LISI GROUP (HOLDINGS) LIMITED
利時集團(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

Annual Report 年報
2024

Contents

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr LI Lixin *(Chairman)*
Mr CHENG Jianhe
Ms JIN Yaxue

Independent Non-Executive Directors

Mr SHIN Yick Fabian
Mr HE Chengying
Mr KWONG Kwan Tong

AUDIT COMMITTEE

Mr SHIN Yick Fabian *(Chairman)*
Mr HE Chengying
Mr KWONG Kwan Tong

REMUNERATION COMMITTEE

Mr KWONG Kwan Tong *(Chairman)*
Ms JIN Yaxue
Mr SHIN Yick Fabian

NOMINATION COMMITTEE

Mr HE Chengying *(Chairman)*
Mr SHIN Yick Fabian
Mr KWONG Kwan Tong

COMPANY SECRETARY

Mr PUN Kam Wai Peter
(Appointed on 29 November 2023)
Ms PANG Yuen Shan Christina
(Resigned on 31 December 2023)

COMPLIANCE ADVISER

VBG Capital Limited
(Appointed on 1 August 2023)

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton
HM11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Office 6, 2/F.
International Enterprise Centre 3
No. 18 Tai Chung Road, Tsuen Wan
New Territories, Hong Kong

AUDITOR

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China, Yinzhou Branch, the People's Republic of China (the "PRC")
Bank of Communications, Hong Kong and Ningbo Branches, PRC
Bank of Hangzhou, Ningbo Branch, PRC
Bank of Ningbo, 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
17/F., Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

Hong Kong Stock Code: 526

COMPANY'S WEBSITE

http://www.lisigroup.com.hk

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr LI Lixin, aged 56, is the executive Director and Chairman of the Company. Mr Li holds an Executive Master of Business Administration degree from Fudan University, and is the founder and current chairman of a private group of companies established in the PRC. The principal businesses of his private group include import and export business, chain supermarkets, commercial real estate development and operation management, real property development and investment holding, Mr Li's private group also has investments in real property development, printing business and local bank in the PRC. Mr Li has 33 years of experience in the manufacture and sale of plastic and hardware products and products for daily consumption.

Mr Li was a committee member of the Eleventh National Committee of the Chinese People's Political Consultative Conference, an executive committee member of National Industrial and Commercial Union.

Mr Li was awarded the title of model worker in Ningbo City for the years 2001 to 2003. He was awarded the titles of "Outstanding Builder of Socialist Undertakings of Chinese Characteristics" in 2003 and 2006 by the People's Governments of Ningbo City and Zhejiang Province respectively and was renowned for his contribution to the "Honourable Undertakings" and "Shining Star" promotional programme by the People's Government of Zhejiang Province.

Mr Li joined the Group in 2008, he was appointed as non-executive Director and Chairman of the Group in September 2008 and redesignated as executive Director in April 2011; Mr Li resigned as Chairman in November 2019 and was re-appointed as Chairman in October 2022.

Mr CHENG Jianhe, aged 58, is the executive Director of the Company. Mr Cheng has over 35 years of experience in the financial management, tax planning, cost control, investment and financing management fields in various industries, including manufacturing, business and paper mills. Mr Cheng graduated from the Jiangxi University of Finance and Economics and majored in financial accounting, and completed the Advanced Programme in Business Administration for Managers offered by Tsinghua University. He holds an Executive Master of Business Administration degree from Renmin University of China. Mr Cheng is also a Certified Public Accountant in the PRC and a member of the Chinese Institute of Certified Public Accountants.

Mr Cheng joined the Group in 2008; he was appointed as executive Director and Chief Executive Officer of the Group in September 2008 and resigned as Chief Executive Officer in August 2019.

Ms JIN Yaxue, aged 54, is the executive Director of the Company, member of remuneration committee of the Company and General Manager of household products business of the Group. Ms Jin is responsible for sales and operations management of Ningbo plant since 1998. She holds an Executive Master degree of Business Administration from Fudan University. She has over 28 years experience in development and sales of household products and sundries. She joined the Group when the Ningbo plant was acquired by the Group in 2010 and was appointed as an executive Director in July 2014.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr SHIN Yick Fabian, aged 55, is the independent non-executive Director, chairman of the audit committee, member of the remuneration committee and nomination committee of the Company. Mr Shin is currently an independent director of Olympic Circuit Technology Co., Ltd (SH. 603920), an independent non-executive director of Newton Resources Limited (1231.HK) and an independent non-executive director of Zhengye International Holdings Company Limited (3363.HK).

Mr Shin graduated from the University of Birmingham in England with a bachelor's degree in commerce. After graduation, he worked in the audit department of Deloitte Touche Tohmatsu. He had also worked in a listed company in Hong Kong as group financial controller and company secretary. He is a fellow member of Association of Chartered Certified Accountants, Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Company Secretaries. He joined the Group in 2013.

The Securities and Futures Commission of Hong Kong (the "SFC") on 16 September 2020 imposed a public sanction against Mr Shin to prohibit Mr Shin, a former responsible officer and chief executive officer of a licensed corporation (the "Licensed Corporation"), from re-entering the industry for 20 months from 15 September 2020 to 14 May 2022 for breaching the Code of Conduct for Persons Licensed by or registered with the Securities and Futures Commission and the Additional Fit and Proper Guidelines for Corporations and Authorized Financial Institutions applying or continuing to act as Sponsors and Compliance Advisers. The Hong Kong Institute of Certified Public Accountants ("HKICPA") published a press release on 25 August 2021 in conclusion that Mr Shin failed or neglected to observe, maintain or otherwise apply the fundamental principle of professional behaviour under sections 100.5(e) and 150 of the applicable Code of Ethics for Professional Accountants for his failure to discharge his duties as the sponsor principal, a responsible officer and the chief executive officer of the Licensed Corporation and in breach of the relevant rules and regulations of the SFC. The HKICPA also concluded that Mr Shin be reprimanded and pay the costs of the HKICPA of HK$15,000.

Mr HE Chengying, aged 61, is the independent non-executive Director, chairman of the nomination committee and member of the audit committee of the Company. Mr He is a professor and tutor of doctoral students at the Zhejiang University of Finance and Economics. Mr He graduated from the Department of Accountancy of the South Western University of Finance and Economics, he holds a Master's degree in Economics from Zhejiang University and a Doctoral Degree of Economics from Xiamen University and is a visiting scholar at the Wharton School of Business, the University of Pennsylvania and the School of Mathematics, Oxford University. He previously worked for Shenzhen Investment Holding Corporation, China Eagle Securities, and United Securities. He is an associate professor, senior economist and the chief research fellow of the Institute of Industrial Innovation and Finance, Tsinghua University. Mr He had previously engaged in state enterprise, state-owned asset management, as well as directly participated in drafting and formulating policies for state enterprise and state- owned asset management reforms. Subsequently, Mr He has engaged in stock market innovation, asset reorganisation, as well as capital market operation and research. He has accumulated extensive experience in corporate reform, asset reorganisation and capital management planning. He joined the Group in September 2006.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Mr KWONG Kwan Tong, aged 58, is the independent non-executive Director, chairman of the remuneration committee and member of the audit committee and nomination committee of the Company. Mr Kwong is currently the director of SWL Company Service Limited. Mr Kwong obtained a diploma in accountancy from the Morrison Hill Technical Institute in Hong Kong in 1987. He is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants and the Chartered Institute of Management Accountants. He has over 35 years' experience in accounting, internal audit and financial management fields. He joined the Group in September 2018.

COMPANY SECRETARY

Mr PUN Kam Wai Peter, aged 62, is the company secretary of the Company. Mr Pun possesses over 30 years of experience in financial management and corporate planning in various industries including FMCG (fast moving consumer goods), entertainment, telecom service, manufacturing and financial information service. He was the financial controller of a listed company in Hong Kong for which he led the successful initial public offering on GEM of the Stock Exchange of Hong Kong Limited. By profession, Mr Pun is a member of Hong Kong Institute of Certified Public Accountants and CPA Australia. Besides, he holds a Master degree in Business Administration from the Chinese University of Hong Kong and a Master degree in Professional Accounting from University of Southern Queensland, Australia. He worked for the Group from July 2009 to March 2021 and was company secretary of the Company from January 2019 to March 2021. He rejoined the Company in November 2023.

SENIOR MANAGEMENT

Ms CHAN Po Tai, aged 57, is the deputy finance director of the Group. She has over 30 years of experience in accounting and financial management fields. Ms Chan holds a Master degree in Accounting from Curtin University of Technology (Australia). Ms Chan is a member of CPA Australia and a fellow member of Hong Kong Institute of Certified Public Accountants. She worked for the Group from December 2012 to December 2018 and rejoined the Group in November 2021.

Madam ZHENG Rong, aged 53, is the chief financial officer of New JoySun responsible for accounting and financial matters of New JoySun Group since 2007. Madam Zheng has nearly 29 years of experience in the retail industry and around 27 years of experience in financial management in various industries. Madam Zheng has an Executive Master of Business Administration degree from Fudan University in Shanghai. She joined the Group when Ningbo New JoySun was acquired by the Group in 2013.

Mr NG Chun Ki, aged 46, is the Technical Deputy General Manager for household products business of the Group. Mr Ng has been responsible for the product development and production management of Ningbo plant since June 2003 and has over 29 years experience in product development and manufacturing of plastic moulds. He joined Group when the Ningbo plant was acquired by the Group in 2010.

Mr YANG Kehan, aged 36, is the general manager of New JoySun non-staple food wholesale and is responsible for the daily management and direction of operations of New JoySun Group. Mr Yang holds a bachelor's degree from the Nanjing University of Science and Technology. He joined the Group in 2018.

Mr YU Xiang, aged 37, is the executive general manager of Ningbo New JoySun Supermarket Chain Limited. Mr Yu joined Ningbo New JoySun Supermarket Chain Limited in 2011 and is responsible for the daily management and direction of operations of Ningbo New JoySun Supermarket Chain Limited. He has nearly 13 years of experience in the retail industry.

Mr WANG Yong, aged 53, is the general manager of Ningbo New JoySun HVAC Equipment Limited. Mr Wang joined the company in 2001 and is responsible for the daily management and direction of operations of Ningbo New JoySun HVAC Equipment Limited. He has over 21 years of experience in the HVAC industry.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Lisi Group (Holdings) Limited (the "Company", together with its subsidiaries, the "Group"), I am pleased to present the audited consolidated results of the Group to all shareholders of the Company (the "Shareholders") for the year ended 31 March 2024 (the "Year").

BUSINESS REVIEW

The Year was full of challenges from economic uncertainties in both domestic mainland China market and international markets and impact of international geopolitical tensions. Despite the difficulties and the change business environment, the Group still managed to achieve sales growth in 2023/2024. The Group's continuing operations consist of four segments: (i) manufacturing and trading business; (ii) retail business; (iii) wholesale business; and (iv) investments holding business ("Continuing Operations"). For the Year, our revenue for the Continuing Operations was approximately RMB2,687.4 million representing an increase of 10.9% as compared to 2022/2023. Our net profit for the Year from Continuing Operations was approximately RMB325.1 million representing an increase of 20.5% as compared to 2022/2023.

Profit for the Year was approximately RMB325.1 million, a significant decrease from the profit of RMB2,337.5 million in 2022/2023. Such decrease was solely due to the one-time gain on disposal of subsidiaries from discontinued operations of the trading of imported car business and the provision of imported car platform service business (collectively, the "Automotive Business") of approximately RMB2.1 billion in the year ended 31 March 2023. Excluding the impact of this one-time gain, the Group achieved 20.5% profit growth in the Year as mentioned above.

The Board has resolved not to recommend any final dividend for the Year.

PROSPECTS

The management team under the trading segment of manufacturing and trading (the "Manufacturing Business") kept on adopting effective sales and cost management measures throughout the Year and the Manufacturing Business became the engine of the Group's business growth and profit contribution. In order to cope with the fierce competition and uncertain market outlook, the Group continues to drive vigorously on product development and align our client base with higher margin products and customers. Being one of the leading household products suppliers with multiproduct categories in Asia, we shall capitalize on this competitive edge to develop and offer sophisticated range of household products with room for margin improvement.

In the Year, the domestic mainland China economy was relatively weak, especially in property, consumption and investment markets. The retail business segment recorded a decline in revenue which was due to intense market competition from e-commerce and large supermarket chains. Despite the weak business environment, our wholesale business segment still managed to deliver growth in revenue. With the government of mainland China implementing economic policies to stabilize property market and recover consumption market, we expect our retail and wholesale business will benefit from the improving and strengthening economy in 2024/2025. We have to monitor the macroeconomic environment closely and respond with timely and vigorous business actions.

Looking ahead to 2024/2025, the Group will continue to keep track on the development and changes in the markets to respond and take appropriate actions towards the changing business environment. We will closely monitor the market to determine appropriate business strategies for the Group's business and investment. I am confident and optimistic with the prospect of the business development of the Group.

CHAIRMAN'S STATEMENT

APPRECIATION

On behalf of the Board, I would like to thank our customers, suppliers, business partners and the Shareholders for their continuous support to the Group. I would also like to take this opportunity to express my sincere gratitude to all fellow Directors, management and our staff for their dedication, commitment and contribution to the Group during the Year. We shall continue to target for the long term business development of the Group and strive for improving the financial results in the coming year.

Li Lixin
Chairman and Executive Director

Hong Kong 28 June 2024

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL INFORMATION

Continuing Operations

The Group's Continuing Operations consist of four segments: (i) manufacturing and trading business; (ii) retail business; (iii) wholesale business; and (iv) investments holding business. These segments collectively recorded revenue of approximately RMB2,687.4 million for the Year, representing an increase of 10.9% when compared to the revenue of approximately RMB2,422.4 million reported in the last year. The net profit of the Continuing Operations for the Year amounted to approximately RMB325.1 million when compared to the net profit of approximately RMB269.8 million reported in the last year.

The Group's basic and diluted earnings per share of the Continuing Operations for the Year were both RMB4.04 cents, while the Group's basic and diluted earnings per share of the Continuing Operations for the last year were both RMB3.35 cents.

Discontinued Operations

On 6 May 2022, the Group entered into an agreement to sell the Automotive Business, for a total consideration of HK$3.0 million (approximately RMB2.6 million). The Disposal was fully completed on 21 June 2022, resulting in a gain on disposal of approximately RMB2,124.4 million that was recognized during the last year.

Excluding the gain on disposal of the Automotive Business, the net loss of the Discontinued Operations for the period between 1 April 2022 to 21 June 2022 amounted to approximately RMB56.6 million.

Net Assets, Liquidity and Financial Resources

As at 31 March 2024, the Group's net assets increased to approximately RMB2,394.3 million, resulting in a net asset value per share of RMB29.8 cents. The increase in net assets was primarily attributed to the profit earned for the year ended 31 March 2024.

As at 31 March 2024, the Group's total assets amounted to approximately RMB4,066.3 million, including cash and bank deposits of approximately RMB548.3 million. Bank and other loans amounted to approximately RMB665.0 million. The Group's debt-to-equity ratio (bank loans and other borrowings over total equity) decreased from 40.9% as at 31 March 2023 to 27.8% as at 31 March 2024, mainly due to the decrease of bank loans of approximately RMB185.6 million during the Year.

Most of the Group's business transactions were conducted in RMB and US$. As at 31 March 2024, the Group's major borrowings included bank loans, which had an outstanding balance of approximately RMB629.0 million. The loans from shareholders was approximately RMB36.0 million. All of the Group's borrowings are denominated in RMB, HK$, and US$.

Pledge of Assets

As at 31 March 2024, the Group's leasehold land and buildings and investment properties, with a carrying amount of approximately RMB424.5 million, were pledged as collateral to secure the Group's bank loans and facilities. Bank deposits amounting to approximately RMB149.2 million were pledged as collateral for the Group's bank loans and bills and security performance.

Capital Expenditure and Commitments

The Group will continue to allocate a reasonable amount of resources towards enhancing operational efficiency and meeting the needs of its customers and the demands of the market. To achieve these goals, the Group plans to optimize the utilization of its assets and improve its capital assets. Funding for these initiatives primarily come from trading revenue generated from operations and bank borrowings. The Group will also explore alternative debt and equity financing options to support its growth and expansion plans.

As at 31 March 2024, the Group had total capital commitments in respect of acquisition of plant and machinery of RMB1.8 million.

Significant Investments

As at 31 March 2024, the Group held investments primarily in (i) investment properties of approximately RMB453.9 million, which represented eight properties situated in Ningbo and rented out under operating leases. The investment properties in aggregate constituted approximately 11.2% of the Group's total assets as at 31 March 2024, and (ii) financial assets at fair value through profit or loss of approximately RMB799.1 million, which represented the financial products offered by the National Trust Company Limited ("National Trust"). As at 31 March 2024, the fair value of the financial products in aggregate constituted approximately 19.7% of the Group's total assets. The Group did not hold any other significant investment with a value of 5% or more of the Group's total assets.

