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

(incorporated in Bermuda with limited liability) (於百慕達註冊成立之有限公司)
Stock Code 股份代號：526

2021
ANNUAL REPORT 年報

Contents

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr LI Lixin
Mr CHENG Jianhe
Ms JIN Yaxue

Non-Executive Director

Ms CHENG Weihong

Independent Non-Executive Directors

Mr SHIN Yick Fabian
Mr HE Chengying
Mr KWONG Kwan Tong

COMPANY SECRETARY

Ms PANG Yuen Shan Christina
(appointed on 16 March 2021)

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton
HM11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Workshop 06-07, 36/F King Palace Plaza
No. 52A Sha Tsui Road, Tsuen Wan
New Territories, Hong Kong

SECURITIES CODE

Hong Kong Stock Code: 526

WEBSITE ADDRESS

http://www.lisigroup.com.hk

AUDITOR

KPMG
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance

PRINCIPAL BANKERS

Shengjing Bank, Tianjin Branch, the People's Republic of China (the "PRC")
Bank of Langfang, Tianjin Branch, PRC
Tianjin Rural Commercial Bank Co., Ltd.
Bank of Communications, Hong Kong and Ningbo Branches, PRC
Bank of Ningbo, PRC
China Construction Bank, Ningbo Branch, PRC
The Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor North
Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr LI Lixin, aged 53, is the executive Director. 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 this private group include import and export business, chain supermarkets, commercial real estate development and operation management, real property development and investment holding. The group also has investments in real property development, printing business and local bank in the PRC. Mr Li has 30 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. He is currently a committee member of the Twelfth Zhejiang Province Committee of the Chinese People's Political Consultative Conference, the vice chairman of the China Plastics Processing Industry Association and Ningbo City 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. He was appointed as non-executive Director in September 2008 and redesignated as executive Director in April 2011; appointed as chairman of the Company and the Group in September 2008 and resigned as chairman in November 2019.

Mr CHENG Jianhe, aged 55, executive Officer. Mr Cheng has over 32 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. By profession, Mr Cheng is a Certified Public Accountant in the PRC and a member of the Chinese Institute of Certified Public Accountants.

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 51, executive Director, member of remuneration committee of the Company and General Manager of household products business of the Group. Ms Jin has been responsible for sales and operations management of Ningbo plant since 1998. She holds an Executive Master of Business Administration degree from Fudan University. She has over 25 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.

NON-EXECUTIVE DIRECTOR

Ms CHENG Weihong, aged 59, non-executive Director and member of the nomination committee of the Company. Ms Cheng is the founder of 天津開利星空實業有限公司 (Tianjin Kaili Xingkong Industrial Co. Ltd.), a company incorporated in China principally engaged in resources consolidation and strategic planning for parallel imports of cars in China. She has over 22 years' experience in car imports and sales in China. Ms Cheng is the spouse of Mr Tong Shiping, executive Director of the Company. She joined the Group in September 2018.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr SHIN Yick Fabian, aged 52, independent non-executive Director, chairman of the audit committee and member of the remuneration committee and nomination committee of the Company. Mr Shin is currently a non-executive director of Pak Tak International Limited (2668. HK), an independent director of Olympic Circuit Technology Co., Ltd (SH.603920), and an independent non-executive director of Newton Resources Limited (1231.HK) and ZhengyeInternational Holdings Company Limited (3363.HK).

Mr Shin was an independent non-executive director of BIO-Key International, Inc (NASDAQ: BKYI), China Tianrui Automotive Interiors Co., Ltd (6162. HK) and Huabang Financial Holdings Limited (3638.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 Hong Kong Institute of Certified Public Accountants, 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 58, an 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, 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 was appointed as independent non-executive Director in September 2006.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Mr KWONG Kwan Tong, aged 55, independent non-executive Director, chairman of the remuneration committee and member of the audit committee of the Company. Mr Kwong is currently the Overseas Chief Financial Officer, Company Secretary and Authorised Representative of Weichai Power Co., Ltd., a company listed on Hong Kong stock exchange (stock code: 2338) and Shenzhen stock exchange (stock code: 000338). 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 30 years' experience in accounting, internal audit and financial management fields. He joined the Group in September 2018.

COMPANY SECRETARY

Ms PANG Yuen Shan Christina, age 48, company secretary of the Company. Ms Pang is a solicitor qualified in Hong Kong. She obtained a bachelor degree in Laws from City University of Hong Kong in 1995 and a master degree of Laws in International & Commercial Law from University of Sheffield in 1996. Ms Pang was admitted as a solicitor in 1999 and is currently a solicitor and work in private practice. Ms Pang has over 15 years of experience in corporate secretarial practice. She is now an independent non-executive director of Speedy Global Holdings Limited (stock code 540). She joined the Group in March 2021.

SENIOR MANAGEMENT

Madam ZHENG Rong, aged 50, is the chief financial officer of New JoySun responsible for accounting and financial matters of New JoySun Group since 2007. Madam Zheng has nearly 27 years of experience in the retail industry and around 24 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 LAM Wai Wah, Alan, aged 58, is the Senior Sales and Marketing Manager of household products business of the Group. Mr Lam has been responsible for the international marketing and sales of products manufactured in Ningbo plant since September 2005. He has over 30 years experience in marketing and sales of household products and sundries. He joined the Group when the Ningbo plant was acquired by the Group in 2010.

Mr NG Chun Ki, aged 43, 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 26 years experience in product development and manufacturing of plastic moulds. He joined Group when the Ningbo plant was acquired by the Group in 2010.

CHAIRMAN'S STATEMENT

On 1 June 2021, the Company terminated the transaction pending approval in relation to the disposal of the manufacturing business and the retail and wholesale businesses of the Group, which are traditional businesses that have previously proven to be developing continuously and contribute to earnings and cash flows, and have critical effects on the sound and continuous operations of the Group.

FURTHER STRENGTHENING OUR COMPETENCE AND COMPETITIVENESS IN MANUFACTURING BUSINESS

The manufacturing business of the Group has been growing successfully in recent years. This is the our strength with rich industry experience and our capability to achieve new product development even in traditional business to meet the high expectations of both old and new customers. The Group will continue to expand customer base, develop new product and marketing design and further improve the financial performance of this segment by sales growth and margin management.

EXPANSION OF WHOLESALE BUSINESS WITH HIGH GROWTH POTENTIAL

Within the wholesale business of the Group, heating, ventilation and air-conditioning (HVAC) has been growing very rapidly with the good sales strategy and efforts of the business team. The Group will adopt the approach of working with large property companies in the long term to expand our business to various regions across the country and achieve high growth potential.

CAR-SALE AND PLATFORM BUSINESSES

The car-sale and car platform businesses in Tianjin has encountered very difficult market environment. The change in government policy for environmental protection requirements for parallel imported cars and the COVID-19 pandemic together brought a big blow to all the market participants of the industry. Our car business subsidiaries in Tianjin cannot be exceptions in such adverse market situation. We expect, with the implementation of new government policy getting clear with the environmental protection requirements on parallel imported cars, the recovery of our car business will start before the end of calendar year 2021. We shall manage the business recovery of this segment with utmost care and study and consider the need for and feasibility of any adjustment of business adjustment.

APPRECIATION

Even though 2020-21 was a very difficult year for the Group (in particular, the car-sale and car platform segments), I am confident with the prospect of the business development of the Group. On behalf of the Board, I would like to thank our customers, suppliers and business partners of the Group and the Shareholders of the Company for their continuous support. Last but not least, I would also like to take this opportunity to express my heartiest gratitude to all the employees of the Group for their industrious devotion and achievements in the challenging 2020/21. We shall continue to target for the long term business development of the Group and strive for changing the difficult financial position of the Group and improving the financial results to be delivered to the Shareholders of the Company next year.

Li Lixin
Director

Hong Kong, 6 September 2021

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

General Information

For the year ended 31 March 2021 (the "Year"), the Group recorded a revenue of approximately RMB1,850.0 million, representing a decrease of 30.6% when compared with the revenue of approximately RMB2,665.8 million reported for the last year. Net loss for the Year was approximately RMB2,551.0 million compared to a net loss of RMB154.5 million for the last year. The Group's basic and diluted loss per share for the Year were RMB31.71 cents while the Group's basic and diluted loss per share were RMB1.96 cents for the corresponding period last year.

Net Assets, Liquidity and Financial Resources

As at 31 March 2021, the Group's net assets decreased to approximately RMB119.3 million, rendering net asset value per share at RMB1.48 cents. The decrease in net assets was mainly due to impairment of goodwill, net valuation loss of investment properties and impairment loss on financial assets and guarantee contract amounting to RMB396.5 million, RMB195.7 million and 1,866.9 million during the year.

As at 31 March 2021, the Group's total assets were valued at RMB5,125.5 million, including cash and bank deposits of approximately RMB332.7 million. Consolidated bank loans and other borrowings were amounted to RMB2,576.3 million. Debt-to-equity ratio (bank loans and other borrowings over total equity) has been increased from 40.1% as at 31 March 2020 to 2,159.9% as at 31 March 2021. The change in the debt-to-equity ratio was essentially due to the significant reduction in equity as a result of the net loss of approximately RMB2,551.0 million for the year ended 31 March 2021 incurred mainly from impairment losses and valuation loss for car sale and car trading platform businesses.

Most of the Group's business transactions were conducted in RMB and US$. As at 31 March 2021, the Group's major borrowings included bank loans and loans from other financial institutions, which had an outstanding balance of RMB2,383.8 million, other borrowings from shareholders totaling RMB192.5 million. All of the Group's borrowings are denominated in RMB, HK$ and US$.

Pledge of Assets

The Group's leasehold land and buildings, investment properties and trade receivables with a carrying amount of RMB1,535.9 million as at 31 March 2021 and equity interest in a subsidiary of the Group were pledged to secure bank borrowing and facilities of the Group.

The Group's leasehold land and buildings and investment properties with a carrying amount of RMB15.5 million as at 31 March 2021 were pledged to secure bank loans borrowed by a third party company.

Prepayment to Suppliers

As at 31 March 2021, the balance of prepayment to suppliers is RMB146.8 million. As at the 31 July 2021, the utilization of the prepayment to suppliers was approximately RMB111.9 million or 76.2% of the balance.

Capital Expenditure and Commitments

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

Exposure to Foreign-Exchange Fluctuations

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

Segment Information

Car-sale business and car trading platform business contribute 9.3% of total revenue of the Group in the Year. Retail and wholesale business, manufacturing and trading business and investments holding business had 43.5%, 45.0% and 2.2% of the remaining respectively.

In terms of geographical location, China is the primary market of the Group, which accounted for 59.2% of total revenue of the Group for the Year. The remaining comprised of revenue from North America 28.7%, Europe 6.5% and others 5.6%.

Contingent Liabilities

As at 31 March 2021, the Group provides guarantees to secure bank loans borrowed by some major customers. Such arrangements were made by 天津濱海國際汽車城有限公司 (Tianjin Binhai International Automobile City Company Ltd, the "Automobile City") prior to the acquisition in July 2019. The maximum liability of the Group as of the close of business under the guarantees issued is RMB2,623 million being the aggregate banking facilities granted to third party customer of the Group by banks.

Employee Information

As at 31 March 2021, the Group employed a workforce of 1,940 employees for the continuing and discontinued operations in its various chain stores, offices and factories located in Hong Kong and the PRC. Competitive remuneration packages were provided and commensurate with individual responsibilities, qualifications, experience and performance. The Group provided management skills workshops, practical seminars for knowledge update, on-the-job training and safety training programs to its employees. There was a share option scheme in force but no share option was granted during the Year.

Review of Operations

For the Year, the Group recorded a net loss of RMB2,551.0 million, compared to the net loss of RMB154.5 million for the corresponding last year. The significant increase in the net loss was mainly attributable to the following factors:

(1) a one-time net gain arising from the acquisition of Robust Cooperation Limited of approximately RMB258.2 million in the last financial year;

(2) impairment loss on financial assets and guarantee contracts of approximately RMB1,866.9 million which included RMB1,570.6 million impairment loss on advances to customers of car trading platform and prepayment for purchase of parallel imported cars but orders subsequently cancelled and RMB296.3 million expected credit loss for financial guarantees issued for customers of car trading platform with reference to the assessment result by professional valuer;

(3) impairment loss on the goodwill of the car sale subsidiary in Tianjin of approximately RMB396.5 million with reference to the valuation result by professional valuer; and

(4) valuation loss on the investment properties essentially in Tianjin of RMB195.7 million with reference to the valuation result by professional valuer.

The factors (2), (3) and (4) above were the reflection of the adverse business environment encountered by the market participants (including our Group and our customers) of parallel imported car business in Mainland China in the past year as a result of change in industry policy, US-China trade war and COVID-19 pandemic and the consequent impact of such issues on both the supply side and the end-consumer behaviour of the market.

Revenue

During the Year, the Group recorded revenue of approximately RMB1,850.0 million, representing a decrease of 30.6% when compared with the revenue of RMB2,665.8 million reported for the last year.

Car-sale Business

The Group had originally anticipated that there would be considerable growths of revenue of the car-sale business as at the date of acquisition. However, the trading and sales of imported cars business decreased substantially by 87.9% to RMB136.7 million for the year ended 31 March 2021 as compared with RMB1,126.3 million for the corresponding period last year. The trade friction between the United States of America and China, the issuance of Limits and Measurement Methods for Emissions from Light-duty Vehicles (China VI) and COVID-19 pandemic did have adverse impact on the business and investment environment in China and thus affected the mood of consumers in China especially in the market of durable goods. Decrease in revenue in 2021 affected the sales forecasted incoming years assumed in the valuation model. As a result, the recoverable amounts assessed by an independent professional valuer was lower than the carrying value of the car-sale business, and impairment losses of approximately RMB396.5 million on goodwill was recognised for the year ended 31 March 2021.

Car Trading Platform Business

The imported cars platform services and property rental business started operation after completion of the acquisition in July 2019. The business contributed revenue of RMB35.3 million for the Year, representing decrease of 38.7% when comparing with the revenue of RMB57.6 million for the last financial year. The business was also affected by the COVID-19 pandemic. It is expected that the domestic parallel imported cars market will recover by the end of 2021 and gradually resume normal development, property occupancy rates will rise steadily, and there will be a nice increase in platform service revenue.

Retail and Wholesale Business

The revenue of the retail business increased by 2.2% to RMB515,608,000 for the Year as compared with the last year. Although affected by the pandemic and in spite of keen market competition from e-commerce, large supermarket chains and new shopping malls nearby, the retail business still managed to maintain balanced development. The revenue of the wholesale business increased by 1.4% to RMB288,618,000.

Manufacturing and Trading Business

During the Year, the manufacturing and trading business contributed approximately RMB833.1 million to the revenue. The business of this segment increased by RMB188.1 million when compared with the last year of approximately RMB645.0 million. The competition in overseas market has been severe and our management team in this business line works very hard to look for further opportunities in the market. Their contribution successfully strengthen our established customer base, and the base can cope with short term fluctuation in the market during the period of the COVID-19 pandemic. The business of this segment performed quite well in the Year.

Investments Holding Business

Dividend income and investment income decreased by 14.1% to RMB40.8 million during the Year as compared with the last year.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

Further strengthening our competence and competitiveness in the manufacturing business

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

Expansion of the wholesale business with high growth potential

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

Car-sale and platform businesses

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

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance for enhancing shareholders' value. The Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules for the Year save as herein below disclosed.

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 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiries of all Directors, the Company confirmed that all Directors have complied with the required standards as set out in the Model Code during the Year.

BOARD OF DIRECTORS

The Board is responsible for the formulation of strategies and control of the Group and for monitoring the performance of the management teams. The senior management members are responsible for effective implementation of the Board's decisions and the day-to-day operations of the Group. The Directors during the Year were as follows:

Executive Directors

Mr LI Lixin
Mr CHENG Jianhe
Ms JIN Yaxue
Mr TONG Shiping *(retired on 30 September 2020)*

Non-Executive Director

Ms Cheng Weihong

Independent Non-Executive Directors

Mr Shin Yick Fabian
Mr He Chengying
Mr Kwong Kwan Tong
Mr Cheung Kiu Cho Vincent
(resigned on 21 April 2021)

During the Year, fourteen Board meetings were held. Notice of at least 14 days was given to Directors for regular Board meetings during the Year as required by the CG Code Provision A.1.3.

During the Year, Mr Shin Yick Fabian, Mr Cheung Kiu Cho Vincent and Mr Kwong Kwan Tong have attended courses and/or seminars relevant to the roles and duties as directors of listed companies.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to code A.2.1 the responsibilities between the chairman and the chief executive officer ("CEO") of the Company are expected to be segregated and not be performed by the same individual. During the Year, Mr. Tong Shiping acted as the Chairman and CEO until his retirement on 30 September 2020. Since 1 October 2020 and up to the date of this annual report, the Company does not have any officer with the title of Chairman and CEO. Although the Company after 30 September 2020 has not designated any person as Chairman or CEO, the Board have met regularly to consider major matters affecting the operations of the Group and under the supervision of the Board which is comprised of three executive Directors, one non-executive Director and three independent non-executive Directors. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group. The roles of the Executive Directors and senior management has complemented the role of the chairman and chief executive officer. The Board believes that this structure provided sufficient checks to protect the interests of the Company and its shareholders.

The Company understands the importance to comply with the code provision A.2.1 of the CG Code and will continue to consider the feasibility to nominate appropriate person for the role of chairmen and chief executive officer.

NON-EXECUTIVE DIRECTORS

Non-executive Directors are appointed for a fixed term of two years or three years, subject to retirement and re-election at the annual general meeting in accordance with the Bye-laws of the Company.

REMUNERATION COMMITTEE

The role and function of the remuneration committee are principally advising the Board on the policy and structure for remuneration of Directors and senior management and on establishing a formal and transparent procedure for developing policy on such remuneration, determining the specific remuneration packages of all executive Directors and senior management 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 Cheung Kiu Cho Vincent (chairman), Mr Shin Yick Fabian and one executive Director, Ms Jin Yaxue. One meeting was held during the Year.

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.

Pursuant to code provision B.1.5 of the CG code, the remuneration of the members of the senior management by band for the year ended 31 March 2021 is set out below:

In the band of	**Number of individual** *2021*
Nil - HK$1,000,000	3
HK$1,000,001 - HK$1,500,000	0

NOMINATION COMMITTEE

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 Committee shall review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships; assess the independence of independent non-executive Directors; and make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the chairman and the chief executive officer of the Company.

For the measurable objectives, selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board's composition (including gender, age, and length of service) will be disclosed in the corporate governance report of the Company annually.

During the Year, the nomination committee comprised of two independent non-executive Directors, Mr Cheung Kiu Cho Vincent (chairman) and Mr Shin Yick Fabian, and one non-executive Director, Ms Cheng Weihong. One meeting was held during the Year.

