



LISI GROUP (HOLDINGS) LIMITED



(Incorporated in Bermuda with limited liability) (香港證券交易所上市)  
Stock Code 股份代號: 526

Interim Report

● 匯豐

2023/2024

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

Mr LI Lixin (*Chairman*)

Mr CHENG Jianhe

Ms JIN Yaxue

**Independent Non-Executive Directors**

Mr SHIN Yick Fabian

Mr HE Chengying

Mr KWONG Kwan Tong

**AUDIT COMMITTEE**

Mr SHIN Yick Fabian (*Chairman*)

Mr HE Chengying

Mr KWONG Kwan Tong

**REMUNERATION COMMITTEE**

Mr KWONG Kwan Tong (*Chairman*)

Ms JIN Yaxue

Mr SHIN Yick Fabian

**NOMINATION COMMITTEE**

Mr HE Chengying (*Chairman*)

Mr SHIN Yick Fabian

Mr KWONG Kwan Tong

**JOINT COMPANY SECRETARIES**

Ms PANG Yuen Shan Christina

Mr PUN Kam Wai Peter (*Appointed as a joint company secretary on 29 November 2023*)

**COMPLIANCE ADVISER**

VBG Capital Limited

(*Appointed on 1 August 2023*)

**REGISTERED OFFICE**

Clarendon House

2 Church Street

Hamilton

HM11, Bermuda

**HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS**

Office 6, 2/F.

International Enterprise Centre 3

No. 18 Tai Chung Road, Tsuen Wan

New Territories, Hong Kong

**AUDITOR**

KPMG

Public Interest Entity Auditor

registered in accordance with the

Accounting and Financial Reporting

Council Ordinance

**PRINCIPAL BANKERS**

Agricultural Bank of China, Yinzhou Branch,  
the People's Republic of China (the "PRC")

Bank of Communications,

Hong Kong and Ningbo Branches, PRC

Bank of Hangzhou, Ningbo Branch, PRC

Bank of Ningbo, PRC

The Hongkong and Shanghai Banking  
Corporation Limited

**PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

MUFG Fund Services (Bermuda) Limited

4th Floor North, Cedar House

41 Cedar Avenue

Hamilton HM12

Bermuda

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

Tricor Secretaries Limited

17/F., Far East Finance Centre

16 Harcourt Road

Hong Kong

**STOCK CODE**

Hong Kong Stock Code: 526

**COMPANY'S WEBSITE**

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

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2023 – unaudited

(Expressed in Renminbi (“RMB”))

		Six months ended 30 September	
	Note	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Continuing Operations</b>			
<b>Revenue</b>	4	1,334,269	1,277,444
Cost of sales		(961,055)	(933,359)
<b>Gross profit</b>	4(b)	373,214	344,085
Other income	5	142,918	8,233
Selling and distribution expenses		(49,066)	(49,204)
Administrative expenses		(59,264)	(63,864)
<b>Profit from operations</b>		407,802	239,250
Finance costs	6(a)	(19,364)	(26,770)
Net valuation loss on investment properties		(19,559)	(3,918)
Impairment losses on financial assets and contract assets	6(c)	(5,914)	(2,601)
<b>Profit before taxation</b>	6	362,965	205,961
Income tax	7	(69,774)	(37,195)
Profit for the period from Continuing Operations		293,191	168,766
<b>Discontinued Operations</b>			
Profit for the period from Discontinued Operations	9	–	2,067,715
<b>Profit for the period attributable to equity shareholders of the Company</b>		293,191	2,236,481

The notes on pages 12 to 35 form part of this interim financial report.

		<b>Six months ended 30 September</b>	
	<i>Note</i>	<b>2023 RMB'000 (Unaudited)</b>	2022 RMB'000 (Unaudited)
<b>Earnings per share – Basic and diluted (RMB cent)</b>			
	8		
From Continuing Operations		3.6	2.1
From Discontinued Operations		–	25.7
		<b>3.6</b>	<b>27.8</b>

The notes on pages 12 to 35 form part of this interim financial report.

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

For the six months ended 30 September 2023 – unaudited  
(Expressed in RMB)

	<b>Six months ended 30 September</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Profit for the period</b>	<b>293,191</b>	2,236,481
<b>Other comprehensive income for the period (after tax and reclassification adjustments):</b>		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation into presentation currency	<b>(6,910)</b>	(14,155)
<b>Other comprehensive income for the period</b>	<b>(6,910)</b>	(14,155)
<b>Total comprehensive income for the period attributable to equity shareholders of the Company</b>	<b>286,281</b>	2,222,326

The notes on pages 12 to 35 form part of this interim financial report.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023 – unaudited

(Expressed in RMB)

	Note	30 September 2023 RMB'000 (Unaudited)	31 March 2023 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	373,697	434,848
Investment properties		542,592	562,151
Financial assets at fair value through profit or loss ("FVPL")		796,896	803,773
Deferred tax assets		17,098	19,348
		<b>1,730,283</b>	1,820,120
<b>Current assets</b>			
Inventories		309,515	346,003
Trade and other receivables and contract assets	11	1,233,266	922,668
Prepayments	11	171,920	81,013
Restricted cash	12	273,079	247,465
Cash and cash equivalents	13	370,145	453,497
		<b>2,357,925</b>	2,050,646
<b>Current liabilities</b>			
Trade and other payables	14	637,786	712,338
Bank and other loans	15	715,226	758,054
Lease liabilities		12,647	16,541
Income tax payable		85,757	20,294
		<b>1,451,416</b>	1,507,227
<b>Net current assets</b>		<b>906,509</b>	543,419
<b>Total assets less current liabilities</b>		<b>2,636,792</b>	2,363,539

