



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

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

Interim Report 2022/2023 中期報告

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

Mr LI Lixin (*Chairman, appointed on 12 October 2022*)

Mr CHENG Jianhe

Ms JIN Yaxue

**Non-Executive Director**

Ms CHENG Weihong

(*Resigned on 31 August 2022*)

**Independent Non-Executive Directors**

Mr SHIN Yick Fabian

Mr HE Chengying

Mr KWONG Kwan Tong

**AUDIT COMMITTEE**

Mr SHIN Yick Fabian (*Chairman*)

Mr HE Chengying

Mr KWONG Kwan Tong

**REMUNERATION COMMITTEE**

Mr KWONG Kwan Tong (*Chairman*)

Ms JIN Yaxue

Mr SHIN Yick Fabian

**NOMINATION COMMITTEE**

Mr HE Chengying (*Chairman*)

Mr SHIN Yick Fabian

Mr KWONG Kwan Tong

**COMPANY SECRETARY**

Ms PANG Yuen Shan Christina

**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

Financial Reporting Council Ordinance

**PRINCIPAL BANKERS**

Bank of Communications,

Hong Kong and Ningbo Branches, PRC

Bank of Hangzhou, Ningbo Branch, PRC

Bank of Ningbo, PRC

China Construction Bank, Ningbo Branch, PRC

The Hongkong and Shanghai Banking

Corporation Limited

**PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

MUFG Fund Services (Bermuda) Limited

4th Floor North, Cedar House

41 Cedar Avenue

Hamilton HM12

Bermuda

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

Tricor Secretaries Limited

17/F., Far East Finance Centre

16 Harcourt Road

Hong Kong

**STOCK CODE**

Hong Kong Stock Code: 526

**WEBSITE ADDRESS**

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

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2022 – unaudited  
(Expressed in Renminbi (“RMB”))

		Six months ended 30 September	
	Note	2022 RMB'000 (Unaudited)	2021 RMB'000 (Restated) (Unaudited) (Note)
<b>Continuing Operations</b>			
<b>Revenue</b>	4	<b>1,277,444</b>	1,021,096
Cost of sales		<b>(933,359)</b>	(744,106)
<b>Gross profit</b>	4(b)	<b>344,085</b>	276,990
Other income	5	<b>8,233</b>	46,651
Selling and distribution expenses		<b>(49,204)</b>	(44,828)
Administrative expenses		<b>(63,864)</b>	(52,998)
<b>Profit from operations</b>		<b>239,250</b>	225,815
Finance costs	6(a)	<b>(26,770)</b>	(38,753)
Net valuation loss on investment properties		<b>(3,918)</b>	(9,520)
Impairment losses on financial assets and contract assets	6(c)	<b>(2,601)</b>	(341)
<b>Profit before taxation</b>	6	<b>205,961</b>	177,201
Income tax	7	<b>(37,195)</b>	(6,777)
Profit for the period from Continuing Operations		<b>168,766</b>	170,424
<b>Discontinued Operations</b>			
Profit/(loss) for the period from Discontinued Operations	20(a)	<b>2,067,715</b>	(82,290)
<b>Profit for the period attributable to equity shareholders of the Company</b>		<b>2,236,481</b>	88,134

The notes on pages 12 to 36 form part of this interim financial report.

		<b>Six months ended 30 September</b>	
		<b>2022</b>	2021
		<b>RMB'000</b>	<i>RMB'000</i>
		<b>(Unaudited)</b>	(Restated) (Unaudited) (Note)
<b><u>From Continuing Operations and Discontinued Operations</u></b>			
<b>Earnings per share (RMB cent)</b>			
	8(a)	<b>27.8</b>	1.10
	8(b)	<b>27.8</b>	1.10
<b><u>From Continuing Operations</u></b>			
<b>Earnings per share (RMB cent)</b>			
	8(a)	<b>2.10</b>	2.12
	8(b)	<b>2.10</b>	2.12

Note: The comparison information has been re-presented to show the results of Discontinued Operations separately. See Notes 4 and 20.

The notes on pages 12 to 36 form part of this interim financial report.

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

For the six months ended 30 September 2022 – unaudited  
(Expressed in RMB)

	<b>Six months ended 30 September</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Profit for the period</b>	<b>2,236,481</b>	88,134
<b>Other comprehensive (loss)/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>(14,155)</b>	5,030
<b>Other comprehensive (loss)/income for the period</b>	<b>(14,155)</b>	5,030
<b>Total comprehensive income for the period attributable to equity shareholders of the Company</b>	<b>2,222,326</b>	93,164
<b>Total comprehensive income/(loss) for the period attributable to equity holders of the Company arisen from:</b>		
– Continuing Operations	<b>154,611</b>	174,969
– Discontinued Operations	<b>2,067,715</b>	(81,805)
	<b>2,222,326</b>	93,164

The notes on pages 12 to 36 form part of this interim financial report.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022 – unaudited  
(Expressed in RMB)

