysis above includes property rental income from external customers and investment income in Mainland China of RMB43,645,000 and RMB52,566,000, respectively, for the year ended 31 March 2019 (2018: RMB32,169,000 and RMB48,947,000).

All of the Group's non-current assets (excluding deferred tax assets) are located in Mainland China and Hong Kong as at 31 March 2019 and 2018.

5. OTHER INCOME

	2019	2018
	RMB'000	*RMB'000*
Government grants	**8,452**	3,010
Interest income on cash at bank and advances due from related parties	**6,508**	11,509
Net gain from sale of scrap materials	**746**	389
Net gain/(loss) on disposal of property, plant and equipment	**27,514**	(240)
Others	**(2,013)**	5,504
	41,207	20,172

6. PROFIT/(LOSS) BEFORE TAXATION

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

(a) Finance income/(costs)

	2019	2018
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**(37,965)**	(41,380)
Bank charges and other finance costs	**(15,664)**	(13,776)
Total borrowing costs	**(53,629)**	(55,156)
Changes in fair value of contingent consideration *(Note 12)*	**85,023**	(1,019,679)
Net gain on a forward foreign exchange contract	**–**	8,269
	31,394	(1,066,566)

(b) Staff costs#

	2019	2018
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**117,601**	114,274
Contributions to defined contribution retirement plans	**8,896**	9,373
	126,497	123,647

The employees of the subsidiaries of the Group established in the People's Republic of China (the "PRC") participate in defined contribution retirement benefit schemes managed by the local government authorities, whereby these subsidiaries are required to contribute to the schemes at 14% to 19% of the employees' basic salaries. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC, from the above mentioned retirement schemes at their normal retirement age.

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

The Group has no further obligation for payment of other retirement benefits beyond the above annual contributions.

(c) Other items

	2019	2018
		(Note)
	RMB'000	*RMB'000*
Cost of inventories#	**3,442,644**	3,463,029
Auditors' remuneration		
– statutory audit service	**3,300**	2,880
– other services	**1,000**	1,350
Depreciation and amortisation#	**59,007**	59,725
Impairment losses on trade and other receivables	**2,113**	6,200
Operating lease charges in respect of properties	**31,505**	35,584
Net foreign exchange loss	**17,474**	10,578

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. See Note 3.

Cost of inventories includes RMB61,332,000 (2018: RMB56,079,000) for the year ended 31 March 2019, relating to staff costs, and depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

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

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

	2019	2018
		(Note)
	RMB'000	*RMB'000*
Current taxation:		
– Provision for the year	**60,039**	47,867
– Over-provision in respect of prior years	**(446)**	(195)
	59,593	47,672
Deferred taxation:		
– Origination and reversal of temporary differences	**8,488**	(7,747)
	68,081	39,925

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 April 2018, under the transition methods chosen, the comparative information is not restated due to the initial application. See Note 3.

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

	2019	2018
		(Note)
	RMB'000	*RMB'000*
Profit/(loss) before taxation	**278,781**	(899,067)
Expected tax on profit/(loss) before tax, calculated at the rates applicable to profits in the tax jurisdictions concerned *(Notes (i), (ii) and (iii))*	**64,753**	(140,069)
Tax effect of non-deductible expenses	**5,245**	173,779
Tax effect of non-taxable income	**(15,805)**	(820)
Tax effect of share of losses of an associate	**–**	1,214
Tax effect of unused tax losses	**26,988**	6,593
Tax effect of utilisation of tax losses not recognised in previous year	**(9,840)**	–
Tax effect of PRC tax concessions *(Note (ii))*	**(2,814)**	(577)
Over-provision in respect of prior years	**(446)**	(195)
Income tax	**68,081**	39,925

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 April 2018, under the transition methods chosen, the comparative information is not restated due to the initial application. See Note 3.

Notes:

(i) The Hong Kong Profits Tax rate for the year ended 31 March 2019 is 16.5% (2018: 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 2019 (2018: RMBNil).