		<b>30 September 2023 RMB'000 (Unaudited)</b>	31 March 2023 RMB'000 (Audited)
	<i>Note</i>		
<b>Non-current liabilities</b>			
Bank and other loans	15	<b>89,990</b>	90,000
Lease liabilities		<b>18,939</b>	22,592
Deferred tax liabilities		<b>166,600</b>	175,965
		<b>275,529</b>	288,557
<b>NET ASSETS</b>		<b>2,361,263</b>	2,074,982
<b>CAPITAL AND RESERVES</b>			
Share capital	16(b)	<b>69,888</b>	69,888
Reserves		<b>2,291,375</b>	2,005,094
<b>TOTAL EQUITY</b>		<b>2,361,263</b>	2,074,982

The notes on pages 12 to 35 form part of this interim financial report.



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023 – unaudited

(Expressed in RMB)

	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Statutory reserve RMB'000	Contributed surplus RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Accumulated (loss)/profit RMB'000	Total equity RMB'000
<b>Balance at 1 April 2022</b>	69,888	2,690,990	1,341	75,070	202,449	5,253	30,340	(3,330,126)	(254,795)
<b>Changes in equity for the six months ended 30 September 2022:</b>									
Profit for the period	-	-	-	-	-	-	-	2,236,481	2,236,481
Other comprehensive income	-	-	-	-	-	(14,155)	-	-	(14,155)
Total comprehensive income for the period	-	-	-	-	-	(14,155)	-	2,236,481	2,222,326
Appropriation to reserves	-	-	-	-	-	-	-	-	-
<b>Balance at 30 September 2022</b>	69,888	2,690,990	1,341	75,070	202,449	(8,902)	30,340	(1,093,645)	1,967,531

The notes on pages 12 to 35 form part of this interim financial report.

	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Statutory reserve RMB'000	Contributed surplus RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Accumulated (loss)/profit RMB'000	Total equity RMB'000
<b>Balance at 1 October 2022</b>	69,888	2,690,990	1,341	75,070	202,449	(8,902)	30,340	(1,093,645)	1,967,531
<b>Changes in equity for the six months ended 31 March 2023:</b>									
Profit for the period	-	-	-	-	-	-	-	100,998	100,998
Other comprehensive income	-	-	-	-	-	6,453	-	-	6,453
Total comprehensive income for the period	-	-	-	-	-	6,453	-	100,998	107,451
Appropriation to reserves	-	-	-	136	-	-	-	(136)	-
Disposal of the Discontinued operations	-	-	-	(25,438)	-	-	-	25,438	-
<b>Balance at 31 March 2023</b>	69,888	2,690,990	1,341	49,768	202,449	(2,449)	30,340	(967,345)	2,074,982
<b>Balance at 1 April 2023</b>									
	69,888	2,690,990	1,341	49,768	202,449	(2,449)	30,340	(967,345)	2,074,982
<b>Changes in equity for the six months ended 30 September 2023:</b>									
Profit for the period	-	-	-	-	-	-	-	293,191	293,191
Other comprehensive income	-	-	-	-	-	(6,910)	-	-	(6,910)
Total comprehensive income for the period	-	-	-	-	-	(6,910)	-	293,191	286,281
Appropriation to reserves	-	-	-	(3,384)	-	-	-	3,384	-
<b>Balance at 30 September 2023</b>	69,888	2,690,990	1,341	46,384	202,449	(9,359)	30,340	(670,770)	2,361,263

The notes on pages 12 to 35 form part of this interim financial report.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2023 – unaudited

(Expressed in RMB)

	Six months ended 30 September	
Note	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Operating activities</b>		
Cash (used in)/generated from operations	(32,557)	219,518
Tax paid	(11,424)	(10,207)
	<b>(43,981)</b>	209,311
<b>Investing activities</b>		
Proceeds from sales of financial assets at FVPL	130	130
Payments for purchase of property, plant and equipment	(57,117)	(85,385)
Proceeds from disposal of property, plant and equipment	65,903	42,163
Disposal of subsidiaries, net of cash disposed of	–	2,565
Interest received	3,618	3,987
Investment income received	19,063	18,993
	<b>31,597</b>	(17,547)

The notes on pages 12 to 35 form part of this interim financial report.