During the Year, the nomination committee has monitored and reviewed the nomination procedures and process for the nomination of Directors, reviewed the composition of the Board and made recommendation to the Board on matters related to election and retirement of the Directors.

AUDIT COMMITTEE

During the Year, the audit committee comprised of three independent non-executive Directors, Mr Shin Yick Fabian (chairman), Mr Cheung Kiu Cho Vincent and Mr He Chengying. Two audit committee meetings were held during the Year.

The roles and function of the audit committee are principally making recommendations to the Board on the engagement of external auditors, reviewing the financial information of the Group and overseeing the Group's financial reporting system, internal control and risk management systems.

During the Year, the audit committee reviewed the Group's annual results for the year ended 31 March 2020 and interim results for the six months ended 30 September 2020. The audit committee also reviewed the Group's financial controls, internal control and risk management systems and the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function.

NUMBER OF MEETINGS AND DIRECTORS' ATTENDANCE

Attendance records of the Directors at Board meetings (BM), audit committee meetings (ACM), remuneration committee meetings (RCM), nomination committee meetings (NCM) and general meeting (GM) held during the year are set out below:

	Number of meetings attended/held during the Year				
	BM	**ACM**	**RCM**	**NCM**	**GM**
Executive Directors					
Mr Li Lixin	8/14	NA	NA	NA	0/1
Mr Cheng Jianhe	14/14	NA	NA	NA	0/1
Ms Jin Yaxue	6/14	NA	1/1	NA	0/1
Mr Tong Shiping *(retired on 30 September 2020)*	5/7	NA	NA	NA	0/0
Non-Executive Director					
Ms Cheng Weihong	9/14	NA	NA	1/1	0/1
Independent Non-Executive Directors					
Mr Shin Yick Fabian	8/14	2/2	1/1	1/1	1/1
Mr He Chengying	6/14	1/2	NA	NA	0/1
Mr Kwong Kwan Tong	8/14	NA	NA	NA	1/1
Mr Cheung Kiu Cho Vincent *(resigned on 21 April 2021)*	8/14	2/2	1/1	1/1	1/1

Pursuant to code E.1.2 of the CG Code, the chairman of the Board, the chairman of the audit committee, the chairman of the remuneration committee and the chairman of the nomination committee should attend the annual general meeting. During the Year, the chairman of the audit committee, the chairman of the remuneration committee and the chairman of the nomination committee have attended the annual general meeting.

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 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 51 to 53 of this annual report.

AUDITOR'S REMUNERATION

During the Year, the auditor's remuneration paid and payable in respect of statutory audit services and other services, provided by the auditor of the Company to the Group amounted to RMB7,500,000 and RMB550,000, respectively.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for the establishment, maintenance and review of the Group's internal control system to safeguard the assets of the Group and shareholder investments. 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.

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

The Directors considered that the Group has implemented appropriate procedures for safeguarding the Group's assets against unauthorised 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 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 reviewed the risk management and internal control system adopted by the Group for the year ended 31 March 2021 and considered that it was effective and adequate.

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

The Company Secretary of the Company directly reports to the Board. During the Year, Mr Pun Kam Wai Peter ceased to be the Company Secretary of the Company on 16 March 2021, Ms Pang Yuen Shan Christina has been appointed as the Company Secretary with effect from 16 March 2021. For the Year, Mr Pun Kam Wai Peter confirmed that he has taken no less than 15 hours of relevant professional training.

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 paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, 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.

ON GOING CONCERN ASSESSMENT

The Directors acknowledge their responsibilities for preparing the Group's financial statements, which give a true and fair view of the state of affairs of the Group and of the results and cash flow for the reporting period. The Group recorded a loss for both years ended 31 March 2021 and 2020. The car-sale segment recorded a significant drop in revenue in the year ended 31 March 2021. As at 31 March 2021, the Group had net current liabilities of RMB2,263,122,000. Its bank and other loans amounted to RMB2,576,244,000, of which RMB586,683,000 were overdue at the end of the reporting period. Subsequent to 31 March 2021 and up to the date of approval of these consolidated financial statements, bank and other loans and bills payable which were overdue but not yet repaid or renewed amounted to RMB435,933,000. Besides, the Group has failed to fulfill certain covenants relating to loans of RMB874,830,000 and hence the lenders have the right to require the Group to repay the loans immediately at any time prior to their original repayment dates. Certain subsidiaries of the Group are also pending to various litigations as mentioned in Note 30(c). The courts in the People's Republic of China (the "PRC") have ordered to freeze certain of the Group's bank accounts (Note 20). These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The below sections set out an extract of the report by the auditor of the Company (the "Auditor"), regarding the consolidated financial statements of the Group for the year ended 31 March 2021.

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties and their possible cumulative effect on the consolidated financial statements as described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Multiple uncertainties relating to going concern

As described in Note 2(b) to the consolidated financial statements, the Group recorded a loss of RMB2,551 million for the year ended 31 March 2021. The trading of imported cars business and the provision of imported cars platform services business (collectively, the "automotive business") have been suspended during the year ended 31 March 2021 and have not yet been resumed as of the date of this report. Accordingly, the automotive business recorded a significant drop in revenue for the year ended 31 March 2021.

As at 31 March 2021, the Group's current liabilities exceeded its current assets by RMB2,263 million, which included bank and other loans of RMB2,480 million and bills payable of RMB148 million which are repayable within one year. As disclosed in Notes 2(b), 22 and 24 to the consolidated financial statements, bank and other loans of RMB587 million have been overdue as at 31 March 2021 and bank and other loans and bills payable of RMB436 million become overdue subsequent to 31 March 2021. These overdue bank and other loans and bills payable of RMB1,023 million have not been settled or renewed as of the date of this report. Included in these bank and other loans and bills payable were RMB459 million the lenders of which have commenced litigations against the Group for repaying the outstanding balances.

As disclosed in Notes 2(b) and 30(b) to the consolidated financial statements, the Group has provided guarantees to some of its customers' lenders in relation to these customers' banking facilities and bank loans amounting to RMB2,623 million. As at 31 March 2021, bank loans of RMB1,299 million out of the abovementioned guarantees were defaulted. Included in these bank loans were RMB100 million the banks of which have commenced litigations against the borrowers and their guarantors, including the subsidiaries of the Group, for repaying the outstanding loans.

These conditions, together with other matters disclosed in Note 2(b) to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been undertaking measures to improve the Group's liquidity and financial position, which are set out in Note 2(b) to the consolidated financial statements. These consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) whether the banks and other lenders will agree to renew the loans; (ii) whether the Group is able to obtain additional sources of financing, as and when needed; and (iii) whether the Group is able to resume the automotive business and generate sufficient operating cash inflow. As a result of these multiple uncertainties, the potential interaction of these uncertainties, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate.

Should the Group be unable to achieve the abovementioned measures, it might not be able to continue as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

THE MANAGEMENT'S POSITION, VIEW AND ASSESSMENT ON THE DISCLAIMER OF OPINION

The board of Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financial resources to continue as a going concern. In order to improve the Group's liquidity and cash flow situation to sustain the Group as a going concern, the Group has implemented, or is in the process of implementing, the following key plans and measures:

(i) The Group terminated on 1 June 2021 the transactions pending approval in relation to the disposal of its manufacturing business and the retail and wholesale businesses, which are traditional businesses that have previously proven to be developing continuously and contribute to earnings and cash flows, and have critical effects on the sound and continuous operation of the Group.

(ii) During the Year, with the support of the Ministry of Commerce of China, the Ministry of Ecology and Environment has implemented the policy of disclosing environmental information of parallel imported cars. It is expected that the trade of parallel imported cars will be restored to normal levels by the end of 2021. This will replenish the Company's cash flows by then.

(iii) Due to the changes in industry policies and the difficult operating environment encountered by the domestic parallel imported cars industry, the Group has made adequate impairment and provision for the investment in and the operation of the automobile business in the 2020-2021 financial year. The management is of the view that the negative financial impact of the automobile business on the Group has been reflected in the financial statements for the 2020-2021 financial year and such impairment does not involve cash flows. The Company will actively manage the provision and limit any of its possible cash flow impact to a minimum. In addition, the impairment and provision above solely and wholly relate to the Tianjin subsidiaries operating the domestic parallel imported cars business and such subsidiaries are all limited companies. The Company as their ultimate controlling shareholder has not provided any guarantee or warranty for them. Therefore, the negative financial impact of the operating and financial difficulties of those subsidiaries on the Group is wholly within control and they will not affect the continuing operations of the Company and the other business segments.

(iv) The vendor of Robust Cooperation Limited ("Robust") has agreed not to demand for the payment of the HK$300,000,000 cash consideration due to the vendor for a period of at least 18 months from 31 March 2021 if such a payment would cause the Group to be unable to settle its liabilities to other parties when they fall due.

(v) The Group is actively negotiating with banks and other financial institutions for extension of its liabilities.

(vi) The Group is also actively considering to deal with and utilize assets within the Group to support the Group's continuing operations.

(vii) Ms. Cheng Weihong (a director and substantial shareholder of the Company) and her husband, Mr. Tong Shiping, and Mr. Li Lixin (a director and substantial shareholder of the Company) have agreed to provide continuing financial support to the Group as is necessary to ensure its continuing operations for a period of at least 12 months from 31 March 2021.

(viii) The Group will continue to consider other financing arrangements with a view to improving its liquidity and financial position.

The board of Directors has reviewed the Group's cash flow forecast prepared by the Group's management covering a period of 12 months from 31 March 2021. The Directors are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within 12 months from 31 March 2021. Accordingly, the Directors are satisfied that it is appropriate to prepare these consolidated financial statements of the Group for the year ended 31 March 2021 on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Group will be able to achieve the plans and measures as described above. The Company has considered the rationale of the auditor of the Company and understood its consideration in arriving at the disclaimer of opinion.

THE AUDIT COMMITTEE'S VIEW ON THE DISCLAIMER OF OPINION

The Audit Committee has reviewed the Group's consolidated financial statements and annual results for the year ended 31 March 2021. They expressed no disagreement with the accounting policies and principles adopted by the Group. The Audit Committee had reviewed the basis for disclaimer of opinion, the Company's view concerning the basis for disclaimer of opinion and the measures taken by the Company in addressing the basis for disclaimer of opinion. The Audit Committee agreed with the Company's view. Moreover, the Audit Committee requested the Company to take all necessary actions to address the effect on the basis for disclaimer of opinion to procure that no such situation will arise in the next financial year. The Audit Committee had also discussed with the auditor of the Company regarding the financial position of the Group, and the measures taken and to be taken by the Company. The Audit Committee has considered the rationale of the auditor of the Company and understood its consideration in arriving at the disclaimer of opinion.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

China Automobile New Retail (Holdings) Limited (hereafter the "Company") together with its subsidiaries (hereafter the "Group", "we" or "our") operate businesses including car trading platform, car-sale, manufacturing and trading of plastic and metallic household products, retailing and wholesaling. The Group is committed to establishing sustainability principles into daily operations and building an environmental friendly community.

Having a belief that the environmental, social and governance ("ESG") is critical for the Group to build up long-term trusted ties with stakeholders, we are very pleased to publish our fifth ESG report (the "Report"), which demonstrates our policies, approaches and practices towards sustainable development. The Report serves as a channel to communicate and enable our stakeholders to have a better understanding about the progress and performance of the Group's ESG development.

Reporting Scope

The Report covers the ESG management approaches and focuses on environmental and social performance of the Group from 1 April 2020 to 31 March 2021 (the "Reporting Period", "FY2021") with the scope of our core operation in Tianjin, Ningbo and Hong Kong as listed in the table below:

Business Segments	Locations	Companies
Head office	Hong Kong	China Automobile New Retail (Holdings) Limited
Car-sale	Tianjin, PRC	Tianjin Calistar Automall Operation Management Co., Ltd.
Car trading platform		Tianjin Binhai International Auto Mall Co., Ltd.
Investment holding	Ningbo, PRC	Ningbo Lisi Household Products Company Limited
Manufacturing and trading of plastic and metallic household products		
Wholesaling		Ningbo New JoySun Corp.
Retailing		Ningbo New JoySun Supermarket Chain Limited

The reporting boundary is defined by the materiality of the businesses. Operations that generate the largest total revenue from each of the segments were selected.

Reporting Standard

This Report has been prepared in accordance with the "Comply or Explain" provisions of the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HKEx ESG Reporting Guide"). In case of discrepancy in the English and Traditional Chinese version, the English version shall prevail.

Contact and Feedback

The Group welcomes your feedback and suggestion on this ESG Report, please feel free to provide your comments via info@lisigroup.com.hk.

STAKEHOLDER ENGAGEMENT

We value the opinions and views from our stakeholders. To continuously improve our ESG performance and sustainable operations, it is crucial to understand the perspectives and expectations of our stakeholders. Through various communication channels, the Group gathers the stakeholders' opinions with respect to the corporate's approaches on ESG management, as well as their expectations to the business operations.

We have identified the major types of stakeholders. During the Reporting Period, we have engaged our stakeholders through various channels. The following table summarised our stakeholder engagement methods:

Stakeholder groups	Communication channels
Investors and shareholders	• Company website • Company's announcements • Annual general meeting • Annual and interim reports
Customers	• Company website • Customer direct communication • Customer feedback and complaints
Employees	• Training and orientation • Email and opinion box • Regular meetings • Employee performance evaluation • Employee activities
Suppliers and business partners	• Selection assessment • Procurement process • Performance assessment • Regular communication with business partners (e.g. emails, meetings, on-site visit etc.)
Government authorities and regulators	• Documented information submission • Compliance inspections and checks • Forums, conferences and workshops
Non-governmental organizations	• Email • Phones • Charity donations
Communities	• Company website • Community activities
Media	• Company website • Company's announcements

MATERIALITY ASSESSMENT

We have conducted a materiality assessment through an online questionnaire in order to identify the priority of material issues to the Group. In the questionnaire, 27 ESG related issues were listed out, including environmental protection, operational practises, community involvement and human resources. Different stakeholders groups were invited to rate the relative importance of the ESG issues to the Group's development as well as to the stakeholders. The questionnaire result was analysed and presented in a materiality matrix, as shown below.

The Process of Materiality Assessment

Stage 1:	Stage 2:	Stage 3:	Stage 4:
Identify ESG related issues	Conduct stakeholder engagement survey	Prioritise ESG related issues with materiality assessment	Review and verification of the ESG related issues for reporting and policy formulation.

Materiality Matrix

<table>
<tr><th rowspan="2">Environment</th><th colspan="2">Social</th></tr>
<tr><th>Employment</th><th>Operation</th></tr>
<tr><td rowspan="3">1. Air emission
2. Greenhouse gas emission
3. Climate change
4. Energy efficiency
5. Water and effluents
6. Use of materials
7. Waste management
8. Environmental compliance</td><td rowspan="3">9. Labour rights
10. Labour-management relations
11. Employee retention
12. Diversity and equal opportunity
13. Non-discrimination
14. Occupational health and safety
15. Employee training
16. Employee development
17. Prevention of child labour and forced labour</td><td>18. Customer satisfaction
19. Customer service quality and complaints handling
20. Customer health and safety
21. Marketing and product and service labelling compliance
22. Intellectual property
23. Customer privacy and data protection
24. Responsible supply chain management
25. Business ethics
26. Socio-economic compliance</td></tr>
<tr><th>Community</th></tr>
<tr><td>27. Community investment</td></tr>
</table>

From the result of the materiality matrix, the stakeholders has higher priority in aspects relating to sustainable operations. Thus, the Group should mainly focus on issues relating to customer satisfactions, customer health and safety, intellectual property, customer privacy and data protection, as well as employee retention. At the same time, the Group should pay attention to the responsible employment and environmental protection aspects. In the coming years, the Group will continue to improve on the ESG performances with the valuable opinions from our stakeholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

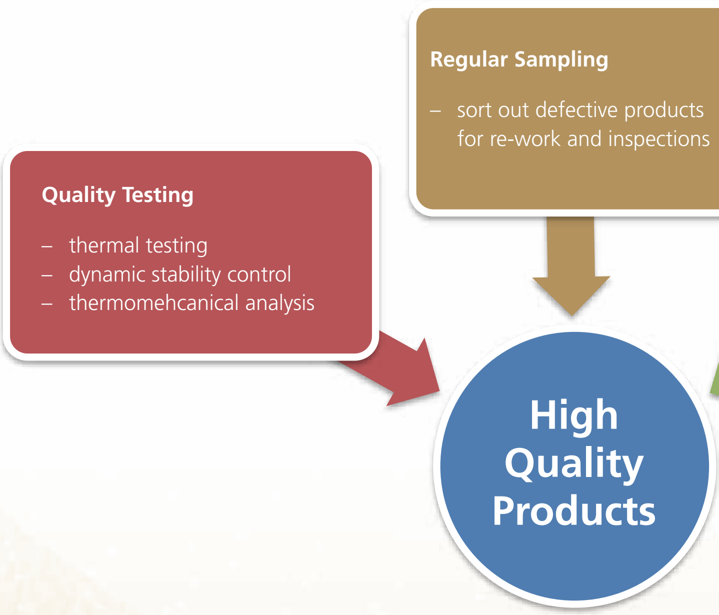
SUSTAINABLE BUSINESS

The success of the Group is based on the spirit of "Create Better Living" by providing excellent customer services and satisfying their needs. The trust with our customers, employees, suppliers and business partners is crucial to maintain a sustainable business. By upholding the moral of integrity, the Group is committed to providing high-quality services and environmentally friendly products to our customers as well as standing against any business corruption practises.

Product Responsibility

We strive to provide the quality products for our customers, as it is our priority to ensure the customer health and safety. To maintain our Group's competitiveness in the market, we provide environmentally friendly housewares, especially for the food storage and kitchenware, with excellent quality to meet our customers' need. With the compliance with the relevant national laws and regulations including the Product Quality Law of the PRC, we established a product quality management system ("QMS") certified with international standards of ISO 9001 for our houseware products manufacturing facilities.

The houseware products undergo a series of quality tests prior to delivery to ensure their safety and durability. During regular sampling check, products with defects or that are below our standards will be sorted out for additional inspection and handled with due care. Immediate improvement actions must be taken in the entire production process, whenever necessary.



During the Reporting Period, the Group was not aware of material non-compliance with relevant laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided.

Supplier Management

Maintaining a trustful and long-term relationship with our supply chain is crucial to the sustainable development in the Group. To provide high quality products and meet the customers' satisfaction, we have established a procurement management system to select the most suitable suppliers with high quality raw material for our products.

To ensure that our suppliers provide high quality materials and products under unbiased selection, we have set up stringent evaluation not only considering their product quality and safety, and also the environmental awareness. For existing supply chain, we conduct evaluation regularly to assess their product's quality and environmental performance in order to maintain the quality of the products provided to the customers. Suppliers from nearby provinces and environmental friendly suppliers are more favourable, as our Group emphasises on minimising the carbon footprints by shortening the product delivery distance.