Investment properties

The Group's investment properties in Ningbo, Mainland China, comprising shopping arcade, retail shops, and warehouse, are rented out under operating leases to generate long-term rental yields. These investment properties are measured at fair value on a recurring basis. During the Year, the Group recorded a valuation loss of approximately RMB108.3 million on its investment properties due to the slowdown of economic growth and sluggish property market environment. As at 31 March 2024, the investment properties were valued at approximately RMB453.9 million, constituting 11.2% of the Group's total assets. As at the date of this report, the Group plans to continue holding these investment properties for long-term rental yields.

Financial assets

The National Trust Company Limited is a licensed financial institution in the PRC and principally engages in the asset management and provision of financial products in the PRC.

國民信托申鑫70號單一資金信托 (National Trust Shenxin No. 70 Single Fund Trust*) is a standalone trust (單一類信託) and as at 31 March 2024, its underlying assets include (i) 寧銀理財寧欣日日薪固定收益類日開理財3號產品 (Bank of Ningbo Ningxin Fixed Income Open-end Wealth Management Product No. 3*) at the amount of RMB50 million with an expected yield of 2.72%; (ii) 寧銀理財寧欣日日薪固定收益類日開理財7號產品 (Bank of Ningbo Ningxin Fixed Income Open-end Wealth Management Product No.7*) at the amount of RMB30 million with an expected yield of 2.67%; and (iii) 射陽鑫建市政建設有限公司 (Sheyang Xinjian Municipal Construction Co., Ltd.*), a company established in the PRC in 2015 with its registered office located in Sheyang County, Jiangsu Province and principally engages in public works and infrastructure construction, at the amount of approximately RMB399.5 million with an expected yield of 5.60%.

國民信托申鑫80號單一資金信托 (National Trust Shenxin No. 80 Single Fund Trust*) is a standalone trust (單一類信託) and as at 31 March 2024, its underlying assets include (i) 寧銀理財寧欣日日薪固定收益類日開理財7號產品 (Bank of Ningbo Ningxin Fixed Income Open-end Wealth Management Product No. 7*) at the amount of RMB50 million with an expected yield of 2.67%; (ii) 寧銀理財寧欣日日薪固定收益類日開理財3號產品 (Bank of Ningbo Ningxin Fixed Income Open-end Wealth Management Product No. 3*) at the amount of RMB50 million with an expected yield of 2.72%; and (iii) 射陽鑫海建設發展有限公司 (Sheyang Xinhai Construction Development Co., Ltd.*), a company established in the PRC in 2011 with its registered office located in Sheyang County, Jiangsu Province and principally engages in construction works and public works, at the amount of approximately RMB219.6 million with an expected yield of 5.60%.

MANAGEMENT DISCUSSION AND ANALYSIS

Purchase of the financial products has been one of the means by the Group's management to increase the Group's income. The Group utilized certain idle funds to subscribe for certain financial products from National Trust. The Group's investment policies for the investments in financial products are formulated with reference to rating of the financial products. Given (i) the underlying assets of the National Trust Financial Products are investment in state-owned enterprise with ultimate beneficial owners being governmental authorities of the PRC; (ii) the National Trust Financial Products are regular return products where at least 80% of its underlying assets and interests are deposits, bonds and other debt investments; and (iii) the historic income of the National Trust Financial Products having been stable, the Group considers the risk of the investment in the National Trust Financial Products are relatively low. The Group will also closely monitor the market condition of financial products to timely adjust the investment policies.

The trust investment products reach maturity consecutively between April 2023 and September 2023. On 14 March 2023, the Group entered into supplemental agreements to extend the respective terms of the National Trust Financial Products from 36 months to 54 months. For details of the extension of the financial products, please refer to the announcements of the Company dated 14 March 2023 and 11 April 2023 and the circular of the Company dated 12 April 2023.

Exposure to Foreign-Exchange Fluctuations

The Company utilizes the RMB as its functional currency, and the Group's monetary assets and liabilities are primarily denominated in RMB, HK$, and US$. The Group acknowledges that its exposure to foreign currency fluctuations is closely linked to the performance of the RMB exchange rate. However, as the RMB has not yet achieved international hard currency status, there are currently no effective methods available to hedge this risk for the Group's size and cash flow pattern.

Notwithstanding, the Chinese Government is promoting the internationalization of the RMB and moving towards a free-floating currency in the future. Thus, the Group anticipates that more hedging tools will become available in the currency market. The Group will closely monitor the development of the Chinese Government's currency policies and the availability of appropriate hedging tools that are consistent with our business.

Segment Information

Manufacturing and trading business become the most important business segment of the Group in the Year and accounted for 53.7% of total revenue. Retail business, wholesale business and investment holding business had 12.4%, 32.7% and 1.2% of the remaining.

In terms of geographical segmentation, the Group's main markets consist of the PRC, the United States and Europe which contributed 97.3% of the Group's total revenue during the Year. Among these markets, the PRC contributed 49.1% of the Group's revenue while the United States and Europe contributed 48.2%. The remaining 2.7% was generated from other markets.

Contingent Liabilities

The Group had no significant contingent liabilities as at 31 March 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Employee Information

As of 31 March 2024, the Group employed a workforce of 1,208 individuals across its chain stores, offices, and factories situated in Hong Kong and the PRC. The Group provided its employees with competitive remuneration packages that were aligned with their individual responsibilities, qualifications, experience, and performance. In addition to offering competitive compensation, the Group provided its employees with opportunities for professional development, including management skills workshops, practical seminars for knowledge updates, on-the-job training, and safety training programs. The share option scheme of the Company (the "Scheme") has been expired on 30 August 2022, no share option had been granted under the Scheme since its adoption on 31 August 2012 and there were no other options outstanding during the Year.

Review of Operations

During the Year, the Group recorded a net profit of approximately RMB325.1 million, compared to a net profit of approximately RMB2,337.5 million in the last year. This significant decrease of the net profit was attributed primarily to (i) the disposal of the Automotive Business, which resulted in a gain on disposal of approximately RMB2,124.4 million in the last year; (ii) a gain from the Land Resumption of approximately RMB127.2 million in the Year; (iii) the Group recorded the net valuation loss on investment properties of approximately RMB108.3 million in the Year; and (iv) the Group recorded the impairment losses on financial assets and contract assets of approximately RMB70.7 million.

The net valuation loss on investment properties and impairment losses on financial assets and contract assets have risen as a result of the economic growth slowdown and the sluggish property market. This challenging environment has let to an increased risk of debts collection issues and a continued decline in the leasing rate.

Revenue from the Continuing Operations

During the Year, the Group recorded revenue from the Continuing Operations of approximately RMB2,687.4 million, representing an increase of 10.9% when compared with the revenue of approximately RMB2,422.4 million reported for the last year.

Manufacturing and Trading Business

During the Year, the manufacturing and trading business segment generated revenue of approximately RMB1,442.9 million, representing an increase of 12.3% compared to the last year's revenue of approximately RMB1,284.4 million. Despite severe competition in the overseas market and high inflationary rate, the Group successfully reduce its operating cost and enhance production and product quality by installing automation systems in its production process. The Group will continue its cost control measures and business strategy of focusing on higher margin products and the development of new products and customers.

Retail Business

The Group's retail business revenue for the Year decreased by 15.9% to approximately RMB332.8 million, compared to approximately RMB395.9 million in the last year. The decline in revenue was primarily due to increasing move to retail online shopping, e-commerce and large supermarket chains.

Wholesale Business

The Group's wholesale business revenue increased by 23.9% to approximately RMB878.0 million, compared to approximately RMB708.5 million in the last year. The wholesale business in wines and beverages has stabilized and recorded a modest increase in revenue, while the electrical appliances segment, particularly heating, ventilation, and air conditioning (HVAC), recorded a promising increase in revenue both contributed by the hard work of sale team of wholesale business.

Investments Holding Business

The Group's investment income increased by 0.3% to approximately RMB33.7 million during the Year, compared to approximately RMB33.6 million in the last year.

Revenue from the Discontinued Operation

Car-sale business and car trading platform business

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

PROSPECTS

Strengthening our competence and competitiveness in the Manufacturing and Trading Business

Although there is uncertainty surrounding economic recovery, consumer sentiment and the US-China Trade War, the Group remains cautiously optimistic in its manufacturing and trading business profitability and growth. Existent market headwinds remain largely relevant, including the rise in geopolitical tensions, high interest rate environment, to persistent price inflationary pressures on raw materials and labor. The Group proactively explored the overseas markets, adjusted our domestic marketing strategy, and will continue to implement cost control measures, including integrating and realigning management and sales resources, as well as making structural changes in procurement and manufacturing planning.

Going forward, the Group will maintain its focus on developing and introducing new products to meet the evolving needs of its diverse customer base. The Group will also expand its customer base in both existing and emerging markets, with the aim of achieving continuous growth and enhancing its overall performance. The Group will continue to focus on higher-margin products and customers to further enhance its business and financial performance.

Optimization of retail business and maintaining steady growth of wholesale business

As customer's consumption patterns change and online purchase and ecommerce businesses are more common, retail business have been forced to keep up. Through the optimization of the product structure and enhancement of product display in supermarket, including dedicated sections for local characteristic products, new arrivals, and discounted items, the diverse shopping habits and preferences of our customers can be satisfied. Furthermore, the direct sourcing of fresh food from source suppliers allows us to lower the costs while delivering products with superior quality and value to consumers.

Given the current property market is deeply intertwined with the overall economy, the recovery of the property market will be heavily dependent on the improvement of the macro economy and the stimulation of regulatory policies. The Group's wholesale business segment, specifically the heating, ventilation, and air– conditioning (HVAC) wholesale business which collaborate with large and well-established real estate developer, will inevitably be affected by the downturn of real estate market and increase the risk of debts collection. The Group will always adhere to the HVAC wholesale business strategy of steady development, keep a close eye on the orientation of macro policies, the default risk and business development.

The Group will closely monitor the volatility of global financial markets and industry risks, maintain effective communication with our clients, and make timely adjustments to its sales and purchase strategies as needed to achieve its goal of continuous business growth and performance improvement.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board recognizes the importance of corporate governance practice and is committed to maintaining a high standard of corporate governance standard for the Company to ensure the accountability, responsibility and transparency towards the Shareholders, stakeholders, investors and the employees of the Group.

The Company has adopted various policies in order to ensure compliance with the code provisions set out in the Corporate Governance Code ("CG Code") as set out in Appendix C1 of the Rules Governing of the listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). During the year ended 31 March 2024 (the "Year"), the Company has complied with all the code provisions of the CG Code save and except for the following deviation:

Code Provision C.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Year, the Group has not had the position of chief executive. Although the Group has not designated any person as chief executive, the Board have met regularly to consider major matters regarding the operations of the Group. After evaluating the current board composition, the Board is of the opinion that the present composition and arrangement of the Board is appropriate and in the best interests of the Company in view of carrying out the policies and operation of the Company.

In order to protect and enhance the benefits of the Shareholders, the Board and the senior management will continue to monitor and review the governance policies so as to ensure that the Company will fully comply with the requirements as set out in the CG Codes.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 of the Listing Rules as its code of conduct for securities transactions by the Directors. All Directors confirmed that, following specific enquiry by the Company, they have complied with the required standards as set out in the Model Code during the Year.

RESPONSIBILITIES OF THE BOARD AND SENIOR MANAGEMENT

The Board is responsible for overall management and is primarily responsible for overseeing and managing the Company's affairs. The Board assumes responsibility for adopting the long term strategies and appointing and supervising the senior management to ensure the operation of the Group is operated adhere to the Group's objective. All Directors should act and take decisions in the interests of the Company and are collectively responsible for promoting the success of the Company. The Board decide and review on all major matters relating to policy making, strategies, budgets, internal control and risk management, financial information, appointment of Directors, material transactions (including connected transactions) and other significant operational matters of the Company.

The day-to-day management, administration and operation of the Group are delegated to the executive Directors and senior management of the Group.

CORPORATE GOVERNANCE REPORT

The Board acknowledges its responsibility for the preparation of the financial statements which give a true and fair view of the state of affairs of the Group. The Board has reviewed and approved the annual and interim results of the Group during the Year. The financial statements set out on pages 38 to 116 were prepared on the basis set out in Note 2 to the financial statements. The statement of the external auditor of the Company regarding their reporting responsibilities on the financial statements of the Group is set forth in the Independent Auditor's Report on pages 33 to 37 of this annual report.

THE BOARD OF DIRECTORS

Composition

The Board currently comprises six Directors, including three executive Directors and three independent non-executive Directors. The number of independent non-executive Directors in the Company represents more than one-third of the Board, which satisfied the requirement under Rule 3.10A of the Listing Rules.

The biographical details of each Director are set out on pages 3 to 5 of this annual report. Save as disclosed in the section headed "Directors and Senior Management Profile" to this annual report, there is no other financial, business, family or other material relationships among the members of the Board.

Chairman

Mr Li Lixin was appointed as the Chairman of the Group on 12 October 2022 and currently the Group does not have the position of chief executive officer. The Chairman of the Group, with the support of executive Directors, takes the lead in formulating overall strategies and policies of the Group and ensures the effective performance by the Board of its functions including compliance with good corporate governance practices. The Board considered that the current composition of the Board is appropriate as with the support of senior management, the Chairman ensures that all Directors receive adequate, complete and reliable information and are properly briefed on issues arising at Board meetings and that all key and appropriate issues are discussed by the Board in a timely manner.

Executive Directors

The executive Directors are responsible for managing the Group and implementing the strategies and policies approved and delegated by the Board. They lead the Group's management team and have the responsibilities over the Company's day-to-day management and operation.

Independent Non-executive Directors

The independent non-executive Directors provide checks and balances function to safeguard the interests of the Group and its Shareholders. Each independent non-executive Director is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Bye-laws. All of the independent non-executive Directors possess appropriate professional qualifications or accountings or related financial management expertise which complied with Rule 3.10 of the Listing Rules. Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent that their independent views and input are made available to the Board.

Any re-appointment of an independent non-executive Director who has served the Board for more than nine years will be subject to a separate resolution to be approved by Shareholders. Reasons will be given in the circular to Shareholders to explain why the Board considers they are still independent and should be re-elected.

BOARD MEETINGS

The Board meets regularly, and at least four times a year, to review and discuss the business development and any matter arising from, *inter alia*, the business, corporate governance, risk management, accounting and financing of the Company. Additional meetings will be held upon request of the members when they think necessary. Agendas are given to all Directors in a timely manner before the appointed date of the Board meetings. All Directors are given an opportunity to include matters in the agenda for regular Board meetings. Each Director is entitled to have full access to information on the Group and may, upon reasonable request, take independent professional advice at the Company's expenses. Directors can access to the services of the Company Secretary to ensure the Board procedures and all other rules and regulations have been followed. After the Board meetings, the relevant minutes are sent to all Directors for their signature and records. The minutes are kept by the Company Secretary and are open for inspection by prior notice of any Director.

Seven Board meetings were held and two general meetings of the Company were held in the Year. The attendance record of each Director at Board meetings and general meetings during the Year is set out below:

Directors	Directors attended/ number of Board meetings held	Directors attended/ number of general meetings held
Executive Directors		
Mr Li Lixin	5/7	1/2
Mr Cheng Jianhe	7/7	2/2
Ms Jin Yaxue	6/7	2/2
Independent non-executive Directors		
Mr Shin Yick Fabian	7/7	2/2
Mr He Chengying	6/7	2/2
Mr Kwong Kwan Tong	7/7	2/2

Code Provisions C.1.6 and F.2.2 require independent non-executive Directors, the Chairman and the chairmen of the board committees should attend the general meetings. Due to other engagement, the Chairman was not able to attend the special annual meeting of the Company held on 28 April 2023. All independent non-executive Directors and the chairmen of the board committees had attended this special general meeting. All independent non-executive Directors, the Chairman and the chairmen of the board committees had attended the annual general meeting of the Company held on 30 August 2023.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

Pursuant to the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills.

During the Year, all Directors have attended training courses conducted by the professional parties. The attended Directors have provided the Company with their respective training records pursuant to the CG Code. All Directors were provided with reading materials on relevant rules and regulatory updates in the training courses. Continuing briefings and professional development to Directors will be arranged to Directors whenever necessary.