		<b>Six months ended 30 September</b>	
<i>Note</i>	<b>2023 RMB'000 (Unaudited)</b>	<b>2022 RMB'000 (Unaudited)</b>	
<b>Financing activities</b>			
	<b>446,935</b>	507,350	
	<b>(491,360)</b>	(585,720)	
	<b>(18,310)</b>	(73,418)	
	<b>(949)</b>	(1,278)	
	<b>(7,547)</b>	(9,265)	
	<b>(71,231)</b>	(162,331)	
	<b>(83,615)</b>	29,433	
	<b>453,497</b>	320,504	
	<b>263</b>	(14,969)	
<b>Cash and cash equivalents at 30 September</b>	<b>370,145</b>	334,968	13

The notes on pages 12 to 35 form part of this interim financial report.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

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*(Expressed in RMB unless otherwise indicated)*

**1. CORPORATE INFORMATION**

Lisi Group (Holdings) Limited (the “Company”, together with its subsidiaries, the “Group”) 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. As at the date of this report, the Company is an investment holding company and the principal activities of the Group are engaged in manufacturing and trading of household products, operation of supermarkets, wholesale of wine and electrical appliances and investments holding.

**2. BASIS OF PREPARATION**

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

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

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

This interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

3. ACCOUNTING POLICIES

**Changes in accounting policies**

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

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

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

#### 4. REVENUE AND SEGMENT REPORTING

##### (a) Disaggregation of revenue

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

	<b>Six months ended 30 September</b>	
	<b>2023</b>	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
<b><u>Continuing Operations</u></b>		
<b>Revenue from contracts with customers</b>		
<b>    within the scope of HKFRS 15</b>		
Disaggregated by major products of service lines		
– sales of goods	<b>1,192,126</b>	1,169,297
– rendering of services	<b>110,236</b>	67,957
	<b>1,302,362</b>	1,237,254
<b>Revenue from other sources</b>		
– investment income	<b>12,316</b>	22,096
– rental income from operating leases	<b>19,591</b>	18,094
	<b>31,907</b>	40,190
	<b>1,334,269</b>	1,277,444

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

	<b>Six months ended 30 September</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b><u>Continuing Operations</u></b>		
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by timing of revenue recognition		
– Point in time	<b>1,197,697</b>	1,172,986
– Over time	<b>104,665</b>	64,268
	<b>1,302,362</b>	1,237,254

**(b) Segment reporting**

The Group manages its business by lines of business. The Group's reportable segment for the six months ended 30 September 2023 (the "Reporting Period") are presented as follows:

**Continuing Operations**

- Manufacturing and trading: this segment manufactures and trades plastic and metallic household products.
- Retail: this segment manages the supermarket operations and property rental services.
- Wholesale: this segment carries out the wholesale of wine and electrical appliances business, and provides central air-conditioner installation services.
- Investments holding: this segment manages the investments in debt and equity securities.



**Discontinued Operations**

- Car-sale: this segment carries out the trading of imported cars.
  
- Car trading platform: this segment provides imported cars platform services and property rental services.

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

*(i) Segment results*

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

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

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

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 Reporting Period and the six months ended 30 September 2022 is set out below.

	Six months ended 30 September 2023 (Unaudited)									
	Continuing Operations					Discontinued Operations				Total RMB'000
	Manufacturing and trading RMB'000	Retail RMB'000	Wholesale RMB'000	Investments		Car-sale RMB'000	Car trading			
holding RMB'000				Sub-total RMB'000	platform RMB'000		Sub-total RMB'000			
Revenue from external customers	708,906	164,327	448,720	12,316	1,334,269	-	-	-	1,334,269	
Inter-segment revenue	-	-	38,074	-	38,074	-	-	-	38,074	
Reportable segment revenue	708,906	164,327	486,794	12,316	1,372,343	-	-	-	1,372,343	
Reportable segment gross profit	228,082	46,030	86,786	12,316	373,214	-	-	-	373,214	

	Six months ended 30 September 2022 (Unaudited)									
	Continuing Operations					Discontinued Operations				Total RMB'000
	Manufacturing and trading RMB'000	Retail RMB'000	Wholesale RMB'000	Investments		Car-sale RMB'000	Car trading			
holding RMB'000				Sub-total RMB'000	platform RMB'000		Sub-total RMB'000			
Revenue from external customers	751,916	168,931	334,501	22,096	1,277,444	-	749	749	1,278,193	
Inter-segment revenue	4,071	8,525	36,022	-	48,618	-	-	-	48,618	
Reportable segment revenue	755,987	177,456	370,523	22,096	1,326,062	-	749	749	1,326,811	
Reportable segment gross profit	211,669	41,920	68,400	22,096	344,085	-	600	600	344,685	

(ii) Reconciliations of reportable segment revenue

	Six months ended 30 September	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
<b><u>Continuing Operations</u></b>		
Reportable segment revenue	1,372,343	1,326,062
Elimination of inter-segment revenue	(38,074)	(48,618)
Consolidated revenue	<b>1,334,269</b>	1,277,444

5. OTHER INCOME

	Six months ended 30 September	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
<b><u>Continuing Operations</u></b>		
Government grants	6,933	2,918
Interest income on cash at bank	5,096	3,987
Gain/(loss) on disposal of property, plant and equipment	131,573	(48)
Others	(684)	1,376
	<b>142,918</b>	8,233

6. PROFIT BEFORE TAXATION

Continuing Operations

Profit before taxation is arrived at after charging:

(a) Finance costs

	Six months ended 30 September	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
Interest on bank and other borrowings	18,385	25,451
Interest on lease liabilities	949	1,278
Net foreign exchange difference	30	41
Total borrowing costs	<b>19,364</b>	26,770