	Note	30 September 2022 RMB'000 (Unaudited)	31 March 2022 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	446,184	504,724
Investment properties		577,272	1,774,302
Financial assets at fair value through profit or loss ("FVPL")		–	808,419
Deferred tax assets		16,790	16,216
		<b>1,040,246</b>	<b>3,103,661</b>
<b>Current assets</b>			
Inventories		258,573	281,603
Trade and other receivables and contract assets	10	964,126	841,724
Prepayments	10	55,178	290,195
Financial assets at FVPL		811,393	–
Restricted cash	11	241,111	172,878
Cash and cash equivalents	12	334,968	320,504
		<b>2,665,349</b>	<b>1,906,904</b>
<b>Current liabilities</b>			
Trade and other payables	13	714,086	1,922,528
Promissory note		–	318,262
Bank and other loans	14	752,905	2,422,568
Lease liabilities		13,578	15,551
Income tax payable		47,148	41,817
		<b>1,527,717</b>	<b>4,720,726</b>
<b>Net current assets/(liabilities)</b>		<b>1,137,632</b>	<b>(2,813,822)</b>
<b>Total assets less current liabilities</b>		<b>2,177,878</b>	<b>289,839</b>

The notes on pages 12 to 36 form part of this interim financial report.

	<b>30 September 2022 RMB'000 (Unaudited)</b>	31 March 2022 RMB'000 (Audited)
<b>Non-current liabilities</b>		
Bank and other loans	–	64,600
Lease liabilities	<b>29,661</b>	33,952
Deferred tax liabilities	<b>180,686</b>	446,082
	<b>210,347</b>	544,634
<b>NET ASSETS</b>	<b>1,967,531</b>	(254,795)
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>69,888</b>	69,888
Reserves	<b>1,897,643</b>	(324,683)
<b>TOTAL EQUITY</b>	<b>1,967,531</b>	(254,795)

The notes on pages 12 to 36 form part of this interim financial report.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022 – 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 2021</b>	69,888	2,690,990	1,341	69,517	202,449	(5,868)	30,340	(2,939,383)	119,274
<b>Changes in equity for the six months ended 30 September 2021:</b>									
Profit for the period	-	-	-	-	-	-	-	88,134	88,134
Other comprehensive income	-	-	-	-	-	5,030	-	-	5,030
Total comprehensive income for the period	-	-	-	-	-	5,030	-	88,134	93,164
Appropriation to reserves	-	-	-	-	-	-	-	-	-
<b>Balance at 30 September 2021</b>	<b>69,888</b>	<b>2,690,990</b>	<b>1,341</b>	<b>69,517</b>	<b>202,449</b>	<b>(838)</b>	<b>30,340</b>	<b>(2,851,249)</b>	<b>212,438</b>

The notes on pages 12 to 36 form part of this interim financial report.

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	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 2021</b>	69,888	2,690,990	1,341	69,517	202,449	(838)	30,340	(2,851,249)	212,438
<b>Changes in equity for the six months ended 31 March 2022:</b>									
Loss for the period	-	-	-	-	-	-	-	(473,324)	(473,324)
Other comprehensive income	-	-	-	-	-	6,091	-	-	6,091
Total comprehensive income/(loss) for the period	-	-	-	-	-	6,091	-	(473,324)	(467,233)
Appropriation to reserves	-	-	-	5,553	-	-	-	(5,553)	-
<b>Balance at 31 March 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 loss	-	-	-	-	-	(14,155)	-	-	(14,155)
Total comprehensive (loss)/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 36 form part of this interim financial report.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2022 – unaudited  
(Expressed in RMB)

	Note	Six months ended 30 September	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Operating activities</b>			
Cash generated from operations		219,518	99,510
Tax paid		(10,207)	(40,031)
<b>Net cash generated from operating activities</b>		<b>209,311</b>	59,479
<b>Investing activities</b>			
Proceeds from sales of financial assets at FVPL		130	–
Payments for purchase of property, plant and equipment		(85,385)	(62,503)
Proceeds from disposal of property, plant and equipment		42,163	42,293
Proceeds from disposal of investment properties		–	97,000
Disposal of subsidiaries, net of cash disposed of (Note 20(b))		2,565	–
Net decrease in restricted cash		–	25,394
Interest received		3,987	2,520
Investment and dividend income received		18,993	23,992
Net decrease in other receivables		–	9,502
<b>Net cash (used in)/generated from investing activities</b>		<b>(17,547)</b>	138,198

The notes on pages 12 to 36 form part of this interim financial report.

		<b>Six months ended 30 September</b>	
Note	<b>2022 RMB'000 (Unaudited)</b>	2021 RMB'000 (Unaudited)	
<b>Financing activities</b>			
	507,350	849,030	
	(585,720)	(899,173)	
	(73,418)	(88,108)	
	(1,278)	(1,392)	
	(9,265)	(12,303)	
	<b>(162,331)</b>	<b>(151,946)</b>	
	<b>29,433</b>	45,731	
	<b>320,504</b>	332,738	
	<b>(14,969)</b>	(4,628)	
	<b>334,968</b>	373,841	

The notes on pages 12 to 36 form part of this interim financial report.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

(Expressed in RMB unless otherwise indicated)

**1. CORPORATE INFORMATION**

Lisi Group (Holdings) Limited (formerly known as China Automobile New Retail (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 the business of manufacturing and trading of household products, operation of supermarkets, wholesale of wine and electrical appliances and investments holding.

