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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)

(Stock Code: 526)

ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2021
AND
RESUMPTION OF TRADING

ANNUAL RESULTS

The board of directors (the “Directors”) of China Automobile New Retail (Holdings) Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2021 together with comparative figures of the previous corresponding year are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2021

(Expressed in Renminbi (“RMB”))

	<i>Note</i>	2021 RMB’000	2020 RMB’000 (Restated) (Note 1)
Revenue	4	1,850,030	2,665,845
Cost of sales		<u>(1,529,930)</u>	<u>(2,164,445)</u>
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		(195,707)	(152,283)
Impairment loss on property, plant and equipment		–	(59,821)
Impairment loss on goodwill	10	(396,464)	(283,302)
Net gain on acquisition of subsidiaries		–	258,235
Loss before taxation	6	(2,508,284)	(144,672)
Income tax	7	<u>(42,709)</u>	<u>(9,786)</u>
Loss for the year		<u><u>(2,550,993)</u></u>	<u><u>(154,458)</u></u>
Loss per share (RMB cent)			
– Basic and diluted	8	<u><u>(31.71)</u></u>	<u><u>(1.96)</u></u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

(Expressed in RMB)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021
(Expressed in RMB)

	<i>Note</i>	2021 RMB'000	2020 RMB'000 <i>(Note 1)</i>
Non-current assets			
Property, plant and equipment		505,392	86,863
Investment properties		2,005,840	1,541,547
Goodwill	10	–	396,464
Financial assets at fair value through profit or loss (“FVPL”)		802,314	–
Deferred tax assets		15,284	3,054
		3,328,830	2,027,928
Current assets			
Inventories		180,197	280,178
Trade and other receivables	11(a)	860,616	1,454,486
Prepayments	11(b)	148,447	617,637
Financial assets at FVPL		80,296	–
Restricted cash		194,437	242,627
Cash and cash equivalents		332,738	17,305
		1,796,731	2,612,233
Assets of disposal groups classified as held for sale	9	–	3,307,215
		1,796,731	5,919,448
Current liabilities			
Trade and other payables	12	1,493,412	1,461,735
Bank and other loans	13	2,480,464	1,060,675
Income tax payable		72,795	27,177
Lease liabilities		13,182	–
		4,059,853	2,549,587
Liabilities of disposal groups classified as held for sale	9	–	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

	<i>Note</i>	2021 RMB'000	2020 <i>RMB'000</i> <i>(Note 1)</i>
Non-current liabilities			
Promissory notes		314,743	323,385
Bank and other loans	13	95,780	–
Lease liabilities		29,153	–
Deferred tax liabilities		506,758	315,250
		<u>946,434</u>	<u>638,635</u>
NET ASSETS		<u>119,274</u>	<u>2,647,172</u>
CAPITAL AND RESERVES			
Share capital		69,888	69,888
Reserves		49,386	2,577,284
TOTAL EQUITY		<u>119,274</u>	<u>2,647,172</u>

NOTES

1 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”).

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 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

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 note accordingly. The comparative statement of financial position is not re-presented as a result of the change in assessment. The Proposed Disposal was terminated on 1 June 2021.

2 BASIS OF PREPARATION

The measurement basis used in the preparation of the financial statements is the historical cost basis except for financial assets at FVPL and investment properties which are stated at their fair values.

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 payables of RMB1,023 million were not settled or renewed at 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 15(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.

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;
- (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 Shipping, 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.

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA 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*

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 of 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.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

(i) Disaggregation of revenue

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

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

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (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
	<u>1,743,136</u>	<u>2,542,824</u>

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.

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 <i>RMB'000</i>	2020 <i>RMB'000</i> (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
	<u>230,745</u>	<u>277,389</u>

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.

(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						Total RMB'000
	Car-sale RMB'000	Car trading platform RMB'000	Manufacturing and trading RMB'000	Retail RMB'000	Wholesale RMB'000	Investments holding 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	<u>136,663</u>	<u>35,740</u>	<u>834,482</u>	<u>515,608</u>	<u>366,282</u>	<u>40,761</u>	<u>1,929,536</u>
Reportable segment (loss)/profit	<u>(162,325)</u>	<u>7,067</u>	<u>217,754</u>	<u>148,857</u>	<u>67,986</u>	<u>40,761</u>	<u>320,100</u>
	2020						
(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
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	<u>1,126,341</u>	<u>58,227</u>	<u>645,007</u>	<u>504,722</u>	<u>331,229</u>	<u>47,440</u>	<u>2,712,966</u>
Reportable segment profit	<u>36,899</u>	<u>39,269</u>	<u>166,858</u>	<u>134,029</u>	<u>76,905</u>	<u>47,440</u>	<u>501,400</u>