(b) Staff costs

	Six months ended 30 September	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
Salaries, wages and other benefits	67,463	72,509
Contributions to defined contribution retirement plans	4,430	2,824
	<b>71,893</b>	75,333

## (c) Other items

	Six months ended 30 September	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Cost of inventories	859,913	880,681
Depreciation and amortization		
– owned property, plant and equipment	37,415	35,721
– right-of-use assets	7,873	9,521
Impairment losses on financial assets and contract assets	5,914	2,601
	<b>5,914</b>	<b>2,601</b>

## 7. INCOME TAX

	Six months ended 30 September	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b><u>Continuing Operations</u></b>		
<b>Current taxation:</b>		
– Provision for the six months period	75,282	39,891
– Under/(over)-provision in respect of prior years	1,606	(2,529)
	<b>76,888</b>	<b>37,362</b>
<b>Deferred taxation:</b>		
– Origination and reversal of temporary differences	(7,114)	(167)
	<b>69,774</b>	<b>37,195</b>

Notes:

- (i) Hong Kong Profits Tax rate for the Reporting Period is 16.5% (six months ended 30 September 2022: 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 Reporting Period (six months ended 30 September 2022: RMBNil).

- (ii) The Group established in the Mainland China are subject to PRC Corporate Income Tax rate of 25% for the Reporting Period (six months ended 30 September 2022: 25%). One of the Group's subsidiaries in the Mainland China enjoyed a preferential PRC Corporate Income Tax rate of 15% applicable for enterprise with advanced and new technologies.
- (iii) Subsidiaries incorporated in other jurisdictions are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

## 8. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share for the Reporting Period is based on the profit attributable to ordinary equity shareholders of the Company and the weighted average of 8,044,020,000 ordinary shares (2022: 8,044,020,000 ordinary shares) in issue during the Reporting Period.

	30 September 2023			30 September 2022		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit for the period attributable to equity shareholders of the Company	293,191	-	293,191	168,766	2,067,715	2,236,481

### (b) Diluted earnings per share

There were no potential dilutive ordinary shares from Continuing Operations and Discontinued Operations during the Reporting Period (six months ended 30 September 2022: Nil).

**9. DISCONTINUED OPERATIONS**

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

The Disposal Group represented (i) the Car-sale segment and (ii) the Car trading platform segment (collectively, the “Discontinued Operations”). Accordingly, the consolidated results of the Discontinued Operations for the period from 1 April 2022 to 21 June 2022 have been presented as Discontinued Operations in the condensed consolidated financial statements in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations and the comparative figures of the condensed consolidated statement of profit or loss and corresponding notes have showed the Discontinued Operations separately from Continuing Operations.

9(a). RESULTS OF THE DISCONTINUED OPERATIONS

	For the period from 1 April 2022 to 21 June 2022 RMB'000 (Audited)
Revenue	749
Administrative expenses	(821)
Finance costs	(52,310)
Impairment losses on financial assets and guarantee contracts	<u>(3,216)</u>
<b>Loss before taxation</b>	(55,598)
Income tax	<u>(1,045)</u>
<b>Loss for the period from Discontinued Operations</b>	(56,643)
Net gain on disposal of the Discontinued Operations	<u>2,124,358</u>
<b>Gain from Discontinued Operations</b>	<u><u>2,067,715</u></u>

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

	At 31 March 2023 RMB'000
Net cash generated from/(used in) operating activities	4
Net cash generated from investing activities	–
Net cash used in financing activities	<u>–</u>
<b>Net cash inflow/(outflow)</b>	<u><u>4</u></u>



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

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

10. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group acquired items of property, plant and equipment with a cost of RMB50.5 million (six months ended 30 September 2022: RMB55.7 million). Items of property, plant and equipment with a net book value of RMB65.9 million were disposed during the Reporting Period (six months ended 30 September 2022: RMB41.9 million).

11. TRADE AND OTHER RECEIVABLES, CONTRACT ASSETS AND PREPAYMENTS

	At 30 September 2023 RMB'000 (Unaudited)	At 31 March 2023 RMB'000 (Audited)
Trade receivables from:		
– Third parties	150,263	141,304
– Companies under the control of a shareholder of the Company (Note (i))	782,760	578,552
Bills receivable	–	293
	<b>933,023</b>	720,149
Less: loss allowance	(23,323)	(23,165)
	<b>909,700</b>	696,984
Amounts due from companies under the control of a shareholder of the Company (Note (ii))	333	1,006
Other receivables	34,195	45,013
Less: loss allowance	(6,578)	(1,525)
	<b>27,617</b>	43,488
Financial assets measured at amortised cost	<b>937,650</b>	741,478
Compensation for land resumption	<b>91,372</b>	–
Deposits:		
– Deposits for operating leases expenses paid to third parties	5,900	5,209
– Others	7,625	15,300
	<b>13,525</b>	20,509
Trade and other receivables (Note (iii))	<b>1,042,547</b>	761,987
Contract assets (Note (iv))	<b>190,719</b>	160,681
	<b>1,233,266</b>	922,668
Prepayments:		
– Prepayments to suppliers	160,529	76,905
– Others	11,391	4,108
	<b>171,920</b>	81,013

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

#### 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:

	<b>At 30 September 2023 RMB'000 (Unaudited)</b>	At 31 March 2023 RMB'000 (Audited)
Within 1 month	<b>163,205</b>	123,042
More than 1 month but less than 3 months	<b>286,755</b>	214,006
Over 3 months	<b>459,740</b>	359,643
	<b>909,700</b>	696,691

**12. RESTRICTED CASH**

The restricted cash included pledged deposits for issuance of bank loans, bills, security performance and other restricted cash.