Immediately before the disposal of car-sale business and the car trading platform business, the principal business of the Group also included trading of cars and provision of car trading platform related services.

**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 “Listing Rules”), 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 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 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.

In addition, the disposal of the car-sale business and car trading platform business has been completed during the six months ended 30 September 2022 (the “Reporting Period”) and the details are set out in Notes 4 and 20.

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 2022 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 to this interim financial report for the current accounting period:

- Annual Improvements to HKFRSs 2018-2020
- Amendments to HKFRS 3, Reference to the Conceptual Framework
- Amendments to HKAS 16, Property, plant and equipment: Proceeds before intended use
- Amendments to HKAS 37, Provisions, contingent liabilities and contingent assets: Onerous contracts - cost of fulfilling a contract

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

Two business segments including car-sale and car trading platform (“Automotive Business”) were discontinued and disposed during the Reporting Period. Subsequent to the disposal of Automotive Business, the Group will focus its resources and efforts on its continuing business segments which include (i) manufacturing and trading; (ii) retail; (iii) wholesale; and (iv) investments holding. The segment information reported below does not include any amounts for these Discontinued Operations, which are described in more detail in Note 20. The comparative segment disclosures have been represented to conform with the Reporting Period’s presentation.

Disaggregation of revenue by major products of service lines and geographical location of customers is as follows:

	<b>Six months ended 30 September</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Restated) (Unaudited)
<b><u>Continuing Operations</u></b>		
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products of service lines		
– sales of goods	<b>1,169,297</b>	932,115
– rendering of services	<b>67,957</b>	38,494
	<b>1,237,254</b>	970,609
<b>Revenue from other sources</b>		
– investment income	<b>22,096</b>	30,990
– rental income from operating leases	<b>18,094</b>	19,497
	<b>40,190</b>	50,487
	<b>1,277,444</b>	1,021,096

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

	<b>Six months ended 30 September</b>	
	<b>2022 RMB'000 (Unaudited)</b>	<b>2021 RMB'000 (Restated) (Unaudited)</b>
<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	1,172,986	970,609
– Over time	64,268	–
	<b>1,237,254</b>	<b>970,609</b>

**(b) Segment reporting**

The Group manages its business by lines of business. The Group's reportable segments for the Reporting Period are presented as follows:

**Continuing Operations**

Continuing operations ("Continuing Operations") includes:

- 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**

Discontinued operations (“Discontinued Operations”) includes:

- Car-sale: this segment carries out 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 2021 is set out below.

	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 holding RMB'000	Sub-total RMB'000	Car-sale RMB'000	Car trading platform RMB'000	Sub-total RMB'000	
Revenue from external customers	751,916	168,931	334,501	22,096	1,277,444	-	749	749	
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 profit	211,669	41,920	68,400	22,096	344,085	-	600	600	344,685

	Six months ended 30 September 2021 (Unaudited)								
	Continuing Operations				Discontinued Operations				Total RMB'000
	Manufacturing and trading RMB'000	Retail RMB'000	Wholesale RMB'000	Investments holding RMB'000	Sub-total RMB'000	Car-sale RMB'000	Car trading platform RMB'000	Sub-total RMB'000	
Revenue from external customers	521,596	164,365	304,145	30,990	1,021,096	-	10,589	10,589	
Inter-segment revenue	-	-	41,635	-	41,635	-	51	51	41,686
Reportable segment revenue	521,596	164,365	345,780	30,990	1,062,731	-	10,640	10,640	1,073,371
Reportable segment profit/(loss)	131,157	56,968	57,875	30,990	276,990	-	(153)	(153)	276,837

(ii) Reconciliations of reportable segment revenue

	Six months ended 30 September	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Restated) (Unaudited)
<b><u>Continuing Operations</u></b>		
Reportable segment revenue	1,326,062	1,062,731
Elimination of inter-segment revenue	(48,618)	(41,635)
Consolidated revenue	<b>1,277,444</b>	1,021,096

5. OTHER INCOME

	Six months ended 30 September	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Restated) (Unaudited)
<b><u>Continuing Operations</u></b>		
Government grants	2,918	2,655
Interest income on cash at bank	3,987	2,674
(Loss)/gain on disposal of property, plant and equipment	(48)	19,547
Gain on disposal of investment properties	–	21,629
Others	1,376	146
	<b>8,233</b>	46,651

6. PROFIT BEFORE TAXATION

Continuing Operations

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

(a) Finance costs

	Six months ended 30 September	
	2022 <i>RMB'000</i>  (Unaudited)	2021 <i>RMB'000</i> (Restated) (Unaudited)
Interest on bank and other borrowings	14,679	17,811
Interest on lease liabilities	1,278	1,392
Other finance costs	10,813	19,550
Total borrowing costs	26,770	38,753

(b) Staff costs

	Six months ended 30 September	
	2022 <i>RMB'000</i>  (Unaudited)	2021 <i>RMB'000</i> (Restated) (Unaudited)
Salaries, wages and other benefits	72,509	64,681
Contributions to defined contribution retirement plans	2,824	4,409
	75,333	69,090