Ethical Business

The Group upholds the highest standards throughout the operation when it comes to business integrity and accountability. To maintain the long-term business growth and the trust among our employees, business partners and customers, we strictly forbid any forms of business misbehaviours. The Group complies with the relevant laws and regulations, including the Criminal Law of the PRC and Anti-Money Laundering Law of the PRC. In addition, as clearly illustrated in the staff handbook, the Group has zero tolerance over any corruption practices such as bribery, extortion, fraud and money laundering. It is also strictly prohibited for employees to disclose business and trade information to any third parties or take advantage of the Company's name to obtain any unauthorized benefits. By the same token, we apply the same moral standards on business integrity and practices on our supply chain and business partners.

We also understand the importance of fair market competition as it is crucial for the growth of a sustainable industry. By complying with the Anti-Unfair Competition Law of the PRC, we prohibit any anti-competitive practices in the Group. Market power abuse in business dealings and misleading information in advertisements are not allowed in any of our corporations to ensure that we comply with the relevant laws and regulations to facilitate a fair market competition.

During the Reporting Period, the Group was not aware of any non-compliance of relevant laws and regulations relating to bribery, extortion, fraud and money laundering in Hong Kong and PRC. There were no concluded legal cases regarding corrupt practice brought against the Group or employees.

Community Engagement

The Group believes that contributing to the community is one of the corporate responsibilities. We endeavour to create a sustainable business as well as a harmonious and sustainable community. Therefore, the Group has participated in different kinds of service work such as financial support to COVID-19 victims and disaster relief to demonstrate our spirit of love and care to the society.

CARE FOR OUR EMPLOYEES

We treasure our employees the most as they are the cornerstone to the continuous development of the Group. Their contribution and hardwork drive to the successful of the Group. Thus, by considering their interest and rights, we can provide a harmonious, healthy, equal and fair working environment to build a long-term and close relationship with our people.

Occupational Health and Safety

The Group takes full responsibility to take care of the health and safety of our employees. We prioritise to protect our employees from work-related injuries and accidents during the production process and implement preventive measures to eliminate all the occupational risks in our workplace. We strictly complying with the relevant laws and regulations including the Work Safety Law of the PRC, the Law of the PRC on Prevention and Control of Occupational Diseases and the Fire Control Law of the PRC. Hence, we provided detailed guidance and instructions for emergencies and occupational accidents with a certified OHSAS 18001 occupational health and safety ("OHS") in place for identifying potential OHS risks, especially for workers engaged in high occupational risk activities such as operating hydraulic vehicles and other special mechanical equipment.

We have set up 5 major measures to deal with the OHS risks and provided a harmonious and healthy workplace for our people.

1. Implement effective measures to minimize the causes of occupational risks in the workplace;
2. Take all appropriate measures to ensure the building and equipment safety;
3. Provide basic medical and emergency aids;
4. Provide sufficient personal protective equipment for workers working under high-risk activities; and
5. Provide relevant emergency training regularly to verify the feasibility of emergency plans.

Aiming to reduce serious impact when accidents happen, the Group has formulated a series of OHS management procedures, covering the identified safety risks (such as fire accidents, electric shock, equipment malfuction, noise and air pollution, etc.) induced during the business and production operations.

For employees handling machinaries, our targeted measures implemented to eliminate the potential saftey risks is illustrated in the following table:

Identified Risks	Measures
Fire Accidents	Safety signs are attached in conspicuous zones, especially for the material and chemicals that are flammable. The Group also inspects all firefighting equipment and conduct fire drills and training on a regular basis to keep our employees alert of fire safety issues. Emergency plans, reporting channels and evacuation routes are established to minimize the damages to our people and properties.
Electric Shock	We strictly comply with the General Guide for Safety of Electric User (GB/T 13869-92) and ensure all machine operators in our production line are licenced and qualified with regular inspections and maintenance to minimize the faulty risks. All employees are required to properly equipt with personal protective gear such as rubber gloves to prevent electric shock.
Equipment Malfuction	For the machineries that may pose great safety risks, shielding layers are installed to protect our people in case of any malfunction. All machines are inspected for abrasion and damages regularly. The Group conducts operational safety training for all employees working with high-risk machineries to ensure they fully understand their potential occupational risks.
Health risks induced by noise and air pollution	We have strict rules on working in risky environment. Workers are not allowed to work in an environment that is over 85dB for 8 hours consecutively. Earplugs, face masks and protective goggles are required to be properly equipped prior to entering the workplace in order to protect our employees' respiratory system and hearings.

To avoid air pollutants that pose adverse impact on the employees, we have strict environmental standards in car-sale, retailing and wholesaling segments. Parameters including temperature, humidity, carbon monoxide level, inhalable particles Class A (PM10), formaldehyde, bacterial content are complied with "The Health Standards of Shopping Mall (Store), Bookshop".

If accidents happen, we will investigate the root cause through comprehensive accident investigations. Mitigation measures and safety approaches will be implemented and refined promptly to prevent reoccurrences. The Group provides medical treatment subsidies, sick leaves and proper compensation for the occupationally injured employees.

During the Reporting Period, the Group was not aware of any occupational injury or death and any non-compliance of relevant laws and regulations.

Occupational Safety Training were organised for our employees.

Employment Practices

Deeply acknowledging the importance of retaining quality talents to business success, the Group is committed to offering market competitive remuneration packages and benefits to employees as one of our effective employee retention strategies. In addition, we strictly abide by the relevant employment laws and regulations including but not limited to the Labour Law of the PRC and Labour Contract Law of PRC. During the Reporting Period, the Group was not aware of any breaches of relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, and other benefits and welfare.

All of our full-time employees are entitled with paid leaves (including annual leave, sick leave, marriage leave, maternity leave, paternity leave and compassionate leave), insurances (including pension insurance, medical insurance, unemployment insurance, maternity insurance and work-related injury insurance) and year-end bonus based on their appraisal results. Allowances are also be granted to suitable candidates in review of their positions and work duties.

Corporate Long-term Targets & Missions to Protect Employees

- Regulating working hours
- Standardising overtime compensation
- Providing 5-major insurances to all employees
- Guaranteeing rights of female employees
- Implementing voluntary labour contract signing procedures
- Endorsing anti-discrimination policy
- Granting employees freedom of association

The Group safeguards employees' rights and benefits in terms of formulating a corporate long-term plan consisting targets and missions which is our promises for our employees' health and social rights. Under the plan, the Group has established fixed working hours in order to advocate a work-life balance culture. As we concern employees' physical and mental health, they are not encouraged to work overtime and required to obtain department heads' approval for any overtime work. If necessary, compensation will be granted for employees' contribution. Nevertheless, we encourage our employees to express their wills, opinions and recommendations at work so that we can make continuous improvement. Employees are free to select their labour representative to communicate with the Group in relation to enhancement of the existing employment policies. In addition to the plan, we have formed a Staff Welfare Committee which is responsible to review the existing employment policies including working conditions, welfares and benefits to ensure the employees' right is protected with adequate income to lift their living standards.

Anti-discrimination

We pay extra efforts in constructing a discrimination-free workplace that any forms of discrimination against sex, sexual orientation, age, colour, nationality, disability, religion, pregnancy, political inclination, union membership or socioeconomic status are prohibited. All employees and job seekers are granted with equal opportunities in recruitment, transfer, promotion, annual performance appraisal, training, benefits as well as compensation and all employment decisions are made solely based on their qualification, professional competency and working experience or performance. Female workers are well protected under the abovementioned long-term plan that they will not be dismissed due to their menstruation, pregnancy, childbirth and lactation. In addition, it is prohibited to assign heavy, hazardous or harmful working positions for those who are pregnant or going through the stage of lactation.

In any unfortunate event that employees encounter unfair treatment or harassment, staff are encouraged to make use of the whistle-blowing system to report the case(s) verbally or in written form anonymously via suggestion box or the Factory Management Department. All reported information and the identity of the whistle-blower are strictly kept confidential to prevent retaliation. After receiving the case(s), prompt investigation will be conducted within three working days and the result will be announced in written form via letter or information board within ten working days.

Labour Standards

The Group values human rights, as well as our social responsibility and reputation. We strictly comply with the relevant laws and regulations, including the Labour Law of the PRC and Provisions on the Prohibition of Using Child Labour. Our employment policies explicitly state that we do not tolerate any child and forced labour.

Our new employees undergo an examination thoroughly to ensure that no employment of any underage person. Relative supporting documents are checked including their identity documents, academic qualifications and work references. When discovering any child labour in our workplace, the Group will take remedial actions, including taking it into record and set up relative policies to prevent future cases. Furthermore, we will provide school subsidies as support. For juvenile workers aged between 16 to 18 years old, they are assisted with proper job training and their work should not pose any adverse effect on their academic performance. Working overtime or working at night is strictly prohibited, as well as working in hazardous and unsafe environment.

To safeguard our employees' human rights and interest, we forbidden any form of forced labour in the Group. All employees are required to sign a labour contract on mutual agreement. In addition, all overtime work must be done on voluntary basis. Physical punishment or imprisonment on any of our employees is strictly prohibited.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to child and forced labour in Hong Kong and Mainland China.

Harmonious Workplace

To truly understand and satisfy the needs of our people, it is essential to develop friendly relationship with the employees to facilitate a two-way communication. Therefore, we value the relationship with our employees, by promoting work-life balance and building a sense of belonging to the Group. We organise various recreational and team-building activities such as annual dinner party with our fellow employees to not only relieve stress, but also to create a close bond with them.

Training and Development

To enable excellent service to our customers as well as helping our employees to develop their career path, we provide various types of training opportunities including induction training, on-job training and professional training for our employees. With the strong knowledge and professional skills of our talents, the Group can stay competitive and keep up with the latest development in the industry.

Induction Training	In-job Training	Professional Training
• Overview of staff handbook • Introduction of business characteristics, Company regulations and requirements	• Technical skills training • Job-related proficiency and efficiency • Occupational health and safety	• Outstanding high-level management training • Lectures and seminars from industry experts

For our new employees, the Group offers induction training prior to the commencement of work. By understanding the corporate development and culture, corporate rules and regulations, as well as employee welfare and benefits, new staff can easily adapt to the new work place. Besides, we provide comprehensive on-job training for our people. Different types of support and training opportunities allows our employees to develop their professional and technical skills for the relative job positions, as well as growing their personal capability. Occupational safety training sections are arranged to ensure our employees understand the occupational health risks and can work under a safe condition. Apart from basic trainings, outstanding staff have opportunity to attend professional training to unleash their potentials in management skills. Professionals and expertise are invited to hold seminars and provide updates on the market trends, which remains our competitiveness in the industry. During the Reporting Period, we organised various trainings such as hazardous chemical handling training and internet fraud prevention training for our people.

Hazardous Chemical Handling Safety Training

Innovative Information Technology Sharing

ENVIRONMENTAL PROTECTION

The Group understands the importance of green production and environmental protection. With our environmental vision "Create Quality Life", environmental commitments and goals have been set up to promote environmental sustainable development in our corporations. We aim to promote the concept of green business and it is our obligation to achieve environmental compliance. In the Reporting Period, the Group was not aware of any non-compliance with the relevant laws and regulations including Environmental Protection Law of the PRC. Our entities are obliged to pay tax for the discharged air and water pollutants, noise and solid wastes according to the Tax Law as we fully understand violation of these regulations may result in temporary suspension of production.

Our 4 Commitments

1. Reduce energy usage continually
2. Prevent pollution and comply with relevant laws and regulations
3. Promote waste sorting and reduction
4. Enhance workplace safety and environmental management

Due to our operational bases and the increase in production, the use of energy resources and emissions increase rapidly. To utilize the use of resources and reduce adverse impact to the environment, an Environmental Management System ("EMS") with suitable measures have been designed and established in different departments. The policies in our EMS are set up based on the recognised international standard of ISO 14001. Since our business involves in product manufacturing, all employees are required to strictly follow our comprehensive environmental management procedures and guidelines covering the manufacturing process, machinery maintenance and waste disposal to minimize the environmental risks pose by our daily operations.

Environmental data of FY2021 in the following sections is expressed separately in Tianjin and Ningbo as defined in the "Scope of the Report". Operations in Hong Kong is included in Tianjin as Hong Kong office accounts for less than 1% of the corporate total emissions.

Emission Control

Air emission

The major sources of air emissions are mainly from diesel and gasoline combustion, and volatile organic compounds gases ("VOC") such as benzene, toluene and xylene. Moreover, dust particles are emitted from our vehicles during the transportation and delivery of our houseware products.

The Group pays great effort in lowering the air emission by several mitigation measures. Pollution-reduction scheme is implemented to minimise potential generation of air pollutants. To reduce the VOCs emission, we use low-styrene content resins in our production line. In addition, the air quality is measured by a third party to guarantee that we meet the Integrated Emission Standard of Air Pollutants (GB16297-1996) and fulfil the Prevention and Control of Atmospheric Pollution.

During the Reporting Year, the air emission of nitrogen oxides ("NOx"), sulphur oxides ("SOx") and Particulate Matter ("PM") are 635.11kg, 1.55kg and 47.63kg respectively.

		FY2021		FY2020	
Air Emissions[1]	**Unit**	**Tianjin**	**Ningbo**	**Tianjin**	**Ningbo**
NOx	kg	N.A.	635.11	N.A.	805.88
SOx	kg	N.A.	1.55	N.A.	2.16
PM	kg	N.A.	47.63	N.A.	63.52

Greenhouse gas ("GHG") emission

The Group awards of the impact of climate change is further intensified by the increasing emission of greenhouse gases. We actively identify the inventory of our GHGs emission in order to facilitate the reduction in emissions. Direct GHGs emission (Scope 1) is generated from the combustion of fossil fuel for electricity and heat, and the combustion of fuel for product delivery and transportations. For indirect GHGs emissions (Scope 2), it is mainly generated from the consumption of purchased electricity for production. For other indirect GHG emission (Scope 3), we account for the methane gas generation at landfill due to disposal of paper waste. There are no indirect emission from business air travels by the employees due to the COVID 19 pandemic.

To minimise the GHG emission from the Group, we have established various approaches in reducing the carbon footprint in our operations, which will be disclosed in the next section of the ESG report. During the Reporting Period, the total emission of GHG from our continuing operations and discontinued operations are 2,169.76 tCO_2e and 34,623.81 tCO_2e respectively. We continue to pay effort in reducing GHG emissions with innovative technology in the coming future.

		FY2021		FY2020	
GHG Emissions[2]	**Unit**	**Tianjin**	**Ningbo**	**Tianjin**	**Ningbo**
Scope 1[3]	tCO_2e	N.A.	726.57	N.A.	828.40
Scope 2[4]	tCO_2e	2,164.43	33,878.26	3,080.27	28,577.53
Scope 3	tCO_2e	5.33	18.98	24.46	33.33
Total	tCO_2e	2,169.76	34,623.81	3,104.72	29,439.26
Intensity	tCO_2e per m^2 floor area	0.03	0.30	0.04	0.25

1 The calculation is based on the "How to prepare an ESG Report? Appendix 2: Reporting Guidance on Environmental KPIs" published by HKEx.

2 The productivity of Ningbo was being affected by the COVID-19 pandemic in the FY2020. Its productivity was recovered in the FY2021, thus tCO_2e of the Scope 2 in Ningbo was increased.

3 The calculation is using the published emission factors from the guidance worksheets of World Resources Institute's GHG Protocol Tool for Mobile Combustion and the GHG Protocol Tool for Stationary Combustion.

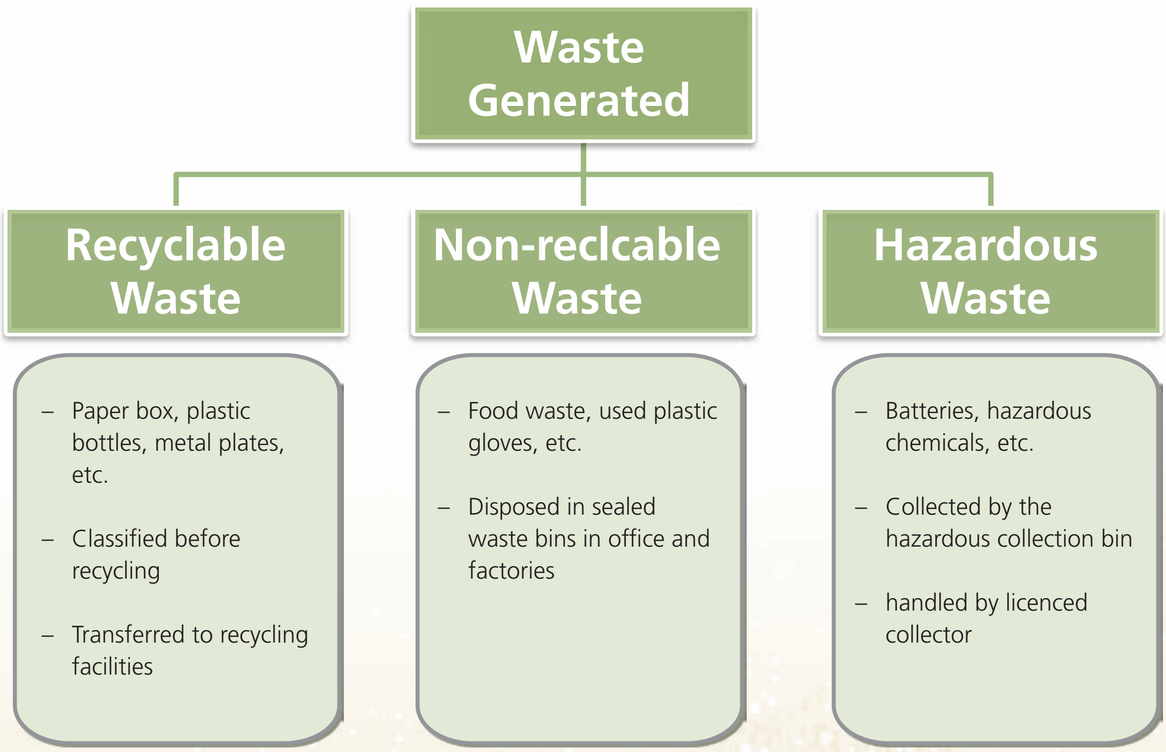
4 The calculation is based on the published emission factors of the emission factors from 2019 Emission Factors for purchased electricity within Mainland China, published by Climate Change Info-Net and CLP Sustainability Report in Hong Kong.

Wastewater discharge

The Group complies with the relevant laws and regulations including the Urban Drainage and Sewage Treatment Regulations, the Integrated Wastewater Discharge Standard of PRC (GB8978-1996) and Environmental Quality Standards for Surface Water (GB3838-2002). To ensure the compliance of laws and regulations, environmental inspections and testing on wastewater discharge quality are conducted on regular basis by a third party. In addition, the wastewater is discharged into the municipal sewage system and handled by the government.