APPOINTMENT, RE-ELECTION AND REMOVAL

In accordance with the Bye-laws of the Company, at each annual general meeting one third of the Directors (including the chairman of the Board and/or the managing director of the Company) for the time being shall retire from office by rotation. If the number of the Directors is not a multiple of three, then the number nearest to but not less than one third shall be the retiring Directors provided that every Director (including those appointed for a specific term) shall retire from office by rotation at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as Director throughout the meeting at which he retires. Any Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot (unless they otherwise agree among themselves). Such retiring Directors may, being eligible, offer themselves for re-election at the annual general meeting. All Directors appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after their appointment and be subject to re-election at such meeting and all Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

REMUNERATION COMMITTEE

The Remuneration Committee consists of three independent non-executive Directors. The responsibilities and functions of the Remuneration Committee are set out in its terms of reference and are available on the websites of the Company and the Stock Exchange.

The role and function of the Remuneration Committee are principally advising the Board on the policy and structure of remuneration for the Directors and senior management, recommending to the Board a framework for the remuneration of Directors and senior management, determining the remuneration packages of all executive Directors and senior management of the Group and ensuring that no Director or any of his associates is involved in deciding his own remuneration.

During the Year, the Remuneration Committee comprised of two independent non-executive Directors, Mr Kwong Kwan Tong (chairman), Mr Shin Yick Fabian and one executive Director, Ms Jin Yaxue.

During the Year, the Remuneration Committee has reviewed and made recommendations to the Board on the remuneration packages of individual Directors and senior management and the overall remuneration policy of the Group and assessed performance of the Directors.

The Company's remuneration policies are determined on the basis of the contributions of staff and Directors. The amounts paid to each Director for the Year are set out in note 8 to the consolidated financial statements.

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of the senior management by band for the Year is set out below:

In the band of	**Number of individual** *2024*
Nil - HK$1,000,000	7

One Remuneration Committee meeting was held during the Year and the attendance of its members was as follows:

Members	**Director's attendance/ Number of meeting of Remuneration Committee held**
Mr Kwong Kwan Tong	1/1
Mr Shin Yick Fabian	1/1
Ms Jin Yaxue	1/1

NOMINATION COMMITTEE

The Nomination Committee consists of three independent non-executive Directors, namely Mr He Chengying (chairman), Mr Shin Yick Fabian and Mr Kwong Kwan Tong. The responsibilities and functions of the Nomination Committee are set out in its terms of reference and are available on the websites of the Company and the Stock Exchange.

The role and function of the Nomination Committee are principally to evaluate the structure of the Board regularly and make recommendations to the Board on any proposed change. The Nomination Committee shall review the structure, size, composition, diversity (including the skills, knowledge and experience) gender, age, cultural, educational background and professional experience of the Board at least annually and make recommendations on any proposed changes to the Board; review the nomination policy and identifying potential candidates for directorship; assess the independence of independent non-executive Directors and review the time commitment of each Director in performing his/her responsibilities; and make recommendations to the Board on the appointment, re-appointment, re-election or re-designation of Directors.

On the nomination process, the Nomination Committee reviews the suggested candidates for directorship having regard to the candidates' reputation and the specific skills or expertise that these candidates can contribute to the Group, the Board Diversity Policy, the time commitments of the proposed candidates he/she can contribute to the Group, the Company's needs and other relevant statutory requirements and regulations required for the positions.

All candidates must be able to meet the standards as set forth in Rules 3.08 and 3.09 of the Listing Rules. A candidate who is to be appointed as an independent non-executive Director should also meet the independence criteria set out in Rule 3.13 of the Listing Rules. Qualified candidates will then be recommended to the Board for approval.

The Nomination Committee held one meeting during the Year and the attendance of its members was as follows:

Members	Director's attendance/ Number of meetings of Nomination Committee held
Mr He Chengying	1/1
Mr Shin Yick Fabian	1/1
Mr Kwong Kwan Tong	1/1

During the Year, the Nomination Committee has monitored and reviewed the nomination procedures, the Board Diversity Policy, reviewed the structure, diversity and composition of the Board and made recommendation to the Board on matters related to election or re-election and retirement of the Directors at general meeting.

Board Diversity Policy

The Company has adopted a board diversity policy setting out the approach to achieve diversity on the Board. Pursuant to the diversity policy, the Nomination Committee will carry out the selection process by making reference to a range of diversity perspectives, including but not limited to gender, age, cultural, educational background, ethnicity, professional experience, skills, knowledge, length of service and any other factors that the Board may consider relevant and applicable from time to time. Selection of candidates will be based on the Company's nomination policy and will take into account the board diversity policy. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board that would complement the Company's held corporate strategy. The Board's composition (including gender, age and length of service) will be disclosed in the corporate governance report of the Company annually.

If involving the appointment of an independent non-executive Director, the Nomination Committee shall also consider the perspectives, skills and experience that the person can bring to the Board the independency of such candidate, and how he/she would contribute to the diversity of the Board.

The Nomination Committee will monitor and review the implementation of the diversity policy annually, to ensure the effectiveness of the board diversity policy. The Nomination Committee will discuss any revisions to the diversity policy that may be required and make recommendation to the Board for approval.

Currently, the Board comprises six members and the Board's composition and diversity are as follows:

Capacity:	Executive Directors and independent non-executive Directors
Gender:	Male and female
Age:	54-61
Nationality:	Chinese
Length of service:	5-17 years
Board expertise:	Finance, law, accounting, investment, engineering, economic, insurance, investment consulting analysis

AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive Directors, namely Mr Shin Yick Fabian (chairman), Mr He Chengying and Mr Kwong Kwan Tong. The responsibilities and functions of the Audit Committee are set out in its terms of reference and are available on the websites of the Company and the Stock Exchange.

The roles and function of the Audit Committee are, among other things, making recommendations to the Board on the engagement of external auditors, reviewing the financial statements of the Group, overseeing and reviewing at least annually the Group's financial reporting system, financial control and internal control procedures, risk management systems and the environmental, social and governance report ("ESG"), reviewing the Group's financial and accounting policies, procedures and practices.

The Audit Committee held four meetings during the Year and the attendance of its members was as follows:

Members	Director's attendance/ Number of meetings of Audit Committee held
Mr Shin Yick Fabian	4/4
Mr He Chengying	3/4
Mr Kwong Kwan Tong	4/4

In addition to the meetings mentioned above, the Audit Committee has during the Years convened the ad hoc meetings with the external auditors of the Company frequently to follow up the audit process of the Group's annual results and interim results during the Year.

During the Year, the Audit Committee reviewed the Group's annual results for the year ended 31 March 2023 and interim results for the six months ended 30 September 2023. The Audit Committee also reviewed the Group's financial controls, internal control, risk management systems, the ESG and the adequacy of resources, staff qualifications and experience, training programs, budget of the Company's accounting and financial reporting function.

The Audit Committee has reviewed the consolidated financial statements of the Group for the Year pursuant to the relevant provisions contained in the CG Codes and was of the opinion that such statements had complied with applicable accounting standards and that adequate disclosures had been made in respect thereof. The Audit Committee has annually reviewed the adequacy of resources, staff qualifications and experience, training and budget of the accounting, internal audit and financial reporting functions as well as those relating to its ESG performance and reporting.

The accounts for the Year were audited by KPMG whose term of office will expire at the conclusion of the forthcoming annual general meeting of the Company. The Audit Committee has recommended to the Board that KPMG be reappointed as the external auditor of the Company at the forthcoming annual general meeting of the Company.

ACCOUNTABILITY AND AUDIT

The Board is aware that its responsibilities to present a balanced, clear and understandable assessment extend to annual and interim reports, reports to regulators, other inside information and financial disclosures required under the Listing Rules as well as information required to be disclosed pursuant to statutory requirements. The Board has conducted an annual review of the effectiveness of the system of internal control and risk management of the Group.

The consolidated financial statements of the Company for the Year are prepared on the going concerns basis and have been audited by the external auditor, KPMG, and reviewed by the Audit Committee. The statement of the external auditor of the Company regarding their reporting responsibilities on the financial statements of the Group is set forth in the Independent Auditor's Report on pages 33 to 37 of this annual report.

AUDITOR'S REMUNERATION

During the Year, the auditor's remuneration paid and payable in respect of audit and audit related services, provided by the auditor of the Company to the Group amounted RMB2,200,000. There are no non-audit services provided by the auditor.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for the establishment, maintenance and review of the Group's risk management and internal control system to safeguard the assets of the Group and Shareholder's investments. The Board has entrusted the Audit Committee with the responsibility to review, and has delegated to the management of the Company the implementation of such systems of internal controls as well as the risk management control and compliance control. The internal control system of the Group aims to facilitate effective and efficient operation which in turn minimises the risks to which the Group is exposed. The system can only provide reasonable but not absolute assurance against misstatement or losses. Therefore, a risk management system is in place to ensure the regular identification, evaluation and management of risks faced by the Group.

During the Year, the Board has engaged an independent consultant to undertake an internal audit function and to review the risk management and the internal control system of the Group on material issues covering financial, operational and legal compliance controls and risk management function as well as risks factors on ESG.

With the assistance of the independent internal control consultants, a risk report with risk ranking and responsible person has been issued to the Company for assessment of risk. The responsible persons are required to take mitigating actions to address the identified risks and such actions are closely monitored. During the Year, the risk report with key risks, evaluation and relevant mitigating actions has been circulated for discussion and assessed by the key personnel and management for considering the likelihood and impact of each risk. Then, the risk report have been reported to the Audit Committee and the Audit Committee reports to the Board on matters in relation to the oversight of the financial reporting system, internal control procedures and risk management system. This written report assists the Board in identifying those risks (including ESG risks) of the Company and assisting the management to monitor the risks (including ESG risks) and the internal control procedures of the Company.

The Group adopts a risk management framework which comprises the following processes:

- Identify significant risks in the Group's operation environment and evaluate the impacts of those risks on the Group's business;
- Develop necessary measures to manage those risks; and
- Monitor and review the effectiveness of such measures.

The Group formulated the policies and procedures of risk management and internal control as follows:

- The Group established an organisational structure with clear operating and reporting procedures, lines of responsibility and delegated authority;
- Each operating subsidiary maintains internal controls and procedures appropriate to its structure whilst complying with the Group's policies, standards and guidelines;
- Relevant executive Directors and senior management have been delegated with specific accountability for monitoring the performance of designated business operating units;
- A systematic review of the financial and business processes in order to provide management on the adequacy and effectiveness of internal controls. Where weaknesses are identified in the system of internal controls, management will evaluate and take necessary measures to ensure that improvements are implemented; and
- Code of ethics are established and adhered to by all employees to ensure high standards of conduct and ethical values in all business practices.

The Board has conducted annual review of the effectiveness of the Group's risk management and internal control systems by considering written reports prepared by the independent internal control consultants, covering the material financial, operational and compliance controls.

The Board has reviewed the risk management and internal control system adopted by the Group for the Year and will drive for further and ongoing improvement for effectiveness.

The Directors considered that the Group has implemented appropriate procedures for safeguarding the Group's assets against unauthorized use or misappropriation, maintaining proper accounting records, segregation of duties and putting plans and routines into execution with appropriate authority and in compliance with the relevant laws and regulations. The system and the procedures is regularly reviewed by the Board and amended from time to time.

For the inside information, the Company recognises its obligations under the Securities and Futures Ordinance and the Listing Rules, pursuant to which the Company is required to announce the inside information immediately after such information comes to its attention. The Company conducts its affairs with reference to the Guidelines on Disclosure of Inside Information published by the Securities and Futures Commission and regularly reminds the directors and employees of the compliance with Listing Rules and other regulatory requirements for the handling and dissemination of inside information.

COMPANY SECRETARY

Mr Pun Kam Wai Peter, being our company secretary, is primarily responsible for the company secretarial work of the Group. For the Year, Mr Pun Kam Wai Peter confirmed that he has taken no less than 15 hours of relevant professional training.

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

The Company has a dividend policy, pursuant to which the Company may declare and distribute dividends to the Shareholders, provided that the Group is profitable and having retained adequate reserves for future growth. In proposing any dividend payout, the Board shall take into account the following factors:

- the Group's current and future operations;
- the Group's capital requirements;
- the Group's liquidity position;
- the Group's debt to equity ratios and the debt level;
- retained earnings and distributable reserves of the Company and each of the other members of the Group;
- statutory and regulatory restrictions;
- other internal or external factors that may have an impact on the business or financial performance and positions of the Company; and
- other factors that the Board deems relevant.

SHAREHOLDERS' RIGHTS

Shareholders may send their direct enquiries to the Board in writing by mail through the company secretary of the Company to the Company's principal place of business in Hong Kong for the time being.

Pursuant the Company's bye-laws, Shareholders holding at the date of deposit of the requisition not less than one-tenth of the voting rights in the share capital of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company to the principal office of the Company in Hong Kong, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of the Companies Act 1981 of Bermuda.

To put forward a proposal at a Shareholders' meeting, Shareholder should comply with all provisions of the Companies Act 1981 of Bermuda. In addition, Shareholders are requested to submit a written request stating the resolution intended to be moved at the general meeting; or a statement with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting. The written request/statements must be signed by the Shareholder(s) concerned and deposited at the Company's registered office and principal place of business in Hong Kong, for the attention of the company secretary of the Company.

INVESTOR RELATIONS

The Board recognizes the importance of the relations with the investors and good communications with all Shareholders. The Company is committed to establishing the policy on open and timely disclosure of corporate information to the Shareholders and the investors.

By publishing the annual reports, interim reports and the announcements, the Company keeps its Shareholders with updated business developments and financial performance. The information of the Company's activities for the Year has been provided in this annual report. The annual general meeting also provides a forum that direct communications is made between the Board and the Shareholders. The Company also maintains its website http://www.lisigroup.com.hk to provide an alternative communication channel for the public and the Shareholders.

With the channels of communication with the shareholders mentioned above in place and maintained appropriately, the Company considers that the communication arrangement and policy was sufficiently and effectively implemented during the year ended 31 March 2024.

DIRECTORS' REPORT

The Directors submit their annual report together with the consolidated financial statements of the Group for the Year. For the independent auditor's report, please refer to pages 33 to 37 of this annual report.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the principal activities of its principal subsidiaries are set out in Note 15 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group during the Year and discussion on the Group's prospects, as well as discussion and analysis of the Group's performance using financial key performance indicators during the Year and the material factors underlying its financial performance are set out in the "Chairman's Statement" on pages 6 to 7 and "Management Discussion and Analysis" on pages 8 to 12.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Year under review, save and except for (i) the Funds Transfers on page 25 which constituted connected transaction and (ii) the advance to third parties on Note 18(a) in the consolidated financial statements which constituted notifiable transaction under the Listing Rules, the Company was not aware of any non-compliance with any relevant laws and regulations.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group continues to update the requirements of the relevant environmental laws and regulations applicable to it to ensure compliance. The Group strives to minimise environmental impact by saving electricity and encouraging recycle of materials. In addition to regularly review our ESG policies and strategies from time to time in order to minimise the environmental impacts from our operations, we also require our suppliers and manufacturers to operate in strict compliance with the relevant environmental laws and regulations.

For details of the Group's environmental policies and performance, please refer to the "Environmental, Social and Governance Report 2024" to be published on the websites of the Company and the Stock Exchange.

DIRECTORS' REPORT

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out on page 38 of this annual report.

A management discussion and analysis of the results of the Group for the Year is set out on pages 8 to 12 of this annual report.

The directors of the Company did not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: RMBnil).

RESERVES

Movements in the reserves of the Group and the Company during the Year are set out on page 42 of this annual report and in Note 25 to the consolidated financial statements respectively.

FIXED ASSETS

Details of the movement in fixed assets of the Group are set out in Notes 13 and 14 to the consolidated financial statements.

SIGNIFICANT INVESTMENTS

Details of significant investments held as at 31 March 2024 are set out in "Schedule of Investment Properties" and "Schedule of Financial Products" on pages 117 to 119 of this annual report.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2024 are set out in Note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in Note 25(c) to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2024, the aggregate amount of reserves (including the Company's retained profits, if any, and share premium, subject to equity shareholders' approval, and contributed surplus, subject to satisfaction of the related laws and regulations) available for distribution to the equity shareholders of the Company was RMB781,827,000 (2023: RMB787,547,000).

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws and there was no restriction against such rights under the laws of Bermuda.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 120 of this annual report.

DIRECTORS

The Directors during the Year and up to the date of this report were:

Executive Directors
Mr Li Lixin *(Chairman)*
Mr Cheng Jianhe
Ms Jin Yaxue

Independent Non-Executive Directors
Mr Shin Yick Fabian
Mr He Chengying
Mr Kwong Kwan Tong

In accordance with bye-laws 86 and 87 of the Company's bye-laws, Mr Li Lixin and Mr Shin Yick Fabian will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The Company received confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules and considered all the independent non-executive Directors as independent from the date of their appointment till 31 March 2024.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in Notes 8 and 9 to the consolidated financial statements respectively.