## (c) Other items

	Six months ended 30 September	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated) (Unaudited)
	(Unaudited)	(Unaudited)
Cost of inventories	880,681	601,241
Depreciation and amortization		
– owned property, plant and equipment	35,721	32,815
– right-of-use assets	9,521	7,169
Impairment losses on financial assets and contract assets	2,601	341
Net foreign exchange gain, net	19	9,683

## 7. INCOME TAX

	Six months ended 30 September	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated) (Unaudited)
	(Unaudited)	(Unaudited)
<b>Continuing Operations</b>		
<b>Current taxation:</b>		
– Provision for the six months period	39,891	29,806
– (Over)/under-provision in respect of prior years	(2,529)	405
	37,362	30,211
<b>Deferred taxation:</b>		
– Origination and reversal of temporary differences	(167)	(23,434)
	37,195	6,777

## Notes:

- (i) Hong Kong Profits Tax rate for the Reporting Period is 16.5% (six months ended 30 September 2021: 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 2021: RMBNil).

- (ii) The Group established in the Mainland China are subject to the People's Republic of China (the "PRC") Corporate Income Tax rate of 25% for the Reporting Period (six months ended 30 September 2021: 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 from Continuing Operations and Discontinued Operations for the Reporting Period is based on the profit attributable to ordinary equity shareholders of the Company of RMB2,236,481,000 (six months ended 30 September 2021: profit of RMB88,134,000) and the weighted average of 8,044,020,000 ordinary shares from Continuing Operations and Discontinued Operations (six months ended 30 September 2021: 8,044,020,000 ordinary shares) in issue during the six months period.

The calculation of basic earnings per share from Continuing Operations for the Reporting Period is based on the profit attributable to ordinary equity shareholders of the Company of RMB168,766,000 (six months ended 30 September 2021: profit of RMB170,424,000) and the weighted average of 8,044,020,000 ordinary shares from Continuing Operations (six months ended 30 September 2021: 8,044,020,000 ordinary shares) in issue during the six months period.

### (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 2021: Nil).

## 9. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group acquired items of property, plant and equipment with a cost of RMB81,140,000 of which right-of-use asset recognised was RMB25,405,000 (six months ended 30 September 2021: RMB81,575,000 and RMB20,995,000). Items of property, plant and equipment with a net book value of RMB41,927,000 were disposed during the Reporting Period (six months ended 30 September 2021: RMB25,663,000).

10. TRADE AND OTHER RECEIVABLES, CONTRACT ASSETS AND PREPAYMENTS

	At 30 September 2022 RMB'000 (Unaudited)	At 31 March 2022 RMB'000 (Audited)
Trade receivables from:		
– Third parties	145,410	151,598
– Companies under the control of a shareholder of the Company (Note (i))	700,499	451,416
	<b>845,909</b>	603,014
Less: loss allowance	(8,546)	(68,500)
	<b>837,363</b>	534,514
Bills receivables	1,064	–
	<b>838,427</b>	534,514
Amounts due from companies under the control of a shareholder of the Company (Note (ii))	876	876
Other receivables (Note (iii))	20,376	1,822,088
Less: loss allowance	(1,643)	(1,621,225)
	<b>18,733</b>	200,863
Financial assets measured at amortised cost	858,036	736,253
Deposits:		
– Deposits for operating leases expenses paid to third parties	7,409	7,686
– Others	3,414	7,078
	<b>10,823</b>	14,764
Trade and other receivables (Note (iv))	868,859	751,017
Contract assets (Note (v))	95,267	90,707
	<b>964,126</b>	841,724
Prepayments:		
– Prepayments to suppliers	50,924	288,310
– Others	4,254	1,885
	<b>55,178</b>	290,195

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 RMB1,815,745,000 at 31 March 2022.
- (iv) All of the trade and other receivables are expected to be recovered or recognized as expenses within one year.
- (v) Contract assets are mainly arising from performance under the sale and installation of HVAC. The Group's HVAC business requires stage payments. A 20% to 30% of the consideration of goods will be payable after the completion of the installation inspection. This amount is included in contract assets until the completion of installation inspection as the Group's entitlement to this final payment is conditional upon the Group's work satisfactorily passing inspection. The contract assets are expected to be fully recovered in three years.

**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 2022 RMB'000 (Unaudited)</b>	<b>At 31 March 2022 RMB'000 (Audited)</b>
Within 1 month	<b>141,901</b>	143,359
More than 1 month but less than 3 months	<b>294,821</b>	240,597
Over 3 months	<b>401,705</b>	150,558
	<b>838,427</b>	534,514



**11. RESTRICTED CASH**

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

**12. CASH AND CASH EQUIVALENTS**

	<b>At</b>	At
	<b>30 September</b>	31 March
	<b>2022</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Cash at bank and on hand	<b>334,968</b>	320,504

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.

