LISI GROUP (HOLDINGS) LIMITED
利時集團（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 2018

AUDITED RESULTS

The board of directors (the "Directors") of Lisi Group (Holdings) Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2018 together with comparative figures of the previous corresponding year are as follows:

Consolidated Statement of Profit or Loss

		Year ended 31 March	
		2018	2017
	Note	***RMB'000***	*RMB'000*
Revenue	4	**3,885,647**	1,239,692
Cost of sales		**(3,493,974)**	(991,097)
Gross profit	4(b)	**391,673**	248,595
Other income	5	**20,172**	19,993
Selling and distribution expenses		**(80,920)**	(72,830)
Administrative expenses		**(136,069)**	(128,774)
Profit from operations		**194,856**	66,984
Net valuation (loss)/gain on investment properties		**(22,500)**	1,000
Impairment loss on goodwill		**–**	(693,391)
Share of losses of an associate		**(4,857)**	(21,327)
Finance costs	6(a)	**(1,066,566)**	298

		Year ended 31 March	
		2018	2017
	Note	***RMB'000***	*RMB'000*
Loss before taxation	6	**(899,067)**	(646,436)
Income tax	7	**(39,925)**	(10,322)
Loss for the year		**(938,992)**	(656,758)
Attributable to:			
Equity shareholders of the Company		**(938,992)**	(656,758)
Non-controlling interests		**–**	–
Loss for the year		**(938,992)**	(656,758)
Loss per share (RMB cent)	8		
Basic and diluted		**(15.69)**	(13.85)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Year ended 31 March	
	2018	2017
	RMB'000	*RMB'000*
Loss for the year	**(938,992)**	(656,758)
Other comprehensive income for the year (after tax and reclassification adjustments):		
Items that may be reclassified subsequently to profit or loss:		
– Available-for-sale securities net movement in fair value reserve	**1,282**	(1,086)
– Exchange differences on translation into presentation currency	**(3,852)**	1,902
Other comprehensive income for the year	**(2,570)**	816
Total comprehensive income for the year	**(941,562)**	(655,942)
Attributable to:		
Equity shareholders of the Company	**(941,562)**	(655,942)
Non-controlling interests	**–**	–
Total comprehensive income for the year	**(941,562)**	(655,942)

Consolidated Statement of Financial Position

		At 31 March	
		2018	2017
	Note	***RMB'000***	*RMB'000*
Non-current assets			
Property, plant and equipment		**852,858**	847,209
Investment properties	9	**403,890**	426,390
Goodwill	10	**679,766**	679,766
Intangible assets		**3,028**	8,063
Interest in an associate		**–**	4,857
Available-for-sale investments		**70,194**	70,194
Deferred tax assets		**32,978**	33,109
		2,042,714	2,069,588
Current assets			
Inventories		**385,467**	209,178
Trade and other receivables	11	**702,969**	517,204
Available-for-sale investments		**766,075**	673,406
Restricted bank deposits		**621,134**	439,958
Cash and cash equivalents		**162,474**	128,424
		2,638,119	1,968,170
Current liabilities			
Trade and other payables	12	**2,555,605**	632,272
Bank and other loans		**1,310,575**	964,712
Income tax payable		**17,318**	5,318
		3,883,498	1,602,302
Net current (liabilities)/assets		**(1,245,379)**	365,868
Total assets less current liabilities		**797,335**	2,435,456

		At 31 March	
		2018	2017
	Note	***RMB'000***	*RMB'000*
Non-current liabilities			
Bank and other loans		**202,600**	248,550
Contingent consideration	14	**–**	784,812
Deferred tax liabilities		**240,557**	248,008
		443,157	1,281,370
NET ASSETS		**354,178**	1,154,086
CAPITAL AND RESERVES			
Share capital		**49,074**	46,789
Reserves		**305,104**	1,107,297
Total equity attributable to equity shareholders of the Company		**354,178**	1,154,086
Non-controlling interests		**–**	–
TOTAL EQUITY		**354,178**	1,154,086

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. STATEMENT OF COMPLIANCE

The consolidated financial statements for the year ended 31 March 2018 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 applicable 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 new and revised 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 and prior accounting periods reflected in these financial statements.

2. BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 March 2018 comprise the Group and the Group's interest in an associate.

The financial statements have been prepared assuming the Group will continue as a going concern notwithstanding the net current liabilities of the Group at 31 March 2018. The directors consider this basis of preparation is appropriate because among the current liabilities, there are contingent consideration payable of RMB1,809,093,000 which will be settled by issuing new ordinary shares. The Group has sufficient working capital to operate as a going concern.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for the derivative financial instruments, available-for-sale investments, investment properties and contingent consideration which are stated at their fair values.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these impact on the accounting policies of the Group. However, additional disclosure has been included to satisfy the new disclosure requirements introduced by the amendments to HKAS 7, *Statement of cash flows: Disclosure initiative*, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

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) Revenue

The principal activities of the Group are the manufacturing and trading of household products, the operation of department stores and supermarkets, the wholesale of wine and beverages and electrical appliances, the trading and sales of imported cars and investments holding.