DIRECTORS' REPORT

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not terminable within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND A CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS

Save as set out in Note 26 of the consolidated financial statements, no other contracts of significance in relation to the Group's business to which the Company or its fellow subsidiaries, was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

RETIREMENT BENEFIT SCHEMES

The Group participated in various retirement benefit schemes in accordance with the relevant rules and regulations in the PRC. Details of the Group's retirement benefit schemes are set out in note 6(b) to the consolidated financial statements.

According to the retirement benefit schemes of the Group, there is no applicable circumstance of forfeited contributions.

PERMITTED INDEMNITY PROVISION

Each Director or other officer of the Company shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he or she may incur or sustain in or about the execution of the duties of his or her office or otherwise in relation thereto in accordance with the Company's articles of association.

CONNECTED TRANSACTIONS

Funds Transfers

During the Year, Ningbo New JoySun Corporation ("New JoySun"), an indirect wholly-owned subsidiary of the Company, and Ningbo Lisi Holding Limited Company ("Ningbo Lisi"), a connected person of the Company, made various Funds Transfers with each other by way of bank transfers solely for the purpose of facilitating banking relationship with the intention of securing more favourable commercial terms with the Banks.

During the Year, the aggregate amount of the Funds Transfers amounted to approximately RMB5.9 billion. During the period between April and June 2024, the aggregate amount of Funds Transfers amounted to approximately RMB2.2 billion. Subsequent to the date of this financial report, all the outstanding amount under the Funds Transfers had been settled, and New JoySun and Ningbo Lisi had ceased to carry out any funds transfers thereafter.

The Funds Transfers constituted a notifiable transaction and a connected transaction under Chapters 14 and 14A of the Listing Rules and were subject to the relevant requirements.

Continuing Connected Transactions

Details of continuing connected transactions for the year ended 31 March 2024:

(a) Lease of properties

Lease agreement signed with Da Mei (Ningbo) New Materials Company Limited

Pursuant to a lease agreement signed on 30 August 2023 between Ningbo Lisi Household Products Company Limited ("Lisi Household") the Company's Subsidiary, and Da Mei (Ningbo) New Materials Company Limited ("Da Mei"), a company owned by Mr Li Lixin, a director and substantial shareholder of the Company, Da Mei agreed to lease the east part of its property at 518 Cheng Xin Lu, Yinzhou Investment and Business Incubation of Ningbo, the People's Republic of China (the "East District") to Lisi Household for a term of 12 months commencing from 1 October 2023 to 30 September 2024 as its factory space and office premises with monthly rent of RMB701,528.

Pursuant to a lease agreement signed on 30 August 2022 between Lisi Household and Da Mei, Da Mei agreed to lease the East District to Lisi Household for a term of 12 months commencing from 1 October 2022 to 30 September 2023 as its factory space and office premises with monthly rent of RMB701,528.

The maximum aggregate annual value (the "Annual Cap") of the rental expenses and rental expenses incurred for leasing of the East District during the year ended 31 March 2024 is as follows:

	Annual Cap	Rental expenses
	RMB	RMB
From 1 October 2022 to 30 September 2023	8,418,336	4,209,166*
From 1 October 2023 to 30 September 2024	8,418,336	4,209,166**

* Rental expense from 1 April 2023 to 30 September 2023.

** Rental expense from 1 October 2023 to 31 March 2024.

(b) Export agency services

Pursuant to an export agency agreement signed on 20 December 2021 between Lisi Household and Lisi Import and Export Company Limited ("Lisi I&E"), a company owned by Mr Li Lixin, a director and substantial shareholder of the Company, Lisi I&E agreed to provide Lisi Household export agency services which include assisting Lisi Household on handling government applications, settlement services and other liaison services between local government departments and the customers for a term of 3 years commencing from 1 January 2022 to 31 December 2024.

As stated in the announcement dated on 20 December 2021, the annual cap of service fees payable Lisi I&E for Export Agency Services for the period from 1 April 2023 to 31 March 2024 was RMB15.78 million.

The Annual Cap of the export agency service fee and the amount of export agency fee incurred for the provision of export agency are as follows:

	Annual Cap	Export agency fee
	RMB	RMB
From 1 April 2023 to 31 March 2024	15,780,000	12,975,305

(c) Import agency services

Pursuant to an import agency agreement signed on 20 December 2021 between Lisi Household and Lisi I&E, Lisi I&E agreed to provide Lisi Household import agency services for a term of 3 years commencing from 1 January 2022 to 31 December 2024. The import agency services include assisting Lisi Household on handling government applications, settlement services and the provision of guarantees in respect of payment obligations under raw materials or goods purchase contracts entered into between Lisi Household with other third parties.

As stated in the announcement dated on 20 December 2021, the annual cap of service fees payable Lisi I&E for Import Agency Services for the period from 1 April 2023 to 31 March 2024 was RMB183.4 million.

The Annual Cap of the gross transaction amount for the provision of import agency service, gross transaction amount and the amount of import agency fee incurred for raw materials purchased are as follows:

	Annual Cap of gross transaction amount	Gross transaction amount	Import agency fee incurred
	RMB	RMB	RMB
From 1 April 2023 to 31 March 2024	183,400,000	40,013,920	240,084

(d) Mutual supply of products

Pursuant to a mutual supply framework agreement signed on 20 December 2021 between New JoySun Corp. (for itself and on behalf of its subsidiaries), the Company's subsidiary, and Lisi Group Co. Ltd. (for itself and on behalf of its subsidiaries), a company owned by Mr Li Lixin, a director and substantial shareholder of the Company, it was agreed that members of the group of New JoySun Corp. will supply to members of the group of Lisi Group Co. Ltd. electrical appliance products, food and beverage products and various domestic products, and reciprocally, members of the group of Lisi Group Co. Ltd. will supply to members of the group of New JoySun Corp. household products. The term of the mutual supply agreement is commencing from 1 January 2022 to 31 December 2024. Subsidiaries from both sides will enter into individual supply contracts with the pricing of the products transacted and the payment terms determined and negotiated based on normal commercial terms, with reference to the prevailing fair market prices of comparable products and no less favourable than those offered to or from members of the group of New JoySun Corp. by or to independent third parties.

As stated in the announcement dated on 20 December 2021, (i) the annual cap of gross transaction amounts payable to New JoySun for Mutual Supply of Products from New JoySun for the period from 1 April 2023 to 31 March 2024 was RMB13.38 million, and (ii) that payable to Lisi Group for supply of products from Lisi Group to New JoySun pursuant to the Mutual Supply Agreement for such period was RMB1.2 million.

The Annual Caps for the transactions contemplated and transactions incurred under the mutual supply framework agreement are as follows:

Supply of products from the group of New JoySun Corp. to the group of Lisi Group Co. Ltd.

	Annual Cap	**Supply of products**
	RMB	RMB
From 1 April 2023 to 31 March 2024	13,382,500	1,569,838

Supply of products from the group of Lisi Group Co. Ltd. to the group of New JoySun Corp.

	Annual Cap	**Supply of products**
	RMB	RMB
From 1 April 2023 to 31 March 2024	1,200,000	–

Having reviewed the Continuing Connected Transactions, the independent non-executive Directors, pursuant to Rule 14A.55 of the Listing Rules on the requirement to carry out an annual review on all continuing connected transactions, other than fully exempt continuing connected transactions under the Listing Rules (if any), confirmed that the continuing connected transactions were made in the ordinary and usual course of business of the Company, were made on normal commercial terms and in accordance with the relevant agreements governing the continuing connected transactions on terms that were fair and reasonable and in the interests of the shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor had issued its unmodified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in the Directors' Report of the Annual Report in accordance with Rule 14A.56 of the Listing Rules.

The following is an extract of the auditor's letter:

Conclusion

Based on the foregoing, in respect of the disclosed continuing connected transactions:

a. nothing has come to our attention that causes us to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors.

b. for transactions involving the provision of goods or services by the Group, nothing has come to our attention that causes us to believe that the disclosed continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group.

c. nothing has come to our attention that causes us to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

d. with respect to the aggregate amount of each of the continuing connected transactions set out in the attached list of continuing connected transactions, nothing has come to our attention that causes us to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

Related party transactions of the Group for the Year are disclosed in Note 26 to the consolidated financial statements.

The related party transactions included in Note 26(a) to the consolidated financial statements constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. These transactions are disclosed in the Director's Report as required by Chapter 14A of the Listing Rules, except for which are exempted from disclosure. The related party transactions included in Note 26(b) to the consolidated financial statements did not fall under the definition of connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules.

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

As at 31 March 2024, 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, Chapter 571 of the Laws of Hong Kong (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) 1,687,282,681 (S)	34.25% 20.98%

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

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

Saved as disclosed above, at no time during the Year 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.

Save as disclosed herein, as at 31 March 2024, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code.

Saved as disclosed above, at no time during the Year 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 shares in, or debentures of, the Company or any other body corporate and none of the Directors, their spouses or their 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.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 31 August 2012, the particulars of the Scheme are as follows:

Purpose of the Scheme:

To reward Participants who have contributed to the Group and to provide incentives to Participants to work towards the success of the Company.

Participants:

(a) any full-time or part-time employee of any member of the Group; (b) any consultant or adviser of any member of the Group; (c) any director (including executive, non-executive or independent non-executive directors) of any member of the Group; (d) any shareholder of any member of the Group; or (e) any distributor, contractor, supplier, agent, customer, business partner or service provider of any member of the Group.

Total number of ordinary shares available for issue and the percentage of the issued share capital:

10% of the issued share capital of the Company at the date of approval of the refreshed Scheme Mandate Limit.

Maximum entitlement of each participant:

Shall not exceed 1% of the aggregate number of ordinary shares issued and issuable under the Scheme.

Period within which the securities must be taken up as an option:

No option will be exercisable later than 10 years after its date of grant.

Minimum holding period before an option can be exercised:

Will be defined by Directors based on grantee's seniority and other relevant factors.

Period within which payments or loans must be made or repaid:

Not applicable

Basis of determining the exercise price:

Determined by the Board and shall be:

(1) the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the date of offer; and

(2) the average of closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer,

whichever is higher provided that it shall not be lower than the nominal value of the shares.

The life of the Scheme:

The Scheme has been expired on 30 August 2022, no share option had been granted under the Scheme since its adoption on 31 August 2012 and there were no other options outstanding during the Year.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2024, the interests or short positions of every person, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name	Capacity	Number of shares/ underlying shares (Note)	Approximate percentage of the issued share capital of the Company
Big-Max Manufacturing Co., Limited	Beneficial owner	1,382,141,014 (L) 893,521,680 (S)	17.18% 11.11%
Shi Hui Holdings Limited	Beneficial owner	1,355,174,666 (L) 793,761,001 (S)	16.85% 9.87%
Central Huijin Investment Limited	Person having a security interest in shares/ interest in controlled corporation	1,767,313,680 (L)	21.97%
China Construction Bank Corporation	Person having a security interest in shares/ interest in controlled corporation	1,767,313,680 (L)	21.97%
Cheng Weihong	Interest in controlled corporation	1,849,407,702 (L) 398,000,000 (S)	22.99% 4.95%
Tong Shiping	Interest of spouse	1,849,407,702 (L) 398,000,000 (S)	22.99% 4.95%
Mighty Mark Investments Limited	Beneficial owner	956,407,702 (L)	11.89%
Poly Platinum Enterprises Limited	Beneficial owner/Person having a security interest in shares	933,000,000 (L)	11.6%
Greater Bay Area Homeland Development Fund (GP) Limited	Person having a security interest in shares/ interest in controlled corporation	933,000,000 (L)	11.6%
Greater Bay Area Homeland Investments Limited	Person having a security interest in shares/ interest in controlled corporation	933,000,000 (L)	11.6%
Hopeful Glad Limited	Beneficial owner	893,000,000 (L) 398,000,000 (S)	11.10% 4.95%

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

Save as disclosed above, as at 31 March 2024, the Directors were not aware of any other persons/entities (other than the Directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company, its Group members or associated corporation which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Year.

COMPETITION AND CONFLICT OF INTERESTS

During the Year, none of the Directors or substantial Shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the Year attributable to the Group's major suppliers and customers for the continuing operations are as follows:

Purchases	
– the largest supplier	10.6%
– five largest suppliers	38.6%
Sales	
– the largest customer	20.0%
– five largest customers	61.9%

None of the Directors, their associates or any shareholders (which, to the knowledge of the Directors, owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

DIRECTORS' REPORT

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group recognises that employees, suppliers and customers are crucial for the Group's sustainable development. We strive to maintain a close relationship with our employees and provide them with a competitive remuneration package and opportunities within the Group for career advancement. We commit to provide high quality products and services to our customers in order to enhance our competitiveness and strengthen the cooperation with our suppliers.

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.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Directors, the Company maintained sufficient public float at all times during the Year.

AUDITOR

A resolution for the reappointment of KPMG as auditor for the ensuing year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Li Lixin
Chairman and Executive Director

Hong Kong, 28 June 2024

INDEPENDENT AUDITOR'S REPORT

KPMG

Independent auditor's report to the shareholders of
Lisi Group (Holdings) Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Lisi Group (Holdings) Limited (the "Company") and its subsidiaries (the "Group") set out on pages 38 to 116, which comprise the consolidated statement of financial position as at 31 March 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in *the Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in Bermuda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (CONTINUED)

Revenue recognition

Refer to Note 4 to the consolidated financial statements and the accounting policies in Note 2(u).

The Key Audit Matter	How the matter was addressed in our audit
The Group's revenue for the year is mainly derived from the manufacturing and trading of household products, retail operations and wholesale of wine and electrical appliances. In general, revenue from the manufacturing and trading of household products is recognised when the goods are loaded onto shipping vessels for export or delivered to customers' premises for domestic sales; retail revenue is recognised when sales are made to customers over the counter; wholesale revenue is recognised when the goods are delivered or services are rendered. We identified revenue recognition of manufacturing and trading of household products, retail operations and wholesale of wine and electrical appliances as a key audit matter because revenue is one of the key performance indicators of the Group, revenue from these businesses is significant to the Group and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.	Our audit procedures to assess the recognition of revenue from manufacturing and trading of household products, retail operations and wholesale of wine and electrical appliances included the following: • assessing the design, implementation and operating effectiveness of key internal controls over the recognition of revenue; • involving our internal IT specialists to assist us in assessing the operating effectiveness of those IT controls which were critical to the recognition of revenue from retail operations; • inspecting sales contracts with customers for the trading and wholesale operations, on a sample basis, to understand the terms of sales transactions in order to assess the Group's revenue recognition criteria with reference to the requirements of the prevailing accounting standards; • in respect of trading and wholesale revenue, obtaining audit confirmations of sales transaction amounts during the year from customers on a sample basis; • selecting a sample of sales transactions around the financial year end and assessing the timing of revenue recognition by comparing details of the sales with underlying documentation, which included goods delivery notes, customer acceptance forms and/or shipping documents; and • inspecting a sample of journal entries affecting revenue raised during the financial year, which met certain risk-based criteria, enquiring of management the reasons for such entries and comparing the details of the entries with relevant underlying documentation.