13. TRADE AND OTHER PAYABLES

	At 30 September 2022 <i>RMB'000</i> (Unaudited)	At 31 March 2022 <i>RMB'000</i> (Audited)
Trade payables to:		
– Third parties	198,888	216,623
– Companies under the control of shareholders of the Company	77,923	67,886
	276,811	284,509
Bills payable	235,209	189,550
	512,020	474,059
Amounts due to companies under the control of shareholders of the Company (Note (i))	53,777	46,652
Accrued charges and other payables:		
– Accrued expenses	20,792	21,991
– Payables for staff related costs	75,183	71,614
– Deposits from customers and suppliers:		
– Third parties	9,650	22,052
– Company under the control of shareholders of the Company	–	265
– Interest payables	7,854	338,509
– Payables for miscellaneous taxes	3,576	32,244
– Payables for acquisition of subsidiaries	–	243,300
– Others	3,791	249,070
	120,846	979,045
Financial liabilities measured at amortised cost	686,643	1,499,756
Expected credit loss for financial guarantee granted	–	376,081
Contract liabilities (Note (ii))	27,443	46,691
	714,086	1,922,528

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 2021 and 2022 have been recognised as revenue or reclassified as other payables due to cancellation of order during the year of 31 March 2022/the Reporting Period.

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 2022 RMB'000 (Unaudited)</b>	At 31 March 2022 RMB'000 (Audited)
Within 1 month	<b>156,172</b>	187,780
Over 1 month but within 3 months	<b>142,205</b>	86,053
Over 3 months but within 6 months	<b>97,768</b>	185,913
Over 6 months	<b>115,875</b>	14,313
	<b>512,020</b>	474,059

**14. BANK AND OTHER LOANS**

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

	<b>At 30 September 2022 RMB'000 (Unaudited)</b>	<b>At 31 March 2022 RMB'000 (Audited)</b>
Bank loans:		
– Unsecured and guaranteed (Note (iii))	–	48,669
– Secured and unguaranteed (Note (ii))	<b>456,600</b>	535,580
– Secured and guaranteed (Note (ii), and (iii))	<b>270,000</b>	1,350,444
	<b>726,600</b>	1,934,693
Loan from other financial institutions:		
– Secured and guaranteed (Note (ii), and (iii))	–	361,339
Loans from shareholders and companies under the control of shareholders of the Company:		
– Unsecured and unguaranteed (Note (i))	<b>26,305</b>	191,136
	<b>752,905</b>	2,487,168

## Notes:

- (i) At 30 September 2022, the loans from companies under the control of shareholders of the Company are interest with 0% to 7% per annum (31 March 2022: 0% to 7 %) and are repayable before August 2023 (31 March 2022: March 2023).
- (ii) Certain bank loans are secured by the leasehold land and buildings and equity interests of certain third parties and/or assets of the Group (Note 14(b)).
- (iii) Bank and other loans of RMB270 million as at 30 September 2022 (31 March 2022: RMB1,760 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 2022, bank and other loans of RMB1,041 million were overdue but were not yet renewed or repaid at the end of 31 March 2022. Included in these bank and other loans were RMB458 million the banks of which have commenced litigations against a subsidiary of the Group requesting the subsidiary to repay the outstanding balances.
- (v) At 31 March 2022, in addition to the overdue loans, the Group failed to fulfil certain covenants of bank and other loans of RMB450 million 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 RMB404 million which were long-term loans were reclassified as current liabilities at the end of 31 March 2022.

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

	At 30 September 2022 <i>RMB'000</i> (Unaudited)	At 31 March 2022 <i>RMB'000</i> (Audited)
Within 1 year or on demand	752,905	2,422,568
After 1 year but within 2 years	–	34,500
After 2 years but within 5 years	–	30,100
	–	64,600
	<b>752,905</b>	<b>2,487,168</b>

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

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

	At 30 September 2022 <i>RMB'000</i> (Unaudited)	At 31 March 2022 <i>RMB'000</i> (Audited)
<b>Pledged for bank loans:</b>		
Leasehold land and buildings	130,279	181,347
Investment properties	565,572	1,762,302
	<b>695,851</b>	<b>1,943,649</b>

- (c) At 30 September 2022, the Group's banking facilities amounted to RMB799,100,000 (31 March 2022: RMB1,458,906,000) were utilised to the extent of RMB733,468,000 (31 March 2022: RMB1,369,206,000).

## 15. 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 2021: 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 2021: RMBNil).

### (b) Share capital

#### Authorised:

Ordinary shares at HK\$0.01 each

Six months ended 30 September 2022		Year ended 31 March 2022	
No. of shares '000	HK\$'000	No. of shares '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 2022		Year ended 31 March 2022	
No. of shares '000	RMB'000	No. of shares '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.

**16. 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**

	Note	Six months ended 30 September	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Sales of goods		1,153	3,823
Rental income from operating leases		–	54
Services income from operating leases		–	154
Import and export handling charges		6,704	4,542
Lease expenses		4,223	6,670
Interest expenses	(i)	488	996
Net (decrease)/increase in non-interest bearing advances received from related parties	(ii)	(7,927)	(1,779)
Net decrease in loans received from related parties	(iii)	–	2,594

Notes:

- (i) Interest expenses represented interest charges on loans received from related parties.
- (ii) The amounts are unsecured and have no fixed terms of repayment.
- (iii) The loans are unsecured, bear interest ranging from 0% to 7% (six month ended 30 September 2021: 0% to 7%) per annum and are repayable before August 2023 (six month ended 30 September 2021: May 2023).

As disclosed in Note 14, certain of the Group's bank and other loans were guaranteed by shareholders of the Company, directors of the Company, close family members of a shareholder of the Company and/or companies under the control of shareholders of the Company.