The amount of each significant category of revenue and net income recognised during the year is as follows:

	2018	2017
	RMB'000	*RMB'000*
Sales of goods:		
– manufacturing and trading of household products	**328,996**	340,827
– retail operation of department stores and supermarkets	**380,411**	333,299
– wholesale of wine and beverages and electrical appliances	**278,272**	264,809
– trading and sales of imported cars	**2,742,173**	159,513
	3,729,852	1,098,448
Net income from concession sales#	**7,536**	10,097
Rental income from operating leases	**32,169**	29,809
Service fee and commission income	**67,143**	58,722
Investment and dividend income	**48,947**	42,616
	3,885,647	1,239,692

The gross revenue arising from concession sales charged to retailed customer for the year ended 31 March 2018 is RMB63,733,000 (2017: RMB82,240,000).

The directors of the Company consider that the customer bases are diversified and have no customer with whom transactions have exceeded 10% of the Group's revenue for the years ended 31 March 2018 and 2017.

Further details regarding the Group's principal activities are disclosed below.

(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 five reportable segments:

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

- Retail: this segment manages the department stores and supermarket operations.

- Wholesale: this segment carries out the wholesale of wine and beverages and electrical appliances business.

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

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

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 securities and interest expenses 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 2018 and 2017 is set out below.

	2018					
	Manufacturing and trading	**Retail**	**Wholesale**	**Car-Sale**	**Investments holding**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Revenue and net income from external customers	**328,996**	**485,497**	**279,739**	**2,742,468**	**48,947**	**3,885,647**
Inter-segment revenue	**–**	**–**	**13,159**	**–**	**–**	**13,159**
Reportable segment revenue and net income	**328,996**	**485,497**	**292,898**	**2,742,468**	**48,947**	**3,898,806**
Reportable segment gross profit	**62,943**	**81,266**	**50,940**	**147,577**	**48,947**	**391,673**

	2017					
	Manufacturing and trading	Retail	Wholesale	Car-Sale	Investments holding	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue and net income from external customers	340,827	430,375	266,162	159,537	42,616	1,239,517
Inter-segment revenue	–	–	3,343	–	–	3,343
Reportable segment revenue and net income	340,827	430,375	269,505	159,537	42,616	1,242,860
Reportable segment gross profit	91,058	77,202	27,353	10,191	42,616	248,420

(ii) Reconciliations of reportable segment revenue and net income

	2018	2017
	RMB'000	*RMB'000*
Revenue and net income		
Reportable segment revenue and net income	**3,898,806**	1,242,860
Elimination of inter-segment revenue	**(13,159)**	(3,343)
Unallocated revenue	**–**	175
Consolidated revenue	**3,885,647**	1,239,692
Gross profit		
Reportable segment gross profit	**391,673**	248,420
Gross gain of unallocated items	**–**	175
Consolidated gross profit	**391,673**	248,595

(iii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue and net income from external customers and (ii) the Group's property, plant and equipment, investment properties, intangible assets, goodwill and available-for-sale investments (together as "specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment and investment properties, and the location of the operations to which they are allocated, in the case of intangible assets, goodwill and available-for-sale investments.

	Revenue and net income from external customers		**Specified non-current assets**	
	2018	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC (including Hong Kong) (place of domicile)	**3,579,635**	904,453	**2,009,736**	2,031,622
The United States	**254,347**	273,709	**–**	–
Europe	**15,518**	22,358	**–**	–
Canada	**13,726**	15,588	**–**	–
Others	**22,421**	23,584	**–**	–
	3,885,647	1,239,692	**2,009,736**	2,031,622

5. OTHER INCOME

	2018	2017
	RMB'000	*RMB'000*
Interest income on cash at bank and advances due from related parties	**11,509**	12,644
Government grants	**3,010**	6,609
Net gain from sale of scrap materials	**389**	175
Net loss on disposal of property, plant and equipment	**(240)**	(116)
Others	**5,504**	681
	20,172	19,993

6. LOSS BEFORE TAXATION

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

(a) Finance costs

	2018	2017
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**41,380**	46,857
Bank charges and other finance costs	**13,776**	11,370
Total borrowing costs	**55,156**	58,227
Changes in fair value of contingent consideration (Note (14))	**1,019,679**	(56,338)
Net gain on a forward foreign exchange contract	**(8,269)**	(2,187)
	1,066,566	(298)

(b) Staff costs#

	2018	2017
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**114,274**	110,336
Contributions to defined contribution retirement plans	**9,373**	9,290
	123,647	119,626

The employees of the subsidiaries of the Group established in the PRC participate in defined contribution retirement benefit schemes managed by the local government authorities, whereby these subsidiaries are required to contribute to the schemes at 14% to 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.