INDEPENDENT AUDITOR'S REPORT

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Man Siu Kei.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

28 June 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2024
(Expressed in Renminbi ("RMB"))

	Note	2024 RMB'000	2023 RMB'000
Continuing Operations			
Revenue	4	2,687,361	2,422,402
Cost of sales		(1,992,137)	(1,794,220)
Gross profit	4(b)	695,224	628,182
Other net income	5	156,332	21,699
Selling and distribution expenses		(101,850)	(97,276)
Administrative expenses		(126,207)	(140,457)
Finance costs	6(a)	(37,052)	(46,492)
Impairment losses on financial assets and contract assets		(70,660)	(19,061)
Net valuation loss on investment properties	14	(108,281)	(19,039)
Profit before taxation	6	407,506	327,556
Income tax	7	(82,455)	(57,792)
Profit for the year from Continuing Operations		325,051	269,764
Discontinued Operations			
Profit for the year from Discontinued Operations	12	–	2,067,715
Profit for the year		325,051	2,337,479
Earnings per share – Basic and diluted (RMB cent)	11		
From Continuing Operations		4.04	3.35
From Discontinued Operations		–	25.71
From Continuing Operations and Discontinued Operations		4.04	29.06

The notes on pages 45 to 116 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024
(Expressed in RMB)

	Note	2024 RMB'000	2023 RMB'000
Profit for the year		325,051	2,337,479
Other comprehensive income for the year (after tax):	10		
Items that are or may be reclassified subsequently to profit or loss:			
– Exchange differences on translation into presentation currency		(5,766)	(48,437)
– Net translation difference reclassified to profit or loss upon disposal of subsidiaries		–	40,735
Other comprehensive income for the year		(5,766)	(7,702)
Total comprehensive income for the year attributable to equity shareholders of the Company		319,285	2,329,777

The notes on pages 45 to 116 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

(Expressed in RMB)

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	13	361,424	434,848
Investment properties	14	453,870	562,151
Financial assets at fair value through profit or loss ("FVPL")	16	–	803,773
Deferred tax assets	24(b)	24,021	19,348
		839,315	1,820,120
Current assets			
Inventories	17	291,203	346,003
Trade and other receivables and contract assets and prepayments	18	1,439,196	1,003,681
Financial assets at FVPL	16	799,094	–
Restricted cash	19	149,244	247,465
Cash and cash equivalents	20	548,260	453,497
		3,226,997	2,050,646
Current liabilities			
Trade and other payables	21	780,885	712,338
Bank and other loans	22	575,033	758,054
Lease liabilities	23	11,698	16,541
Income tax payable	24(a)	59,007	20,294
		1,426,623	1,507,227
Net current assets		1,800,374	543,419
Total assets less current liabilities		2,639,689	2,363,539

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 31 March 2024

(Expressed in RMB)

	Note	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Bank and other loans	22	89,980	90,000
Lease liabilities	23	14,266	22,592
Deferred tax liabilities	24(b)	141,176	175,965
		245,422	288,557
NET ASSETS		2,394,267	2,074,982
CAPITAL AND RESERVES	25		
Share capital		69,888	69,888
Reserves		2,324,379	2,005,094
TOTAL EQUITY		2,394,267	2,074,982

Approved and authorised for issue by the board of directors on 28 June 2024.

Li Lixin
Director

Cheng Jianhe
Director

The notes on pages 45 to 116 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024
(Expressed in RMB)

	Share capital RMB'000 (Note 25(c))	Share premium RMB'000 (Note 25(d)(i))	Capital redemption reserve RMB'000 (Note 25(d)(i))	Statutory reserves RMB'000 (Note 25(d)(ii))	Contributed surplus RMB'000 (Note 25(d)(iii))	Exchange reserve RMB'000 (Note 25(d)(iv))	Other reserve RMB'000 (Note 25(d)(v))	Accumulated losses RMB'000	Total equity RMB'000
Balance at 1 April 2022	69,888	2,690,990	1,341	75,070	202,449	5,253	30,340	(3,330,126)	(254,795)
Changes in equity for the year ended 31 March 2023:									
Profit for the year	–	–	–	–	–	–	–	2,337,479	2,337,479
Other comprehensive income	–	–	–	–	–	(7,702)	–	–	(7,702)
Total comprehensive income for the year	–	–	–	–	–	(7,702)	–	2,337,479	2,329,777
Appropriation to reserves	–	–	–	136	–	–	–	(136)	–
Disposals of the Discontinued Operations	–	–	–	(25,438)	–	–	–	25,438	–
Balance at 31 March 2023	69,888	2,690,990	1,341	49,768	202,449	(2,449)	30,340	(967,345)	2,074,982
Changes in equity for the year ended 31 March 2024:									
Profit for the year	–	–	–	–	–	–	–	325,051	325,051
Other comprehensive income	–	–	–	–	–	(5,766)	–	–	(5,766)
Total comprehensive income for the year	–	–	–	–	–	(5,766)	–	325,051	319,285
Appropriation to reserves	–	–	–	143	–	–	–	(143)	–
Balance at 31 March 2024	69,888	2,690,990	1,341	49,911	202,449	(8,215)	30,340	(642,437)	2,394,267

The notes on pages 45 to 116 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2024
(Expressed in RMB)

	Note	2024 RMB'000	2023 RMB'000
Operating activities			
Profit before taxation			
– Continuing Operations		407,506	327,556
– Discontinued Operations		–	2,068,760
Adjustments for:			
Investment income	4(a)	(33,680)	(33,634)
Depreciation and amortisation		97,278	87,211
Net (gain)/loss on disposal of property, plant and equipment	5	(126,289)	316
Interest income on cash at bank	5	(8,318)	(7,137)
Finance costs		37,052	98,802
Impairment losses on financial assets and contract assets		70,660	22,277
Net gain on disposal of the Discontinued Operations		–	(2,124,358)
Net valuation loss on investment properties	14	108,281	19,039
Changes in working capital:			
Increase in restricted cash		(22,379)	(38,993)
Decrease/(increase) in inventories		54,800	(64,400)
Increase in trade and other receivables, prepayments and contract assets		(506,177)	(93,249)
Increase in trade and other payables		72,797	50,775
Cash generated from operations		151,531	312,965
Income tax paid	24(a)	(83,204)	(65,050)
Net cash generated from operating activities		68,327	247,915

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 31 March 2024
(Expressed in RMB)

	Note	2024 RMB'000	2023 RMB'000
Investing activities			
Proceeds from redemption of financial assets at FVPL	28(e)	260	260
Payments for purchase of property, plant and equipment		(73,812)	(74,495)
Proceeds from disposal of property, plant and equipment, net of transaction cost		171,073	1,445
Net proceeds from disposal of the Discontinued Operations		–	1,262
Interest received		8,318	7,137
Investment income received		38,099	38,020
Net cash generated from/(used in) investing activities		143,938	(26,371)
Financing activities			
Proceeds from new bank and other loans	20(b)	947,460	852,700
Repayment of bank and other loans	20(b)	(1,132,867)	(843,070)
Decrease/(Increase) in restricted cash pledged to secure bank loans		120,600	(36,000)
Finance costs paid	20(b)	(34,771)	(45,347)
Capital element of lease rentals paid	20(b)	(16,467)	(14,864)
Interest element of lease rentals paid	20(b)	(1,721)	(2,318)
Net cash used in financing activities		(117,766)	(88,899)
Net increase in cash and cash equivalents		94,499	132,645
Cash and cash equivalents at 1 April		453,497	320,504
Effect of foreign exchange rate changes		264	348
Cash and cash equivalents at 31 March	20	548,260	453,497

The notes on pages 45 to 116 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1 CORPORATE INFORMATION

Lisi Group (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 consolidated financial statements of the Company for the year ended 31 March 2024 comprise the Company and its subsidiaries (collectively referred to as the "Group"). During the year, the Group is principally engaged in manufacturing and trading of household products, operation of supermarkets, wholesale of wine and electrical appliances, property rental and investments holding (see Note 4).

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

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

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis except for financial assets at FVPL (see Note 2(g)) and investment properties (see Note 2(h)) 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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies

(i) New and amended HKFRSs

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

– HKFRS 17, *Insurance contracts*
– Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
– Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
– Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
– Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(ii) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism. The policy does not have a material impact on the Group's financial statements.

(d) Business combination

The Group accounts for business combination using the acquisition method when control is transferred to the Group (see Note 2(e)). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill or gain on bargain purchase is accounted for in accordance with Note 2(f). Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(k)(iii)), unless the investment is classified as held-for-sale (or included in a disposal group that is classified as held for sale).

(f) Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interests in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in the consolidated statement of profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses (see Note 2(k)(iii)). Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 2(k)(iii)).

On disposal of a cash generating unit, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss.

For an explanation of how the Group determines fair value of financial instruments, see Note 28(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see Note 2(u)(vi)).

– fair value through other comprehensive income (FVOCI) – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– fair value through profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Other investments in debt and equity securities (continued)

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non–recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in Note 2(u)(v).

(h) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see Note 2(j)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in Note 2(u)(iii).

(i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(k)(iii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 2(w)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Property, plant and equipment (continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual values, if any, using the straight-line method over their estimated useful lives as follows:

	Estimated useful lives
Leasehold land and buildings	Over the shorter of the lease term and their estimated useful lives of 11 – 47 years
Leasehold improvements	Over the shorter of the lease term and their estimated useful lives of 3 – 10 years
Plant and machinery	5 – 10 years
Furniture, fixtures and equipment	3 – 10 years
Moulds	3 – 4 years
Motor vehicles	4 – 5 years
Right-of-use assets	Over the shorter of the lease term and their estimated useful lives of 1 – 14 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the estimated useful life of an asset and its residual value, if any, are reviewed annually. No depreciation is provided in respect of construction in progress until it is completed and ready for its intended use.

When a property held for own use becomes an investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reversed a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the property revaluation reserve within equity. Any such revaluation surplus is transferred from the property revaluation reserve to retained profits and is not reclassified to profit or loss on the date of retirement of disposal. Any loss is recognised in profit or loss.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less, leases that the remaining lease term is less than 12 months and leases of low value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(i) and 2(k)(iii)), except for the right-of-use assets that meet the definition of investment property are carried at fair value (see Note 2(h)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see Notes 2(g)(i), 2(u)(vi) and 2(k)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Leased assets (continued)

(i) As a lessee (continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of HKFRS 16 Leases. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(u)(iii).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(j)(i), then the Group classifies the sub-lease as an operating lease.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognises a loss allowance for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, and trade and other receivables) and contract assets.

Other financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls for trade and other receivables and contract assets are discounted using the effective interest rate determined at initial recognition or an approximation thereof where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs. The Group classifies other financial instruments into three stages and makes provisions for expected credit losses accordingly, depending on whether credit risk on that financial instrument has increased significantly since initial recognition.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

Measurement of ECLs (continued)

The three risk stages are defined as follows:

Stage 1: A financial instrument of which the credit risk has not significantly increase since initial recognition. The amount equal to 12-month expected credit losses is recognised as loss allowance.

Stage 2: A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired. The amount equal to lifetime expected credit losses is recognised as loss allowance.

Stage 3: A financial instrument is considered to be credit-impaired as at the end of the reporting period. The amount equal to lifetime expected credit losses is recognised as loss allowance.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

Significant increases in credit risk (continued)

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(u)(vi) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or past due event;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within "trade and other payables" at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in Note 2(k)(i) apply.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Credit losses and impairment of assets (continued)

(ii) Credit losses from financial guarantees issued (continued)

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(iii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment, including right-of-use assets;

– goodwill; and

– investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Credit losses and impairment of assets (continued)

(iii) Impairment of other non-current assets (continued)

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iv) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see Notes 2(k)(i) and (iii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Inventories and other contract costs

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in, first-out, or weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The Group takes advantage of practical expedient in paragraph 94 of the HKFRS 15 and recognises the incremental costs of obtaining a contract as an expense if the amortisation of the asset that the Group otherwise would have recognised is one year or less.

(m) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(u)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in Note 2(k)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 2(n)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(u)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(n)).

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.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(u)).

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see Note 2(m)).

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see Note 2(k)(i)).

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in Note 2(k)(i).

(p) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2(w)).

(r) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

– taxable temporary differences arising on the initial recognition of goodwill; and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) Income tax (continued)

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Where investment properties are carried at their fair value in accordance with Note 2(h), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(t) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(u) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services, the investment in debt or equity securities or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sale of goods

Revenue arising from the sales of goods is recognised when the customer takes possession of and accepts the goods. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

The goods can only be returned due to product quality issue. Because the number of returns is extremely low in previous years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur.

(ii) Service fee and commission income

Service fee is recognised when the services are rendered. When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue is recognised when the related agent services are rendered at the net amount of commission received or to be received by the Group.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(u) Revenue and other income (continued)

(iii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(iv) Customer loyalty programme

The Group's customer loyalty programme awards customers credits which entitle the customers to the right to exchange for programme credits. The Group allocates a portion of the consideration received to programme credits. This allocation is based on the relative stand-alone selling price. The amount allocated to the loyalty programme is deferred and is recognised as revenue when programme credits are redeemed or the likelihood of the customer redeeming the programme credits becomes remote.

(v) Dividends/investment income from non-equity investments

Dividend income/investment income from non-equity investments is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(vi) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For credit–impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(k)(i)).

(vii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(v) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

– an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);

– a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and

– qualifying cash flow hedges to the extent that the hedges are effective.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(w) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(x) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(y) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Notes 14 and 28 contain information about the assumptions and their risk factors relating to valuation of investment properties and fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(a) Expected credit losses of trade and other receivables and contract assets

As explained in Note 2(k)(i), the Group takes into account information such as past collection history, current conditions and forecasts to future economic conditions in estimating ECLs for trade and other receivables and contract assets. If the financial condition of the debtors were to deteriorate, or the realisable value of collaterals held by the Group were lower than the estimated value, actual provision would be higher than expected.

(b) Impairment of non-current assets

If circumstances indicate that the carrying amount of an asset may not be fully recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with accounting policy for impairment of assets as described in Note 2(k)(iii). The carrying amounts of assets are reviewed and tested for impairment, where applicable, periodically or whenever the events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to the level of revenue and amount of operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods, where applicable.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

(i) Disaggregation of revenue

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

	2024 RMB'000	2023 RMB'000
Continuing Operations		
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products of service lines		
– sales of goods	2,395,457	2,194,287
– rendering of services	219,316	157,626
	2,614,773	2,351,913
Revenue from other sources		
– investment income	33,680	33,634
– rental income from operating leases	38,908	36,855
	72,588	70,489
	2,687,361	2,422,402

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

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by timing of revenue recognition		
– Point in time	2,403,183	2,201,403
– Over time	211,590	150,510
	2,614,773	2,351,913

The directors of the Company consider that the customer base is diversified and includes two customers (2023: one) of manufacturing and trading segment and one customer (2023: one) of wholesale segment with whom transactions have exceeded 10% of the Group's revenue for the year ended 31 March 2024. Revenue from those customers amounted to RMB354.6 million, RMB475.1 million and RMB536.5 million during the year ended 31 March 2024, respectively (2023: RMB388.4 million and RMB255.1 million). Details of the Group's credit risk are set out in Note 28(a).

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(a) Revenue (continued)

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

As at 31 March 2024, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts with customers of wholesale of heating, ventilation and air-conditioning systems ("HVAC") is RMB774 million (2023: RMB759 million). The Group will recognise the revenue in future when or as the customers accept the goods and the services are rendered, which is expected to occur over the next 36 months. The Group has applied practical expedient in paragraph 121 of HKFRS 15 to its contracts for other businesses such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for other business that had an original expected duration of one year or less.

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

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

	2024 RMB'000	2023 RMB'000
Within 1 year	41,185	39,963
After 1 year but within 5 years	99,668	99,950
After 5 years	1,220	16,501
	142,073	156,414

(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. In view of the disposal of the Discontinued Operations as disclosed in Note 12, the Group's reportable segments are presented as follows:

Continuing Operations:

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

– Retail: this segment manages the supermarket operations and property rental services.

– Wholesale: this segment carries out the wholesale of wine and electrical appliances business, and provides central air-conditioner installation services.

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

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

Discontinued Operations:

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

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

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

(i) Segment results

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

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

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

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(i) Segment results (continued)

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 2024 and 2023 is set out below.

	2024				
	Continuing Operations				
	Manufacturing and trading RMB'000	Retail RMB'000	Wholesale RMB'000	Investments holding RMB'000	Total RMB'000
Revenue from external customers	1,442,861	332,798	878,022	33,680	2,687,361
Inter-segment revenue	–	26	75,952	–	75,978
Reportable segment revenue	1,442,861	332,824	953,974	33,680	2,763,339
Reportable segment gross profit	420,298	88,629	152,617	33,680	695,224

	2023								
	Continuing Operations					Discontinued Operations			
	Manufacturing and trading RMB'000	Retail RMB'000	Wholesale RMB'000	Investments holding RMB'000	Sub-total RMB'000	Car-sale RMB'000	Car trading platform RMB'000	Sub-total RMB'000	Total RMB'000
Revenue from external customers	1,284,359	395,948	708,461	33,634	2,422,402	–	749	749	2,423,151
Inter-segment revenue	–	4,221	58,915	–	63,136	–	–	–	63,136
Reportable segment revenue	1,284,359	400,169	767,376	33,634	2,485,538	–	749	749	2,486,287
Reportable segment gross profit	363,377	101,632	129,539	33,634	628,182	–	749	749	628,931

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(ii) Reconciliations of reportable segment revenue

	2024 RMB'000	2023 RMB'000
Reportable segment revenue	2,763,339	2,485,538
Elimination of inter-segment revenue	(75,978)	(63,136)
Consolidated revenue	2,687,361	2,422,402

(iii) Geographic information

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

	2024 RMB'000	2023 RMB'000
Mainland China and Hong Kong (place of domicile)	1,319,664	1,206,597
The United States and Europe	1,295,802	1,139,856
Others	71,895	75,949
	2,687,361	2,422,402

The analysis above includes property rental income from external customers and investment income in Mainland China of RMB38,908,000 and RMB33,680,000, respectively, for the year ended 31 March 2024 (2023: RMB36,855,000 and RMB33,634,000).