## 17. COMMITMENTS

At 30 September 2022, the outstanding capital commitments of the Group not provided for in the condensed consolidated financial statements were as follows:

	At 30 September 2022 RMB'000 (Unaudited)	At 31 March 2022 RMB'000 (Audited)
Commitments in respect of plant and machinery		
– Contracted for	419	494

## 18. 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 3.1% to 3.2% for the six months ended 30 September 2022 (year ended 31 March 2022: 4.0% to 4.1%). The fair value measurement is negatively correlated to the discount rate. As at 30 September 2022, 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/(loss) by RMB791,000 (year ended 31 March 2022: RMB1,602,000).

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

	Six months ended 30 September 2022 RMB'000 (Unaudited)	Year ended 31 March 2022 RMB'000 (Audited)
Financial assets at FVPL		
At 1 April	<b>808,419</b>	882,610
Changes in fair value recognised in profit or loss during the period/year	<b>3,104</b>	6,129
Proceeds from sales	<b>(130)</b>	(80,320)
At 30 September/31 March	<b>811,393</b>	808,419

(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 2022 and 31 March 2022.

## 19. CONTINGENT LIABILITIES

### Assets pledged

At 30 September 2022, 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:

	<b>At 30 September 2022 RMB'000 (Unaudited)</b>	At 31 March 2022 RMB'000 (Audited)
Leasehold land and buildings	2,554	2,587
Investment properties	11,700	12,000
	<b>14,254</b>	<b>14,587</b>

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 30 September 2022 under the pledge is RMB29,500,000, being the banking facility granted by bank to the third party company.

## 20. DISCONTINUED OPERATIONS AND DISPOSAL OF SUBSIDIARIES

Reference is made to the announcement of the Company dated 6 May 2022, the seller, being the Company, and the purchaser, an independent third party, entered into the sale and purchase agreement on 6 May 2022, pursuant to which the Company has conditionally agreed to sell, and the purchaser has conditionally agreed to acquire, the entire issued share capital of the Robust Cooperation Limited, Mega Convention Group Limited and their respective subsidiaries (the "Disposal Group") at a total consideration of HK\$3 million (the "Disposal"). The Disposal Group is principally engaged in the car-sale business and car trading platform business. On 21 June 2022, the Disposal was completed and the members of the Disposal Group ceased to be subsidiaries of the Company.

Two businesses of the Group had become discontinued operation after the completion of the Disposal as set out below:

1. Car-sale business; and
2. Car trading platform business.

The comparative figures in the consolidated statement of profit or loss have been restated to re-present the discontinued operations. The profit for the period from 1 April 2022 to 21 June 2022 and the loss for the six months ended 30 September 2021 from the Disposal Group is set out below:

**20(a). RESULTS OF THE DISCONTINUED OPERATIONS INCLUDED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	<b>For the period from 1 April 2022 to 21 June 2022 RMB'000 (Unaudited)</b>	Six months ended 30 September 2021 RMB'000 (Restated) (Unaudited)
Revenue	749	10,589
Expenses	(53,131)	(70,145)
Other items	(3,216)	(22,734)
<b>Loss before taxation</b>	<b>(55,598)</b>	<b>(82,290)</b>
Income tax	(1,045)	–
<b>Loss for the period</b>	<b>(56,643)</b>	<b>(82,290)</b>
Gain on disposal of subsidiaries, net of transactions costs (Note 20(b))	2,124,358	–
<b>Profit/(loss) for the period from Discontinued Operations</b>	<b>2,067,715</b>	<b>(82,290)</b>

**20(b). ASSETS AND LIABILITIES DISPOSED OF AT DISPOSAL DATE**

The assets and liabilities disposed of at disposal date:

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

## MANAGEMENT DISCUSSION AND ANALYSIS

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### FINANCIAL HIGHLIGHTS

#### Continuing Operations

The Continuing Operations of the Group comprised (i) manufacturing and trading business; (ii) retail business; (iii) wholesale business and (iv) investments holding business, which together reported revenue of approximately RMB1,277.4 million for the Reporting Period, representing an increase of 25.1% when compared with the revenue of approximately RMB1,021.1 million reported for the corresponding period last year. Net profit of the Continuing Operations for the Reporting Period was approximately RMB168.8 million when compared to a net profit of RMB170.4 million for the corresponding period last year. The Group's basic and diluted earnings per share of the Continuing Operations for the Reporting Period were RMB2.10 cent and the Group's basic and diluted earnings of the Continuing Operations per share were RMB2.12 cent for the corresponding period last year.

#### Discontinued Operations

On 6 May 2022, the Group entered into an agreement to sell the car-sale business and car trading platform business ("Automotive Business") at a consideration of HK\$3 million. The Disposal was completed in 21 June 2022. The gain on disposal of Automotive Business of approximately RMB2,124.3 million was recognized in the Reporting Period. Excluded the gain on disposal of Automotive Business of approximately RMB2,124.3 million, the net loss of the Discontinued Operations for the period from 1 April 2022 to 21 June 2022 was approximately RMB56.6 million.