(c) Other items

	2018	2017
	RMB'000	*RMB'000*
Cost of inventories#	**3,463,029**	961,434
Auditors' remuneration		
– statutory audit service	**2,880**	2,800
– other services	**1,350**	2,700
Depreciation and amortisation#	**59,725**	55,682
Impairment losses on trade and other receivables (Note 11(ii))	**6,200**	–
Operating lease charges in respect of properties	**35,584**	33,557
Net foreign exchange loss	**10,578**	9,166

Cost of inventories includes RMB56,079,000 (2017: RMB60,564,000) for the year ended 31 March 2018, relating to staff costs, and depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	2018	2017
	RMB'000	*RMB'000*
Current taxation – PRC Corporate Income Tax		
– Provision for the year	**47,867**	13,929
– Over-provision in respect of prior years	**(195)**	(1,171)
	47,672	12,758
Deferred taxation		
– Origination and reversal of temporary differences	**(7,747)**	(2,436)
	(7,747)	(2,436)
	39,925	10,322

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

	2018	2017
	RMB'000	*RMB'000*
Loss before taxation	**(899,067)**	(646,436)
Expected tax on loss before tax, calculated at the rates applicable to profits in the tax jurisdictions concerned (Notes (i), (ii) and (iii))	**(140,069)**	(105,767)
Tax effect of non-deductible expenses (Note (v))	**173,779**	120,910
Tax effect of non-taxable income	**(820)**	(10,169)
Tax effect of share of losses of an associate	**1,214**	5,332
Tax effect of unused tax losses not recognised	**6,593**	5,012
Tax effect of PRC tax concessions (Note (iv))	**(577)**	(3,825)
Over-provision in respect of prior years	**(195)**	(1,171)
Income tax	**39,925**	10,322

Notes:

(i) The Hong Kong Profits Tax rate for the year ended 31 March 2018 is 16.5% (2017: 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 2018 (2017: RMBNil).

(ii) The Company and the subsidiaries of the Group incorporated in countries other than the PRC (including Hong Kong) are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

(iii) Certain subsidiaries of the Group established in the PRC are subject to PRC Corporate Income Tax rate of 25% (2017: 25%).

(iv) One of the Group's subsidiaries established in the PRC has obtained approval from the relevant tax bureau to be taxed as an enterprise with advanced and new technologies for the calendar years from 2016 to 2018 and therefore enjoyed a preferential PRC Corporate Income Tax rate of 15% for the year ended 31 March 2018 (2017:15%).

(v) Non-deductible expenses for the year ended 31 March 2018 mainly represents the loss from change in fair value of contingent consideration (2017: the impairment loss of goodwill).

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share for the year ended 31 March 2018 is based on the loss attributable to ordinary equity shareholders of the Company of RMB938,992,000 (2017: RMB656,758,000) and the weighted average of 5,984,775,000 ordinary shares (2017: 4,740,836,000 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

	2018	2017
	'000	*'000*
Issued ordinary shares at 1 April	**5,420,109**	4,581,632
Effect of issuance of ordinary shares	**245,916**	121,751
Effect of contingently issuable shares	**318,750**	37,453
Weighted average number of ordinary shares at 31 March	**5,984,775**	4,740,836

(b) Diluted loss per share

There are no potential dilutive ordinary shares during the year ended 31 March 2018.

9. INVESTMENT PROPERTIES

	2018	2017
	RMB'000	*RMB'000*
Valuation:		
At 1 April	**426,390**	425,390
Fair value adjustments:		
– (losses)/gains included in the consolidated statement of profit or loss	**(22,500)**	1,000
At 31 March	**403,890**	426,390

10. GOODWILL

	RMB'000
Cost:	
At 1 April 2016	43,313
Addition through acquisition of subsidiaries	1,329,844
At 31 March 2017, 1 April 2017 and 31 March 2018	1,373,157
Accumulated impairment losses:	
At 1 April 2016	–
Impairment losses	(693,391)
At 31 March 2017, 1 April 2017 and 31 March 2018	(693,391)
Carrying amount:	
At 31 March 2018	679,766
At 31 March 2017	679,766

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:

	2018	2017
	RMB'000	*RMB'000*
Manufacturing and trading	**43,313**	43,313
Car-sale	**636,453**	636,453
	679,766	679,766

Manufacturing and trading

On 31 March 2011, the Group acquired the 100% equity interests of Wealthy Glory Holdings Limited for a consideration of RMB90,000,000. The excess of the cost of the purchase over the net fair value of the identifiable net assets of Wealthy Glory Holdings Limited and its subsidiaries (the "Wealthy Glory Group") of RMB43,313,000 was recorded as goodwill and allocated to the Wealthy Glory Group's manufacturing and trading of household products business (the "manufacturing and trading CGU").