(ii) The Group established in the Mainland China are subject to PRC Corporate Income Tax rate of 25% (2018: 25%). One of the Group's subsidiaries in the Mainland China enjoyed a preferential PRC Corporate Income Tax rate of 15% for the calendar years from 2016 to 2018 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 per share for the year ended 31 March 2019 is based on the profit attributable to ordinary equity shareholders of the Company of RMB210,700,000 (2018: loss attributable to ordinary equity shareholders of the Company of RMB938,992,000) and the weighted average of 7,544,020,000 ordinary shares (2018: 5,984,775,000 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

	2019	2018
	'000	*'000*
Issued ordinary shares at 1 April	**5,678,038**	5,420,109
Effect of issuance of ordinary shares	**945,772**	245,916
Effect of contingently issuable shares	**920,210**	318,750
Weighted average number of ordinary shares at 31 March	**7,544,020**	5,984,775

(b) Diluted earnings/(loss) per share

The calculation of diluted earnings per share for the year ended 31 March 2019 is based on the profit attributable to ordinary equity shareholders of the Company (diluted) of RMB125,677,000 and the weighted average of 7,544,020,000 ordinary shares (diluted), calculated as follows:

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

	2019
	RMB'000
Profit attributable to ordinary equity shareholders	**210,700**
After tax effect of changes in fair value of contingent consideration *(Note 12)*	**(85,023)**
Profit attributable to ordinary equity shareholders (diluted)	**125,677**

There were no potential dilutive ordinary shares during the year ended 31 March 2018.

9. TRADE AND OTHER RECEIVABLES

	31 March 2019	1 April 2018 *(Note (e))*	31 March 2018
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables from:			
– Third parties	**64,423**	31,441	31,441
– Companies under the control of a non-controlling shareholder of the Company *(Note (a))*	**207,541**	192,381	192,381
Bills receivable	**2,696**	2,442	2,442
	274,660	226,264	226,264
Less: loss allowance *(Note (e))*	**(2,868)**	(929)	–
	271,792	225,335	226,264
Amounts due from related companies:			
– Amounts due from companies under the control of non-controlling shareholders of the Company *(Note (b))*	**4,326**	218	218
– Amount due from an associate *(Note (c))*	**6,200**	6,200	6,200
	10,526	6,418	6,418
Less: loss allowance	**(6,200)**	(6,200)	(6,200)
	4,326	218	218

	31 March 2019	1 April 2018	31 March 2018
		(Note (e))	
	RMB'000	*RMB'000*	*RMB'000*
Other receivables:			
– Advances to third parties	**892**	22,664	22,664
– Others	**3,491**	9,859	9,859
	4,383	32,523	32,523
Less: loss allowance *(Note (e))*	**(693)**	(519)	–
	3,690	32,004	32,523
Financial assets measured at amortised cost	**279,808**	257,557	259,005
Prepayments and deposits:			
– Prepayments and deposits for operating leases expenses	**3,672**	4,187	4,187
– Prepayments for purchase of inventories *(Note (d))*	**473,454**	377,822	377,822
– Deposits for parallel importation of cars to a company under the control of a non-controlling shareholder of the Company	**50,000**	50,000	50,000
– Others	**5,974**	11,955	11,955
	533,100	443,964	443,964
	812,908	701,521	702,969

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 non-controlling shareholder.

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

(c) The amount is unsecured, bears interest at 8% per annum (31 March 2018: 8% per annum) and is individually determined to be impaired.

(d) Included in the balance are prepayments of RMB90,948,000 at 31 March 2019 (2018: RMB89,491,000) made to a company under the control of a non-controlling shareholder of the Company.

(e) Upon the adoption of HKFRS 9, an opening adjustment as at 1 April 2018 was made to recognise additional ECLs on trade and other receivables (see Note 3(a)).