(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	<u>1,850,030</u>	<u>2,665,845</u>

(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	2020
	<i>RMB'000</i>	<i>RMB'000</i>
		(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
	<u>1,850,030</u>	<u>2,665,845</u>

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	2020
	<i>RMB'000</i>	<i>RMB'000</i>
		(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
	<u>22,081</u>	<u>21,469</u>

6 LOSS BEFORE TAXATION

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

(a) Finance costs

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (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	<u>(47,260)</u>	<u>33,880</u>
	<u>171,014</u>	<u>157,416</u>

(b) Staff costs

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

The employees of the subsidiaries of the Group established in the People's Republic of China (the "PRC") participate in defined contribution retirement benefit schemes managed by the local government authorities, whereby these subsidiaries are required to contribute to the schemes at 14% to 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.

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.

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.

(c) **Other items**

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
Cost of inventories	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
	<u>1,570,562</u>	<u>22,700</u>
Impairment losses on trade and other receivables	1,570,562	22,700
Expected credit losses for financial guarantees issued	296,333	6,222
	<u>1,866,895</u>	<u>28,922</u>

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

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

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (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	<u>42,079</u>	<u>9,786</u>

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 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
	<hr/>	<hr/>
Weighted average number of ordinary shares at 31 March	<u>8,044,020</u>	<u>7,879,636</u>

(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.

9 DISCONTINUED OPERATIONS

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

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.

10 GOODWILL

RMB'000

Cost:

At 1 April 2019	1,373,157
Classified as assets of disposal groups held for sale	<u>(43,313)</u>

At 31 March 2020 and 2021	<u>1,329,844</u>
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Accumulated impairment losses:

At 1 April 2019	(693,391)
Impairment loss	(283,302)
Classified as assets of disposal groups held for sale	<u>43,313</u>

At 31 March 2020	(933,380)
Impairment loss	<u>(396,464)</u>

At 31 March 2021	<u>(1,329,844)</u>
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Carrying amount:

At 31 March 2021	<u><u>–</u></u>
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At 31 March 2020	<u><u>396,464</u></u>
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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	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Manufacturing and trading	–	–
Car-sale	<u>–</u>	<u>396,464</u>
	<u><u>–</u></u>	<u><u>396,464</u></u>

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.

11 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

(a) Trade and other receivables

	31 March 2021 RMB'000	31 March 2020 RMB'000
Trade receivables from:		
– Third parties	209,790	173,822
– Companies under the control of a shareholder of the Company (<i>Note (i)</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 (<i>Note (ii)</i>)	5,529	–
Other receivables (<i>Note (iii)</i>)	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

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).

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

Ageing analysis

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

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
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

(b) Prepayments

	31 March	31 March
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments:		
– Prepayments to suppliers	146,757	613,222
– Others	1,690	4,415
	148,447	617,637

12 TRADE AND OTHER PAYABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade payables to:		
– Third parties	158,996	971
– Companies under the control of shareholders of the Company	48,422	–
	<u>207,418</u>	971
Bills payable (<i>Note (iii)</i>)	147,993	791,999
	<u>355,411</u>	792,970
Amounts due to companies under the control of shareholders of the Company (<i>Note (i)</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	134,614	9,404
– Payables for miscellaneous taxes	28,554	3,593
– Payables for acquisition of subsidiaries	253,282	274,260
– Others (<i>Note (ii)</i>)	154,683	10,002
	<u>713,006</u>	334,785
Financial liabilities measured at amortised cost	1,104,345	1,128,519
Expected credit loss for financial guarantee granted	336,893	40,560
Contract liabilities (<i>Note (ii)</i>)	52,174	292,656
	<u>1,493,412</u>	1,461,735

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 orders during the year.
- (iii) Subsequent to the end of reporting period, bills payable of RMB30,000,000 become 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 payables with the following ageing analysis (based on the invoice date) as of the end of the reporting period:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
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
	<u>355,411</u>	<u>792,970</u>

13 BANK AND OTHER LOANS

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

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

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.
- (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 of which the banks 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) become 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.
- (a) The Group's bank and other loans are repayable as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
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	–
	<u>95,780</u>	<u>–</u>
	<u>2,576,244</u>	<u>1,060,675</u>

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

14 DIVIDENDS

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

15 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	<u>12,800</u>
	<u><u>15,483</u></u>

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 15(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 12(iii), 13 and 15(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.