The recoverable amount of the manufacturing and trading CGU is determined based on value-in-use calculation. This calculation uses cash flow projections based on financial budgets prepared by the directors of the Company covering a five-year period. Cash flows beyond the five-year period are extrapolated using a 2% long-term growth rate (2017: 2%), which is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate of the relevant industry. The cash flows are discounted using a discount rate of 15% (2017: 18%). The discount rates used are pre-tax and reflect specific risks relating to the manufacturing and trading CGU.

Car-sale

On 7 February 2017, the Group acquired the 100% equity interest of Mega Convention Group Limited ("Mega Convention") for a consideration of RMB1,491,625,000. The excess of the cost of the purchase over the net fair value of the identifiable net assets of Mega Convention and its subsidiaries (the "Mega Convention Group") of RMB1,329,844,000 was recorded as goodwill and allocated to the Mega Convention Group's car-sale business (the "car-sale CGU").

The recoverable amount of the car-sale CGU is determined based on value-in-use calculation. This calculation uses cash flow projections based on financial budgets prepared by the directors of the Company covering a five-year period. Cash flows beyond the five-year period are extrapolated using a 2.5% long-term growth rate (2017: 2.5%), which is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate of the relevant industry. The cash flows are discounted using a discount rate of 15% (2017: 19%). The discount rates used are pre-tax and reflect specific risks relating to the car-sale CGU.

11. TRADE AND OTHER RECEIVABLES

	2018	2017
	RMB'000	*RMB'000*
Trade receivables from (Notes 11(i) and 11(iii)):		
– Third parties	**31,441**	27,589
– Companies under the control of the controlling equity shareholder of the Company (the "Controlling Shareholder") (Note (a))	**192,381**	167,061
Bills receivable	**2,442**	3,899
	226,264	198,549
Less: allowance for doubtful debts (Note 11(ii))	**–**	–
	226,264	198,549
Amounts due from related companies:		
– Amounts due from companies under the control of the Controlling Shareholder (Note (b))	**46**	334
– Amount due from an associate (Note (c))	**6,200**	5,956
– Amount due from a company under the control of a non-controlling shareholder of the Company (Note (b))	**172**	200
	6,418	6,490
Less: allowance for doubtful debts (Note 11(ii))	**(6,200)**	–
	218	6,490
Prepayments, deposits and other receivables:		
– Prepayments and deposits for operating leases expenses	**4,187**	4,233
– Prepayments for purchase of inventories (Note (d))	**377,822**	102,259
– Advances to third parties	**23,961**	31,410
– Receivable from the disposal of investment property	**–**	104,000
– Deposits for parallel importation of cars to a company under the control of a non-controlling shareholder of the Company	**50,000**	50,000
– Derivative financial instruments	**–**	2,187
– Others	**20,517**	18,076
	476,487	312,165
Less: allowance for doubtful debts (Note 11(ii))	**–**	–
	476,487	312,165
	702,969	517,204

Note (a): The balance mainly related to transactions under an export agency agreement entered into between the Group and a company under the control of the Controlling Shareholder which has been approved by the independent equity shareholders of the Company on 26 February 2013. The agreement has been renewed on 16 December 2015 and approved by the independent equity shareholders of the Company on 15 February 2016.

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

Note (c): The amounts is unsecured, bears interest at 8% per annum (31 March 2017:8% per annum) and is individually determined to be impaired.

Note (d): Included in the balance are prepayments of RMB89,491,000 at 31 March 2018 (2017: RMB15,907,000) made to a company under the control of a non-controlling shareholder of the Company.

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

(i) Ageing analysis

Included in trade and other receivables are trade and bills receivables (net of allowance for doubtful debts) with the following ageing analysis (based on the invoice date) as of the end of the reporting period:

	2018	2017
	RMB'000	*RMB'000*
Within 1 month	**41,111**	38,192
More than 1 month but less than 3 months	**124,392**	110,611
Over 3 months	**60,761**	49,746
	226,264	198,549

(ii) Impairment of trade and other receivables

Impairment losses in respect of trade and other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and other receivables directly.