The amount of deposits expected to be recovered or recognised as expense after more than one year is RMB50,000,000 (2018: RMBNil). 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 the invoice date) as of the end of the reporting period:

	2019	2018
		(Note)
	RMB'000	*RMB'000*
Within 1 month	**81,290**	41,111
More than 1 month but less than 3 months	**83,071**	124,392
Over 3 months	**107,431**	60,761
	271,792	226,264

Note: The Group has initially applied HKFRS 9 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with HKAS 39. See Note 3(a).

10. TRADE AND OTHER PAYABLES

	2019	2018
	RMB'000	*RMB'000*
Trade payables to:		
– Third parties	**164,488**	218,568
– Companies under the control of a non-controlling shareholder of the Company	**42,731**	55,777
	207,219	274,345
Bills payable	**87,124**	52,371
	294,343	326,716
Amounts due to related companies:		
– Companies under the control of non-controlling shareholders of the Company *(Note (i))*	**33,500**	35,461
Accrued charges and other payables:		
– Accrued expenses	**20,999**	24,064
– Payables for staff related costs	**48,776**	44,704
– Deposits from customers and suppliers	**12,667**	20,756
– Payables for interest expenses	**5,450**	5,180
– Payables for miscellaneous taxes	**5,086**	5,484
– Others	**23,743**	18,296
	116,721	118,484
Financial liabilities measured at amortised cost	**444,564**	480,661
Current portion of contingent consideration *(Note 12)*	**–**	1,809,093
Contract liabilities *(Note (ii))*	**230,538**	–
Advances received from customers *(Note (ii))*	**–**	265,851
	675,102	2,555,605

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 has been recognised as revenue during the year ended 31 March 2019.

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:

	2019	2018
	RMB'000	*RMB'000*
Within 1 month	**135,574**	147,467
Over 1 month but within 3 months	**108,972**	121,162
Over 3 months but within 6 months	**44,333**	42,559
Over 6 months	**5,464**	15,528
	294,343	326,716

11. DIVIDENDS

The directors of the Company did not recommend the payment of a final dividend for the year ended 31 March 2019 (2018: RMBNil).

12. CONTINGENT CONSIDERATION

	2019	2018
	RMB'000	*RMB'000*
At 1 April	**1,809,093**	931,068
Issuance of ordinary shares	**(1,724,070)**	(141,654)
Fair value changes *(Note 6(a))*	**(85,023)**	1,019,679
	–	1,809,093
Less: current portion *(Note 10)*	**–**	(1,809,093)
At 31 March	**–**	–

13. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 2 March 2019, the Group, Valuable Peace Limited ("Valuable") and Mr. Munoz Fierro Jorge Patricio, a natural person who is the son-in-law of Mr. Tong Shiping (an executive director of the Company) and Ms. Cheng Weihong (a non-executive director and a non-controlling shareholder of the Company), entered into the acquisition agreement pursuant to which the Group has conditionally agreed to acquire and Valuable has conditionally agreed to sell the entire equity interests in Robust Cooperation Limited, at a consideration of HK$1,200,000,000. The acquisition was approved by the special general meeting held on 27 June 2019.

The proposed change of the name of the Company from "Lisi Group (Holdings) Limited" to "China Automobile New Retail (Holdings) Limited" was approved by the special general meeting held on 27 June 2019. The new name of the Company will be effective upon the approval of the Registrar of Companies in Bermuda.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

General Information

For the year ended 31 March 2019 (the "Year"), the Group recorded a revenue of approximately RMB3,960.0 million, representing an increase of 1.91% when compared with the revenue of approximately RMB3,885.6 million reported for the last year. Net profit for the Year was approximately RMB210.7 million compared to a net loss of RMB939.0 million for the last year. The Group's basic and diluted earnings per share for the Year were RMB2.79 cent and RMB1.67 cent while the Group's basic and diluted loss per share were RMB15.69 cent for the corresponding period last year.