#### Continuing Operations and Discontinued Operations

Including both the results of Continuing Operations and Discontinued Operations, the Group recorded a revenue of approximately RMB1,278.1 million for the Reporting Period, representing an increase of 23.9% when compared with the revenue of approximately RMB1,031.7 million reported for the corresponding period last year. Net profit for the Reporting Period was approximately RMB2,236.5 million compared to a net profit of RMB88.1 million for the corresponding period last year. The Group's basic and diluted earnings per share for the Reporting Period were RMB27.8 and the Group's basic and diluted earnings per share were RMB1.10 cent for the corresponding period last year.

#### Net Assets, Liquidity and Financial Resources

As at 30 September 2022, the Group's net assets increased to RMB1,967.5 million, rendering net asset value per share at RMB24.5 cent. The increase in net assets is mainly due to the disposal of Automotive Business of net liabilities by approximately RMB2,162.5 million during the period.

As at 30 September 2022, the Group's total assets were valued at RMB3,705.6 million, including cash and bank deposits of approximately RMB335.0 million. Consolidated bank loans and other borrowings amounted to RMB752.9 million. Debt-to-equity ratio (bank loans and other borrowings over total equity) has been improved significantly from (976.1)% as at 31 March 2022 to 38.3% as at 30 September 2022. The significant change in the debt-to-equity ratio was mainly due to the disposal of Automotive Business which included bank loans and other borrowings amounted to approximately RMB1,667.8 million.

Most of the Group's business transactions were conducted in RMB and US\$. As at 30 September 2022, the Group's major borrowings included bank loans, loan from other financial institutions which had an outstanding balance of RMB726.6 million, other borrowings from shareholders totaling RMB26.3 million. All of the Group's borrowings have been denominated in RMB, HK\$ and US\$.

#### **Pledge of Assets**

The Group's leasehold land and buildings and investment properties with a carrying amount of RMB695.9 million as at 30 September 2022, and equity interest were pledged to secure bank borrowing and facilities of the Group. Bank deposits of RMB241.1 million were pledged for the Group's bank loans and bills and security performance.

The Group's leasehold land and buildings and investment properties with a carrying amount of RMB14.2 million as at 30 September 2022 were pledged to secure bank loans borrowed by a third party of company.

#### **Prepayment to Suppliers**

As at 30 September 2022, the balance of prepayment to suppliers is RMB55.2 million. Subsequent to 30 September 2022, the utilization of the prepayment to suppliers was approximately RMB31.6 million or 57.2% of the balance.

#### **Capital Expenditure and Commitments**

The Group will continue to allocate a reasonable amount of resources for 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 PRC 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 in this respect.

### **Segment Information**

On 6 May 2022, the Group entered into an agreement to sell the Automotive Business which comprise of car-sale business and car trading platform business at a consideration of HK\$3 million. The Disposal was completed in 21 June 2022. Subsequent to the disposal of Automotive Business, the Group will focus its resources and efforts on its remaining business segments which include (i) manufacturing and trading business; (ii) retail business; (iii) wholesales business; and (iv) investments holding business.

### **Continuing Operations**

Manufacturing and trading business contribute 58.9% of total revenue of the Group for the Continuing Operations in the Reporting Period. Retail business, wholesales business and investments holding business had 13.2%, 26.2% and 1.7% of the remaining respectively.

In terms of geographical location, China is the primary market of the Group, which accounted for 44.6% of total revenue of the Group for the Reporting Period. The remaining comprised of revenue from North America 43.9%, Europe 10.3% and others 1.2%.

### **Discontinued Operations**

Car sale business and car trading platform business contribute approximately RMB0.7 million in revenue for the period from 1 April 2022 to 21 June 2022.



**Contingent liabilities**

The Group's leasehold land and buildings and investment properties with a carrying amount of RMB14.2 million as at 30 September 2022 were pledged to secure bank loans borrowed by a third party of company. The directors of the Company do not consider it probable that a claim in excess of the provision for warranties provided by the Group will be made against the Group under any of the guarantees. The maximum liability of the Group as of the close of business under the guarantees issued is RMB18.0 million being the balance of the principal amount of the bank loans the Group pledged for.

**Employee Information**

As at 30 September 2022, the Group employed a workforce of 1,498 employees in its various chain stores, offices and factories located in Hong Kong and the PRC. Competitive remuneration packages were provided and commensurate with the 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.

**Review of Operations**

For the Reporting Period, the Group recorded a net profit for the Continuing Operations of approximately RMB168.8 million, compared to a net profit of RMB170.4 million for the corresponding period last year.

For the Reporting Period, the Group recorded a gain on disposal of Automotive Business of approximately RMB2,124.3 million in the Discontinued Operations. Excluded the gain on disposal of Automotive Business of approximately RMB2,124.3 million, the Group recorded a net loss from the Discontinued Operations of approximately RMB56.6 million for the period from 1 April 2022 to 21 June 2022.

Including both the results of Continuing Operations and Discontinued Operations, the Group recorded a net profit of approximately RMB2,236.5 million for the Reporting Period, compared to a net profit of RMB88.1 million for the corresponding period last year.

### **Revenue from the Continuing Operations**

For the Reporting Period, the Group recorded revenue for the Continuing Operations of approximately RMB1,277.4 million, representing an increase of 25.1% when compared with the revenue of approximately RMB1,021.1 million reported for the corresponding period last year.