Waste management

With the continuous growth of the Group and the increase in production, the waste can inevitably be generated. To cope with the increase in waste generation and complying with the Prevention and Control of Environmental Pollution by Solid Waste, the Group implemented a comprehensive and integrated waste management hierarchy with three main principles: Minimization, Detoxification and Utilization of Resources. In our waste handling, the waste generated are classified into three main groups: recyclable waste, non-recyclable waste and hazardous waste. Clear classifications and waste handling instructions are listed in the waste management procedures for our employees to follow. For hazardous waste, the collection, transportation and disposal processes are handled by licensed collector properly.



Resource Management

With the growing demand in conserving natural resources in the market, utilisation of resources becomes crucial. In addition, it is one of the responsibilities of the Group to contribute to the environment and reduce in carbon footprint. To achieve sustainable development and lower the operational cost, employees are encouraged to avoid wastage, and the Group has established various measures for the recourses utilization with regular supervision.

Electricity

- Use of LED lights and natural light
- Reduce the use of air conditioner with better ventilation in building design
- Procure energy-saving equipment

Water

- Turn the faucets off when not in use
- Repair promptly when dripping, spraying and leaking faucet is discovered
- Inspection and maintenance of faucet regularly

Paper

- Avoid unecessary printing
- Promote e-platform for internal information circulation
- Encourge the use of recycled paper and double-sided printing

Equipment and Raw Materials

- Use of degradable plasitcs in manufacturing process
- Supervise raw and packaging material consumption to avoid wastage
- Purchase exact amount of raw material to avoid over-odering and wastage

The data of the main types of resources consumption by the Group is as follows:

Resource Consumption[5]	Unit	FY2021 Tianjin	FY2021 Ningbo	FY2020 Tianjin	FY2020 Ningbo
Electricity	MWh	2,305.54	42,770.18	3,190.65	35,517.69
	GJ	8,299.95	153,972.64	11,486.34	127,863.68
Intensity	MWh per m^2 floor area	0.03	0.37	0.04	0.30
Stationary Fuel – Natural Gas	m^3	N.A.	306,452.00	N.A.	305,384.00
	GJ	N.A.	10,296.79	N.A.	10,260.90
Mobile Fuel – Diesel	L	N.A.	92,889.59	N.A.	132,262.00
	GJ	N.A.	3,355.17	N.A.	4,777.30
Mobile Fuel – Gasoline	L	N.A.	2,150.00	N.A.	2,400.00
	GJ	N.A.	70.48	N.A.	78.68
Total Direct Energy Consumption[6]	GJ	N.A.	13,722.44	N.A.	15,116.88
Intensity	GJ per m^2 floor area	N.A.	0.12	N.A.	0.13
Water[7]	Tonne	1,441.92	256,239.01	18,285.00	238,158.00
Intensity	Tonne per m^2 floor area	0.02	2.20	0.26	2.04
Paper	Tonne	1.11	3.95	2.69	5.23
Intensity	Tonne per employee	0.034	0.002	0.023	0.003
Packaging Materials	Tonne	N.A.	23.68	N.A.	24.07
Intensity	Tonne per m^2 floor area	N.A.	0.00027	N.A.	0.00027

5 The productivity of Ningbo was being affected by the COVID-19 pandemic in the FY2020. Its productivity was recovered in the FY2021, thus consumption of the electricity and water was increased..

6 The conversion factors from volumetric units of unleaded petrol and diesel oil consumption to energy units are in reference to CDP Technical note: Conversion of fuel data to MWh.

7 There is no issue of sourcing water in FY2021. For water consumption in Tianjin, the operations had been affected due to the COVID-19 pandemic.

Minimising Impacts on the Environment and Natural Resources

Regarding the business nature of the Group, the major part of our environmental impacts is attributed to GHG emissions and waste disposal of our manufacturing segment. In view of that, a series of stringent environmental policies regarding the GHG emissions control and waste management is in place to reduce our impacts to the environment and natural resources at the lowest level. All of the sources of GHG emissions throughout our manufacturing operation are identified and clearly listed in the Greenhouse Gas Emission List before formulation of suitable reduction strategies. For waste management, waste segregation is implemented with the aim to optimize use of recyclables as well as prevent adverse environmental impacts such as land contamination. All hazardous wastes are stored at designated areas in sealed and labelled containers before handed to qualified third party for further handling. We also eliminate the use of hazardous substances or chemicals in order to protect the environment.

Improper noise management would cause nuisance to the nearby community as well as the wildlife habitats. Hence, noise emission is another concern for our manufacturing segment. We provide regular check and maintenance to workstation equipment regarding their noise level, noise insulation properties and vibration reduction function. Annual monitoring is also in place to ensure that we comply with the relevant statutory regulations and standards such as the Emission Standard for Industrial Enterprises Noise at Boundary (GB12348-2008) the Occupational Exposure Limits for Hazardous Agents in the Workplace Part 2: Physical Agents (GBZ2.2-2007) and the Environmental Quality Standard for Noise (GB3096-2008).

With the proper management in GHG emissions, waste disposal and noise emission, the Group is expected to eliminate our impacts to the environment and natural resources.

HKEx ESG REPORTING GUIDE INDEX

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
Aspect A: Environment		
A1 Emissions	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	Environmental Protection – Emission Control
KPI A1.1	The types of emissions and respective emissions data.	Environmental Protection – Emission Control
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection – Emission Control
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection – Emission Control
KPI A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection – Emission Control
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Protection – Emission Control
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Protection – Emission Control

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
Aspect A: Environment		
A2 Use of Resources	Policies on efficient use of resources including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Environmental Protection – Resource Management
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Protection – Resource Management
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Protection – Resource Management
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental Protection – Resource Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Environmental Protection – Resource Management
KPI A2.5	Total packaging material used for finished products (in tonnes), and, if applicable, with reference to per unit produced.	Environmental Protection – Resource Management
A3 The Environment and Natural Resources	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental Protection – Minimising Impacts on the Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection – Minimising Impacts on the Environment and Natural Resources

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
Aspect B: Social		
B1 Employment	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Responsible Employment – Employment Practices
B2 Health and Safety	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Responsible Employment – Occupational Health and Safety
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Responsible Employment – Training and Development
B4 Labour Standards	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Responsible Employment – Labour Standards

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
Aspect B: Social		
B5 Supply Chain Management	Policies on managing environmental and social risks of the supply chain.	Sustainable Operation – Supply Chain Management
B6 Product Responsibility	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Sustainable Operation – Product Responsibility
B7 Anti-corruption	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Sustainable Operation – Business Integrity
B8 Community Investment	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Sustainable Operation – Community Engagement

DIRECTORS' REPORT

The Directors submit their report together with the consolidated financial statements of the Company and the Group for the Year. For the independent auditor's report, please refer to pages 51 to 53 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 ended 31 March 2021 and the material factors underlying its financial performance are set out in the "Chairman's Statement" on page 6, "Management Discussion and Analysis" on pages 7 to 10 and "Environmental, Social and Governance Report" on pages 20 to 40, respectively, of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group has strived to ensure ongoing compliance with relevant rules and regulations and to maintain cordial working relationships with regulators through effective communications. During the Year, to the best of the Directors' knowledge, there is no material breach of or non-compliance with applicable laws and regulations by the Group which has a significant impact on its business and operations.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group faces various risks such as foreign currency risk and market uncertainties in operations. To cope with the risks and uncertainties, the Group's risk management and internal control systems are in place to ensure the principal risks are continuously identified, monitored and managed on an established bases. The policies and procedures of risk management and internal control that the Group is adopting are set out in the "Corporate Governance Report" on pages 11 to 19 of this annual report. Additionally, the financial risk management objectives and policies of the Company can be found in Note 31 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out on page 54 of this annual report.

A management discussion and analysis of the results of the Group for the Year is set out on pages 7 to 10 of this annual report.

The directors of the Company did not recommend the payment of a final dividend for the year ended 31 March 2021 (2020: RMB nil).

RESERVES

Movements in the reserves of the Group and the Company during the Year are set out on pages 58 to 59 of this annual report and in Note 27 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.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2021 are set out in Note 15 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of the share capital and share options of the Company are set out in Note 27(c) to the consolidated financial statements and on pages 47 to 48 of this annual report respectively.

DIRECTORS' REPORT

DISTRIBUTABLE RESERVES

As at 31 March 2021, 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 RMB224,929,000 (2020: RMB1,666,458,000).

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 142 of this annual report.

DIRECTORS

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

Executive Directors
Mr LI Lixin
Mr CHENG Jianhe
Ms JIN Yaxue
Mr TONG Shiping *(retired on 30 September 2020)*

Non-Executive Director
Ms CHENG Weihong

Independent Non-Executive Directors
Mr SHIN Yick Fabian
Mr HE Chengying
Mr KWONG Kwan Tong
Mr CHEUNG Kiu Cho Vincent
(Resigned on 21 April 2021)

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

The Company has received confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

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' 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 determinable 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 28 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.

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

Details of continuing connected transactions for the year ended 31 March 2021:

(a) Lease of properties

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

Pursuant to a lease agreement signed on 22 November 2018 between Ningbo Lisi Household Products Company Limited ("Ningbo Lisi"), 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 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 Ningbo Lisi for a term of 3 years commencing from 1 January 2019 to 31 December 2021 as its factory space and office premises with monthly rent of RMB532,242.

The maximum aggregate annual value (the "Annual Cap") of the rental expenses and rental expenses incurred for leasing of the East District is as follow:

	Annual Cap	**Rental expenses**
	RMB	RMB
From 1 April 2020 to 31 March 2021	6,386,904	6,386,904

(ii) Lease agreement signed with Ningbo Lisi Electrical Appliances Manufacturing Company Limited

Pursuant to a lease agreement signed on 31 October 2018 between Ningbo Lisi, the Company's subsidiary, and Ningbo Lisi Electrical Appliances Manufacturing Company Limited ("NLEAM"), a company owned by Mr. Li Lixin, a director and substantial shareholder of the Company, NLEAM agreed to lease west part of its property at 518 Cheng Xin Lu, Yinzhou Investment and Business Incubation of Ningbo, the People's Republic of China (the "West District") to Ningbo Lisi for a term of 3 years commencing from 1 November 2018 to 31 May 2021 as its factory space and office premises with monthly rent of RMB635,100.

The Annual Cap of the rental expenses and rental expenses incurred for leasing of the West District is as follows:

	Annual Cap	**Rental expenses**
	RMB	RMB
From 1 April 2020 to 31 March 2021	7,621,200	7,621,200

(b) Export agency services

Pursuant to an export agency agreement signed on 22 November 2018 between Ningbo Lisi 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 Ningbo Lisi export agency services which include assisting Ningbo Lisi 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 2019 to 31 December 2021.

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

	Annual Cap	Export agency fee
	RMB	RMB
From 1 April 2020 to 31 March 2021	6,250,000	6,789,000*

* The above transactions amount exceeded annual caps of the connected transactions. Please refer to the <Exceeding Of Annuls Caps Of Continuing Connected Transactions> for the details of reason and measure of the connected transactions.

(c) Import agency services

Pursuant to an import agency agreement signed on 22 November 2018 between Ningbo Lisi and Lisi I&E, Lisi I&E agreed to provide Ningbo Lisi import agency services for a term of 3 years commencing from 1 January 2019 to 31 December 2021. The import agency services include assisting Ningbo Lisi 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 Ningbo Lisi with other third parties.

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 material purchased is as follow:

	Annual Cap of gross transaction amount	Gross transaction amount	Import agency fee incurred
	RMB	RMB	RMB
From 1 April 2020 to 31 March 2021	85,420,000	98,663,000	592,000*

* The above transactions amount exceeded annual caps of the connected transactions. Please refer to the <Exceeding Of Annuls Caps Of Continuing Connected Transactions> for the details of reason and measure of the connected transactions.

(d) Mutual supply of products

Pursuant to a mutual supply framework agreement signed on 22 November 2018 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 2019 to 31 December 2021. 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.

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

	Annual Cap From 1 April 2020 to 31 March 2021 RMB	Transaction amount From 1 April 2020 to 31 March 2021 RMB
Supply of products from the group of New JoySun Corp. to the group of Lisi Group Co. Ltd.	3,300,000	8,993,280*
Supply of products from the group of Lisi Group Co. Ltd. to the group of New JoySun Corp.	1,420,000	1,402,821

* The above transactions amount exceeded annual caps of the connected transactions. Please refer to the <Exceeding Of Annuls Caps Of Continuing Connected Transactions> for the details of reason and measure of the connected transactions.

EXCEEDING OF ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS

During the Year, due to 1) due to the increase in export volume, 2) increase in purchase of goods, 3) enhancement of the staff benefits, 4) the increase in import volume and the raw material and the inflation caused by the increase of the cost of the raw material of the Company, the actual amounts of the Export agency services, Import agency services from New JoySun Corp. exceeded the annual cap for the Year. Further details of the exceeding of the annual cap are set out in the announcement of the Company dated 8 June 2021. The global supply chain was suspended due to the COVID-19 pandemic. Since the second quarter of 2020, alongside the effective control of the pandemic in China, Chinese production has recovered with growth of export volume. Also while domestic factories suffered from labor shortage due to the novel coronavirus pandemic, the simultaneous surge of the Lisi Group orders required large-scale staff recruitment for new production lines.

Subsequently, the Company has adopted the measures as disclosed in the announcement dated 9 June 2021, including:

1. the Company will enhance the training provided to the Directors, the senior management and responsible finance staff, including requesting its legal advisers to give seminars on the compliance requirements and practical knowledge of notifiable transactions (including the continuing connected transactions) to its staff, so as to reinforce their understanding of and to emphasize the importance of compliance with the Listing Rules;

2. the Company will strengthen the implementation of its internal control system on transactions including but not limited to increasing the number of members of the team which has been designated to monitor and oversee all the on-going transactions (including the continuing connected transactions), and strengthening the coordination and reporting arrangements for notifiable transactions among the various departments of the Company, including the finance department, the business department and the Board. Before entering into each agreement, the finance department will coordinate those departments to review the relevant agreement to ensure compliance with the Listing Rules;

3. the Company will maintain closer cooperation with its professional advisers in relation to regulatory compliance; and

4. if the Company intends to conduct similar transactions, it will seek advice from its external legal advisers on whether this will trigger any disclosure or compliance requirements under the Listing Rules. If necessary, the Company will consult the Stock Exchange about the proper treatment of the proposed transaction.

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 "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 modified letter containing their findings and conclusions in respect of the continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. The basis of qualified conclusion of the auditor is set out below:

The annual cap for export service fee to Lisi Import and Export Company Limited ("Lisi I&E") for the year ended 31 March 2021 is RMB6.25 million as disclosed in the Company's announcement dated 22 November 2018. Based on the information provided to us by the directors of the Company, the aggregate amount of the above transactions for the year ended 31 March 2021 was RMB6.79 million, which exceeded the cap by RMB0.54 million.

The annual cap for gross transaction amounts during the term of the import agency agreement with Lisi I&E for the year ended 31 March 2021 is RMB85.42 million as disclosed in the Company's announcement dated 22 November 2018. Based on the information provided to us by the directors of the Company, the aggregate amount of the above transactions for the year ended 31 March 2021 was RMB98.66 million, which exceeded the cap by RMB13.24 million.

The annual cap for supply of products from New JoySun Corp. for the year ended 31 March 2021 is RMB3.30 million as disclosed in the Company's announcement dated 22 November 2018. Based on the information provided to us by the directors of the Company, the aggregate amount of the above transactions for the year ended 31 March 2021 was RMB8.99 million, which exceeded the cap by RMB5.69 million.

A copy of the auditor's letter had been submitted by the Company to the Stock Exchange.

Save as mentioned above, there was no other disclosable non-exempted connected transaction or non-exempted continuing connected transaction under the Listing Rules during the Year.

Related party transactions, including the Continuing Connected Transactions, entered into by the Group for the Year are disclosed in Note 28 to the consolidated financial statements.

The related party transactions included in Note 28(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 Directors' Report as required by Chapter 14A of the Listing Rules, except for certain service income, operating lease income, interest expenses, net increase in non-interest bearing advances received from related parties and net increase in loans received from related parties which are exempted from the disclosure. The related party transaction included in Note 28(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 2021, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

Name	Capacity	Number of shares/ underlying shares (Note 1)	Approximate percentage of the issued share capital of the Company
Mr Li Lixin	Note 2	2,755,137,680 (L) 2,737,284,681 (S)	34.25% 34.03%
Ms Cheng Weihong	Note 3	1,849,407,702 (L) 398,000,000 (S)	22.99% 4.95%

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

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

Note 3: Ms Cheng Weihong's interest in 956,407,702 shares through Mighty Mark Investments Limited ("Mighty Mark") and 893,000,000 shares through Hopeful Glad Limited ("Hopeful Glad"). The issued share capital of Mighty Mark and Hopeful Glad are wholly owned by Ms Cheng Weihong.

Furthermore, no share options had been granted under the Company's share option scheme since its adoption on 31 August 2012 and there were no other options outstanding at the beginning or the end of the year ended 31 March 2021. Other than that, at no time during the year ended 31 March 2021 was the Company or any of its subsidiaries a party to any arrangements to enable the directors to acquire benefits by means of the acquisition of share in, or debentures of, the Company or any other body corporate and none of the directors, their spouses or children under the age of 18 have any right to subscribe for the securities of the Company, or had exercised any such right during the year ended 31 March 2021.

Save as disclosed herein, as at 31 March 2021, 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.

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 that it represents as at the date of the annual report:

247,696,379 ordinary shares (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 remaining life of the Scheme:

The Scheme remains in force until 31 August 2022.

No share options had been granted under the Scheme up to 31 March 2021 and there were no other options outstanding at the beginning or at the end of the Year.

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.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2021, the interests or short positions of every person, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name	Capacity	Number of shares/ underlying shares (Note)	Approximate percentage of the issued share capital of the Company
Big-Max Manufacturing Co., Limited	Beneficial owner	1,382,141,014 (L)	17.18%
		1,382,111,014 (S)	17.18%
Shi Hui Holdings Limited	Beneficial owner	1,355,174,666 (L) 1,355,173,667 (S)	16.85% 16.85%
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%
Hopeful Glad Limited	Beneficial owner	893,000,000 (L) 398,000,000 (S)	11.10% 4.95%
Central Huijin Investment Limited	Person having a security interest in shares/ interest in controlled corporation	2,573,345,680 (L)	31.99%
China Construction Bank Corporation	Person having a security interest in shares/ interest in controlled corporation	2,573,345,680 (L)	31.99%
Poly Platinum Enterprises Limited	Beneficial owner/Person having a security interest in shares	1,051,144,000 (L)	13.07%
Greater Bay Area Homeland Development Fund (GP) Limited	Person having a security interest in shares/ interest in controlled corporation	1,051,144,000 (L)	13.07%
Ministry of Finance of Zhejiang Province, the People's Republic of China (中華人民共和國浙江省財政廳)	Person having a security interest in shares	1,049,971,001 (L)	13.05%
浙江省財務開發公司	Person having a security interest in shares	1,049,971,001 (L)	13.05%
Greater Bay Area Homeland Investments Limited	Person having a security interest in shares/ interest in controlled corporation	1,048,124,000 (L)	13.03%
Caitong Securities Co., Limited	Person having a security interest in shares	700,971,001 (L)	8.71%

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

DIVIDEND POLICY

The Company has a dividend policy, pursuant to which the Company may declare and distribute dividends to the shareholders of the Company, 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.