Net Assets, Liquidity and Financial Resources

As at 31 March 2019, the Group's net assets increased to RMB2,312.3 million, rendering net asset value per share at RMB30.65 cents. The increase in net assets was mainly the result of reclassification of RMB1,724.1 million from liabilities to shareholders' equity upon successful issuance of the Tranche C consideration shares on 28 September 2018 for the acquisition of car business in Tianjin in early 2017.

As at 31 March 2019, the Group's total assets were valued at RMB4,305.9 million, including cash and bank deposits of approximately RMB281.1 million and current non-equity investments of RMB786.8 million. Consolidated bank loans and other borrowings amounted to RMB1,064.6 million. Its debt-to-equity ratio (bank loans and other borrowings over total equity) has been decreased from 427.2% as at 31 March 2018 to 46.0% as at 31 March 2019. The huge change in the debt-to-equity ratio was due to the increase in equity resulted from reclassification of the contingent liabilities of RMB1,724.1 million arising from the issuance of the Tranche C consideration shares during the Year.

Most of the Group's business transactions were conducted in RMB and US$. As at 31 March 2019, the Group's major borrowings included bank loans, which had an outstanding balance of RMB886.0 million, other borrowings from shareholders and a third party totaling RMB178.6 million. All of the Group's borrowings are denominated in RMB and HK$.

Pledge of Assets

The Group's leasehold land and buildings, investment properties and trade receivables with a carrying amount of RMB934.5 million as at 31 March 2019 were pledged to secure bank borrowing and facilities of the Group.

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, and disposal of available-for-sale investments/assets.

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 US$, RMB, HK$, CAD and EUR. 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 was the most important business segment of the Group in the Year and accounted for 68.9% of total revenue. Retail and wholesale business, manufacturing and trading business and investments holding business had 18.8%, 11.0% and 1.3% of the remaining respectively.

In terms of geographical location, China is the primary market of the Group, which accounted for 90.0% of total revenue of the Group for the Year. The remaining comprised of revenue from North America 8.4%, Europe 0.6% and others 1.0%.

Contingent Liabilities

As at 31 March 2019, the Group pledged certain leasehold land and buildings and investment properties with an aggregate carrying amount of approximately RMB17.6 million to secure bank loans borrowed by the related companies under the control of Mr Li Lixin, Chairman of the Company. Such arrangements were made by New JoySun group prior to the acquisition in August 2013. The directors of the Company do not consider it probable that a claim in excess of the provision for warranties provided by the Group will be made against the Group under any of the guarantees. The maximum liability of the Group as of the close of business under the guarantees issued is RMB18.0 million being the balance of the principal amount of the bank loans the Group pledged for.

Investments in New Businesses

Our Group have been investing in QL Electronics Co., Ltd. ("QLEC") for a number of years. As QLEC had been restructured for business expansion and opportunities in capital market. QLEC was split into two companies named QLEC (subsequently renamed as JRH QL Electronics Co., Ltd ("JRH") and Hangzhou Lion Microelectronics Co., Ltd ("HLMC"). HLMC is the parent company of JRH. At 22 January 2016, HLMC increased the share capital from 187,553,401 to 300,000,000 shares and our investment of 18,318,800 shares in JRH were entitled to subscribe 14,417,912 shares in HLMC. Before the restructuring, our equity interest in HLMC was 8.211%. After the restructuring, our equity interest in HLMC was 7.592%. The core business of HLMC is in the development and manufacturing of semiconductor materials. As an investor, the Company is satisfied with the business performance of JRH and HLMC.

The Company commenced its car-sale business through the acquisition of 100% beneficiary interest in the trading sales of imported cars and related services in Tianjin from substantial Shareholder which was approved by the Shareholders of the Company on 18 October 2016 and completed on 7 February 2017. For details of this acquisition, please refer to the announcements of the Company dated 25 September 2015, 9 August 2016, 29 September 2016, 27 October 2016, 3 January 2017 and 7 February 2017 and the circular of the Company dated 30 September 2016. The Company believes that automobile industry is a fast growing market in the PRC with significant growth potential and the Company will be able to record additional revenue stream from the trading sales of imported cars business. The management is optimistic on the business prospect and the financial performance of this new business segment and expect significant contribution from car business to improve the financial position of the Group.