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

During the Reporting Period, the manufacturing and trading business contributed approximately RMB751.9 million to the total revenue of the Group for the Continuing Operations. The business of this segment increased significantly by RMB230.3 million or 44.2% when compared with the corresponding period last year of approximately RMB521.6 million. The competition in overseas market has been severe and our management team works very hard to look for further opportunities in the market. The increase in the revenue under this segment proved their contribution last year to be successful to strengthen our established customer base which could cope with the short term fluctuation in the market during the period of the COVID-19 pandemic. The business of this segment performed very well in the Reporting Period.

#### ***Retail and Wholesale Business***

Retail business increased by 2.8% to RMB168.9 million and wholesale business increased by 10.0% to RMB334.5 million for the Reporting Period as compared with the corresponding period last year. For the various preventive measures imposed by the PRC government, the epidemic seems to be under control. People are gradually back to normal life and the retail business recorded a slightly increase in revenue. The wholesale business in wine and beverages has stabilized and the sale of electrical appliances (heating, ventilation and air-conditioning (HVAC)) recorded an increase in revenue which was resulted by the hardworking of the sale team and good sales strategy with large property companies for the Reporting Period.

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

Dividend income and investment income was decreased by 28.7% to RMB22.1 million for the Reporting Period as compared with the corresponding period last year.

### **Revenue from the Discontinued Operations**

#### ***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

### **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 to enhance the operating efficiency by carrying out its cost control measures and 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 meet the high expectations of both old and new 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.

Subsequent to the disposal of Automotive Business, the Group will focus its resources and efforts on its remaining business segments which include (i) manufacturing and trading of household products; (ii) operation of supermarkets and property rental services; (iii) wholesales of alcohol, wine, beverages and electrical appliances; and (iv) investments holding business. We will also closely monitor the volatility of global financial markets and industry risks, better communicate with our clients and timely adjust our sales and purchase strategies accordingly to achieve our goal of continuous business growth and performance improvement. Leveraging its solid foundation and committed managing team, the Group has full confidence in overcoming all the difficulties ahead of us.

## OTHER INFORMATION

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

As at 30 September 2022, the interests and short positions of the director and chief executive 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) 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.

Furthermore, no share option had been granted under the Company's share option scheme since its adoption on 31 August 2012 and there was no other option outstanding during the six months ended 30 September 2022. Other than that, at no time during the Reporting Period 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 Reporting Period.

### SUBSTANTIAL SHAREHOLDERS

As at 30 September 2022, so far as was known to the Directors, the following persons/entity (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company, its Group members and/or associated corporations which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of SFO:

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) 793,761,001 (S)	16.85% 9.87%
Central Huijin Investment Limited	Person having a security interest in shares/interest in controlled corporation	2,413,065,680 (L)	29.99%
China Construction Bank Corporation	Person having a security interest in shares/interest in controlled corporation	2,413,065,680 (L)	29.99%
Cheng Weihong	Interest in controlled corporation	1,849,407,702 (L) 398,000,000 (S)	22.99% 4.95%
Tong Shipping	Interest of spouse	1,849,407,702 (L) 398,000,000 (S)	22.99% 4.95%

Name	Capacity	Number of shares/ underlying shares (Note)	Approximate percentage of the issued share capital of the Company
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%
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 above, as at 30 September 2022, the Directors were not aware of any other persons/entities (other than the Directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company, its Group members or associated corporations which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of the Part XV of the SFO which were recorded in the register required to be kept by the Company under 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 six months ended 30 September 2022.

#### **AUDIT COMMITTEE**

The Audit Committee of the Company has reviewed the unaudited consolidated interim financial statements for the six months ended 30 September 2022 and the Audit Committee is of the view that the interim report for the six months ended 30 September 2022 is prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

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

In the opinion of the Directors, the Company has complied with the code provisions of Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Listing Rules issued by the Stock Exchange throughout the six months ended 30 September 2022, except for the following:

Pursuant to CG Code C.2.1 the roles of the chairman and the chief executive officer (“CEO”) of the Company are expected to be separated and not be performed by the same individual. Since 1 October 2020 and up to six months ended 30 September 2022, the Company does not have any officer with the title of chairman or CEO. The Company has on 12 October 2022 appointed Mr. Li Lixin as chairman of the Company. The Board of Directors (the “Board”) believes that the roles of executive Directors and the senior management and the supervision of three independent non-executive Directors has complemented the role of the CEO and the interests of the shareholders of the Company has been adequately and fairly represented. The Company understands the importance to comply with the CG Code C.2.1 and will continue to consider the feasibility of appointing a separate CEO.

**MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuer (the “Model Code”) as its code of conduct for securities transactions. All Directors confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 September 2022.

**INTERIM DIVIDEND**

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2022.

**PUBLICATION OF THE FURTHER INFORMATION**

The 2022/2023 interim report of the Company will be published on the websites of both the Stock Exchange and the Company and shall be dispatched to the shareholders of the Company in a timely manner.

By Order of the Board  
**Li Lixin**  
*Chairman and Executive Director*

Hong Kong, 29 November 2022





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

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