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.

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	10.0%
– five largest suppliers	30.4%
Sales	
– the largest customer	7.8%
– five largest customers	23.9%

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.

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
Director

Hong Kong, 6 September 2021

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the shareholders of
China Automobile New Retail (Holdings) Limited
(Incorporated in Bermuda with limited liability)

DISCLAIMER OF OPINION

We have audited the consolidated financial statements of China Automobile New Retail (Holdings) Limited (the "Company") and its subsidiaries (the "Group") set out on pages 54 to 137, which comprise the consolidated statement of financial position as at 31 March 2021, 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, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties and their possible cumulative effect on the consolidated financial statements as described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple uncertainties relating to going concern

As described in Note 2(b) to the consolidated financial statements, the Group recorded a loss of RMB2,551 million for the year ended 31 March 2021. The trading of imported cars business and the provision of imported cars platform services business (collectively, the "automotive business") have been suspended during the year ended 31 March 2021 and have not yet been resumed as of the date of this report. Accordingly, the automotive business recorded a significant drop in revenue for the year ended 31 March 2021.

As at 31 March 2021, the Group's current liabilities exceeded its current assets by RMB2,263 million, which included bank and other loans of RMB2,480 million and bills payable of RMB148 million which are repayable within one year. As disclosed in Notes 2(b), 22 and 24 to the consolidated financial statements, bank and other loans of RMB587 million have been overdue as at 31 March 2021 and bank and other loans and bills payable of RMB436 million become overdue subsequent to 31 March 2021. These overdue bank and other loans and bills payable of RMB1,023 million have not been settled or renewed as of the date of this report. Included in these bank and other loans and bills payable were RMB459 million the lenders of which have commenced litigations against the Group for repaying the outstanding balances.

BASIS FOR DISCLAIMER OF OPINION (CONTINUED)

Multiple uncertainties relating to going concern (continued)

As disclosed in Notes 2(b) and 30(b) to the consolidated financial statements, the Group has provided guarantees to some of its customers' lenders in relation to these customers' banking facilities and bank loans amounting to RMB2,623 million. As at 31 March 2021, bank loans of RMB1,299 million out of the abovementioned guarantees were defaulted. Included in these bank loans were RMB100 million the banks of which have commenced litigations against the borrowers and their guarantors, including the subsidiaries of the Group, for repaying the outstanding loans.

These conditions, together with other matters disclosed in Note 2(b) to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been undertaking measures to improve the Group's liquidity and financial position, which are set out in Note 2(b) to the consolidated financial statements. These consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) whether the banks and other lenders will agree to renew the loans; (ii) whether the Group is able to obtain additional sources of financing, as and when needed; and (iii) whether the Group is able to resume the automotive business and generate sufficient operating cash inflow. As a result of these multiple uncertainties, the potential interaction of these uncertainties, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate.

Should the Group be unable to achieve the abovementioned measures, it might not be able to continue as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

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 Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("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 responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, it is not possible to form an opinion on these consolidated financial statements.

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 consolidation financial statements in Bermuda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code.

The engagement partner on the audit resulting in this independent auditor's report is Yu Wai Sum.

KPMG
Certified Public Accountants

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

6 September 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2021

(Expressed in Renminbi ("RMB"))

	Note	2021 RMB'000	2020 RMB'000 (Restated) (Note 1)
Revenue	4	1,850,030	2,665,845
Cost of sales		(1,529,930)	(2,164,445)
Gross profit	4(b)	320,100	501,400
Other income	5	22,081	21,469
Selling and distribution expenses		(88,631)	(91,393)
Administrative expenses		(131,754)	(152,639)
Finance costs	6(a)	(171,014)	(157,416)
Impairment losses on financial assets and guarantee contracts	6(c)	(1,866,895)	(28,922)
Net valuation loss on investment properties	14	(195,707)	(152,283)
Impairment loss on property, plant and equipment		–	(59,821)
Impairment loss on goodwill	16	(396,464)	(283,302)
Net gain on acquisition of subsidiaries		–	258,235
Loss before taxation	6	(2,508,284)	(144,672)
Income tax	7	(42,709)	(9,786)
Loss for the year		(2,550,993)	(154,458)
Loss per share (RMB cent)			
– Basic and diluted	11	(31.71)	(1.96)

The notes on pages 62 to 137 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021
(Expressed in RMB)

	Note	2021 RMB'000	2020 RMB'000
Loss for the year		(2,550,993)	(154,458)
Other comprehensive income for the year (after tax and reclassification adjustments):	10		
Item that will not be reclassified to profit or loss:			
– Equity investment at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)		–	142,703
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation into presentation currency		23,095	(4,961)
Other comprehensive income for the year		23,095	137,742
Total comprehensive income for the year attributable to equity shareholders of the Company		(2,527,898)	(16,716)

The notes on pages 62 to 137 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021
(Expressed in RMB)

	Note	2021 RMB'000	2020 RMB'000 (Note 1)
Non-current assets			
Property, plant and equipment	13	505,392	86,863
Investment properties	14	2,005,840	1,541,547
Goodwill	16	–	396,464
Financial assets at fair value through profit or loss ("FVPL")	17	802,314	–
Deferred tax assets	26(b)	15,284	3,054
		3,328,830	2,027,928
Current assets			
Inventories	18	180,197	280,178
Trade and other receivables	19(a)	860,616	1,454,486
Prepayments	19(b)	148,447	617,637
Financial assets at FVPL	17	80,296	–
Restricted cash	20	194,437	242,627
Cash and cash equivalents	21	332,738	17,305
		1,796,731	2,612,233
Assets of disposal groups classified as held for sale	12	–	3,307,215
		1,796,731	5,919,448
Current liabilities			
Trade and other payables	22	1,493,412	1,461,735
Bank and other loans	24	2,480,464	1,060,675
Income tax payable	26(a)	72,795	27,177
Lease liabilities	25	13,182	–
		4,059,853	2,549,587
Liabilities of disposal groups classified as held for sale	12	–	2,111,982
		4,059,853	4,661,569
Net current (liabilities)/assets		(2,263,122)	1,257,879
Total assets less current liabilities		1,065,708	3,285,807

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 31 March 2021
(Expressed in RMB)

	Note	2021 RMB'000	2020 RMB'000 (Note 1)
Non-current liabilities			
Promissory note	23	314,743	323,385
Bank and other loans	24	95,780	–
Lease liabilities	25	29,153	–
Deferred tax liabilities	26(b)	506,758	315,250
		946,434	638,635
NET ASSETS		119,274	2,647,172
CAPITAL AND RESERVES	27		
Share capital		69,888	69,888
Reserves		49,386	2,577,284
TOTAL EQUITY		119,274	2,647,172

Approved and authorised for issue by the board of directors on 6 September 2021

Cheng Jianhe
Director

Cheng Weihong
Director

The notes on pages 62 to 137 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021
(Expressed in RMB)

	Share capital RMB'000 (Note 27(c))	Share premium RMB'000 (Note 27(d)(i))	Capital redemption reserve RMB'000 (Note 27(d)(i))	Statutory reserves RMB'000 (Note 27(d)(ii))	Contributed surplus RMB'000 (Note 27(d)(iii))	Exchange reserve RMB'000 (Note 27(d)(iv))	Fair value reserve (non-recycling) RMB'000 (Note 27(d)(v))	Other reserve RMB'000 (Note 27(d)(vi))	Accumulated losses RMB'000	Total equity RMB'000
Balance at 31 March 2019	65,494	2,343,823	1,341	50,242	202,449	(24,002)	29,421	30,340	(386,781)	2,312,327
Changes in equity for the year ended 31 March 2020:										
Loss for the year	–	–	–	–	–	–	–	–	(154,458)	(154,458)
Other comprehensive income	–	–	–	–	–	(4,961)	142,703	–	–	137,742
Total comprehensive income for the year	–	–	–	–	–	(4,961)	142,703	–	(154,458)	(16,716)
Issuance of ordinary shares on acquisition of subsidiaries	4,394	347,167	–	–	–	–	–	–	–	351,561
Effect on equity arising from disposal of equity investment	–	–	–	–	–	–	(172,124)	–	172,124	–
Appropriation to reserves	–	–	–	9,538	–	–	–	–	(9,538)	–
	4,394	347,167	–	9,538	–	–	(172,124)	–	162,586	351,561
Balance at 31 March 2020	69,888	2,690,990	1,341	59,780	202,449	(28,963)	–	30,340	(378,653)	2,647,172

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 31 March 2021

(Expressed in RMB)

	Share capital RMB'000 (Note 27(c))	Share premium RMB'000 (Note 27(d)(i))	Capital redemption reserve RMB'000 (Note 27(d)(i))	Statutory reserves RMB'000 (Note 27(d)(ii))	Contributed surplus RMB'000 (Note 27(d)(iii))	Exchange reserve RMB'000 (Note 27(d)(iv))	Other reserve RMB'000 (Note 27(d)(vi))	Accumulated losses RMB'000	Total equity RMB'000
Balance at 31 March 2020	69,888	2,690,990	1,341	59,780	202,449	(28,963)	30,340	(378,653)	2,647,172
Changes in equity for the year ended 31 March 2021:									
Loss for the year	–	–	–	–	–	–	–	(2,550,993)	(2,550,993)
Other comprehensive income	–	–	–	–	–	23,095	–	–	23,095
Total comprehensive income for the year	–	–	–	–	–	23,095	–	(2,550,993)	(2,527,898)
Appropriation to reserves	–	–	–	9,737	–	–	–	(9,737)	–
Balance at 31 March 2021	69,888	2,690,990	1,341	69,517	202,449	(5,868)	30,340	(2,939,383)	119,274

The notes on pages 62 to 137 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2021
(Expressed in RMB)

	Note	2021 RMB'000	2020 RMB'000
Operating activities			
Loss before taxation		(2,508,284)	(144,672)
Adjustments for:			
Depreciation and amortisation	6(c)	74,456	88,016
Net loss on disposal of property, plant and equipment	5	1,068	1,093
Interest income on cash at bank	5	(9,629)	(10,932)
Net valuation loss on investment properties	14	195,707	152,283
Finance costs	6(a)	171,014	157,416
Impairment loss on goodwill	16	396,464	283,302
Impairment losses on property, plant and equipment	13	–	59,821
Impairment losses on financial assets and guarantees contracts	6(c)	1,866,895	28,922
Write-down of inventories		–	12,217
Net gain on acquisition of subsidiaries		–	(258,235)
Net foreign exchange gain		–	(6,575)
Investment and dividend income	4(a)	(40,761)	(47,440)
Changes in working capital:			
Decrease/(increase) in inventories		246,434	(7,851)
Decrease in trade and other receivables		174,863	787,150
Decrease in trade and other payables		(709,176)	(958,558)
Cash (used in)/generated from operations		(140,949)	135,957
Income tax paid	26(a)	(34,447)	(62,242)
Net cash (used in)/generated from operating activities		(175,396)	73,715
Investing activities			
Cash acquired through the acquisition of subsidiaries, net of payment		–	15,409
Payments for purchase of financial assets at FVPL	31(e)	(800,000)	(1,078,910)
Proceeds from sale of financial assets at FVPL	31(e)	998,980	782,800
Payments for purchase of property, plant and equipment		(71,968)	(60,068)
Proceeds from disposal of property, plant and equipment		2,783	384
Proceeds from disposal of a subsidiary, net of cash disposed of		–	119,868
Net decrease in restricted cash		133,050	288,330
Interest received		9,629	10,932
Investment and dividend income received		50,534	38,945
Net (increase)/decrease in other receivables		(350,086)	123,838
Net cash (used in)/generated from investing activities		(27,078)	241,528

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 31 March 2021
(Expressed in RMB)

	Note	2021 RMB'000	2020 RMB'000
Financing activities			
Proceeds from new bank and other loans	21(b)	1,602,695	1,005,203
Proceeds from new bond, net of transaction cost	21(b)	9,020	–
Repayment of bank and other loans	21(b)	(1,554,023)	(777,392)
Finance costs paid	21(b)	(79,975)	(98,895)
Capital element of lease rentals paid	21(b)	(25,513)	(19,322)
Interest element of lease rentals paid	21(b)	(2,791)	(3,210)
Net cash (used in)/generated from financing activities		(50,587)	106,384
Net (decrease)/increase in cash and cash equivalents		(253,061)	421,627
Cash and cash equivalents at 1 April	21	17,305	164,381
Effect of foreign exchange rate changes		(313)	104
Cash and cash equivalents classified from/(to) assets of disposal group classified as held for sale		568,807	(568,807)
Cash and cash equivalents at 31 March	21	332,738	17,305

The notes on pages 62 to 137 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1 CORPORATE INFORMATION

China Automobile New Retail (Holdings) Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability under the Bermuda Companies Act 1981. The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 11 October 1995. The consolidated financial statements of the Company for the year ended 31 March 2021 comprise the Company and its subsidiaries (collectively referred to as the "Group"). During the year, the Group is principally engaged in provision of imported cars platform services, trading of imported cars, manufacturing and trading of household products, operation of supermarkets, wholesale of wine and electrical appliances, property rental and investments holding (see Note 4).

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

During the year ended 31 March 2021, management reassessed and concluded that the Proposed Disposal is not highly probable. The Group ceased the classification of the non-automotive operations as held for sale and restated the comparative statement of profit or loss and its notes accordingly. The comparative statement of the financial position is not re-presented as a result of the change of in assessment (see Note 2(x)(ii)). The Proposed Disposal was terminated on 1 June 2021.

2 SIGNIFICANT 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"). Significant 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 Group recorded a loss of RMB2,551 million for the year ended 31 March 2021. Due to the implementation of Limits and Measurement Methods for Emissions from Light-duty Vehicles ("CHINA VI"), the COVID-19 outbreak and the intensified tension caused by the ongoing trade issues between the United States and the Peoples' Republic of China (the "PRC"), the trading of imported cars business and the provision of imported cars platform services business (the "automotive business") have been suspended during the year ended 31 March 2021 and have not yet been resumed as of the date of approval of these financial statements. The automotive business recorded a significant drop in revenue for the year ended 31 March 2021.

As at 31 March 2021, the Group had net current liabilities of RMB2,263 million, which included bank and other loans amounted to RMB2,480 million and bills payable of RMB148 million, which are repayable within one year. As at 31 March 2021, bank and other loans of RMB587 million were overdue. Subsequent to 31 March 2021 and up to the date of approval of these consolidated financial statements, bank and other loans and bills payable of RMB436 million become overdue. These overdue bank and other loans and bills payable of RMB1,023 million were not settled or renewed at of the date of approval of these financial statements. Included in these bank and other loans and bills payable were RMB459 million the lenders of which have commenced litigations against the Group for repaying the outstanding balances.

As disclosed in Note 30(b), the Group has provided guarantees to some of its customers' lenders in relation to these customers' banking facilities and bank loans amounting to RMB2,623 million. As at 31 March 2021, bank loans of RMB1,299 million out of the abovementioned guarantees were defaulted. Included in these bank loans were RMB100 million the banks of which have commenced litigations against the borrowers and the guarantors, including the subsidiaries of the Group, for repaying the outstanding loans.

The courts in the PRC have ordered to freeze certain of the Group's bank accounts (Note 20).

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

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

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

2) The Group is actively looking for additional sources of financing;

3) The Group expects to resume the automotive business by end of 2021 and generate sufficient operating cash inflow;

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements (continued)

4) The vendor of Robust Cooperation Limited ("Robust") has agreed not to demand for the payment of the HK$300,000,000 cash consideration due to the vendor for a period of at least 18 months from 31 March 2021 if such a payment would cause the Group unable to settle its liabilities to other parties when they fall due; and

5) Cheng Weihong (director and shareholder of the Company) and her spouse, Tong Shiping, and Li Lixin (director and shareholder of the Company) have agreed to provide continuing financial support to the Group as is necessary to ensure its continuing operation for a period of at least 12 months from 31 March 2021.

Taking into account the Group's cash flow forecast for the twelve months ending 31 March 2022 prepared by management, and assuming the success of the above measures, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying amounts of the Group's assets to their recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in these consolidated financial statements.

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.

(c) Changes in accounting policies

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

– Amendments to HKFRS3, *Definition of a business*

– Amendments to HKAS 1 and HKAS 8, *Definition of material*

– Amendment to HKFRS 16, *COVID-19-Related Rent concessions*

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (continued)

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

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period except for the amendment to HKFRS 16, which provides a practical expedient that allows lessees not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and, instead, account for those rent concessions as if they were not lease modifications. The Group has elected to early adopt the amendment and applies the practical expedient to all qualifying COVID-19 related rent concessions granted to the Group during the year (if any). Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 April 2020.

(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.

(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.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that 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) (see Note 2(x)).

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(g) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries and an associate, 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 31(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)).

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(i) Investments other than equity investments (continued)

– 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.

(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).

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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 lease term and their estimated useful lives of 11 - 47 years
Leasehold improvements	Over the shorter of 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 SIGNIFICANT 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 which, for the Group are primarily retail stores and office equipment. 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)).

2 SIGNIFICANT 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 any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16 Leases. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments 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).

Other financial assets measured at fair value, including non-equity investments measured at FVPL and equity investment designated at FVOCI (non-recycling), 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 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 lease receivables always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Measurement of ECLs (continued)

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.

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);

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Significant increases in credit risk (continued)

– 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.

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;

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Basis of calculation of interest income (continued)

– 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.

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 amount carried in "trade and other payables" in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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.

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).

2 SIGNIFICANT 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.

(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 weighted average cost formula or specific identification formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Inventories and other contract costs (continued)

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 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 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)).

(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)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 2(k)(i)).

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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. Except for financial guarantee liabilities measured in accordance with Note 2(k)(ii), 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 cost.

(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.

(s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Income tax (continued)

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in 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 amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Income tax (continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(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.

(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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Revenue and other income (continued)

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 and net income from concession sales

Revenue arising from the sales of goods and income from concession sales are 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 return 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

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.

(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 payment 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Revenue and other income (continued)

(v) Dividends

Dividend income from unlisted investments is recognised when the shareholder'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 financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the 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.

(v) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities.

The results of operations which have a functional currency other than RMB are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

2 SIGNIFICANT 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) Non-current assets held for sale and discontinued operations

(i) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in Note 2.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

When criteria for held for sale are no longer met, the Group will cease to classified the asset (or disposal group) as held for sale.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Non-current assets held for sale and discontinued operations (continued)

(ii) 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 (see (i) above), 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.