**13. CASH AND CASH EQUIVALENTS**

	At <b>30 September 2023</b> <i>RMB'000</i> <b>(Unaudited)</b>	At 31 March 2023 <i>RMB'000</i> (Audited)
Cash at bank and on hand	<b>370,145</b>	453,497

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

14. TRADE AND OTHER PAYABLES

	<b>At 30 September 2023 RMB'000 (Unaudited)</b>	At 31 March 2023 RMB'000 (Audited)
Trade payables to:		
– Third parties	<b>157,472</b>	217,103
– Companies under the control of shareholders of the Company	<b>102,370</b>	115,735
	<b>259,842</b>	332,838
Bills payable	<b>219,952</b>	173,824
	<b>479,794</b>	506,662
Amounts due to companies under the control of shareholders of the Company (Note (i))	<b>49</b>	–
Accrued charges and other payables:		
– Accrued expenses	<b>19,960</b>	24,272
– Payables for staff related costs	<b>75,959</b>	73,420
– Deposits from customers and suppliers:		
– Third parties	<b>8,914</b>	8,851
– Payables for miscellaneous taxes	<b>4,299</b>	2,290
– Others	<b>15,018</b>	8,052
	<b>124,150</b>	116,885
Financial liabilities measured at amortised cost	<b>603,993</b>	623,547
Contract liabilities	<b>33,793</b>	88,791
	<b>637,786</b>	712,338

Note:

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

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

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

	<b>At 30 September 2023 RMB'000 (Unaudited)</b>	<b>At 31 March 2023 RMB'000 (Audited)</b>
Within 1 month	<b>154,396</b>	240,410
Over 1 month but within 3 months	<b>152,001</b>	77,758
Over 3 months but within 6 months	<b>148,116</b>	122,526
Over 6 months	<b>25,281</b>	65,968
	<b>479,794</b>	506,662

#### 15. BANK AND OTHER LOANS

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

	<b>At 30 September 2023 RMB'000 (Unaudited)</b>	At 31 March 2023 RMB'000 (Audited)
Bank loans:		
– Secured and unguaranteed (Note (ii))	<b>541,600</b>	576,600
– Secured and guaranteed (Note (ii), and (iii))	<b>227,990</b>	238,000
	<b>769,590</b>	814,600
Loans from shareholders and companies under the control of shareholders of the Company:		
– Unsecured and unguaranteed (Note (i))	<b>35,626</b>	33,454
	<b>805,216</b>	848,054

Notes:

- (i) At 30 September 2023, the loans from shareholders and companies under the control of shareholders of the Company bearing interest with 2% to 7% per annum (31 March 2023: 2% to 7 %) and are repayable before July 2024 (31 March 2023: March 2024).
- (ii) Certain bank and other loans are secured by the leasehold land and buildings and assets of the Group (Note 15(b)).
- (iii) Bank and other loans of RMB228 million as at 30 September 2023 (31 March 2023: RMB238 million) were guaranteed by a director of the Company, and/or companies under the control of a director of the Company.

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

	At 30 September 2023 <i>RMB'000</i> (Unaudited)	At 31 March 2023 <i>RMB'000</i> (Audited)
Within 1 year or on demand	715,226	758,054
After 1 year but within 2 years	–	–
After 2 years but within 5 years	89,990	90,000
	<b>89,990</b>	90,000
	<b>805,216</b>	848,054

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

- (b) Certain of the Group's loans are secured by the Group's leasehold land and buildings, investment properties and deposits of the Group. The aggregate carrying values of the pledged leasehold land and buildings and investment properties are analysed as follows:

	At 30 September 2023 <i>RMB'000</i> (Unaudited)	At 31 March 2023 <i>RMB'000</i> (Audited)
Leasehold land and buildings	96,190	124,043
Investment properties	391,692	411,966
	<b>487,882</b>	536,009

- (c) At 30 September 2023, the Group's banking facilities amounted to RMB731,000,000 (31 March 2023: RMB756,000,000) were utilised to the extent of RMB663,966,000 (31 March 2023: RMB732,912,000).



## 16. CAPITAL, RESERVES AND DIVIDENDS

### (a) Dividends

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

The directors of the Company did not recommend the payment of an interim dividend for the Reporting Period (six months ended 30 September 2022: RMBNil).

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

No dividend in respect of the previous financial period has been approved during the Reporting Period (six months ended 30 September 2022: RMBNil).