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.

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.

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.

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

As at 31 March 2021, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

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

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

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

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

Furthermore, no share option had been granted under the Company's share option scheme since its adoption on 31 August 2012 and there 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.

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 <i>(Note)</i>	Approximate percentage of the issued share capital of the Company
Big-Max Manufacturing Co., Limited	Beneficial owner	1,382,141,014 (L)	17.18%
		1,382,111,014 (S)	17.18%
Shi Hui Holdings Limited	Beneficial owner	1,355,174,666 (L)	16.85%
		1,355,173,667 (S)	16.85%
Tong Shipping	Interest of spouse	1,849,407,702 (L)	22.99%
		398,000,000 (S)	4.95%
Mighty Mark Investments Limited	Beneficial owner	956,407,702 (L)	11.89%
Hopeful Glad Limited	Beneficial owner	893,000,000 (L)	11.10%
		398,000,000 (S)	4.95%
Central Huijin Investment Limited	Person having a security interest in shares/interest in controlled corporation	2,573,345,680 (L)	31.99%

Name	Capacity	Number of shares/ underlying shares (Note)	Approximate percentage of the issued share capital of the Company
China Construction Bank Corporation	Person having a security interest in shares/interest in controlled corporation	2,573,345,680 (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

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Year.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with the management the accounting principles and practice adopted by the Group and discussed internal controls, auditing and financial reporting matters including a review of the consolidated financial statements for the Year, in conjunction with the Auditor.

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

In the opinion of the Directors, the Company has complied with the Code of Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules issued by the Stock Exchange of Hong Kong Limited (“the Stock Exchange”) throughout the Year saved for the following:

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, the Company does not have any officer with the title of Chairman and CEO.

Under code provision E1.2 the chairman of the board and the chairmen of the audit, remuneration and nomination committees should attend the annual general meeting. The chairmen of the audit, remuneration and nomination committees of the Company have attended the annual general meeting held during the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issued (the “Model Code”) as set out in Appendix 10 of the Listing Rules issued by the Stock Exchange. All Directors have confirmed that they have complied with the required standard as set out in the Model Code throughout the year ended 31 March 2021.

DISCLOSEABLE TRANSACTION AND MAJOR TRANSACTION

The Group, through two of its subsidiaries, namely 寧波新江廈連鎖超市有限公司 (Ningbo New Joysun Supermarket Chain Limited*) and 寧波新江廈股份有限公司 (Ningbo New Joysun Corp.*) made subscriptions for certain financial products offered by 國民信托有限公司 (National Trust Company Limited*) between March 2020 and September 2020 for an aggregated amount of approximately RMB800,000,000 (the “National Trust Financial Products”).

As one of the applicable percentage ratios for the total subscription amount of financial products with National Trust Company Limited exceed 25% but are less than 75%, the subscriptions of the National Trust Financial Products constituted a major transaction of the Company which are subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Group also made subscription for a financial product offered by 大業信托有限責任公司 (Daye Trust Co. Ltd*) on 30 March 2021 for an amount of approximately RMB80,000,000 (the "Daye Financial Products").

As one of the applicable percentage ratios for the subscription amount of exceed 5% but are less than 25%, the Daye Financial Products, constituted discloseable transaction which are subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

For details, please refer to the announcement of the Company dated 9 June 2021.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position and related notes thereto for the year ended 31 March 2021 as set out in the preliminary announcement have been compared by the Auditor to the amounts set out in the Group's consolidated financial statements for the Year and the amounts were found to be in agreement. The work performed by the Auditor in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by HKICPA and consequently no assurance has been expressed by the Auditor on the preliminary announcement.

PUBLICATION OF THE FURTHER INFORMATION

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

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was halted from 9:00 a.m. on 24 June 2021. Application has been made by the Company to the Stock Exchange for the resumption of trading of the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 7 September 2021.

By Order of the Board
Cheng Jianhe
Director

Hong Kong, 6 September 2021

* *for identification purpose only*

As at the date of this announcement, the Board comprises Mr Li Lixin, Mr Cheng Jianhe and Ms Jin Yaxue being executive directors, Ms Cheng Weihong being non-executive director, Mr He Chengying, Mr Shin Yick Fabian and Mr Kwong Kwan Tong being independent non-executive directors.