If the Group ceases to classify a component as held for sale, the results of operations of the component previously presented in discontinued operations shall be reclassified and included in income from continuing operations for all periods presented. The amounts for prior periods shall be described as having been re-presented. The statement of financial position is not re-presented as a result of the change to a plan of sale of a component.

(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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Related parties (continued)

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

(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.

(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

(a) Critical accounting judgements

In the process of applying the Group's accounting policies, management has made the following accounting judgement:

(i) *Going concern assumptions*

These financial statements have been prepared on a going concern basis even though there are certain uncertainties as explained in Note 2(b). In view of these, the directors of the Company have been given considerations to future liquidity and performance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Should the Group fail to achieve the intended effects resulting from the measures as mentioned in Note 2(b), it might not be able to operate as a going concern and adjustments would have to be made to write down the carrying amounts of the Group's assets to their recoverable amounts and to provide for future liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively.

(ii) *Determination of discontinued operation classification*

In accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, an entity should classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continue use and its sales must be highly probable and expected to qualify for recognition as a completed sale within one year from the date of classification. During the initial one-year period, if circumstances arise that were previously considered unlikely and as a result, a non-current asset (or disposal group) previously classified as held for sale is not sold by the end of that period, management reassess whether the criteria for classification as held for sale are still met. If the classification criteria are no longer met, the Group shall cease to classify the assets (or disposal group) as held for sale.

As explained in Note 1, the Group classified the non-automotive operations as discontinued operations during the year ended 31 March 2020. During the year ended 31 March 2021, management reassessed whether the criteria for classification as held for sales are still met.

In making this judgement, management has taken into account relevant factors that will affect the completion of the Proposed Disposal and concluded that the completion of sale transaction within one year is not highly probable. The Group ceased to classify the non-automotive operations as discontinued operations during the year ended 31 March 2021 and the comparative statement of profit or loss and the related notes have been restated accordingly.

(iii) *Deferred taxation*

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be utilised. In determining the amount of deferred tax assets to be recognised, significant judgement is required relating to the timing and level of future taxable profits. The amount of deferred tax assets recognised at future dates are adjusted if there are significant changes from these estimates.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(b) Sources of estimation uncertainties

Notes 14, 16 and 31 contain information about the assumptions and their risk factors relating to valuation of investment properties, goodwill impairment and fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(i) Expected credit losses of trade and other receivables and guarantee granted

As explained in Notes 2(k)(i) and (ii), the Group takes into account information such as past collection history, current conditions, forecasts to future economic conditions and viability of realising the estimated value of collaterals held by the Group in estimating ECLs for trade and other receivables and guarantee granted. 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.

(ii) 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:

	2021 RMB'000	2020 RMB'000 (Restated)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– sales of goods	1,662,618	2,481,819
– rendering of services	80,518	61,005
	1,743,136	2,542,824
Revenue from other resources		
– Investment income	40,761	47,440
– rental income from operating leases	66,133	75,581
	106,894	123,021
	1,850,030	2,665,845

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

	2021 RMB'000	2020 RMB'000 (Restated)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Point in time	1,724,627	2,523,616
– Over time	18,509	19,208
	1,743,136	2,542,824

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

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(a) Revenue (continued)

(i) Disaggregation of revenue (continued)

The directors of the Company consider that the customer base is diversified and includes no customer with whom transactions have exceeded 10% of the Group's revenue for the years ended 31 March 2021 and 2020.

(ii) 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:

	2021 RMB'000	2020 RMB'000 (Restated)
Within 1 year	52,277	69,920
After 1 year but within 5 years	119,136	125,946
After 5 years	59,332	81,523
	230,745	277,389

As disclosed in note 33, certain of the Group's investment properties have been disposed of subsequent to the end of the reporting period.

(b) Segment reporting

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

- Car trading platform: this segment provides imported cars platform services and property rental services.
- Car-sale: this segment carries out the trading of imported cars.
- Manufacturing and trading: this segment manufactures and trades plastic and metallic household products.
- Retail: this segment manages the supermarket operations and property rental services.
- Wholesale: this segment carries out the wholesale of wine and electrical appliances business.
- Investments holding: this segment manages the investments in debt and equity securities.

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

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

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(i) Segment results

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

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

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2021 and 2020 is set out below.

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

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(i) Segment results (continued)

(Restated)	Car-sale RMB'000	Car trading platform RMB'000	Manufacturing and trading RMB'000	Retail RMB'000	Wholesale RMB'000	Investments holding RMB'000	Total RMB'000
	2020						
Revenue from external customers	1,126,341	57,635	645,007	504,722	284,700	47,440	2,665,845
Inter-segment revenue	–	592	–	–	46,529	–	47,121
Reportable segment revenue	1,126,341	58,227	645,007	504,722	331,229	47,440	2,712,966
Reportable segment profit	36,899	39,269	166,858	134,029	76,905	47,440	501,400

(ii) Reconciliations of reportable segment revenue

	2021 RMB'000	2020 RMB'000 (Restated)
Reportable segment revenue	1,929,536	2,712,966
Elimination of inter-segment revenue	(79,506)	(47,121)
Consolidated revenue	1,850,030	2,665,845

(iii) Geographic information

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

	2021 RMB'000	2020 RMB'000 (Restated)
Mainland China and Hong Kong (place of domicile)	1,095,305	2,084,015
The United States	531,247	424,743
Europe	120,230	79,790
Others	103,248	77,297
	1,850,030	2,665,845

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(iii) Geographic information (continued)

The analysis above includes property rental income from external customers and investment income in Mainland China of RMB66,133,000 and RMB40,761,000, respectively, for the year ended 31 March 2021 (2020: RMB75,581,000 and RMB47,440,000)

All of the Group's non-current assets (excluding deferred tax assets) are located in Mainland China and Hong Kong as at 31 March 2021 and 2020.

5 OTHER INCOME

	2021 RMB'000	2020 RMB'000 (Restated)
Government grants	10,803	9,570
Interest income on cash at bank	9,629	10,932
Net gain from sale of scrap materials	1,988	693
Net loss on disposal of property, plant and equipment	(1,068)	(1,093)
Others	729	1,367
	22,081	21,469

6 LOSS BEFORE TAXATION

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

(a) Finance costs

	2021 RMB'000	2020 RMB'000 (Restated)
Interest on bank and other borrowings and promissory note	215,483	120,326
Interest on lease liabilities	2,791	3,210
Net foreign exchange difference	(47,260)	33,880
	171,014	157,416

6 LOSS BEFORE TAXATION (CONTINUED)

(b) Staff costs#

	2021 RMB'000	2020 RMB'000 (Restated)
Salaries, wages and other benefits	132,221	142,169
Contributions to defined contribution retirement plans	3,935	8,111
	136,156	150,280

The employees of the subsidiaries of the Group established in the PRC participate in defined contribution retirement benefit schemes managed by the local government authorities, whereby these subsidiaries are required to contribute to the schemes at 14% to 16% (2020: 14% to 19%) of the employees' basic salaries. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC, from the above mentioned retirement schemes at their normal retirement age.

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

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

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

6 LOSS BEFORE TAXATION (CONTINUED)

(c) Other items

	2021 RMB'000	2020 RMB'000 (Restated)
Cost of inventories# (Note 18(b))	1,431,908	2,124,975
Depreciation and amortisation		
– owned property, plant and equipment	50,624	66,084
– right-of-use assets	23,832	21,900
Impairment losses on trade and other receivables (Note 31(a))	1,570,562	22,700
Expected credit losses for financial guarantees issued (Note 30(b))	296,333	6,222
	1,866,895	28,922

\# Cost of inventories includes RMB81,166,000 (2020: RMB90,780,000) for the year ended 31 March 2021, relating to staff costs, and depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	2021 RMB'000	2020 RMB'000 (Restated)
Current taxation (Note 26(a)):		
– Provision for the year	49,306	66,478
– Under/(over)-provision in respect of prior years	122	(191)
	49,428	66,287
Deferred taxation:		
– Origination and reversal of temporary differences	(6,719)	(56,501)
	42,709	9,786

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

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

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

	2021 RMB'000	2020 RMB'000 (Restated)
Loss before taxation	(2,508,284)	(144,672)
Expected tax on loss before tax, calculated at the rates applicable to profits in the tax jurisdictions concerned (Notes (i), (ii) and (iii))	(594,650)	(26,506)
Tax effect of non-deductible expenses	75,096	57,276
Tax effect of non-taxable income	(7,796)	(44,503)
Tax effect of profit of disposal of a subsidiary	–	34,699
Tax effect of unused tax losses and deductible temporary differences not recognised	583,570	1,885
Tax effect of PRC tax concessions (Note (ii))	(13,633)	(12,874)
Under/(over)-provision in respect of prior years	122	(191)
Income tax	42,079	9,786

Notes:

(i) The Hong Kong Profits Tax rate for the year ended 31 March 2021 is 16.5% (2020: 16.5%). No provision for Hong Kong Profits Tax has been made as the Company and the subsidiaries of the Group incorporated in Hong Kong did not have assessable profits subject to Hong Kong Profits Tax for the year ended 31 March 2021 (2020: RMBNil).

(ii) The Group established in the Mainland China are subject to PRC Corporate Income Tax rate of 25% (2020: 25%). One of the Group's subsidiaries in the Mainland China enjoyed a preferential PRC Corporate Income Tax rate of 15% for the calendar years from 2019 to 2021 applicable for enterprise with advanced and new technologies.

(iii) Subsidiaries incorporated in other jurisdictions are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

8 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:

	2021				
	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	–	407	–	–	407
Mr. Tong Shiping (resigned on 30 September 2020)	–	–	–	–	–
Non-executive director					
Ms. Cheng Weihong	–	–	–	–	–
Independent non-executive directors					
Mr. He Chengying	212	–	–	–	212
Mr. Cheung Kiu Cho Vincent (resigned on 21 April 2021)	212	–	–	–	212
Mr. Shin Yick Fabian	233	–	–	–	233
Mr. Kwong Kwan Tong	212	–	–	–	212
	869	407	–	–	1,276

8 DIRECTORS' EMOLUMENTS (CONTINUED)

	2020				
	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	–	450	630	13	1,093
Mr. Tong Shiping	–	–	–	–	–
Non-executive director					
Ms. Cheng Weihong	–	–	–	–	–
Independent non-executive directors					
Mr. He Chengying	214	–	–	–	214
Mr. Cheung Kiu Cho Vincent	214	–	–	–	214
Mr. Shin Yick Fabian	236	–	–	–	236
Mr. Kwong Kwan Tong	214	–	–	–	214
	878	450	630	13	1,971

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, none of them are directors, (2020: one is a director whose emoluments is disclosed in Note 8). The aggregate of the emoluments in respect of the five (2020: four) individuals are as follows:

	2021 RMB'000	2020 RMB'000
Salaries, allowances and benefits in kind	2,917	2,484
Discretionary bonuses	615	562
Retirement scheme contributions	67	54
	3,599	3,100

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS (CONTINUED)

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:

	2021	2020
(In HK$)		
Nil – 1,000,000	4	3
1,000,001 – 1,500,000	1	1

10 OTHER COMPREHENSIVE INCOME

	2021			2020		
	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
Equity investment at FVOCI:						
Net movement in fair value reserve (non-recycling)	–	–	–	190,271	(47,568)	142,703
Exchange differences on translation into presentation currency	23,095	–	23,095	(4,961)	–	(4,961)
Other comprehensive income	23,095	–	23,095	185,310	(47,568)	137,742

11 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share for the year ended 31 March 2021 is based on the loss attributable to ordinary equity shareholders of the Company of RMB2,550,993,000 (2020: RMB154,458,000) and the weighted average of 8,044,020,000 ordinary shares (2020: 7,879,636,000 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

	2021 '000	2020 '000
Issued ordinary shares at 1 April	8,044,020	7,544,020
Effect of issuance of ordinary shares	–	335,616
Weighted average number of ordinary shares at 31 March	8,044,020	7,879,636

11 LOSS PER SHARE (CONTINUED)

(b) Diluted loss per share

There were no potential dilutive ordinary shares during the years ended 31 March 2021 and 2020. Hence, diluted loss per share is the same as basic loss per share.

12 DISCONTINUED OPERATIONS

As disclosed in Note 1, at 31 March 2020, the non-current assets and disposal groups held for sale were stated at the lower of carrying amount and fair value less costs to sell, comprising the following assets and liabilities:

	2020 RMB'000
Property, plant and equipment (Note 13)	409,636
Investment properties (Note 14)	660,000
Deferred tax assets (Note 26(b))	13,818
Inventories	146,453
Trade and other receivables	310,654
Prepayments	21,624
Financial assets at FVPL (Note 31(e))	1,091,363
Restricted bank deposits	84,860
Cash and cash equivalents	568,807
Assets held for sale	3,307,215
Trade and other payables	483,338
Bank and other loans	1,345,594
Lease liabilities	52,598
Income tax payable (Note 26(a))	30,637
Deferred tax liabilities (Note 26(b))	199,815
Liabilities held for sale	2,111,982
Net assets held for sale	1,195,233

As detailed in Note 1, the Group ceased to classify the non-automotive segments as discontinued operations during the year ended 31 March 2021 and reclassified the non-automotive segments as continuing operations.

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 2019	372,710	127,182	93,763	63,535	139,661	7,676	804,527
Exchange adjustments	36	16	–	16	–	–	68
Additions	2,619	7,856	21,079	3,101	22,963	2,382	60,000
Additions through acquisition of subsidiaries	68,880	–	915	395	–	2,047	72,237
Transfer from investment properties (Note 14)	16,340	–	–	–	–	–	16,340
Disposals	–	–	(3,181)	(2,011)	–	(2,004)	(7,196)
At 31 March 2020	460,585	135,054	112,576	65,036	162,624	10,101	945,976
Less: assets of disposal group held for sale	(374,703)	(134,588)	(112,576)	(63,256)	(162,624)	(8,055)	(855,802)
Cost of remaining group:	85,882	466	–	1,780	–	2,046	90,174
Accumulated depreciation and impairment losses:							
At 1 April 2019	(73,124)	(97,078)	(28,826)	(51,543)	(52,783)	(4,005)	(307,359)
Exchange adjustments	(6)	(15)	–	(11)	–	–	(32)
Charge for the year	(32,743)	(14,078)	(12,578)	(3,834)	(23,209)	(1,542)	(87,984)
Impairment loss	–	–	–	–	(59,821)	–	(59,821)
Written back on disposals	–	–	2,341	1,945	–	1,433	5,719
At 31 March 2020	(105,873)	(111,171)	(39,063)	(53,443)	(135,813)	(4,114)	(449,477)
Less: assets of disposal group held for sale	103,935	110,705	39,063	52,946	135,813	3,704	446,166
Accumulated depreciation and impairment losses of remaining group:	(1,938)	(466)	–	(497)	–	(410)	(3,311)
Net book value of remaining group:							
At 31 March 2020	83,944	–	–	1,283	–	1,636	86,863

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 2020	460,585	135,054	112,576	65,036	162,624	10,101	945,976
Exchange adjustments	(51)	(20)	–	(20)	–	–	(91)
Additions	13,314	6,452	34,469	2,349	29,730	904	87,218
Disposals	–	(1,972)	(6,844)	(3,913)	–	(3,827)	(16,556)
At 31 March 2021	473,848	139,514	140,201	63,452	192,354	7,178	1,016,547
Accumulated depreciation and impairment losses:							
At 1 April 2020	(105,873)	(111,171)	(39,063)	(53,443)	(135,813)	(4,114)	(449,477)
Exchange adjustments	37	20	–	16	–	–	73
Charge for the year	(33,408)	(10,216)	(12,264)	(4,543)	(11,240)	(2,785)	(74,456)
Written back on disposals	-	1,972	4,438	3,670	–	2,625	12,705
At 31 March 2021	(139,244)	(119,395)	(46,889)	(54,300)	(147,053)	(4,274)	(511,155)
Net book value:							
At 31 March 2021	334,604	20,119	93,312	9,152	45,301	2,904	505,392

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliation of carrying amount (continued)

(i) At 31 March 2021, property certificates of certain properties with an aggregate net book value of RMB14,405,000 (31 March 2020: RMB14,871,000) 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 24(b)) and a third party company (see Note 30(a)).

(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:

	2021 RMB'000	2020 RMB'000
Leasehold premises held for own use, carried at depreciated cost		
– Included in "Property, plant and equipment"	43,340	183
– Included in "Assets held for sale"	–	51,753
	43,340	51,936

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

	2021 RMB'000	2020 RMB'000 (Restated)
Depreciation charge of right-of-use assets	23,832	21,900
Interest on lease liabilities (Note 6(a))	2,791	3,210
Expense relating to short-term leases	2,398	5,964
Variable lease payments not included in the measurement of lease liabilities	1,827	2,295

Note: During the year, additions to right-of-use assets were RMB15,250,000 (2020: RMB2,655,000). 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 21(c) and 25, respectively.

14 INVESTMENT PROPERTIES

	2021 RMB'000	2020 RMB'000
Valuation:		
At 1 April	2,201,547	771,050
Additions through acquisition of subsidiaries	–	1,599,120
Reclassified to property, plant and equipment (Note 13)	–	(16,340)
Fair value adjustments included in the consolidated statement of profit or loss	(195,707)	(152,283)
At 31 March	2,005,840	2,201,547
Less: assets of disposal group classified as held for sale		(660,000)
Balance of remaining group		1,541,547

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 fall into level 3 of the fair value hierarchy described above.

During the year ended 31 March 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2020: 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 2021. 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

14 INVESTMENT PROPERTIES (CONTINUED)

Notes: (Continued)

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

The fair value of investment properties located in Ningbo, Mainland China, is determined using income capitalisation approach. The significant unobservable input used in the fair value measurement is yield rate, ranged from 6.25% to 6.5% for the year ended 31 March 2021 (2020: 6.25% to 6.5%). The fair value measurement is negatively correlated to the yield rate.

The fair value of investment properties located in Tianjin, Mainland China, is determined using market comparison approach. The significant unobservable input used in the fair value measurement is sales price per square meter of the buildings, ranged from RMB17,567 to RMB22,997 at 31 March 2021 (2020: RMB19,432 to RMB28,108). The fair value measurement is positively correlated to the price per square meter.