### (b) Share capital

#### Authorised:

Ordinary shares at HK\$0.01 each

Six months ended 30 September 2023		Year ended 31 March 2023	
No. of shares		No. of shares	
'000	HK\$'000	'000	HK\$'000
10,000,000	100,000	10,000,000	100,000

#### Ordinary shares, issued and fully paid:

At 1 April and at 30 September/31 March

Six months ended 30 September 2023		Year ended 31 March 2023	
No. of shares		No. of shares	
'000	RMB'000	'000	RMB'000
8,044,020	69,888	8,044,020	69,888

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

**17. MATERIAL RELATED PARTY TRANSACTIONS**

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

**Transactions with companies under the control of shareholders of the Company**

		<b>Six months ended 30 September</b>	
Note	<b>2023 RMB'000 (Unaudited)</b>	2022 RMB'000 (Unaudited)	
Sales of goods	778	1,153	
Import and export handling charges	6,348	6,704	
Rental payment for operating leases and in respect of the recognised lease liabilities (net of VAT)	8,304	4,223	
Interest expenses	585	488	

Notes:

- (i) Pursuant the import agency agreement and export agency agreement (collectively, the “agreements”) between the Group and the related party, the related party provided import and export agency services to the Group. The gross transaction amount under the agreements amounted to RMB648.5 million (six months ended 30 September 2022: RMB707.3 million).
- (ii) Interest expenses represented interest charges on loans received from related parties.

As disclosed in Note 15, certain of the Group’s bank and other loans were guaranteed by related parties of the Company.

## 18. COMMITMENTS

At 30 September 2023, the outstanding capital commitments of the Group not provided for in the condensed consolidated financial statements were as follows:

	At 30 September 2023 RMB'000 (Unaudited)	At 31 March 2023 RMB'000 (Audited)
Commitments in respect of plant and machinery – Contracted for	2,331	743

## 19. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### (a) Financial assets and liabilities measured at fair value

#### (i) Fair value hierarchy

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

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

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

The fair value of the Group's financial assets at FVPL is determined using the discounted cash flow model and the significant unobservable input used in the fair value measurement is discount rate, ranged from 4.95% to 5.00% for the six months ended 30 September 2023 (year ended 31 March 2023: 3.17% to 3.36%). The fair value measurement is negatively correlated to the discount rate. As at 30 September 2023, it is estimated that with all other variables held constant, an increase/decrease in the discount rate by 5% would have decreased/increased the Group's profit by RMB1,911,000 (year ended 31 March 2023: RMB348,000).

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

	Six months ended 30 September 2023 RMB'000 (Unaudited)	Year ended 31 March 2023 RMB'000 (Audited)
Financial assets at FVPL		
At 1 April	803,773	808,419
Changes in fair value recognised in profit or loss during the period/year	(6,747)	(4,386)
Proceeds from sales	(130)	(260)
	<b>796,896</b>	<b>803,773</b>
At 30 September/31 March		

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values at 30 September 2023 and 31 March 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

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### FINANCIAL HIGHLIGHTS

#### General Information

#### Continuing Operations

The Group's Continuing Operations consist of four segments: (i) manufacturing and trading business; (ii) retail business; (iii) wholesale business; and (iv) investments holding business. These segments collectively recorded revenue of approximately RMB1,334.3 million for the Reporting Period, representing an increase of 4.4% when compared to the revenue of approximately RMB1,277.4 million recorded in the corresponding period last year. The net profit of the Continuing Operations for the Reporting Period amounted to approximately RMB293.2 million when compared to the net profit of approximately RMB168.8 million recorded in the corresponding period last year.

The Group's basic and diluted earnings per share of the Continuing Operations for the Reporting Period were both RMB3.6 cents, while the Group's basic and diluted earnings per share of the Continuing Operations for the corresponding period last year were both RMB2.10 cents.

#### Discontinued Operations

On 6 May 2022, the Group entered into an agreement to sell its Automotive Business, which encompassed the car-sale business and car trading platform business, for a total consideration of HK\$3.0 million (approximately RMB2.6 million). The Disposal was fully completed on 21 June 2022, resulting in a gain on disposal of approximately RMB2,124.4 million that was recognized during the period ended 30 September 2022.

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

### **Net Assets, Liquidity and Financial Resources**

As at 30 September 2023, the Group's net assets increased to approximately RMB2,361.3 million, resulting in a net asset value per share of RMB29.4 cents. The increase in net assets was primarily attributed to the compensation to the Company from the resumption of land by the local government of Ningbo Municipality, the People's Republic of China (the "PRC") (the "Land Resumption"). For the details of the Land Resumption, please be referred to the announcement of the Company dated 24 July 2023.

As at 30 September 2023, the Group's total assets amounted to approximately RMB4,088.2 million, including cash and bank deposits of approximately RMB370.1 million. Bank and other loans amounted to approximately RMB805.2 million. The Group's debt-to-equity ratio (bank loans and other borrowings over total equity) decreased from 40.9% as at 31 March 2023 to 34.1% as at 30 September 2023, such decrease mainly due to the increase in the equity during the Reporting Period.

Most of the Group's business transactions were conducted in RMB and US\$. As at 30 September 2023, the Group's major borrowings included bank loans, which had an outstanding balance of approximately RMB769.6 million. The loans from shareholders was approximately RMB35.6 million. All of the Group's borrowings are denominated in RMB, HK\$, and US\$.

### **Pledge of Assets**

As at 30 September 2023, the Group's leasehold land and buildings and investment properties, with a carrying amount of approximately RMB487.9 million, were pledged as collateral to secure the Group's bank loans and facilities. Bank deposits amounting to approximately RMB273.1 million were pledged as collateral for the Group's bank loans and bills, letter of credit and security performance.