All of the Group's non-current assets (excluding deferred tax assets) are located in Mainland China and Hong Kong as at 31 March 2024 and 2023.

5 OTHER NET INCOME

	2024 RMB'000	2023 RMB'000
Government grants	19,367	11,495
Interest income on cash at bank	8,318	7,137
Net gain from sale of scrap materials	895	1,119
Net gain/(loss) on disposal of property, plant and equipment (Note)	126,289	(316)
Others	1,463	2,264
	156,332	21,699

Note:

For the year ended 31 March 2024, the Group has entered into land resumption agreements (the "Land Resumption Agreements") with a third party in respect of the disposal of certain land use rights and properties of the Group at a consideration of RMB169.6 million. The net carrying amounts of these land use rights and properties were RMB42.4 million. As at 31 March 2024, the disposal has been completed, resulting in a gain on disposal of RMB127.2 million.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	2024 RMB'000	2023 RMB'000
Interest on bank and other borrowings	35,331	44,163
Interest on lease liabilities	1,721	2,318
Net foreign exchange difference	–	11
	37,052	46,492

(b) Staff costs

	2024 RMB'000	2023 RMB'000
Salaries, wages and other benefits	152,097	160,190
Contributions to defined contribution retirement plans	5,066	6,111
	157,163	166,301

The employees of the subsidiaries of the Group established in the PRC (excluding Hong Kong) 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% (2023: 14% to 16%) of the applicable local salaries level. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC (excluding Hong Kong), from the above-mentioned retirement schemes at their normal retirement age.

6 PROFIT BEFORE TAXATION (CONTINUED)

(b) Staff costs (continued)

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

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

(c) Other items

	2024 RMB'000	2023 RMB'000
Cost of inventories# (Note 17(b))	1,787,019	1,642,437
Auditor's remuneration	2,200	3,500
Depreciation charge		
– owned property, plant and equipment	81,447	70,230
– right-of-use assets	15,831	16,981
Rental income from investment properties less direct outgoings of RMB12,347,000 (2023: RMB11,905,000)	26,561	24,950

Cost of inventories includes RMB135,921,000 (2023: RMB124,658,000) for the year ended 31 March 2024, relating to staff costs and depreciation, 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:

	2024 RMB'000	2023 RMB'000
Current taxation (Note 24(a)):		
– Provision for the year	121,613	65,055
– Under-provision in respect of prior years	304	296
	121,917	65,351
Deferred taxation:		
– Origination and reversal of temporary differences	(39,462)	(7,559)
	82,455	57,792

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

	2024 RMB'000	2023 RMB'000
Profit before taxation	407,506	327,556
Expected tax on profit before tax, calculated at the rates applicable to profits in the tax jurisdictions concerned (Notes (i), (ii) and (iii))	102,447	82,526
Tax effect of non-deductible expenses	4,204	3,882
Tax effect of unused tax losses and deductible temporary differences not recognised	362	307
Tax effect of PRC tax concessions (Note (ii))	(33,835)	(29,219)
Under-provision in respect of prior years	304	296
Tax effect of reversal of recognised deferred tax	8,973	–
Income tax	82,455	57,792

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

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

Notes:

(i) The Hong Kong Profits Tax rate for the year ended 31 March 2024 is 16.5% (2023: 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 2024 (2023: RMBNil).

(ii) The Group established in the Mainland China are subject to PRC Corporate Income Tax rate of 25% (2023: 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. In addition, this subsidiary is entitled to an additional 100% tax deduction to its assessable profits (2023: 100%) in respect of the qualified research and development costs incurred in the PRC.

(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 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2024				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive directors					
Mr Li Lixin	–	–	–	–	–
Mr Cheng Jianhe	–	–	–	–	–
Ms Jin Yaxue	–	180	300	–	480
Independent non-executive directors					
Mr Shin Yick Fabian	243	–	–	–	243
Mr He Chengying	221	–	–	–	221
Mr Kwong Kwan Tong	221	–	–	–	221
	685	180	300	–	1,165

8 DIRECTORS' EMOLUMENTS (CONTINUED)

	2023				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive directors					
Mr Li Lixin	–	–	–	–	–
Mr Cheng Jianhe	–	–	–	–	–
Ms Jin Yaxue	–	180	300	–	480
Non-executive director					
Ms Cheng Weihong (resigned on 31 August 2022)	–	–	–	–	–
Independent non-executive directors					
Mr He Chengying	211	–	–	–	211
Mr Shin Yick Fabian	232	–	–	–	232
Mr Kwong Kwan Tong	211	–	–	–	211
	654	180	300	–	1,134

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, none of them are directors (2023: none). The aggregate of the emoluments in respect of the five (2023: five) individuals are as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	2,729	2,465
Discretionary bonuses	443	773
Retirement scheme contributions	93	110
	3,265	3,348

The emoluments of the employees who are not director and who are amongst the five highest paid individuals of the Group are within the following bands:

	2024	2023
(In HK$)		
Nil – 1,000,000	5	5

10 OTHER COMPREHENSIVE INCOME

	2024			2023		
	Before tax amount RMB'000	Tax expense RMB'000	Net-of-tax amount RMB'000	Before tax amount RMB'000	Tax expense RMB'000	Net-of-tax amount RMB'000
Exchange differences on translation into presentation currency	(5,766)	–	(5,766)	(48,437)	–	(48,437)
Net translation difference reclassified to profit or loss upon disposal of Subsidiaries	–	–	–	40,735	–	40,735
	(5,766)	–	(5,766)	(7,702)	–	(7,702)

11 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 March 2024 is based on the profit attributable to ordinary equity shareholders of the Company and the weighted average of 8,044,020,000 ordinary shares (2023: 8,044,020,000 ordinary shares) in issue during the year.

	2024	2023		
	Continuing Operations RMB'000	Continuing Operations RMB'000	Discontinued Operations RMB'000	Total RMB'000
Profit for the year attributable to equity shareholders of the Company	325,051	269,764	2,067,715	2,337,479

(b) Diluted earnings per share

There were no potential dilutive ordinary shares during the years ended 31 March 2024 and 2023. Hence, diluted earnings per share is the same as basic earnings per share.

12 DISCONTINUED OPERATIONS

During the year ended 31 March 2023, in view of the continuous low performance of the trading of imported cars business and the provision of imported cars platform services business (collectively, the "Automotive Business"), the directors of the Company considered that the full recovery of Automotive Business will be no earlier than the end of 2023 and it was difficult to ascertain and predict when exactly it will take place. On 6 May 2022, the Company entered into an agreement with Kenpay International Company Limited ("Purchaser"), a third party, to sell the entire issued share capital of Robust Cooperation Limited ("Robust") and Mega Convention Group Limited ("Mega") (collectively, the "Disposal Group") to the Purchaser at a consideration of HK$3,000,000 (approximately RMB2,565,000). The Disposal was completed on 21 June 2022. Upon the completion of the Disposal, the Group ceased to engage in the Automotive Business.

12 DISCONTINUED OPERATIONS (CONTINUED)

The Disposal Group represented (i) the Car-sale segment, (ii) Car trading platform segment (collectively, the "Discontinued Operations"). Accordingly, the consolidated results of the Discontinued Operations for the period from 1 April 2022 to 21 June 2022 have been presented as Discontinued Operations in the consolidated financial statements in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations to show the Discontinued Operations separately from Continuing Operations.

(a) Results of the Discontinued Operations

	2023 RMB'000
Revenue	749
Cost of sales	–
Gross profit	749
Other income	–
Selling and distribution expenses	–
Administrative expenses	(821)
Finance costs	(52,310)
Impairment losses on financial assets and guarantee contracts	(3,216)
Impairment loss on property, plant and equipment	–
Net valuation loss on investment properties	–
Loss before taxation	(55,598)
Income tax	(1,045)
Loss for the year from Discontinued Operations	(56,643)
Net gain on disposal of the Discontinued Operations	2,124,358
Gain from Discontinued Operations	2,067,715

12 DISCONTINUED OPERATIONS (CONTINUED)

(b) The net cash flows incurred by the Discontinued Operations are as follows:

	2023 RMB'000
Net cash generated from operating activities	4
Net cash generated from investing activities	–
Net cash used in financing activities	–
Net cash inflow	4

(c) Effect of disposal on financial position of the Group

	At 21 June 2022 RMB'000
Non-current assets	1,245,403
Current assets	455,644
Current liabilities	(3,596,841)
Non-current liabilities	(266,734)
Net liabilities disposed of	(2,162,528)
Cash consideration (HK$3 million)	(2,565)
Exchange difference reclassified to profit or loss	40,735
Gain on disposal of subsidiaries	(2,124,358)

13 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Leasehold land and buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Moulds RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost:							
At 1 April 2022	410,479	145,770	175,240	59,075	244,248	10,040	1,044,852
Exchange adjustments	46	19	–	74	–	–	139
Additions	5,402	2,066	14,787	2,863	44,018	2,232	71,368
Disposal of the Discontinued Operations	(68,670)	(2,038)	(915)	(725)	–	(165)	(72,513)
Disposals	(7,354)	(252)	(1,468)	(2,353)	–	(1,581)	(13,008)
At 31 March 2023	339,903	145,565	187,644	58,934	288,266	10,526	1,030,838
Accumulated depreciation and impairment losses:							
At 1 April 2022	(133,641)	(127,656)	(52,667)	(51,785)	(168,672)	(5,707)	(540,128)
Exchange adjustments	(34)	(19)	–	(66)	–	–	(119)
Charge for the year	(26,642)	(4,370)	(19,325)	(3,755)	(31,567)	(1,552)	(87,211)
Disposal of the Discontinued Operations	19,294	202	166	395	–	165	20,222
Written back on disposals	7,203	252	1,218	1,297	–	1,276	11,246
At 31 March 2023	(133,820)	(131,591)	(70,608)	(53,914)	(200,239)	(5,818)	(595,990)
Net book value:							
At 31 March 2023	206,083	13,974	117,036	5,020	88,027	4,708	434,848

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliation of carrying amount (continued)

	Leasehold land and buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture fixtures and equipment RMB'000	Moulds RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost:							
At 1 April 2023	339,903	145,565	187,644	58,934	288,266	10,526	1,030,838
Exchange adjustments	31	6	–	36	–	–	73
Additions	3,298	824	20,647	255	41,928	1,666	68,618
Disposals	(65,649)	–	(4,750)	(251)	(87,374)	(1,078)	(159,102)
At 31 March 2024	277,583	146,395	203,541	58,974	242,820	11,114	940,427
Accumulated depreciation and impairment losses:							
At 1 April 2023	(133,820)	(131,591)	(70,608)	(53,914)	(200,239)	(5,818)	(595,990)
Exchange adjustments	(22)	(1)	–	(30)	–	–	(53)
Charge for the year	(24,391)	(2,855)	(18,274)	(3,182)	(47,147)	(1,429)	(97,278)
Written back on disposals	22,592	–	4,039	–	87,374	313	114,318
At 31 March 2024	(135,641)	(134,447)	(84,843)	(57,126)	(160,012)	(6,934)	(579,003)
Net book value:							
At 31 March 2024	141,942	11,948	118,698	1,848	82,808	4,180	361,424

(i) At 31 March 2024, property certificates of certain properties with a net book value of RMB13,003,000 (31 March 2023: RMB13,470,000) are yet to be obtained.

(ii) Certain of the Group's leasehold land and buildings were pledged against loans drawn by the Group (see Note 22(b)).

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Right-of-use assets

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset is as follows:

	2024 RMB'000	2023 RMB'000
Leasehold premises carried at depreciated cost	25,701	38,656

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2024 RMB'000	2023 RMB'000
Depreciation charge of right-of-use assets	15,831	16,981
Interest on lease liabilities (Note 6(a))	1,721	2,318
Expense relating to short-term leases	9,640	8,073
Variable lease payments not included in the measurement of lease liabilities	1,091	1,182

Note: During the year, additions to right-of-use assets were RMB3,298,000 (2023: RMB5,448,000). This amount primarily related to the capitalised lease payments payable under tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 20(c) and 23, respectively.

14 INVESTMENT PROPERTIES

	2024 RMB'000	2023 RMB'000
Valuation:		
At 1 April	562,151	1,774,302
Fair value adjustments included in the consolidated statement of profit or loss	(108,281)	(19,039)
Disposal of the Discontinued Operations	–	(1,193,112)
At 31 March	453,870	562,151

As disclosed in Note 22(b), certain investment properties were pledged against the loans of the Group.

14 INVESTMENT PROPERTIES (CONTINUED)

Notes:

(i) Fair value hierarchy

At the end of the reporting period, the Group's investment properties are measured at fair value 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.

The fair value measurement of the Group's investment properties falls into level 3 of the fair value hierarchy described above.

During the year ended 31 March 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2023: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued as at 31 March 2024. The valuations were carried out by a qualified independent surveyor, Knight Frank Petty Limited, who has among their staff Members of the Hong Kong Institute of Surveyors with recent experience in the location and category of properties being valued. Management of the Group has discussed with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each annual reporting date.

(ii) Valuation techniques and inputs used in Level 3 fair value measurements

The investment properties located in Ningbo, Mainland China, are shopping arcade, retail shops and warehouse, the fair value of which is determined using income capitalisation approach. The significant unobservable input used in the fair value measurement is yield rate, ranged from 7.25% to 7.5% for the year ended 31 March 2024 (2023: 6.25% to 6.5%). The fair value measurement is negatively correlated to the yield rate.

NOTES TO THE FINANCIAL STATEMENTS

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15 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

Name of company	Place of establishment/ business	Particulars of registered/ issued and paid-up capital	Proportion of ownership interest: The Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by subsidiaries	Principal activities
Ningbo New JoySun Corp (i)(ii) 寧波新江厦股份有限公司	The PRC	Registered and paid-up capital of RMB60,000,000	100%	–	100%	Wholesale of household products and wine, operation of department stores, and provision of financing to group companies
Ningbo New JoySun HVAC Equipment Limited (i)(ii) 寧波新江厦暖通設備有限公司	The PRC	Registered and paid-up capital of RMB10,000,000	100%	–	100%	Wholesale and installation of household electrical appliances and HVAC equipment
Ningbo New JoySun Supermarket Chain Limited (i)(ii) ("New JoySun Supermarket") 寧波新江厦連鎖超市有限公司	The PRC	Registered and paid-up capital of RMB30,000,000	100%	–	100%	Operation of supermarkets
Xiangshan Lisi Department Store Limited (i)(ii) 象山利時百貨有限公司	The PRC	Registered and paid-up capital of RMB20,000,000	100%	–	100%	Property rental
Ningbo Lisi Household Products Company Limited (i)(iii) ("Lisi Household") 寧波利時日用品有限公司	The PRC	Registered and paid-up capital of HK$50,000,000	100%	–	100%	Manufacturing and trading of plastic and metallic household products

(i) The English translation of the names is for reference only and the official names of these entities are in Chinese.

(ii) These companies are limited liability companies established in the mainland China.

(iii) The Company is a wholly foreign owned enterprise established in the mainland China.

16 FINANCIAL ASSETS AT FVPL

The financial assets measured at FVPL represent trust investment products issued by financial institutions with variable returns and have an initial term of 36 months and subject to redemption within 1 year.

Further information on the fair value measurement is disclosed in Note 28(e).

17 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	2024 RMB'000	2023 RMB'000
Raw materials	65,943	70,613
Work in progress	34,541	25,987
Finished goods	63,321	92,715
Merchandises	127,886	156,688
Less: write-down of inventories	(488)	–
	291,203	346,003

(b) An analysis of the amount of inventories recognised as an expense and included in the consolidated statement of profit or loss is as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount of inventories sold	1,786,531	1,642,437
Write down of inventories	488	–

18 TRADE AND OTHER RECEIVABLES, CONTRACT ASSETS AND PREPAYMENTS

(a) Trade and other receivables and contract assets

	2024 RMB'000	2023 RMB'000
Trade receivables from:		
– Third parties	202,445	141,304
– Companies under the control of a shareholder of the Company (Note (i))	799,629	578,552
Bills receivable	–	293
	1,002,074	720,149
Less: loss allowance	(83,336)	(23,165)
	918,738	696,984
Amounts due from companies under the control of a shareholder of the Company (Note (ii))	626	1,006
Advance to third parties (Note (iii))	244,176	–
Other receivables	13,760	45,013
Less: loss allowance	(2,941)	(1,525)
	254,995	43,488
Financial assets measured at amortised cost	1,174,359	741,478
Deposits:		
– Deposits for operating leases expenses paid to third parties	8,718	5,209
– Others	2,548	15,300
	11,266	20,509
Trade and other receivables (Note (iv))	1,185,625	761,987
Contract assets (Notes (v) and (vi))	167,777	164,442
Less: loss allowance	(12,834)	(3,761)
	154,943	160,681
	1,340,568	922,668

18 TRADE AND OTHER RECEIVABLES, CONTRACT ASSETS AND PREPAYMENTS (CONTINUED)

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

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) As at 31 March 2024, total amounts of RMB244.2 million have been provided to three third parties and suppliers of the Group. Subsequent to the date of this financial report, the amounts were fully refunded.