15 INVESTMENTS IN SUBSIDIARIES

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

			Proportion of ownership interest			
Name of company	Place of establishment/ incorporation	Particulars of registered/ issued and paid-up capital	The Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities
Da Mei (Ningbo) Electrical Appliance Limited (i)(iii) 達美(寧波)電器有限公司	The PRC	Registered and paid-up capital of United States dollar ("US$") 49,217,379	100%	–	100%	Manufacture and sale of household electrical appliances and plastic products
Ningbo New JoySun Corp (i)(ii) 寧波新江廈股份有限公司	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) 寧波新江廈暖通設備有限公司	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") 寧波新江廈連鎖超市有限公司	The PRC	Registered and paid-up capital of RMB30,000,000	100%	–	100%	Operation of supermarkets
Ningbo New JoySun Logistic Limited (i)(ii) 寧波新江廈物流有限公司	The PRC	Registered and paid-up capital of RMB5,000,000	100%	–	100%	Provision of transportation and logistic services to group companies

(Expressed in RMB unless otherwise indicated)

15 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

			Proportion of ownership interest			
Name of company	Place of establishment/ incorporation	Particulars of registered/ issued and paid-up capital	The Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities
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%	Operation of department store
Ningbo Lisi Household Products Company Limited (i)*(iii)* 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
Tianjin Calistar Automall Operation Management Co., Ltd. (i)(iii) 天津開利星空汽車城運營管理有限公司	The PRC	Registered and paid- up capital of RMB100,000,000	100%	–	100%	Trading and sales of Imported cars and providing related services, and the provision of agency services for trading of cars
Tianjin Binhai International Auto Mall Co., Ltd. (i)(ii) 天津濱海國際汽車城有限公司	The PRC	Registered and paid- up capital of RMB350,000,000	100%	–	100%	operation of parallel imported car trading platform
Tianjin Prominent Hero International Logistics Co., Ltd. (i)(iii) 天津英之杰國際物流有限公司	The PRC	Registered and paid-up capital of USD10,000,000	100%	–	100%	Investment holding and provision of ancillary services related to parallel imported car trading platform

(i) The English translation of the names are 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) These companies are wholly foreign owned enterprises established in the mainland China.

16 GOODWILL

	RMB'000
Cost:	
At 1 April 2019	1,373,157
Classified as assets of disposal groups held for sale	(43,313)
At 31 March 2020 and 2021	1,329,844
Accumulated impairment losses:	
At 1 April 2019	(693,391)
Impairment loss	(283,302)
Classified as assets of disposal groups held for sale	43,313
At 31 March 2020	(933,380)
Impairment loss	(396,464)
At 31 March 2021	(1,329,844)
Carrying amount:	
At 31 March 2021	–
At 31 March 2020	396,464

Impairment tests for cash-generating units containing goodwill

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

	2021 RMB'000	2020 RMB'000
Manufacturing and trading	–	–
Car-sale	–	396,464
	–	396,464

16 GOODWILL (CONTINUED)

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

	Manufacturing and trading	Car-sale	
	2020	2021	2020
Long-term growth rate	3.0%	2.0%	3.0%
Discount rate (pre-tax)	18.9%	20.0%	14.5%

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

17 FINANCIAL ASSETS AT FVPL

The financial assets measured at FVPL represent wealth management products and trust investment products issued by financial institutions with variable returns. The financial assets measured at FVPL were classified as assets of disposal groups held for sale as at 31 March 2020 (Note 12). Further information on the fair value measurement is disclosed in Note 31(e).

18 INVENTORIES

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

	2021 RMB'000	2020 RMB'000
Raw materials	40,886	–
Work in progress	14,599	–
Finished goods	29,153	–
Merchandises	95,559	292,395
	180,197	292,395
Less: Write down of inventories	–	(12,217)
	180,197	280,178

18 INVENTORIES (continued)

(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:

	2021 RMB'000	2020 RMB'000 (Restated)
Carrying amount of inventories sold	1,431,908	2,112,758
Write down of inventories	–	12,217
	1,431,908	2,124,975

19 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

(a) Trade and other receivables

	2021 RMB'000	2020 RMB'000
Trade receivables from:		
– Third parties	209,790	173,822
– Companies under the control of a shareholder of the Company (Note (i))	332,618	–
	542,408	173,822
Less: loss allowance	(71,205)	(21,489)
	471,203	152,333
Amounts due from companies under the control of a shareholder of the Company (Note (ii))	5,529	–
Other receivables (Note (iii))	1,884,429	1,323,878
Less: loss allowance	(1,515,098)	(25,681)
	369,331	1,298,197
Financial assets measured at amortised cost	846,063	1,450,530
Deposits:		
– Deposits for operating leases expenses paid to third parties	8,484	203
– Others	6,069	3,753
	14,553	3,956
Trade and other receivables	860,616	1,454,486

19 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

(a) Trade and other receivables (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) Other receivables include advances to customers of car trading platform segment and prepayment for purchase of parallel imported cars which orders were subsequently cancelled, amounted to RMB1,864,727,000 (31 March 2020: RMB1,319,368,000). Further information on credit risk is disclosed in Note 31(a).

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

Ageing analysis

Included in trade and other receivables are trade receivables (net of loss allowance) with the following ageing analysis (based on earlier of the invoice date and revenue recognition) as of the end of the reporting period:

	2021 RMB'000	2020 RMB'000
Within 1 month	109,858	35,383
More than 1 month but less than 3 months	186,505	53,234
Over 3 months	174,840	63,716
	471,203	152,333

Further details on the Group's credit policy and credit risk arising from trade debtors are set out in Note 31(a).

19 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

(b) Prepayments

	2021 RMB'000	2020 RMB'000
Prepayments:		
– Prepayments to suppliers	146,757	613,222
– Others	1,690	4,415
	148,447	617,637

20 RESTRICTED CASH

	2021 RMB'000	2020 RMB'000
Pledged deposits for issuance of bank Loans and bills	156,741	207,172
Pledged deposits for issuance of letter of credit	30,000	35,455
Pledged deposits for security performance	3,598	–
Restricted cash at bank (Note)	4,098	–
	194,437	242,627

Note: The bank balance was frozen by courts due to the litigations against the subsidiaries of the Group.

21 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise

	2021 RMB'000	2020 RMB'000
Cash at bank and on hand	332,738	17,305

The Group's 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.

21 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 24)	Interest payable RMB'000 (Note 22)	Lease liabilities RMB'000 (Note 25)	Promissory note RMB'000 (Note 23)	Total RMB'000
At 1 April 2020	2,406,269	15,942	52,598	323,385	2,798,194
Changes from financing cash flows:					
Proceeds from new bank and other loans	1,602,695	–	–	–	1,602,695
Repayment of bank and other loans	(1,554,023)	–	–	–	(1,554,023)
Proceeds from new bond, net of transaction cost	9,020	–	–	–	9,020
Capital element of lease rentals paid	–	–	(25,513)	–	(25,513)
Interest element of lease rentals paid	–	–	(2,791)	–	(2,791)
Other borrowing costs paid	–	(79,975)	–	–	(79,975)
Total changes from financing cash flows	57,692	(79,975)	(28,304)	–	(50,587)
Exchange adjustments	(15,604)	–	–	(25,478)	(41,082)
Other changes:					
Bank charges and other finance costs	–	13,669	–	–	13,669
Interest expenses	–	184,978	2,791	16,836	204,605
Increase in lease liabilities from entering into new leases during the period	–	–	9,884	–	9,884
Lease modification	–	–	5,366	–	5,366
Transfer of overdue bills payable to bank loans	127,887	–	–	–	127,887
Total other changes	127,887	198,647	18,041	16,836	361,411
At 31 March 2021	2,576,244	134,614	42,335	314,743	3,067,936

21 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 24)	Interest payable RMB'000 (Note 22)	Lease liabilities RMB'000 (Note 25)	Promissory note RMB'000 (Note 23)	Total RMB'000
At 1 April 2019	1,064,604	5,450	71,705	–	1,141,759
Changes from financing cash flows:					
Proceeds from new bank and other loans	1,005,203	–	–	–	1,005,203
Repayment of bank and other loans	(777,392)	–	–	–	(777,392)
Capital element of lease rentals paid	–	–	(19,322)	–	(19,322)
Interest element of lease rentals paid	–	–	(3,210)	–	(3,210)
Other borrowing costs paid	–	(98,895)	–	–	(98,895)
Total changes from financing cash flows	227,811	(98,895)	(22,532)	–	106,384
Exchange adjustments	12,014	–	–	12,314	24,328
Other changes:					
Arising from acquisition of subsidiaries	1,101,840	–	–	300,132	1,401,972
Bank charges and other finance costs	–	13,287	–	–	13,287
Interest expenses	–	96,100	3,210	10,939	110,249
Increase in lease liabilities from entering into new leases during the period	–	–	215	–	215
Total other changes	1,101,840	109,387	3,425	311,071	1,525,723
At 31 March 2020	2,406,269	15,942	52,598	323,385	2,798,194
Reclassification to liabilities of disposal groups classified as held for sale	(1,345,594)	(6,538)	(52,598)	–	(1,404,730)
Balance of the remaining group	1,060,675	9,404	–	323,385	1,393,464

21 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.

	2021 RMB'000	2020 RMB'000
Within operating cash flows	3,502	8,831
Within financing cash flows	28,304	22,532
	31,806	31,363

22 TRADE AND OTHER PAYABLES

	2021 RMB'000	2020 RMB'000
Trade payables to:		
– Third parties	158,996	971
– Companies under the control of shareholders of the Company	48,422	–
	207,418	971
Bills payable (Note(iii))	147,993	791,999
	355,411	792,970
Amounts due to companies under the control of shareholders of the Company (Note (i))	35,928	764
Accrued charges and other payables:		
– Accrued expenses	42,585	11,666
– Payables for staff related costs	70,825	559
– Deposits from customers and suppliers		
– Third parties	28,198	519
– Company under the control of shareholders of the Company	265	24,782
– Interest payable (Note 21(b))	134,614	9,404
– Payables for miscellaneous taxes	28,554	3,593
– Payables for acquisition of subsidiaries	253,282	274,260
– Others (Note (ii))	154,683	10,002
	713,006	334,785
Financial liabilities measured at amortised cost	1,104,345	1,128,519
Expected credit loss for financial guarantee granted (Note 30(b))	336,893	40,560
Contract liabilities (Note (ii))	52,174	292,656
	1,493,412	1,461,735

22 TRADE AND OTHER PAYABLES (CONTINUED)

Notes:

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

(ii) The entire contract liabilities balance at the beginning of the year 2020 and 2021 have been recognised as revenue or reclassified as other payables due to cancellation of order during the year.

(iii) Subsequent to the end of reporting period, bills payable of RMB30,000,000 became overdue and bank has commenced litigation against the subsidiary of the Group, requesting the subsidiary to repay the outstanding amount. Up to the date of approval of these consolidated financial statements, these bills payable were not yet settled.

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

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

	2021 RMB'000	2020 RMB'000
Within 1 month	163,543	971
Over 1 month but within 3 months	40,423	–
Over 3 months but within 6 months	83,327	266,500
Over 6 months	68,118	525,499
	355,411	792,970

23 PROMISSORY NOTE

The Company issued a three-year interest-free promissory note of HK$400,000,000 in 2019 as part of consideration for acquisition of Robust and its subsidiaries. The promissory note is due on 31 July 2022.

24 BANK AND OTHER LOANS

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

	2021 RMB'000	2020 RMB'000
Bank loans:		
– Unsecured and guaranteed (Notes (iii) and (iv))	99,545	57,000
– Secured and unguaranteed (Note (ii))	786,762	–
– Secured and guaranteed (Notes (ii), (iii), (iv) and (vi))	941,624	448,566
	1,827,931	505,566
Bond payable:		
– Unsecured and unguaranteed (Note (v))	8,442	–
Loans from other financial institutions:		
– Secured and guaranteed (Notes (ii), (iii), (iv) and (vi))	547,343	547,343
Loans from shareholders and companies under the control of shareholders of the Company:		
– Unsecured and unguaranteed (Note (i))	192,528	7,766
	2,576,244	1,060,675

Notes:

(i) At 31 March 2021, the loans from shareholders and companies under the control of shareholders of the Company bearing interest ranged from 0% to 7% (31 March 2020: 0%) per annum and are repayable by March 2022 (31 March 2020: by February 2021).

(ii) Certain bank loans are secured by the leasehold land and buildings and equity interests of certain third parties and/or assets of the Group (Note 24(b)).

(iii) Bank and other loans of RMB1,589 million as at 31 March 2021 (2020: RMB1,053 million) were guaranteed by shareholders of the Company, directors of the Company, close family members of a shareholder of the Company and/or companies under the control of shareholders of the Company.

(iv) At 31 March 2021, bank and other loans of RMB586,683,000 were overdue but were not yet renewed or repaid at the end of the reporting period. Subsequent to the end of reporting period, bank and other loans of RMB401,290,000 become overdue. Up to the date of approval of these consolidated financial statements, these bank and other loans were not yet settled nor renewed. Included in these bank and other loans were RMB429 million the banks of which have commenced litigations against a subsidiary of the Group requesting the subsidiary to repay the outstanding balances.

(v) Subsequent to the end of reporting period, the bond was due and partially repaid. The remaining balance of HKD5,500,000 (equivalent to RMB4,643,000) becomes overdue.

(vi) At 31 March 2021, the Group failed to fulfil certain covenants of bank and other loans of RMB874,830,000 and the lenders have the right to require the Group to repay the loans immediately at any time prior to their original repayment dates. Loans of RMB92,844,000 which were long-term loans were reclassified as current liabilities at the end of the reporting period.

24 BANK AND OTHER LOANS (CONTINUED)

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

	2021 RMB'000	2020 RMB'000
Within 1 year or on demand	2,480,464	1,060,675
After 1 year but within 2 years	31,180	–
After 2 years but within 5 years	64,600	–
	95,780	–
	2,576,244	1,060,675

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

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

	2021 RMB'000	2020 RMB'000
Pledged for bank loans:		
Leasehold land and buildings	67,158	67,675
Investment properties	1,467,580	1,541,547
Trade receivables	1,182	–
	1,535,920	1,609,222

(c) At 31 March 2021, the Group's banking facilities amounted to RMB1,493,906,000 (31 March 2020: RMB1,199,000,000) were utilised to the extent of RMB1,222,477,000 (31 March 2020: RMB1,064,671,000).

25 LEASE LIABILITIES

The remaining contractual maturities of the Group's lease liabilities at the end of the current reporting period are as follows:

	2021		2020	
	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Within 1 year	13,182	13,698	–	–
After 1 year but within 2 years	12,304	13,891	–	–
After 2 years but within 5 years	11,985	14,664	–	–
After 5 years	4,864	7,076	–	–
	29,153	35,631	–	–
	42,335	49,329	–	–
Less: total future interest expenses		(6,994)		–
Present value of lease liabilities		42,335		–

26 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	2021 RMB'000	2020 RMB'000
Balance of income tax payable at 1 April	57,814	20,332
Additions through acquisition of subsidiaries	–	33,437
Provision for income tax for the year	49,306	66,478
Under/(over)-provision in respect of prior years	122	(191)
Income tax paid	(34,447)	(62,242)
Balance of income tax payable at 31 March	72,795	57,814
Reclassified as liabilities of disposal groups classified as held for sale		(30,637)
Balance of the remaining group		27,177

26 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:

	Assets								Liabilities			
Deferred tax arising from:	Unused tax losses RMB'000	Accrued operating lease expenses RMB'000	Impairment losses on property, plant and equipment RMB'000	Credit loss allowance RMB'000	Inventory provision RMB'000	Accrued expenses RMB'000	Unrealised profit and losses resulting from intragroup transaction RMB'000	Total 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
At 1 April 2019	3,041	3,110	772	856	–	230	–	8,009	(207,183)	(15,607)	(10,794)	(233,584)
Addition through acquisition of subsidiaries	5,861	–	–	14,678	–	–	–	20,539	(354,961)	(4,504)	–	(359,465)
Credited/(charged) to the consolidated statement of profit or loss	5,875	(50)	8,919	7,232	3,054	–	–	25,030	30,857	2,738	(2,124)	31,471
Charged to reserves (Note 10)	–	–	–	–	–	–	–	–	–	–	(47,568)	(47,568)
Written back from disposal of the subsidiary	–	–	–	–	–	–	–	–	–	–	57,375	57,375
At 31 March 2020	14,777	3,060	9,691	22,766	3,054	230	–	53,578	(531,287)	(17,373)	(3,111)	(551,771)
Classified as (assets)/liabilities of disposal groups held for sale	–	(3,060)	(9,691)	(837)	–	(230)	–	(13,818)	184,283	12,421	3,111	199,815
Balance of the remaining group	14,777	–	–	21,929	3,054	–	–	39,760	(347,004)	(4,952)	–	(351,956)
Set-off of deferred tax assets and liabilities pursuant to set-off provision								(36,706)				36,706
Net deferred tax assets/liabilities								3,054				(315,250)

	Assets								Liabilities			
Deferred tax arising from:	Unused tax losses RMB'000	Accrued operating lease expenses RMB'000	Impairment losses on property, plant and equipment RMB'000	Credit loss allowance RMB'000	Inventory provision RMB'000	Accrued expenses RMB'000	Unrealised profit and losses resulting from intragroup transaction RMB'000	Total 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
At 1 April 2020	14,777	3,060	9,691	22,766	3,054	230	–	53,578	(531,287)	(17,373)	(3,111)	(551,771)
(Charged)/credited to the consolidated statement of profit or loss	(14,777)	(65)	(54)	(21,515)	(3,054)	–	1,171	(38,294)	44,183	(1,611)	2,441	45,013
At 31 March 2021	–	2,995	9,637	1,251	–	230	1,171	15,284	(487,104)	(18,984)	(670)	(506,758)

26 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 RMB2,422,839,000 (31 March 2020: RMB87,610,000) 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 RMB86,316,000 (31 March 2020: RMB83,926,000) which will not expire under the relevant tax legislation, the remaining unused tax losses at 31 March 2021 will expire on or before 31 December 2026.

(d) Deferred tax liabilities not recognised

At 31 March 2021, temporary differences relating to the undistributed profits of certain subsidiaries of the Group established in the PRC amounted to RMB1,989,185,000 (31 March 2020: RMB1,978,742,000). Deferred tax liabilities of RMB99,459,000 (31 March 2020: RMB98,937,000) have not been recognised in respect of the 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.

27 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:

27 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(a) Movements in components of equity (continued)

The Company

	Share capital RMB'000 (Note 27(c))	Share premium RMB'000 (Note 27(d)(i))	Capital redemption reserve RMB'000 (Note 27(d)(i))	Contributed surplus RMB'000 (Note 27(d)(iii))	Exchange reserve RMB'000 (Note 27(d)(iv))	Accumulated losses RMB'000	Total RMB'000
At 1 April 2019	65,494	2,343,823	1,341	226,796	(20,648)	(1,462,555)	1,154,251
Changes in equity for the year ended 31 March 2020:							
Loss and total comprehensive income	–	–	–	–	–	(298,597)	(298,597)
Issuance of ordinary shares on acquisition of subsidiaries (Note 27(c))	4,394	347,167	–	–	–	–	351,561
Waiver of payable by subsidiaries	–	–	–	–	–	509,824	509,824
	4,394	347,167	–	–	–	211,227	562,788
At 31 March 2020 and 1 April 2020	69,888	2,690,990	1,341	226,796	(20,648)	(1,251,328)	1,717,039
Changes in equity for the year ended 31 March 2021:							
Loss and total comprehensive income	–	–	–	–	–	(1,453,171)	(1,453,171)
Waiver of payable by subsidiaries	–	–	–	–	–	11,642	11,642
	–	–	–	–	–	(1,441,529)	(1,441,529)
At 31 March 2021	69,888	2,690,990	1,341	226,796	(20,648)	(2,692,857)	275,510

27 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 2021 (2020: RMBNil).