### **Prepayment to Suppliers**

As at 30 September 2023, the balance of prepayment to suppliers was approximately RMB160.5 million. Subsequent to 30 September 2023, the utilization of the prepayment to suppliers was approximately RMB39.7 million or 24.7% of the balance and RMB95.9 million or 59.8% of the balance was refunded.

**Capital Expenditure and Commitments**

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

As at 30 September 2023, the Group had total capital commitments in respect of acquisition of plant and machinery of RMB2.3 million.

**Significant Investments**

As at 30 September 2023, the Group held investments primarily in (i) investment properties of approximately RMB542.6 million, which represented eight properties situated in Ningbo and rented out under operating leases. The investment properties in aggregate constituted approximately 13.3% of the Group's total assets as at 30 September 2023; and (ii) financial assets at fair value through profit or loss of approximately RMB796.9 million, which represented the financial products offered by the National Trust Company Limited ("National Trust"). As at 30 September 2023, the fair value of the financial products in aggregate constituted approximately 19.5% of the Group's total assets. The Group did not hold any other significant investment with a value of 5% or more of the Group's total assets.

**Investment properties**

The Group's investment properties in Ningbo, the PRC, comprising shopping arcade, retail shops, and warehouse, are rented out under operating leases to generate long-term rental yields. These investment properties are measured at fair value on a recurring basis. During the Reporting Period, the Group recorded a valuation loss of approximately RMB19.6 million on its investment properties. As at 30 September 2023, the investment properties were valued at approximately RMB542.6 million, constituting 13.3% of the Group's total assets. As at the date of this report, the Group plans to continue holding these investment properties for long-term rental yields.

### **Financial assets**

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

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

### **Exposure to Foreign-Exchange Fluctuations**

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

As the Government of the PRC 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 PRC Government and the availability of the hedging tools which are appropriate for the operations of manufacturing business in this respect.



**Segment Information**

After the disposal of the Automotive Business, the Group will concentrate its resources and efforts on its remaining business segments, comprising the manufacturing and trading business, retail business, wholesale business, and investment holding business.

In terms of geographical segmentation, the Group's main markets consist of the PRC, Europe, and the United States, which collectively accounted for 97.1% of the Group's total revenue during the Reporting Period. Among these markets, with the PRC contributed 50.6% of the Group's revenue while Europe and the United States contributed 46.5%. The remaining 2.9% was generated from other markets.

**Contingent Liabilities**

The Group had no significant contingent liabilities as at 30 September 2023.

**Employee Information**

As at 30 September 2023, the Group have a workforce of 1,832 employees who work at the chain stores, offices and factories situated in Hong Kong and the PRC. The Group provided its employees with competitive remuneration packages that were aligned with their responsibilities, qualifications, experience, and performance. In addition to offering competitive compensation, the Group provided its employees with opportunities for continuing professional development, including providing management skills workshops, practical seminars for knowledge updates, on-the-job training, and safety training programs.

**Review of Operations**

During the Reporting Period, the Group recorded a net profit of approximately RMB293.2 million, compared to a net profit of approximately RMB2,236.5 million in the corresponding period last year. This significant decrease of the net profit was attributed primarily to the disposal of the Automotive Business in 2022, which resulted in a gain on disposal of approximately RMB2,124.4 million in the corresponding period last year.

**Revenue from the Continuing Operations**

During the Reporting Period, the Group recorded revenue from the Continuing Operations of approximately RMB1,334.3 million, representing an increase of 4.4% when compared with the revenue of approximately RMB1,277.4 million recorded for the corresponding period last year.

### ***Manufacturing and Trading Business***

During the Reporting Period, the manufacturing and trading business segment generated revenue of approximately RMB708.9 million, representing a decrease of 5.7% compared to the corresponding period last year's revenue of approximately RMB751.9 million. The decrease in revenue in this segment is mainly due to the severe competition in overseas markets as a result of the easing of pandemic control measures by various countries after the pandemic. In addition to cost-cutting measures, the management team of the Group will continuously make efforts to consolidate our established customer base and explore other opportunities in the market.

### ***Retail Business***

The revenue in the Group's retail business for the Reporting Period decreased by 2.7% to approximately RMB164.3 million, compared to approximately RMB168.9 million in the corresponding period last year. The main reason for the decline in revenue was attributed to the heightened market competition posed by e-commerce platforms and major supermarket chains.

### ***Wholesale Business***

The revenue in the Group's wholesale business increased by 34.1% to approximately RMB448.7 million, compared to approximately RMB334.5 million in the corresponding period last year. The wholesale business in wines and beverages decrease slightly, while the electrical appliances segment, particularly heating, ventilation, and air conditioning (HVAC), recorded a well increase in revenue. This achievement can be attributed to the Group's collaboration with large property companies, which helped to drive growth in this segment.

### ***Investments Holding Business***

The Group's investment income decreased by 44.3% to approximately RMB12.3 million during the Reporting Period, compared to approximately RMB22.1 million in the corresponding period last year.