The latest investment of the Company was the acquisition of 100% beneficiary interest in the provision of ancillary services related to parallel imported car trading platform in Tianjin from substantial Shareholder which has been approved by the Shareholders of the Company in the special general meeting on 27 June 2019. For details of this acquisition, please refer to the announcements of the Company dated 3 March 2019 and 30 April 2019 and the circular of the Company dated 28 May 2019. The Board believes that the automotive industry is a fast growing market in the PRC with significant growth potential having considered the increasing trend of cars sales in PRC market over the past years; and the favourable government policies such as lowering import tariff on car sales and boosting local automobile consumption in support of domestic economy. The Directors consider that it is beneficial for the Group to seek suitable investment opportunities from time to time to expand its automotive business and to broaden its source of income.

The Directors consider the new businesses are in challenging market situations but have good business prospects. Overall speaking, we are optimistic on the values of these investments and contribution of financial results brought to the Group in the future.

Employee Information

As at 31 March 2019, the Group employed a workforce of 1,929 employees in its various chain stores, offices and factories located in Hong Kong and the PRC. Competitive remuneration packages were provided and commensurate with individual responsibilities, qualifications, experience and performance. The Group provided management skills workshops, practical seminars for knowledge update, on-the-job training and safety training programs to its employees. There was a share option scheme in force but no share option was granted during the Year.

Review of Operations

For the Year, the Group recorded a net profit of RMB210.7 million, compared to the net loss of RMB939.0 million for the corresponding last year. The improvement was attributable to the recognition of the loss in fair value change of approximately RMB1,019.7 million from the contingent consideration shares for the car-sale business project in Tianjin still outstanding in the last year, while the gain in fair value change of approximately RMB85.0 million from the Tranche C consideration shares in the Year.

Revenue

During the Year, the Group recorded total revenue of approximately RMB3,960.0 million, representing an increase of 1.9% when compared with the total revenue of approximately RMB3,885.6 million reported for the last year.

Car-sale Business

The trading sales of imported cars business decreased slightly by 0.5% to RMB2,729.9 million for the Year as compared with the last year. Although the trade war between The United States of America and the People's Republic of China (the "PRC") did have some adverse impact on the business and investment environment in the PRC and affected the mood of consumers in the PRC especially in the market of durable goods. Some customers have a wait-and-see attitude on their purchase plan which affected the transactions of imported cars in the year of 2018. However, the market of imported cars was be back to normal as the Chinese government implement measures to encourage imports in response to trade war in the year of 2019. Ultimately, sales performance caught up in early 2019 and deliver satisfactory results for the Year as a whole.

Retail and Wholesale Business

Retail business decreased slightly by 4.9% to RMB461.8 million while wholesale business increased by 0.8% to RMB281.8 million for the Year as compared with last year. Due to keen market competition from e-commerce, large supermarket chains and new shopping malls nearby, the retail business was difficult and recorded a decrease 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 RMB433.9 million to the total revenue of the Group. The business of this segment increased by RMB104.9 million when compared with the last year of approximately RMB329.0 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 increased by 116.6% to RMB7.1 million and investment income decreased by 0.5% to RMB45.5 million during the Year as compared with the last year.

PROSPECTS

Further Expansion in a Promising 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 天津濱海國際汽車城有限公司 ("Tianjin Binhai International Automobile City Company Ltd.")(the "Acquisition"). The Acquisition was approved by the Shareholders of the Company on 27 June 2019. For details of this Acquisition, please refer to the announcements of the Company dated 3 March 2019 and 30 April 2019 and the circular of the Company dated 28 May 2019.