(c) Share capital

	2021		2020	
	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

	2021		2020	
	No. of shares '000	RMB'000	No. of shares '000	RMB'000
Ordinary shares, issued and fully paid:				
At 1 April	8,044,020	69,888	7,544,020	65,494
Issuance of ordinary shares on acquisition of subsidiaries	–	–	500,000	4,394
At 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.

27 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(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.

(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 resolution passed by the Directors of the Company on 16 December 2015, the Company proposed to transfer full amount from share premium accounts to contributed surplus accounts of the Company.

Upon completion of the above transfer, which was approved by the equity shareholders of the Company at the Company's Special General Meeting 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) *Fair value reserve (non-recycling)*

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investment designated at FVOCI under HKFRS 9 that is held at the end of the reporting period and is dealt with in accordance with the accounting policies set out in Note 2(g).

(vi) *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.

27 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(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 2021, the Group's strategy, which was unchanged from 2020 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.

The Group's adjusted net debt-to-capital ratio at 31 March 2021 and 2020 was as follows:

	2021 RMB'000	2020 RMB'000
Trade and other payables	1,493,412	1,945,073
Bank and other loans	2,576,244	2,406,269
Lease liabilities	42,335	52,598
Promissory note	314,743	323,385
Total debts	4,426,734	4,727,325
Less: Cash and cash equivalents	(332,738)	(586,112)
Adjusted net debt	4,093,996	4,141,213
Total equity and adjusted capital	119,274	2,647,172
Adjusted net debt-to-capital ratio	3,432%	156%

28 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 companies under the control of shareholders of the Company

	Note	2021 RMB'000	2020 RMB'000
Sales of goods		8,993	2,797
Rental income from operating leases		69	39
Services income from operating leases		69	39
Purchase of goods		1,403	175,601
Import and export handling charges		7,381	5,713
Rental payment in respect of the recognised lease liabilities (net of VAT)		13,342	13,529
Interest expenses	(i)	918	1,726
Net increase in non-interest-bearing advances received from related parties	(ii)	88,780	90,140
Net increase in loans received from related parties	(iii)	3,476	22,798

Notes:

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

(ii) The amounts are unsecured and have no fixed terms of repayment.

(iii) The loans are unsecured, bear interest ranging from 0% to 7% (2020: 0%) per annum and are repayable before February 2023 (2020: February 2021).

As disclosed in Note 24, certain of the Group's bank and other loans were guaranteed by shareholders of the Company, directors of the Company, close family members of a shareholder of the Company and/or companies under the control of shareholders of the Company.

(b) During the year ended 31 March 2020, the Group recognised sales agency fee of RMB2,175,000 from a customer which has common management personnel with a subsidiary of the Group.

(c) 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:

	2021 RMB'000	2020 RMB'000
Short-term employee benefits	5,161	6,033
Contributions to defined contribution retirement plans	72	123
	5,233	6,156

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

29 COMMITMENTS

At 31 March 2021, the outstanding capital commitments of the Group not provided for in the consolidated financial statements were as follows:

	2021 RMB'000	2020 RMB'000
Commitments in respect of plant and machinery		
– Contracted for	724	85

30 CONTINGENT LIABILITIES

(a) **Assets pledged**

At 31 March 2021, the Group pledged certain leasehold land and buildings and investment properties to secure bank loans borrowed by a third party company. The carrying values of the leasehold land and buildings and investment properties are analysed as follows:

	2021 RMB'000
Leasehold land and buildings	2,683
Investment properties	12,800
	15,483

As at the end of the reporting period, the directors of the Company do not consider it probable that a claim will be made against the Group under the pledge. The exposure of the Group at 31 March 2021 under the pledge is RMB29,500,000, being the banking facility granted by bank to the third party company.

(b) **Financial guarantees issued**

In addition to the disclosure in Note 30(a), the Group has provided guarantees to some of its customers' lenders in relation to these customers' banking facilities and bank loans amounting to RMB2,623 million as at 31 March 2021 (2020: RMB2,187 million). As at 31 March 2021, bank loans of RMB1,299 million out of the abovementioned guarantees were defaulted. Included in these bank loans were RMB100 million the banks of which have commenced litigations against the borrowers and the guarantors, including the subsidiaries of the Group, for repaying the outstanding loans. The Group estimated the expected credit loss and provision of RMB336,893,000 was made against the guarantees granted by the Group as of 31 March 2021 (31 March 2020: RMB40,560,000).

(c) **Litigations**

In addition to the litigations commenced by banks against subsidiaries of the Group as disclosed in Notes 22(iii), 24 and 30(b), there are other litigations against the Group. For those other litigations that the courts have made the ruling, the Group has made provisions in accordance with the courts' ruling. Up to the date of approval of these consolidated financial statements, the exposure under these other litigations that the courts have not yet made a ruling amounted to RMB5.1 million. The management considers the likelihood of compensation to be low and therefore no provision was provided.

31 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 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.

Except for the pledges of certain of the Group's properties for bank loans drawn by a company and the financial guarantees given by the Group as set out in Note 30, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these guarantees is disclosed in Note 30.

Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

The Group has no significant concentration of credit risk in industries or countries in which the debtors operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual debtors. At the end of the reporting period, 70.6% (2020: 24.4%) and 86.3% (2020: 73.7%) 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 at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As at 31 March 2020, as the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. During the year ended 31 March 2021, due to the adverse business environment encountered by the market participants of parallel imported car business in the PRC as a result of CHINA VI, the COVID-19 outbreak and the intensified tension caused by the ongoing trade issues between the United States and the PRC, the Group's assess the credit risk and ECLs separately for trade receivables of automotive business and non-automotive business segments.

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

(a) Credit risk (continued)

Trade receivables (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 March 2021:

Automotive business:

	2021		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	60.06%	109,188	(65,577)
More than 90 days past due	100.00%	415	(415)
		109,603	(65,992)

Non-automotive business:

	2021		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	0.25%	422,371	(1,072)
1 - 30 days past due	0.51%	3,944	(20)
31 - 90 days past due	1.68%	119	(2)
More than 90 days past due	64.65%	6,371	(4,119)
		432,805	(5,213)

The Group

	2020		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	0.20%	152,554	(313)
1 - 30 days past due	0.26%	7	(0)
31 - 90 days past due	0.63%	14	(0)
More than 90 days past due	99.67%	21,247	(21,176)
		173,822	(21,489)

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

(a) Credit risk (continued)

Trade receivables (continued)

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.

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

	2021 RMB'000	2020 RMB'000
Balance at 1 April	25,043	2,868
Impairment losses recognised during the year	79,144	19,138
Amounts written off during the year	(32,982)	–
Addition through acquisition of subsidiaries	–	3,037
At 31 March	71,205	25,043
Reclassified as assets of disposal group classified as held for sale		(3,554)
Balance of the remaining group		21,489

Other receivables and financial guarantee granted

To determine ECLs for other receivables and financial guarantee granted, the Group considers changes in the risk of default of the specified debtor since the initial recognition of other receivables or issuance of the guarantee.

The Group recognises a loss allowance for other receivables and financial guarantee granted 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.

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

(a) Credit risk (continued)

Other receivables and financial guarantee granted (continued)

The following table presents the carrying amount of other receivables and financial guarantee granted 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:

	2021							
	Other receivables				Financial guarantee granted			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Gross carrying amounts	137,579	544,991	1,201,859	1,884,429	–	–	–	–
Loss allowance	(80,227)	(519,991)	(914,880)	(1,515,098)	(68,069)	(24,747)	(244,077)	(336,893)
Carrying amount	57,352	25,000	286,979	369,331	(68,069)	(24,747)	(244,077)	(336,893)

	2020	
	Other receivables Stage 1 RMB'000	Financial guarantee granted Stage 1 RMB'000
Gross carrying amounts	1,342,775	–
Loss allowance	(25,907)	(40,560)
	1,316,868	(40,560)
Reclassified as assets of disposal group classified as held for sale	(18,671)	–
Carrying amount of the remaining group	1,298,197	(40,560)

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

(a) Credit risk (continued)

Other receivables and financial guarantee granted (continued)

The movement in the allowance for impairment for other receivables and financial guarantee granted during the year was as follows:

	2021			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Balance at 1 April	66,467	–	–	66,467
Transfer to Stage 2	(12,564)	12,564	–	–
Transfer to Stage 3	(18,979)	–	18,979	–
Net remeasurement of loss allowance	115,599	532,174	1,139,978	1,787,751
Amount written off during the year	(2,227)	–	–	(2,227)
Balance at 31 March	148,296	544,738	1,158,957	1,851,991

	2020 Stage 1 RMB'000
Balance at 1 April	6,893
Net remeasurement of loss allowance	44,122
Addition through acquisition of subsidiaries	21,652
Decrease from disposal of a subsidiary	(6,200)
	66,467
Reclassified as assets of disposal group classified as held for sale	(226)
Balance at 31 March of the remaining group	66,241

During the year ended 31 March 2021, due to the adverse business environment encountered by the market participants of parallel imported car business in the PRC as a result of CHINA VI, the COVID-19 outbreak and the intensified tension caused by the ongoing trade issues between the United States and the PRC, the credit risk of receivables from and guarantee granted to the lenders of the Group's customers in the parallel imported car business increase significantly. As a result, addition provision for expected credit loss is provided during the year ended 31 March 2021.

A debtor of the Group has pledged its property with a value of RMB193 million to secure a bank loan of the Group of RMB357 million as at 31 March 2021. Certain debtors have provided assets of approximately RMB238 million as counter-guarantee for the outstanding balances.

(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.

31 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 bank's 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.

	2021 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	1,104,345	–	–	–	1,104,345	1,104,345
Bank and other loans	2,425,461	93,794	157,894	–	2,677,149	2,576,244
Promissory note	–	337,680	–	–	337,680	314,743
Lease liabilities	13,698	13,891	14,664	7,076	49,329	42,335
	3,543,504	445,365	172,558	7,076	4,168,503	4,037,667
Adjustments to disclose cash flows on bank loans based on lender's right to demand repayment	92,844	(51,383)	(48,638)	–	(7,177)	
	3,636,348	393,982	123,920	7,076	4,161,326	

	2020 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	Total RMB'000	Carrying amount at 31 March RMB'000
Trade and other payables measured at amortised cost	1,128,519	–	–	1,128,519	1,128,519
Bank and other loans	943,293	54,129	100,021	1,097,443	1,060,675
Promissory note	–	–	365,680	365,680	323,385
	2,071,812	54,129	465,701	2,591,642	2,512,579
Adjustments to disclose cash flows on bank loans based on lender's right to demand repayment	139,740	(54,129)	(100,021)	(14,410)	
	2,211,552	–	365,680	2,577,232	

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

(c) Interest rate risk

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 promissory note at the end of the reporting period.

	2021		2020	
	Effective interest rate %	RMB'000	Effective interest rate %	RMB'000
Fixed rate borrowings:				
Bank and other loans	7.0%	2,377,560	9.8%	1,060,675
Promissory note	5.4%	314,743	5.4%	323.385
Variable rate borrowings:				
Bank and other loans	5.2%	198,684		–
Total borrowings		2,890,987		1,384,060
Fixed rate borrowings as a percentage of total borrowings		93%		100%

(d) Currency risk

The Group is exposed to currency risk primarily through sales, purchases, borrowings and business combination which give rise to receivables, payables, loans, promissory note, 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$, RMB, HK$, CAD and EUR. 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.

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

(d) Currency risk (continued)

(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.

	2021 Exposure to foreign currencies	
	US$ RMB'000	HK$ RMB'000
Cash and cash equivalents	1,526	5,310
Trade and other payables	–	(261,231)
Bank and other loans	–	(7,171)
Bond payable	–	(8,442)
Promissory note	–	(314,743)
Lease liabilities	–	(410)
Gross exposure arising from recognised assets and liabilities	1,526	(586,687)

	2020 Exposure to foreign currencies	
	US$ RMB'000	HK$ RMB'000
Cash and cash equivalents	76	209
Trade and other payables	–	(280,516)
Bank and other loans	–	(7,766)
Promissory note	–	(323,385)
Lease liabilities	–	(253)
Gross exposure arising from recognised assets and liabilities	76	(611,711)

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

(d) Currency risk (continued)

(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.

	2021		2020	
	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in loss after tax and increase/ (decrease) in accumulated losses RMB'000	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in loss after tax and increase/ (decrease) in accumulated losses RMB'000
US$	10%	127	10%	8
	(10%)	(127)	(10%)	(8)
HK$	10%	(48,988)	10%	(61,171)
	(10%)	48,988	(10%)	61,171

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.

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 2020.

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

(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 4.8% to 5.6% for the year end 31 March 2021. The fair value measurement is negatively correlated to the discount rate. As at 31 March 2021, it is estimated that with all other variables held constant, an increase/decrease in the discount rate by 5% would have increased/decreased the Group's loss after tax by RMB3,320,000.

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

	2021 RMB'000	2020 RMB'000
Financial assets at FVPL		
At 1 April	1,091,363	786,758
Payment for purchases	800,000	1,078,910
Changes in fair value recognised in profit during the year	(9,773)	8,495
Proceeds from sales	(998,980)	(782,800)
At 31 March	882,610	1,091,363
Reclassified as assets of disposal group classified as held for sale		(1,091,363)
Balance of the remaining group		–

(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 2021 and 2020.

32 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

At 31 March 2021

(Expressed in RMB)

	Note	2021 RMB'000	2020 RMB'000
Non-current assets			
Property, plant and equipment		614	228
Investments in subsidiaries		849,472	2,323,080
		850,086	2,323,308
Current assets			
Other receivables		14,526	8,755
Cash and cash equivalents		5,310	262
		19,836	9,017
Current liabilities			
Other payables		264,056	284,135
Other loans		15,613	7,766
		279,669	291,901
Net current liabilities		(259,833)	(282,884)
Non-current liabilities			
Promissory note	23	314,743	323,385
NET ASSETS		275,510	1,717,039
CAPITAL AND RESERVES	27		
Share capital		69,888	69,888
Reserves		205,622	1,647,151
TOTAL EQUITY		275,510	1,717,039

(Expressed in RMB unless otherwise indicated)

33 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, two subsidiaries of the Group sold certain properties which are retail stores located in the Mainland China to certain third parties, with an aggregate net book value of RMB12,900,000 included in "Property, plant and equipment" and RMB109,100,000 included in "Investment properties", at a total consideration of RMB139,000,000.

34 COMPARATIVE FIGURES

As explained in Note 1, the comparative consolidated statement of profit or loss and the related notes have been re-presented as the manufacturing and trading segment, retail segment, wholesale segment and investments holding segment were ceased to be classified as discontinued operations during the year ended 31 March 2021. The consolidated statement of financial position was not re-presented.

35 IMMEDIATE AND ULTIMATE HOLDING COMPANY

The directors of the Company consider that the Company has no controlling shareholder at 31 March 2021.

36 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2021

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 March 2021 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
Amendment to HKFRS 16, *Covid-19-Related Rent Concessions beyond 30 June 2021*	1 April 2021
Annual Improvements to HKFRSs 2018-2020	1 January 2022
Amendments to HKFRS 3, *Reference to the Conceptual Framework*	1 January 2022
Amendments to HKAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*	1 January 2022
Amendments to HKAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Amendments to HKAS 1, *Classification of Liabilities as Current or Non-current*	1 January 2022
HKFRS 17, *Insurance contracts*	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2, *Disclosure of Accounting Policies*	1 January 2023
Amendments to HKAS 8, *Definition of Accounting Estimates*	1 January 2023
Amendments to HKAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to HKFRS 10 and HKAS 28, *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 2021 are as follows:

Location	Term of lease	Use
Tianjin Binhai International Automobile City, No. 86 Tianbao Avenue, Binhai New District, Tianjin, The PRC	Long-term	A vehicle convention and logistics for rental
Cali Building, No. 188 Tianbao Avenue, Binhai New District, Tianjin, The PRC	Long-term	A office cum retail for rental
JoySun Department Store Jiangdong,* 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 Jiangshan,* No. 26 Renmin Road, Jiangshan 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 Hengxi, Renmin Road, Hengxi Town, Yinzhou District, Ningbo, Zhejiang Province, The PRC	Long-term	A partial portion of the shopping arcade for rental

SCHEDULE OF INVESTMENT PROPERTIES

Location	Term of lease	Use
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

* The subsidiary of the Company entered into the sale and purchase agreement to sell the properties as disclosed in the Company's announcements on 26 April 2021 and 15 June 2021.

SCHEDULE OF FINANCIAL PRODUCTS

The Company utilized certain idle funds to subscribe for certain financial products from National Trust Company Limited and Daye Trust Co. Ltd.. 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 Directors 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 2021 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 April 2023	50,000	50,323	2,264
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 May 2023	90,000	90,587	3,819
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 June 2023	60,000	60,396	2,230
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 August 2023	80,000	80,529	2,487
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 August 2023	70,000	70,464	2,110
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 August 2023	70,000	70,464	2,053
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 August 2023	60,000	60,398	1,744
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	30 August 2023	59,990	59,847	1,577

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*)	3 September 2020	2 September 2023	59,990	59,845	1,555
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*)	7 September 2020	6 September 2023	59,990	59,843	1,525
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*)	10 September 2020	9 September 2023	49,990	49,866	1,252
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*)	14 September 2020	13 September 2023	49,990	49,864	1,227
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*)	16 September 2020	16 September 2023	39,990	39,888	967
大業信托新江廈(一期)單一資金信托合同 (Daye Trust Xin Jiang Sha (Phase 1) Single Fund Trust Contract*)	大業信托有限公司 (Daye Trust Co., Ltd.*)	31 March 2021	30 March 2022	79,990	80,296	Nil

* 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:

	2021	2020 (Restated) (Note)	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	1,850,030	2,665,845	3,960,034	3,885,647	1,239,692
(Loss)/profit before taxation	(2,508,284)	(144,672)	278,781	(899,067)	(646,436)
Income tax	(42,709)	(9,786)	(68,081)	(39,925)	(10,322)
(Loss)/profit for the year attributable to equity shareholders of the Company	(2,550,993)	(154,458)	210,700	(938,992)	(656,758)
Assets and liabilities					
Total assets	5,125,561	7,947,376	4,305,949	4,680,833	4,037,758
Total liabilities	(5,006,287)	(5,300,204)	(1,993,622)	(4,326,655)	(2,883,672)
Net assets	119,274	2,647,172	2,312,327	354,178	1,154,086

Note: As detailed in note 1 of the financial statements, the Group ceased to classify the non-automotive segments as discontinued operations during the year ended 31 March 2021 and reclassified the non-automotive segments as continuing operations.

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

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