### **Revenue from the Discontinued Operation**

#### ***Car-sale business and car trading platform business***

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

**PROSPECTS****Strengthening our competence and competitiveness in the Manufacturing and Trading Business**

Despite the challenging and volatile market environment following the COVID-19 outbreak, the Group committed to prioritizing cost control measures and concentrating on higher-margin products and customers to enhance its business and financial performance. The Group will continue to implement cost control measures, such as streamlining management sales resources and making structural changes in procurement and manufacturing planning.

Furthermore, the Group will maintain its focus on developing and introducing new products to meet the evolving needs of its diverse customer base. The Group will also expand its customer base in both existing and emerging markets, with the aim of achieving continuous growth and enhancing its overall performance.

**Optimization of retail business and expansion of the wholesale business with growth potential**

Through the optimization of the product structure and enhancement of product display in supermarket, including dedicated sections for local characteristic products, new arrivals, and discounted items, the diverse shopping habits and preferences of our customers can be satisfied. Furthermore, the direct sourcing of fresh food from source suppliers allows us to lower the costs while delivering products with superior quality and value to consumers.

The Group's wholesale business segment, specifically the heating, ventilation, and air-conditioning (HVAC) wholesale business, is still growing with the effective sales strategy and efforts of the business team. To further expand this business segment into various regions across the country, the Group will adopt a long-term approach by collaborating with large and well-established real estate developer. The Group is optimistic that this business segment will be expanded continuously and to have a well performance.

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

## OTHER INFORMATION

### **DIRECTOR'S AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

<b>Name</b>	<b>Capacity</b>	<b>Number of shares/ underlying shares (Note 1)</b>	<b>Approximate percentage of the issued share capital of the Company</b>
Mr. Li Lixin	Note 2	2,755,137,680 (L) 1,687,282,681 (S)	34.25% 20.98%

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

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

Save as disclosed above, none of the Directors and chief executive of the Company nor their associates had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them has taken or deemed to have taken under the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein, or which would be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange as at 30 September 2023.

## SUBSTANTIAL SHAREHOLDERS

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%
		893,521,680 (S)	11.11%
Shi Hui Holdings Limited	Beneficial owner	1,355,174,666 (L)	16.85%
		793,761,001 (S)	9.87%
Central Huijin Investment Limited	Person having a security interest in shares/interest in controlled corporation	1,815,343,680 (L)	22.57%
China Construction Bank Corporation	Person having a security interest in shares/interest in controlled corporation	1,815,343,680 (L)	22.57%
Cheng Weihong	Interest in controlled corporation	1,849,407,702 (L)	22.99%
		398,000,000 (S)	4.95%
Tong Shipping	Interest of spouse	1,849,407,702 (L) 398,000,000 (S)	22.99% 4.95%
Mighty Mark Investments Limited	Beneficial owner	956,407,702 (L)	11.89%
Poly Platinum Enterprises Limited	Beneficial owner/Person having a security interest in shares	933,000,000 (L)	11.60%
Greater Bay Area Homeland Development Fund (GP) Limited	Person having a security interest in shares/interest in controlled corporation	933,000,000 (L)	11.60%

Name	Capacity	Number of shares/ underlying shares (Note)	Approximate percentage of the issued share capital of the Company
Greater Bay Area Homeland Investments Limited	Person having a security interest in shares/interest in controlled corporation	933,000,000 (L)	11.60%
Hopeful Glad Limited	Beneficial owner	893,000,000 (L) 398,000,000 (S)	11.10% 4.95%

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

Save as disclosed herein, as at 30 September 2023, the Directors are not aware of any other persons (not being a Director or chief executive of the Company) who had or was deemed to have any interests or short positions in the shares or underlying shares which was required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

#### **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 Reporting Period.

#### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company is committed to striving good corporate governance practices and emphasising on transparency and accountability to its shareholders and stakeholders for enhancing investor confidence. Throughout the Reporting Period, the Company has adopted and complied with all the code provisions as set out in the Corporate Governance Code as set forth in Appendix 14 to the Listing Rules, save and except for the deviations from code provision C.2.1.

##### **Code provision C.2.1**

Code provision C.2.1 stipulates that, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Li Lixin is the chairman of the Group. As at the date of this report, the role of chief executive officer remains vacant. The Company is continually looking for a suitable person to assume this role.

**AUDIT COMMITTEE**

The Company has an audit committee (the “Audit Committee”) which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee consists of three members, namely Mr. He Chengying, Mr. Shin Yick Fabian and Mr. Kwong Kwan Tong, all of them are independent non-executive Directors. The chairman of the Audit Committee is Mr. Shin Yick Fabian. The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2023 have been reviewed by the Audit Committee. The Audit Committee is of the view that such results are prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

**MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as the code of conduct regarding Directors’ securities transactions. Upon specific enquiries being made with all the Directors, each of them have confirmed that they have fully complied with the required standards set out in the Model Code throughout the Reporting Period in relation to their securities dealings.

**INTERIM DIVIDEND**

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2023.

**PUBLICATION OF THE FURTHER INFORMATION**

The 2023/2024 interim report of the Company will be published on the websites of both the Stock Exchange and the Company and shall be dispatched to shareholders of the Company in a timely manner.

By Order of the Board

**Li Lixin**

*Chairman and Executive Director*

Hong Kong, 29 November 2023



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

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