The movements in the allowance for doubtful debts during the year are as follows:

	2018	2017
	RMB'000	*RMB'000*
At 1 April	**–**	–
Impairment losses recognised	**6,200**	–
At 31 March	**6,200**	–

At 31 March 2018, the Group's amount due from an associate of RMB6.2 million (31 March 2017: RMBNil) was individually determined to be impaired.

The individually impaired receivable related to an associate that was in financial difficulties and management assessed that the receivable may not be fully recoverable.

(iii) Trade and bills receivables that are not impaired

The ageing analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired is as follows:

	2018	2017
	RMB'000	*RMB'000*
Neither past due nor impaired	**157,505**	139,706
Less than 1 month past due	**58,192**	44,004
More than 1 month but less than 3 months past due	**6,260**	10,894
More than 3 months past due	**4,307**	3,945
	68,759	58,843
	226,264	198,549

Receivables that were neither past due nor impaired relate to bills receivable from the issuing banks and customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

12. TRADE AND OTHER PAYABLES

	2018	2017
	RMB'000	*RMB'000*
Trade payables to:		
– Third parties	**218,568**	164,727
– Companies under the control of the Controlling Shareholder	**55,777**	47,068
	274,345	211,795
Bills payable	**52,371**	40,423
	326,716	252,218
Amounts due to related companies:		
– Companies under the control of the Controlling Shareholder (Note (i))	**34,773**	29,202
– Companies under the control of a non-controlling shareholder of the Company (Note (i))	**688**	580
	35,461	29,782
Accrued charges and other payables:		
– Accrued expenses	**24,064**	20,321
– Payables for staff related costs	**44,704**	39,290
– Deposits from customers and suppliers	**20,756**	40,555
– Payables for interest expenses	**5,180**	4,822
– Payables for miscellaneous taxes	**5,484**	6,771
– Others	**18,296**	17,545
	118,484	129,304
Financial liabilities measured at amortised cost	**480,661**	411,304
Current portion of contingent consideration (Note 14)	**1,809,093**	146,256
Advances received from customers	**265,851**	74,712
	2,555,605	632,272

Note:

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

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

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

	2018	2017
	RMB'000	*RMB'000*
Within 1 month	**147,467**	104,618
Over 1 month but within 3 months	**121,162**	92,495
Over 3 months but within 6 months	**42,559**	43,261
Over 6 months	**15,528**	11,844
	326,716	252,218

13. DIVIDENDS/DISTRIBUTION

(a) The directors of the Company did not recommend the payment of a final dividend for the year ended 31 March 2018 (2017: RMBNil).

(b) Special distribution payable to equity shareholders of the Company approved and paid during the year:

	2018	2017
	RMB'000	*RMB'000*
Special distribution approved and paid during the year	**–**	433,976

14. CONTINGENT CONSIDERATION

	2018	2017
	RMB'000	*RMB'000*
At 1 April 2017/2016	**931,068**	–
Acquisition of subsidiaries	**–**	987,406
Issuance of ordinary shares	**(141,654)**	–
Fair value changes (Note 6(a))	**1,019,679**	(56,338)
	1,809,093	931,068
Less: current portion (Note 12)	**(1,809,093)**	(146,256)
At 31 March 2018/2017	**–**	784,812

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

General Information

For the year ended 31 March 2018 (the "Year"), the Group recorded a revenue of approximately RMB3,885.6 million, representing an increase of 213.4% when compared with the revenue of approximately RMB1,239.7 million reported for the last year. Net loss for the Year was approximately RMB939.0 million compared to a net loss of RMB656.8 million for the last year. The Group's basic and diluted loss per share for the Year were RMB15.69 cent while the Group's basic and diluted loss per share for the year before were RMB13.85 cent.

Net Assets, Liquidity and Financial Resources

As at 31 March 2018, the Group's net assets decreased to RMB354.2 million, rendering net asset value per share at RMB6.24 cent. The sharp decrease in net assets is the result of the accounting treatment under current accounting standards on the recognition of the impact of fair value change on the Tranche C consideration shares to be issued to the vendor of Tianjin car-sale business project later this year in accordance with the terms of sell and purchase agreement on the acquisition completed on 7 February 2017. As stated in Note 12 and Note 14 of this announcement, there was a contingent consideration of RMB1,809.1 million due to such consideration shares. Assuming the exchange rate of RMB:HK$ remains at the same level of 31 March 2018 and the market share price of the Company is the same as that on 31 March 2018, the contingent consideration of RMB1,809.1 million will be reclassified from liabilities to share capital and share premium in the books of the Company upon the issuance of these shares. And thus, the net assets of the Group will be increased very substantially under the current accounting treatment required by current accounting standards.