(iv) All of the trade and other receivables are expected to be recovered or recognised as expenses within one year.

(v) Contract assets are mainly arising from performance under the sale and installation of HVAC. The Group's HVAC business requires stage payments. A 20% to 30% of the consideration of goods will be payable after the completion of the installation inspection. This amount is included in contract assets until the completion of installation inspection as the Group's entitlement to this final payment is conditional upon the Group's work satisfactorily passing inspection. The contract assets are expected to be fully recovered in three years.

(vi) All of the amounts are expected to be billed within one year from the end of the reporting period, except for the amounts of RMB3.5 million at 31 March 2024 (31 March 2023: RMB3.4 million) related to retentions receivable (net of loss allowance) which are expected to be recovered over 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:

	2024 RMB'000	2023 RMB'000
Within 1 month	183,127	123,042
More than 1 month but less than 3 months	228,971	214,006
Over 3 months	506,640	359,643
	918,738	696,691

Trade debtors and bills receivable are due within 0 – 180 days from the date of billing. Further details on the Group's credit policy and credit risk arising from trade debtors are set out in Note 28(a).

18 TRADE AND OTHER RECEIVABLES, CONTRACT ASSETS AND PREPAYMENTS (CONTINUED)

(b) Prepayments

	2024 RMB'000	2023 RMB'000
Prepayments:		
– Prepayments to suppliers	96,329	76,905
– Others	2,299	4,108
	98,628	81,013

19 RESTRICTED CASH

	2024 RMB'000	2023 RMB'000
Pledged deposits for issuance of bank loans and bills	145,491	203,512
Pledged deposits for issuance of letter of credit	–	40,000
Pledged deposits for security performance	3,743	3,696
Other restricted cash	10	257
	149,244	247,465

20 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise

	2024 RMB'000	2023 RMB'000
Cash at bank and on hand	548,260	453,497

The Group conducts its operations in the PRC 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 PRC government.

20 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities

	Bank and other loans RMB'000 (Note 22)	Lease liabilities RMB'000 (Note 23)	Total RMB'000
At 1 April 2023	848,054	39,133	887,187
Changes from financing cash flows:			
Proceeds from new bank and other loans	947,460	–	947,460
Repayment of bank and other loans	(1,132,867)	–	(1,132,867)
Capital element of lease rentals paid	–	(16,467)	(16,467)
Interest element of lease rentals paid	–	(1,721)	(1,721)
Other borrowing costs paid	(34,771)	–	(34,771)
Total changes from financing cash flows	(220,178)	(18,188)	(238,366)
Exchange adjustments	1,806	–	1,806
Other changes:			
Bank charges and other finance costs	17,243	–	17,243
Interest expenses	18,088	1,721	19,809
Increase in lease liabilities from entering into new leases during the period	–	3,298	3,298
Total other changes	35,331	5,019	40,350
At 31 March 2024	665,013	25,964	690,977

20 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities (continued)

	Bank and other loans RMB'000 (Note 22)	Interest payable RMB'000	Lease liabilities RMB'000 (Note 23)	Promissory note RMB'000	Total RMB'000
At 1 April 2022	2,487,168	338,509	49,503	318,262	3,193,442
Changes from financing cash flows:					
Proceeds from new bank and other loans	852,700	–	–	–	852,700
Repayment of bank and other loans	(843,070)	–	–	–	(843,070)
Capital element of lease rentals paid	–	–	(14,864)	–	(14,864)
Interest element of lease rentals paid	–	–	(2,318)	–	(2,318)
Other borrowing costs paid	–	(45,347)	–	–	(45,347)
Total changes from financing cash flows	9,630	(45,347)	(17,182)	–	(52,899)
Exchange adjustments	11,002	–	–	17,903	28,905
Other changes:					
Bank charges and other finance costs	–	19,369	–	–	19,369
Interest expenses	–	72,721	2,318	4,383	79,422
Increase in lease liabilities from entering into new leases during the period	–	–	966	–	966
Lease modification	–	–	4,482	–	4,482
Early termination of lease contracts	–	–	(954)	–	(954)
Disposal of the Discontinued Operations	(1,659,746)	(385,252)	–	(340,548)	(2,385,546)
Total other changes	(1,659,746)	(293,162)	6,812	(336,165)	(2,282,261)
At 31 March 2023	848,054	–	39,133	–	887,187

20 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(c) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following, these amounts relate to lease rentals paid.

	2024 RMB'000	2023 RMB'000
Within operating cash flows	9,640	9,255
Within financing cash flows	18,188	17,182
	27,828	26,437

21 TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables to:		
– Third parties	293,795	217,103
– Companies under the control of shareholders of the Company	83,244	115,735
	377,039	332,838
Bills payable	218,983	173,824
	596,022	506,662
Accrued charges and other payables:		
– Accrued expenses	19,792	24,272
– Payables for staff related costs	69,902	73,420
– Deposits from customers and suppliers		
– Third parties	8,854	8,851
– Payables for miscellaneous taxes	8,995	2,290
– Others	5,488	8,052
	113,031	116,885
Financial liabilities measured at amortised cost	709,053	623,547
Contract liabilities	71,832	88,791
	780,885	712,338

21 TRADE AND OTHER PAYABLES (CONTINUED)

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

Ageing analysis

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

	2024 RMB'000	2023 RMB'000
Within 1 month	190,472	240,410
Over 1 month but within 3 months	113,219	77,758
Over 3 months but within 6 months	176,874	122,526
Over 6 months	115,457	65,968
	596,022	506,662

The analysis of movements in contract liabilities

	2024 RMB'000	2023 RMB'000
Balance at 1 April	88,791	46,691
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	(82,577)	(30,200)
Increase in contract liabilities as a result of billing in advance	65,618	88,791
Disposal of the Discontinued Operations	–	(16,491)
Balance at 31 March	71,832	88,791

22 BANK AND OTHER LOANS

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

	2024 RMB'000	2023 RMB'000
Bank loans:		
– Secured and unguaranteed (Note (ii))	371,000	576,600
– Secured and guaranteed (Notes (ii) and (iii))	257,980	238,000
	628,980	814,600
Loans from shareholders and companies under the control of shareholders of the Company:		
– Unsecured and unguaranteed (Note (i))	36,033	33,454
	665,013	848,054

Notes:

(i) At 31 March 2024, the loans from companies under the control of shareholders of the Company are bearing interest rates ranging from 2% to 8% (31 March 2023: 2%-7%) per annum and are repayable by March 2025 (31 March 2023: by March 2024).

(ii) Certain bank loans are secured by the leasehold land and buildings and deposit of the Group (Note 22(b)).

(iii) Bank and other loans of RMB90 million as at 31 March 2024 (2023: RMB90 million) were guaranteed by a director of the company and a company under the control of a director of the Company.

22 BANK AND OTHER LOANS (CONTINUED)

(a) The Group's bank and other loans are repayable as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year or on demand	575,033	758,054
After 1 year but within 2 years	–	–
After 2 years but within 5 years	89,980	90,000
	89,980	90,000
	665,013	848,054

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 and deposits of the Group. The aggregate carrying values of the pledged leasehold land and buildings and investment properties are analysed as follows. Further details of pledged deposits are disclosed in Note 19.

	2024 RMB'000	2023 RMB'000
Leasehold land and buildings	99,176	124,043
Investment properties	325,370	411,966
	424,546	536,009

(c) At 31 March 2024, the Group's banking facilities amounting to RMB644,490,000 (31 March 2023: RMB756,000,000) were utilised to the extent of RMB583,961,000 (31 March 2023: RMB732,912,000).

23 LEASE LIABILITIES

The lease liabilities were repayable as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	11,698	16,541
After 1 year but within 2 years	6,549	9,855
After 2 years but within 5 years	6,569	11,308
After 5 years	1,148	1,429
	14,266	22,592
	25,964	39,133

24 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) **Movements in current taxation in the consolidated statement of financial position are as follows:**

	2024 RMB'000	2023 RMB'000
Balance of income tax payable at 1 April	20,294	41,817
Provision for income tax for the year	121,613	65,055
Under-provision in respect of prior years	304	296
Income tax paid	(83,204)	(65,050)
Disposal of the Discontinued Operations	–	(21,824)
Balance of income tax payable at 31 March	59,007	20,294

24 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Accrued operating lease expenses RMB'000	Impairment losses on property, plant and equipment RMB'000	Credit loss allowance RMB'000	Accrued expenses RMB'000	Unrealised profit and losses resulting from intragroup transaction RMB'000	Fair value adjustments on property, plant and equipment and investment properties and related depreciation RMB'000	Tax allowance in excess of depreciation on property, plant and equipment RMB'000	Fair value adjustments on other investments RMB'000	Total RMB'000
1 April 2022	2,983	9,584	1,975	230	1,444	(423,504)	(20,376)	(2,202)	(429,866)
(Charged)/credited to the consolidated statement of profit or loss	(61)	(54)	4,170	–	(923)	3,435	(1,149)	1,097	6,515
Disposal of the Discontinued Operations	–	–	–	–	–	260,244	6,490	–	266,734
At 31 March 2023	2,922	9,530	6,145	230	521	(159,825)	(15,035)	(1,105)	(156,617)
(Charged)/credited to the consolidated statement of profit or loss	(19)	(9,027)	14,117	–	(398)	33,300	384	1,105	39,462
At 31 March 2024	2,903	503	20,262	230	123	(126,525)	(14,651)	–	(117,155)

24 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(s), the Group has not recognised deferred tax assets in respect of cumulative unused tax losses and impairment provision arising from certain subsidiaries of the Group of RMB94,788,000 (31 March 2023: RMB94,260,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. Except for the amount of RMB94,788,000 (31 March 2023: RMB92,626,000) which will not expire under the relevant tax legislation, the remaining unused tax losses at 31 March 2024 will expire on or before 31 December 2028.

(d) Deferred tax liabilities not recognised

At 31 March 2024, temporary differences relating to the undistributed profits of certain subsidiaries of the Group established in the PRC amounted to RMB2,904,989,000 (31 March 2023: RMB2,536,120,000). Deferred tax liabilities of RMB145,249,000 (31 March 2023: RMB126,806,000) have not been recognised in respect of tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

25 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Exchange reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 25(c))	(Note 25(d)(i))	(Note 25(d)(i))	(Note 25(d)(iii))	(Note 25(d)(iv))		
At 1 April 2022	69,888	2,690,990	1,341	226,796	(20,648)	(2,125,471)	842,896
Change in equity for the year ended 31 March 2023:							
Loss and total comprehensive income	–	–	–	–	–	(4,768)	(4,768)
At 31 March 2023 and 1 April 2023	69,888	2,690,990	1,341	226,796	(20,648)	(2,130,239)	838,128
Change in equity for the year ended 31 March 2024:							
Loss and total comprehensive income	–	–	–	–	–	(5,720)	(5,720)
At 31 March 2024	69,888	2,690,990	1,341	226,796	(20,648)	(2,135,959)	832,408

25 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Dividends

The directors of the Company did not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: RMBNil).

(c) Share capital

	2024		2023	
	No. of shares '000	HK$'000	No. of shares '000	HK$'000
Authorised:				
Ordinary shares at HK$0.01 each	10,000,000	100,000	10,000,000	100,000

	2024		2023	
	No. of shares '000	RMB'000	No. of shares '000	RMB'000
Ordinary shares, issued and fully paid:				
At 1 April and 31 March	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.

(d) Nature and purpose of reserves

(i) Share premium and capital redemption reserve

The application of the share premium and capital redemption reserve accounts is governed by Section 40 and Section 42A of the Bermuda Companies Act 1981, respectively.

(ii) Statutory reserves

In accordance with the articles of association of the subsidiaries of the Group established in the PRC, these subsidiaries were required to set up certain statutory reserves, which were non-distributable. The statutory reserves can only be utilised for predetermined means upon approval by the relevant authority.

25 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(d) Nature and purpose of reserves (continued)

(iii) Contributed surplus

The contributed surplus of the Group represented the difference between the nominal value of the aggregate share capital of the subsidiaries at the date on which they were acquired by the Group and the nominal value of the Company's shares issued as consideration for the acquisition took place during a reorganisation of the Group in 1995.

Pursuant to a shareholders' resolution on 15 February 2016, an amount of HK$715.3 million (equivalent to approximately RMB580.2 million) was transferred from share premium accounts to contributed surplus accounts of the Company.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations which have a functional currency other than RMB into RMB. The reserve is dealt with in accordance with the accounting policy set out in Note 2(v).

(v) Other reserve

The balance of other reserve represents the difference between the consideration paid and the carrying value of the non-controlling interests of New JoySun Supermarket acquired by the Group in April 2016.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for equity shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher equity shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes bank and other loans, and trade and other payables) plus unaccrued proposed dividends/distributions, less cash and cash equivalents. Adjusted capital comprises all components of equity less unaccrued proposed dividends/distributions.

During 2024, the Group's strategy, which was unchanged from 2023, was to maintain the adjusted net debt-to-capital ratio at a stable level. In order to improve the Group's capital structure, the Group may adjust the amount of dividends/distributions paid to equity shareholders, issue new shares, raise new debt financing or sell assets to reduce debt.

25 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(e) Capital management (continued)

The Group's adjusted net debt-to-capital ratio at 31 March 2024 and 2023 was as follows:

	2024 RMB'000	2023 RMB'000
Trade and other payables	780,885	712,338
Bank and other loans	665,013	848,054
Lease liabilities	25,964	39,133
Total debts	1,471,862	1,599,525
Less: Cash and cash equivalents	(548,260)	(453,497)
Adjusted net debt	923,602	1,146,028
Total equity and adjusted capital	2,394,267	2,074,982
Adjusted net debt-to-capital ratio	39%	55%

26 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 parties:

(a) Transactions with a director and companies under the control of a director of the Company

	Notes	2024 RMB'000	2023 RMB'000
Sales of goods		1,610	1,752
Import and export handling charges	(i)	13,215	11,990
Rental payment for operating leases and in respect of the recognised lease liabilities (net of VAT)		16,397	15,927
Interest expenses	(ii)	1,299	964

26 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with a director and companies under the control of a director of the Company (continued)

Notes:

(i) Pursuant the import agency agreement and export agency agreement (collectively, the "agreements") between the Group and the related party, the related party provided import and export agency services to the Group. The gross transaction amount under the agreements amounted to RMB1,349,700,000 (2023: RMB1,268,272,000).

(ii) Interest expenses represented interest charges on loans received from related parties.

During the year ended 31 March 2024, there are certain fund transfers with a related party with aggregated transaction amount of RMB5.9 billion (2023: RMB2.8 billion). The maximum outstanding balance during the year is RMB0.3 billion (2023: RMB0.3 billion). The balance is unsecured, interest-free and repayable on demand. The balance is fully settled as of the end of the reporting period.

As disclosed in Note 22, certain of the Group's bank and other loans were guaranteed by a director of the Company, and a company under the control of a director of the Company.

(b) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in Note 8 and the highest paid employees as disclosed in Note 9, is as follows:

	2024 RMB'000	2023 RMB'000
Short-term employee benefits	5,366	5,625
Contributions to defined contribution retirement plans	139	144
	5,505	5,769

Total remuneration is included in "staff costs" (see Note 6(b)).

27 COMMITMENTS

At 31 March 2024, the outstanding capital commitments of the Group not provided for in the consolidated financial statements were as follows:

	2024 RMB'000	2023 RMB'000
Commitments in respect of plant and machinery		
– Contracted for	1,782	743

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group considers its exposure to equity price risk arising from its equity investments in other entities to be insignificant.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables, contract assets and financial assets at FVPL. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit standing, for which the Group considers to have low credit risk.

In respect of financial assets at FVPL, the Group's strategy is to place the investments with well-known funds management companies or financial institutions. Accordingly, the Group considers its exposure to credit risk to be low in this respect.

For the year ended 31 March 2024, the Group does not provide any guarantees which would expose the Group to credit risk.

Trade receivables and contract assets

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers/debtors requiring credit over a certain amount. These evaluations focus on the customers/debtors' past history of making payments when due and current ability to pay, and take into account information specific to the customers/debtors as well as pertaining to the economic environment in which the customers/debtors operates. The Group generally requires customers to settle receivable in accordance with contract terms and other debts in accordance with agreements within certain credit terms granted. Normally, the Group does not obtain collateral from customers/debtors.