Further Strengthening Our Competence and Competitiveness in the Business of Household Products

Relocation of the Group's manufacturing plant in Shenzhen to Ningbo, PRC, was completed. The manufacturing facilities of household products of the Group are now consolidated in one location in Ningbo. Though plant relocation had been a difficult process and resulted in disturbances in our plant operations and business development, the benefit on our operations in terms of efficiency improvement in management resources and synergies in scale procurement and production operations began to take place and contribute to the business on long-term basis. The Group will continue its cost control measures and business strategy of focusing on higher margin products and customers that have been improving the segment's business and financial performance. Apart from the continuing effort in cost control measures such as integration and realignment of management and sales resources, structural changes in procurement and manufacturing planning and exploration of relocation of its production facilities (or part of them) to lower cost areas, the Group will step up its efforts to explore new products. Besides, the Group will also enlarge our customer base in both existing and emerging markets. We shall also monitor closely the volatility of global financial markets, the extension of different markets and adjust our sales and purchase strategies accordingly to achieve our goal of continuous business growth and performance improvement.

Looking for New Business Opportunities with Growth Potential

With substantial funding available from the disposal of the land in Shenzhen, the management will actively look into investment and acquisition targets of appropriate and reasonable valuation and consider other uses of fund for the best benefit of the Company and the Shareholders as a whole. The investment objectives of the Group will be in driving impactful business growth, strengthening further competitive advantage of existing business segments and enhancing the return to the Shareholders.

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

As at 31 March 2019, 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. Li Lixin	*Note 2*	2,832,373,680 (L) 2,814,550,681 (S)	37.54% 37.31%
Mr. Tong Shiping	*Note 3*	1,689,407,702 (L)	22.39%
Ms. Cheng Weihong	*Note 3*	1,689,407,702 (L)	22.39%

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

Note 2: Mr. Li Lixin's interest in 2,832,373,680 Shares is held as to 17,822,000 Shares personally, 1,332,139,014 Shares through Big-Max Manufacturing Co., Limited ("Big-Max") and 1,482,412,666 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: Mr. Tong Shiping is the husband of Ms Cheng Weihong. Ms. Cheng Weihong's interest in 1,389,407,702 Shares and 300,000,000 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.

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 2019. Other than that, at no time during the year ended 31 March 2019 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 2019.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2019, the interests or short positions of every person, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name	**Capacity**	**Number of shares/ underlying shares** *(Note)*	**Approximate percentage of the issued share capital of the Company**
Big-Max Manufacturing Co., Limited	Beneficial owner	1,332,139,014 (L) 1,332,139,014 (S)	17.66% 17.66%
Shi Hui Holdings Limited	Beneficial owner	1,482,412,666 (L) 1,482,411,667 (S)	19.65% 19.65%
Central Huijin Investment Limited	Person having a security interest in shares/ interest in controlled corporation	2,865,009,680 (L)	37.98%
China Construction Bank Corporation	Person having a security interest in shares/ interest in controlled corporation	2,865,009,680 (L)	37.98%
Mighty Mark Investments Limited	Beneficial owner	1,389,407,702 (L)	18.42%
浙江省財務開發公司	Person having a security interest in shares	999,999,001 (L)	13.26%
Caitong Securities Co., Limited	Person having a security interest in shares	999,999,001 (L)	13.26%
Asia United Limited	Investment manager	625,587,237 (L)	8.29%
Valuable Peace Limited	Beneficial owner	500,000,000 (L)	6.63%
Munoz Fierro Jorge Patricio	Interest in controlled corporation	500,000,000 (L)	6.63%

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 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 chairman of the board and the chairman of the remuneration committee of the Company were unable to attend the annual general meeting held during the Year due to their other commitments.

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 2019.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of this preliminary announcement of the Group's results for the Year have been agreed by the Auditor to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by HKICPA and consequently no assurance has been expressed by the Auditor on the preliminary announcement.

PUBLICATION OF THE FURTHER INFORMATION

The 2019 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
Li Lixin
Chairman

Hong Kong, 28 June 2019

As at the date of this announcement, the Board comprises Mr. Li Lixin (chairman), Mr. Tong Shiping, 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.