As at 31 March 2018, the Group's total assets were valued at RMB4,680.8 million, including cash and bank deposits of approximately RMB783.6 million and current available-for-sale investments of RMB766.1 million. Consolidated bank loans and other borrowings amounted to RMB1,513.2 million. Its debt-to-equity ratio (bank loans and other borrowings over total equity) has been increased from 105.1% as at 31 March 2017 to 427.2% as at 31 March 2018. The huge change in the debt-to-equity ratio was due to the drop in equity resulted from the loss recorded from the changes in fair value of contingent consideration for Tranche C consideration shares. Once Tranche C consideration shares are issued later this year and the contingent liabilities of RMB1,809.1 million for those shares are reclassified into equity, the debt-to-equity ratio will be back to normal level.

Most of the Group's business transactions were conducted in RMB and US$. As at 31 March 2018, the Group's major borrowings included bank loans, which had an outstanding balance of RMB1,348.6 million, other borrowings from shareholders and a third party totaling RMB164.6 million. All of the Group's borrowings have been denominated in RMB, EUR, HK$, US$ and CAD.

Pledge of Assets

The Group's leasehold land and buildings and investment properties with a carrying amount of RMB974.2 million as at 31 March 2018 were pledged to secure bank borrowing and facilities of the Group.

Capital Expenditure and Commitments

The Group will continue to allocate a reasonable amount of resources to acquisitions, 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, and disposal of available-for-sale investments/assets.

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, EUR, HK$, US$ and CAD. 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.

The EUR short term loans of EUR26.27 million and EUR16.0 million the Company obtained from banks in HK and have been secured partially by RMB fixed deposits of a subsidiary of the Group and partially by HK$ restricted bank deposit of the Company. The EUR short term loan of EUR26.27 million has been partially early repaid of total EUR15.46 million and the remaining balance of EUR10.81 million and EUR16.0 million will be due in August 2018. The management will manage the EUR currency risk with utmost care and consider hedging and/or loan repayment when appropriate.

Segment Information

With the acquisition of Mega Convention Group Limited ("Mega Convention"), car-sale business has emerged to become the most important business segment of the Group in the Year and accounted for 70.6% of total revenue. Retail and wholesale business, manufacturing and trading business and investments holding business had 19.7%, 8.5% and 1.2% of the remaining respectively.

In terms of geographical location, China is the primary market of the Group, which accounted for 92.1% of total revenue of the Group for the Year. The remaining comprised of revenue from North America 6.9%, Europe 0.4% and others 0.6%.

Contingent Liabilities

As at 31 March 2018, the Group pledged certain leasehold land and buildings and investment properties with an aggregate carrying amount of approximately RMB17.9 million to secure bank loans borrowed by the related companies under the control of Mr Li Lixin, Chairman of the Company. Such arrangements were made by New JoySun group prior to the acquisition in August 2013. 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 RMB9.0 million being the balance of the principal amount of the bank loans the Group pledged for.

Investments in New Businesses

During the Year, our equity interest in Veritas-MSI (China) Co., Ltd. ("VMCL") remained at 24.76%. VMCL is an associate company of the Group. The core business of VMCL is in the development and application of separation technology and multiphase measurement sciences for the oil and gas industry which has been in difficult business environment since global petroleum price dropped significantly in 2014. The Company will consider to sell our investment in VMCL should there be attractive offer which can give us a reasonable return from this investment.

Another investment in recent years was QL Electronics Co., Ltd ("QLEC"). As QLEC had been restructured for business expansion and opportunities in capital market. QLEC was split into two companies named QLEC (subsequently renamed as JRH QL Electronics Co., Ltd ("JRH") and Hangzhou Lion Microelectronics Co., Ltd ("HLMC"). HLMC is the parent company of JRH. At 22 January 2016, HLMC increased the share capital from 187,553,401 to 300,000,000 shares. Our investment of 18,318,800 shares in JRH were entitled to subscribe 14,417,912 shares in HLMC at 14 May 2015. Before the restructuring, our equity interest in HLMC was 8.211%. After the restructuring, our equity interest in HLMC was 7.592%. The core business of HLMC is in the development and manufacturing of semiconductor materials. As an investor, the Company is satisfied with the business performance and development prospect of JRH and HLMC.

The latest investment of the Company was the acquisition of 100% beneficiary interest in the trading and sales of imported cars and related services in Tianjin from substantial Shareholder which was approved by the Shareholders of the Company on 18 October 2016 and completed on 7 February 2017. For details of this acquisition, please refer to the announcements of the Company dated 25 September 2015, 9 August 2016, 29 September 2016, 27 October 2016, 3 January 2017 and 7 February 2017 and the circular of the Company dated 30 September 2016. The Company believes that automobile industry is a fast growing market in the PRC with significant growth potential and the Company will be able to record additional revenue stream from the trading and sales of imported cars business. The management is optimistic on the business prospect and the financial performance of this new business segment and expect significant contribution from car business to improve the financial position of the Group.