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (continued)

Trade receivables and contract assets (continued)

The Group has no significant concentration of credit risk in industries or countries in which the customers/debtors operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers/debtors. At the end of the reporting period, 80% (2023: 82%) and 95% (2023: 92%) of the total trade receivables was due from the Group's largest debtor and the five largest debtors respectively.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs. The Group determines the expected credit losses for these assets by assessment of probability of default, loss given default and exposure at default. The Group assesses the credit risk and ECL for trade receivables and contract assets separately and the ECL model of trade receivables in invoice date basis.

The following tables provide information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets as at 31 March 2024:

Trade receivables:

	2024		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within 1 month	1.22%	185,387	(2,262)
More than 1 month but less than 3 months	2.20%	234,130	(5,159)
Over 3 months	13.03%	582,557	(75,915)
		1,002,074	(83,336)

	2023		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within 1 month	0.55%	123,723	(681)
More than 1 month but less than 3 months	1.14%	216,469	(2,463)
Over 3 months	5.27%	379,664	(20,021)
		719,856	(23,165)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (continued)

Trade receivables and contract assets (continued)

Contract assets:

	2024		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current	7.65%	(167,777)	(12,834)

	2023		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current	2.29%	164,442	(3,761)

Expected loss rates are based on actual loss experience adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (continued)

Trade receivables and contract assets (continued)

Movement in the loss allowance account in respect of trade receivables and contract assets during the year are as follows:

	2024 RMB'000	2023 RMB'000
Balance at 1 April	26,926	70,153
Impairment losses recognised during the year	69,244	18,817
Disposal of the Discontinued Operations	–	(62,044)
At 31 March	96,170	26,926

Other receivables

To determine ECLs for other receivables, the Group considers changes in the risk of default of the specified debtor since the initial recognition of other receivables.

The Group recognises a loss allowance for other receivables equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The following table presents the carrying amounts of other receivables and indicates whether they are subject to a 12-month ECL or lifetime ECL allowance and, in the latter case, whether they were credit-impaired:

	2024	2023
	Other receivables	Other receivables
	Stage 1 RMB'000	Stage 1 RMB'000
Gross carrying amounts	257,936	45,013
Loss allowance	(2,941)	(1,525)
Carrying amount	254,995	43,488

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (continued)

Other receivables (continued)

The movement in the allowance for impairment for other receivables during the year was as follows:

	2024
	Stage 1
	RMB'000
Balance at 1 April	1,525
Net remeasurement of loss allowance	1,416
Balance at 31 March	2,941

	2023			
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 April	152,093	571,644	1,273,569	1,997,306
Net remeasurement of loss allowance	3,459	–	–	3,459
Disposal of the Discontinued Operations	(154,027)	(571,644)	(1,273,569)	(1,999,240)
Balance at 31 March	1,525	–	–	1,525

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. Note 2(b) explains management's plans in managing the liquidity needs of the Group to enable it to continue to meet its obligations as they fall due.

The following table shows the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest dates the Group can be required to pay.

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk (continued)

For the bank and other loans subject to repayment on demand clauses which can be exercised at the banks' or other financial institutions' sole discretion, the analysis shows the cash outflow based on the contractual repayment schedule and, separately, the impact to the timing of the cash outflows if the banks and other financial institutions were to invoke their unconditional rights to call the loans with immediate effect.

	2024 Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount at 31 March RMB'000
Trade and other payables measured at amortised cost	709,053	–	–	–	709,053	709,053
Bank and other loans	631,477	4,409	94,389	–	730,275	665,013
Lease liabilities	12,061	7,002	7,644	1,667	28,374	25,964
	1,352,591	11,411	102,033	1,667	1,467,702	1,400,030

	2023 Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount at 31 March RMB'000
Trade and other payables measured at amortised cost	623,547	–	–	–	623,547	623,547
Bank and other loans	826,018	4,410	94,410	–	924,838	848,054
Lease liabilities	17,316	10,607	13,188	2,115	43,226	39,133
	1,466,881	15,017	107,598	2,115	1,591,611	1,510,734

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Interest rate risk

(i) Interest rate risk profile

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from interest bearing borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

The following table details the interest rate profile of the Group's bank and other loans, and lease liabilities at the end of the reporting period.

	2024		2023	
	Effective interest rate %	Total RMB'000	Effective interest rate %	Total RMB'000
Fixed rate borrowings:				
Bank and other loans	1.0%~7.0%	594,449	1.2%-7.0%	775,155
Lease liabilities	4.6%~5.8%	25,964	4.6%-5.6%	39,133
Variable rate borrowings:				
Bank and other loans	2.2%~7.3%	70,564	2.2%-4.2%	72,899
Total borrowings		690,977		887,187
Fixed rate borrowings as a percentage of total borrowings		90%		92%

(ii) Sensitivity analysis

At 31 March 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and increased/decreased the Group's accumulated losses by approximately RMB529,000 (31 March 2023: approximately RMB547,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and accumulated losses). In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and accumulated losses) is estimated as an annualised impact on interest expense or income of such a change in interest rates.

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Currency risk

The Group is exposed to currency risk primarily through sales, purchases, borrowings, lease liabilities and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily US$, RMB, HK$. The Group manages this risk as follows:

(i) *Recognised assets and liabilities*

In respect of receivables, payables and borrowings denominated in foreign currencies, the Group ensures that the exposure is kept to an acceptable level, by buying and selling foreign currencies at spot rates where necessary to address short-term imbalances.

(ii) *Exposure to currency risk*

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rates at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	2024 Exposure to foreign currencies	
	US$ RMB'000	HK$ RMB'000
Cash and cash equivalents	5,846	1,639
Trade and other payables	–	(1,246)
Bank and other loans	(5,802)	(20,564)
Exposure arising from recognised assets and liabilities	44	(20,171)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Currency risk (continued)

(ii) Exposure to currency risk (continued)

	2023 Exposure to foreign currencies	
	US$ RMB'000	HK$ RMB'000
Cash and cash equivalents	3,681	1,056
Trade and other payables	–	(1,140)
Bank and other loans	(5,556)	(19,818)
Exposure arising from recognised assets and liabilities	(1,875)	(19,902)

(iii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's results after tax and accumulated losses that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between HK$ and US$ would be materially unaffected by any changes in movement in value of the US$ against other currencies.

	2024		2023	
	Increase/ (decrease) in foreign exchange rates	(Decrease)/ increase in profit after tax and increase/ (decrease) in accumulated losses RMB'000	Increase/ (decrease) in foreign exchange rates	(Decrease)/ increase in profit after tax and increase/ (decrease) in accumulated losses RMB'000
US$	10%	–	10%	–
	(10%)	–	(10%)	–
HK$	10%	(545)	10%	(567)
	(10%)	545	(10%)	567

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' results after tax and retained profits measured in the respective functional currencies, translated into RMB at the exchange rates ruling at the end of the reporting period for presentation purposes.

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Currency risk (continued)

(iii) Sensitivity analysis (continued)

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter– company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis as 2023.

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The fair value measurement of the Group's financial assets at FVPL falls into level 3 of the fair value hierarchy.

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 4.57% to 6.61% for the year end 31 March 2024. The fair value measurement is negatively correlated to the discount rate. As at 31 March 2024, it is estimated that with all other variables held constant, an increase/decrease in the discount rate by 5% would have decrease/increase the Group's profit after tax by RMB1,098,000.

The movements during the year in the balance of the Level 3 fair value measurement are as follow:

	2024 RMB'000	2023 RMB'000
Financial assets at FVPL		
At 1 April	803,773	808,419
Changes in fair value recognised in profit during the year	(4,419)	(4,386)
Proceeds from sales	(260)	(260)
At 31 March	799,094	803,773

(ii) 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 31 March 2024 and 2023.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

29 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment		534	749
Investments in subsidiaries		849,472	849,472
		850,006	850,221
Current assets			
Other receivables		4,554	4,252
Cash and cash equivalents		569	391
		5,123	4,643
Current liabilities			
Other payables		16,861	10,811
Other loans		5,860	5,647
		22,721	16,458
Net current liabilities		(17,598)	(11,815)
Non-current liabilities			
Lease liabilities		–	278
NET ASSETS		832,408	838,128
Capital and Reserves	25		
Share capital		69,888	69,888
Reserves		762,520	768,240
Total equity		832,408	838,128

30 IMMEDIATE AND ULTIMATE HOLDING COMPANY

The directors of the Company consider that the Company has no controlling shareholder at 31 March 2024.

(Expressed in RMB unless otherwise indicated)

31 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 March 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current ("2020 amendments")*	1 January 2024
Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants ("2022 amendments")*	1 January 2024
Amendments to HKFRS 16, Leases: *Lease liability in a sale and leaseback*	1 January 2024
Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *financial Instruments: Disclosures: Supplier finance arrangements*	1 January 2024
Amendments to HKAS 21, *The effects of changes in foreign exchange rates: Lack of exchangeability*	1 January 2025
Amendments to HKFRS 10, *Consolidated financial statements* and HKAS 28, *Investment in associates and joint ventures: Sale or Contribution of assets between an investor and its associate or joint venture*	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

SCHEDULE OF INVESTMENT PROPERTIES

Details of the principal investment properties of the Group as at 31 March 2024 are as follows:

Location	Term of lease	Use
New JoySun Department Store Jiangdong, Level 1 to level 3, Nos. 301-305 East Zhongshan Road, Jiangdong District, Ningbo, Zhejiang Province, The PRC	Long-term	A partial portion of the shopping arcade for rental
Lisi Department Store Xiangshan, No. 165 Jianshe Road, Dandong Street, Xiangshan County, Ningbo, Zhejiang Province The PRC	Long-term	A partial portion of the shopping arcade for rental
A portion of New JoySun Supermarket Hengxi, Renmin Road, Hengxi Town, Yinzhou District, Ningbo, Zhejiang Province, The PRC	Long-term	A partial portion of the shopping arcade for rental
New JoySun Supermarket Gaoqiao Warehouse, Gaofeng Village, Gaoqiao Town, Yinzhou District, Ningbo, Zhejiang Province, The PRC	Long-term	A partial portion of the shopping arcade for rental
A portion of New JoySun Supermarket Gaoqiao, Gaofeng Village, Gaoqiao Town, Yinzhou District, Ningbo, Zhejiang Province, The PRC	Long-term	A partial portion of the shopping arcade for rental
A portion of New JoySun Supermarket Dongwu, Dong Village, Dongwu Town, Yinzhou District, Ningbo, Zhejiang Province, The PRC	Long-term	A partial portion of the shopping arcade for rental
New JoySun Supermarket Dasong, Xicheng Village, Zhanqi Town, Yinzhou District, Ningbo, Zhejiang Province, The PRC	Long-term	A partial portion of the shopping arcade for rental
A portion of New JoySun Supermarket Yunlong, No. 1100 Qifa Commercial Plaza, Yunlong Town, Yinzhou District, Ningbo, Zhejiang Province, The PRC	Long-term	A partial portion of the shopping arcade for rental

SCHEDULE OF FINANCIAL PRODUCTS

The Company utilized certain idle funds to subscribe for certain financial products from National Trust Company Limited. Given the Board is of the views that such financial products are highly secured with appropriate returns, the Board considers the subscriptions are conducive to enhancing the utilization of capital and increasing income from idle funds. The consideration in relation to the subscriptions of such financial products was determined after taking into account various factors including cash management, the level of risk and return of the financial products and their respective maturity dates. Accordingly, the Board are of the view that the subscriptions of such financial products are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Details of the financial products of the Group as at 31 March 2024 are as follows:

Name of the financial products	Name of the trust company	Subscription Date	Maturity Date	Subscription Amount RMB'000	Fair value RMB'000	Return for the year RMB'000
國民信托申鑫70號單一資金信托 (National Trust Shenxin No. 70 Single Fund Trust*)	國民信托有限公司 (National Trust Company Limited*)	29 April 2020	28 October 2024	49,930	50,281	2,467
國民信托申鑫70號單一資金信托 (National Trust Shenxin No. 70 Single Fund Trust*)	國民信托有限公司 (National Trust Company Limited*)	18 May 2020	17 November 2024	89,930	90,571	4,440
國民信托申鑫70號單一資金信托 (National Trust Shenxin No. 70 Single Fund Trust*)	國民信托有限公司 (National Trust Company Limited*)	28 June 2020	27 December 2024	59,930	60,369	2,960
國民信托申鑫70號單一資金信托 (National Trust Shenxin No. 70 Single Fund Trust*)	國民信托有限公司 (National Trust Company Limited*)	10 August 2020	9 February 2025	79,930	79,769	3,947
國民信托申鑫70號單一資金信托 (National Trust Shenxin No. 70 Single Fund Trust*)	國民信托有限公司 (National Trust Company Limited*)	17 August 2020	16 February 2025	69,930	69,777	3,454
國民信托申鑫70號單一資金信托 (National Trust Shenxin No. 70 Single Fund Trust*)	國民信托有限公司 (National Trust Company Limited*)	21 August 2020	20 February 2025	69,930	69,770	3,454
國民信托申鑫70號單一資金信托 (National Trust Shenxin No. 70 Single Fund Trust*)	國民信托有限公司 (National Trust Company Limited*)	24 August 2020	23 February 2025	59,930	59,789	2,960
國民信托申鑫80號單一資金信托 (National Trust Shenxin No. 80 Single Fund Trust*)	國民信托有限公司 (National Trust Company Limited*)	31 August 2020	28 February 2025	59,930	59,796	2,728

SCHEDULE OF FINANCIAL PRODUCTS

Name of the financial products	Name of the trust company	Subscription Date	Maturity Date	Subscription Amount RMB'000	Fair value RMB'000	Return for the year RMB'000
國民信托申鑫80號單－資金信托 (National Trust Shenxin No. 80 Single Fund Trust*)	國民信托有限公司 (National Trust Company Limited*)	3 September 2020	2 March 2025	59,930	59,788	2,728
國民信托申鑫80號單－資金信托 (National Trust Shenxin No. 80 Single Fund Trust*)	國民信托有限公司 (National Trust Company Limited*)	7 September 2020	6 March 2025	59,930	59,779	2,728
國民信托申鑫80號單－資金信托 (National Trust Shenxin No. 80 Single Fund Trust*)	國民信托有限公司 (National Trust Company Limited*)	10 September 2020	9 March 2025	49,930	49,799	2,273
國民信托申鑫80號單－資金信托 (National Trust Shenxin No. 80 Single Fund Trust*)	國民信托有限公司 (National Trust Company Limited*)	14 September 2020	13 March 2025	49,930	49,791	2,273
國民信托申鑫80號單－資金信托 (National Trust Shenxin No. 80 Single Fund Trust*)	國民信托有限公司 (National Trust Company Limited*)	16 September 2020	16 March 2025	39,930	39,815	1,819

* for identification purpose only

5-YEAR FINANCIAL SUMMARY

(Expressed in RMB unless otherwise indicated)

GENERAL INFORMATION

The consolidated results and the assets and liabilities of the Group of the last five financial years, as extract from the Group's published annual financial statements and reclassified as appropriate, are set as below:

	2024	2023	2022 (Restated) (Note 1)	2021	2020 (Restated) (Note 2)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	2,687,361	2,422,402	2,133,627	1,850,030	2,665,845
Profit/(loss) before taxation	407,506	327,556	295,727	(2,508,284)	(144,672)
Income tax	(82,455)	(57,792)	(58,505)	(42,709)	(9,786)
Profit/(loss) for the year from Continuing Operations	325,051	269,764	237,222	(2,550,993)	(154,458)
Profit/(loss) for the year from Discontinued Operations	–	2,067,715	(622,412)	–	–
Profit/(loss) for the year attributable to equity shareholders of the Company	325,051	2,337,479	(385,190)	(2,550,993)	(154,458)
Assets and liabilities					
Total assets	4,066,312	3,870,766	5,010,565	5,125,561	7,947,376
Total liabilities	(1,672,045)	(1,795,784)	(5,265,360)	(5,006,287)	(5,300,204)
Net assets/(liabilities)	2,394,267	2,074,982	(254,795)	119,274	2,647,172

Notes:

1 The Group discontinued the operation of the Automotive Business during the year ended 31 March 2023. The financial statements for the year ended 31 March 2022 have been restated to present the results of the Discontinued Operations separately from the Continuing Operations.

2 As disclosed in the annual report for the year ended 31 March 2021, the Group ceased to classify the non-automotive segments as Discontinued Operations during the year ended 31 March 2021, the financial statements for the year ended 31 March 2020 has been restated accordingly.

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