The Directors consider the new businesses are in challenging market situations but still have good business prospects. Overall speaking, we are optimistic on the values of these investments and contribution of financial results brought to the Group in the future.

Employee Information

As at 31 March 2018, the Group employed a workforce of 2,076 employees 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 RMB939.0 million, compared to the net loss of RMB656.8 million for the corresponding last year. The loss was attributable to the recognition of the change in fair value of approximately RMB1,019.7 million from the contingent consideration shares still outstanding for the car-sale business project in Tianjin which was completed on 7 February 2017. The loss is solely the result of the accounting treatment (in compliance with the current accounting standard) on the change in fair value resulted from the change in the market share price of the Company and has nothing related to the operating performance of the car business.

Revenue

During the Year, the Group recorded total revenue of approximately RMB3,885.6 million, representing an increase of 213.4% when compared with the total revenue of approximately RMB1,239.7 million reported for the last year.

Car-sale Business

After the completion of the acquisition of the trading and sales of imported cars business in Tianjin, PRC in February 2017, this new business line managed to contribute revenue of RMB2,742.5 million for the year which was 70.6% of total revenue of the Group. This was huge increase when compared to the two months' revenue contribution of RMB159.5 million for the last year.

Retail and Wholesale Business

Retail business increased by 12.8% to RMB485.5 million while wholesale business increased by 5.1% to RMB279.7 million for the Year as compared with corresponding last year. Despite the market competition from e-commerce, large supermarket chains and new shopping malls nearby, the business of retail and wholesale business in wine and beverages has stabilized and recorded a satisfactory increase in revenue contributed by the hard work of the sale team of retail and wholesale business for the Year.

Manufacturing and Trading Business

During the Year, the manufacturing and trading business contributed approximately RMB329.0 million to the total revenue of the Group. The business of this segment decreased by RMB11.8 million when compared with the last year of approximately RMB340.8 million. The competition in overseas market has been very severe and our management team in this business line is working very hard to strengthen our established customer base and looking for further opportunities in the market.

Investments Holding Business

Dividend income increased by 60.0% to RMB3.3 million and investment income increased by 12.6% to RMB45.6 million during the Year as compared with the last year.

PROSPECTS

Stepping into a Promising Car-Sale Business Market

On 9 August 2016, the Company and Mighty Mark Investments Limited ("Mighty Mark") entered into an acquisition agreement, pursuant to which the Company conditionally agree to purchase, and Mighty Mark conditionally agreed to sell the entire shareholding interest in Mega Convention. For details of the acquisition, please refer to the announcements dated 25 September 2015, 9 August 2016, 29 September 2016 and 27 October 2016, 3 January 2017, 7 February 2017 and the circular dated 30 September 2016.

The acquisition of 100% beneficiary interest in Mega Convention was approved by the shareholders of the Company in a special general meeting on 18 October 2016 and was completed on 7 February 2017. Subject to the satisfaction of the target audited net profit, the consideration of this proposed acquisition shall be up to RMB916,000,000 and will be settled by the Company by the allotment and issue of consideration shares to the Mighty Mark and/or its designed party credited as fully paid in three tranches at the issue price of H$0.3712 per consideration share. For details of the acquisition agreement and supplementary agreements, please refer to the announcements dated 25 September 2015, 9 August 2016, 29 September 2016 and 27 October 2016, 3 January 2017, 7 February 2017 and the circular dated 30 September 2016. After completion of the acquisition on 7 February 2017, the Mega Convention became a wholly-owned subsidiary of the Company. The principle business of the Mega Convention is trading and sales of imported cars and related services in China. The management expects that the new business segment will bring positive impact on the financial results and the cash flow generation of the Group.

On 17 September 2017, the Company, Sincere Dawn and Sincere Dawn's Guarantors entered into the sale and purchase agreement, pursuant to which, the Company has conditionally agreed to acquire, and Sincere Dawn has conditionally agreed to sell, 51% of the issued share capital of Dawn Brilliant Limited at the consideration of HK$1.4 billion. The consideration shall be satisfied by the issue up to 1,135,607,714 new shares and the promissory note in the principal amount of HK$264,392,286 by the Company to Sincere Dawn. In addition, on 21 September 2017, Dawn Brilliant Limited entered into the Strategic Cooperation Agreement with Taobao (China) Software Co., Ltd. in relation to the proposed cooperation in establishing and promoting a large-scale integrated platform for sale and purchase of motor vehicles and other motor vehicle related service. For details of the acquisition and the Strategic Cooperation Agreement, please refer to the announcements dated 17 September 2017 and 21 September 2017. At the date of this announcement, the proposed acquisition is not yet completed.

Further Strengthening Our Competence and Competitiveness in the Business of Household Products

Relocation of the Group's manufacturing plant in Shenzhen to Ningbo, PRC, was completed. The manufacturing facilities of household products of the Group are now consolidated in one location in Ningbo. Though plant relocation had been a difficult process and resulted in disturbances in our plant operations and business development, the benefit on our operations in terms of efficiency improvement in management resources and synergies in scale procurement and production operations began to take place and contribute to the business on long-term basis. The Group will continue its cost control measures and business strategy of focusing on higher margin products and customers that have been improving the segment's business and financial performance. Apart from the continuing effort in cost control measures such as integration and realignment of management and sales resources, structural changes in procurement and manufacturing planning and exploration of relocation of its production facilities (or part of them) to lower cost areas, the Group will step up its efforts to explore new products. Besides, the Group will also enlarge our customer base in both existing and emerging markets. We shall also monitor closely the volatility of global financial markets, the extension of different markets and adjust our sales and purchase strategies accordingly to achieve our goal of continuous business growth and performance improvement.

Looking for New Business Opportunities with Growth Potential

With substantial funding available from the disposal of the land in Shenzhen, the management will actively look into investment and acquisition targets of appropriate and reasonable valuation and consider other uses of fund for the best benefit of the Company and the Shareholders as a whole. The investment objectives of the Group will be in driving impactful business growth, strengthening further competitive advantage of existing business segments and enhancing the return to the Shareholders.

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

As at 31 March 2018, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

Name	**Capacity**	**Number of shares/ underlying shares** *(Note 1)*	**Approximate percentage of the issued share capital of the Company**
Mr Li Lixin	*Note 2*	2,832,373,680 (L)	49.88%
		2,814,550,681 (S)	49.57%

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

Note 2: Mr Li Lixin's interest in 2,832,373,680 shares is held as to 17,822,000 shares personally, 1,332,139,014 shares through Big-Max Manufacturing Co., Limited ("Big-Max") and 1,482,412,666 shares through Shi Hui Holdings Limited ("Shi Hui"). The issued share capital of Big-Max is beneficially owned as to 90% by Mr Li Lixin. The issued share capital of Shi Hui is 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 were no other options outstanding at the beginning or the end of the year ended 31 March 2018. Other than that, at no time during the year ended 31 March 2018 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 2018.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2018, the interests or short positions of every person, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name	Capacity	Number of shares/ underlying shares *(Note)*	Approximate percentage of the issued share capital of the Company
Big-Max Manufacturing Co., Limited	Beneficial owner	1,332,139,014 (L) 1,332,139,014 (S)	23.46% 23.46%
Shi Hui Holdings Limited	Beneficial owner	1,482,412,666 (L) 1,482,411,667 (S)	26.11% 26.11%
Central Huijin Investment Limited	Person having a security interest in shares/Interest in controlled corporation	1,960,009,680 (L)	34.52%
China Construction Bank Corporation	Person having a security interest in shares/interest in controlled corporation	1,960,009,680 (L)	34.52%
浙江省財務開發公司	Person having a security interest in shares	999,999,001 (L)	17.61%
財通證券股份有限公司	Person having a security interest in shares	999,999,001 (L)	17.61%
Pacific Sun Advisors Limited	Person having a security interest in shares	447,238,000 (L)	7.88%
Mighty Mark Investments Limited	Beneficial owner	2,878,957,762 (L)	50.70%
Cheng Wei Hong	Beneficial owner/interest in controlled corporation	3,066,106,733 (L)	54.00%
Sincere Dawn Limited	Beneficial owner	1,135,607,714 (L)	20.00%
董愛英	Beneficial owner/interest in controlled corporation	1,135,607,714 (L)	20.00%

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 audited consolidated financial statements for the Year, in conjunction with the Company's external 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 throughout the year saved for the following:

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 chairman of the board and the chairman of the remuneration committee of the Company were unable to attend the annual general meeting held during the Year due to their other commitments.

MODEL CODE

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 2018.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of this preliminary announcement of the Group's results for the Year have been agreed by the Group's auditor, KPMG, (the "Auditor") to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by the Auditor in this respect did not constitute an 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 2018 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.

By Order of the Board
Li Lixin
Chairman

Hong Kong, 28 June 2018

As at the date of this announcement, the Board comprises Mr. Li Lixin (Chairman), Mr. Cheng Jianhe, Ms. Jin Yaxue and Mr. Tong Xin being executive Directors, Mr. Lau Kin Hon being non-executive Directors, Mr. He Chengying, Mr. Cheung Kiu Cho Vincent and Mr. Shin Yick Fabian being independent non-executive Directors.