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 2014

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 2014 together with comparative figures of the previous corresponding year are as follows:

Consolidated Statement of Profit or Loss

		Year ended 31 March	
		2014	2013
	Note	***RMB'000***	*RMB'000*
Turnover	4	**783,003**	301,205
Cost of sales		**(629,925)**	(240,953)
Gross profit	4(b)	**153,078**	60,252
Other revenue	5	**16,673**	1,336
Other net income/(loss)	5	**1,006**	(487)
Selling and distribution expenses		**(51,528)**	(19,399)
Administrative expenses		**(108,741)**	(60,475)

		Year ended 31 March	
		2014	2013
	Note	***RMB'000***	*RMB'000*
Profit/(loss) from operations		**10,488**	(18,773)
Net valuation gain on investment properties		**1,405,220**	–
Excess of the net fair value of the acquired net assets over cost		**12,879**	–
Share of profits of an associate		**8,267**	2,307
Finance costs	6(a)	**(142,130)**	(12,945)
Profit/(loss) before taxation	6	**1,294,724**	(29,411)
Income tax	7	**(333,131)**	(2,620)
Profit/(loss) for the year		**961,593**	(32,031)
Attributable to:			
Equity shareholders of the Company		**963,225**	(32,031)
Non-controlling interests		**(1,632)**	–
Profit/(loss) for the year		**961,593**	(32,031)
Earnings/(loss) per share (RMB cent)			
Basic	8(a)	**27.7**	(1.3)
Diluted	8(b)	**26.1**	N/A

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Year ended 31 March	
	2014	2013
	RMB'000	*RMB'000*
Profit/(loss) for the year	**961,593**	(32,031)
Other comprehensive income for the year (after tax):		
Items that will not be reclassified to profit or loss:		
– Surplus on revaluation of land and buildings upon reclassification from held for own use to investment properties	**–**	8,594
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation into presentation currency	**(188)**	(30)
Other comprehensive income for the year	**(188)**	8,564
Total comprehensive income for the year	**961,405**	(23,467)
Attributable to:		
Equity shareholders of the Company	**963,037**	(23,467)
Non-controlling interests	**(1,632)**	–
Total comprehensive income for the year	**961,405**	(23,467)

Consolidated Statement of Financial Position

		At 31 March	
		2014	2013
	Note	***RMB'000***	*RMB'000*
Non-current assets			
Property, plant and equipment		**896,831**	83,881
Investment properties		**2,065,480**	175,600
Goodwill		**43,313**	43,313
Intangible assets		**17,749**	7,956
Interests in an associate		**48,944**	40,677
Available-for-sale investments		**84,881**	75,481
Prepayments		**–**	10,200
Deferred tax assets		**57,740**	3,466
		3,214,938	440,574
Current assets			
Available-for-sale investments		**250,000**	–
Inventories		**159,533**	46,581
Trade and other receivables	9	**240,345**	34,165
Prepaid income tax		**–**	1,178
Restricted bank deposits		**62,762**	–
Cash and cash equivalents		**55,020**	9,207
		767,660	91,131
Current liabilities			
Trade and other payables	10	**434,252**	163,676
Bank and other loans		**750,052**	172,194
Income tax payable		**5,322**	–
		1,189,626	335,870
Net current liabilities		**(421,966)**	(244,739)
Total assets less current liabilities		**2,792,972**	195,835

	At 31 March	
	2014	2013
	RMB'000	*RMB'000*
Non-current liabilities		
Bank and other loans	**343,566**	–
Convertible bonds	**209,019**	–
Deferred tax liabilities	**612,882**	11,623
	1,165,467	11,623
NET ASSETS	**1,627,505**	184,212
CAPITAL AND RESERVES		
Share capital	**36,138**	22,724
Reserves	**1,520,259**	161,488
Total equity attributable to equity shareholders of the Company	**1,556,397**	184,212
Non-controlling interests	**71,108**	–
TOTAL EQUITY	**1,627,505**	184,212

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 STATEMENT OF COMPLIANCE

The consolidated financial statements for the year ended 31 March 2014 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 (the "HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32) in accordance with transitional and saving arrangements for part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (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 and the Company. 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 OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 March 2014 comprise the Group and the Group's interests in an associate.

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 debt investments and investment properties 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.

As at 31 March 2014, the Group had net current liabilities of RMB421,966,000, including the non-current portion of a bank loan repayable on demand of RMB57,000,000. The consolidated financial statements have been prepared on a going concern basis notwithstanding the net current liabilities of the Group as at 31 March 2014 because the directors of the Company are of the opinion that (i) the Group is up to date with the scheduled repayments on the long-term bank loan repayable on demand and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Group continues to meet these requirements; and (ii) based on a cash flow forecast of the Group for the year ending 31 March 2015 prepared by the management, which has taken into account the deposits of RMB200,000,000 already received as at the date of this announcement and the remaining proceeds that would have received upon the completion of the proposed sale of certain of the Group's investment properties, the Group would have adequate funds to meet its liabilities as and when they fall due at least twelve months from the end of the reporting period. Accordingly, the directors of the Company consider it is appropriate to prepare the consolidated financial statements on a going concern basis.

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*
- HKFRS 10, *Consolidated financial statements*
- HKFRS 12, *Disclosure of interests in other entities*
- HKFRS 13, *Fair value measurement*
- Amendments to HKFRS 7 – *Disclosure – Offsetting financial assets and financial liabilities*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impact of the adoption of new or amended HKFRSs are discussed below.

Amendments to HKAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of profit or loss and other comprehensive income in these financial statements has been modified accordingly. In addition, the Group has chosen to use the new titles "statement of profit or loss" and "statement of profit or loss and other comprehensive income" as introduced by the amendments in these financial statements.

HKFRS 10, Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements*, relating to the preparation of consolidated financial statements and HK-SIC 12, *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 April 2013.

HKFRS 12, Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures.

HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Amendments to HKFRS 7 – Disclosures – Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32, *Financial instruments: Presentation*, and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on the financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7 during the periods presented.

4 TURNOVER AND SEGMENT REPORTING

(a) Turnover

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, and investments holding.

Turnover represents the sales value of goods sold to customers (net of value added tax or other sales tax and discounts), net income from concession sales, rental income from operating leases, service fee income, and investment and dividend income.

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

	2014	2013
	RMB'000	*RMB'000*
Sales of goods:		
– manufacturing and trading of household products	**330,012**	295,852
– retail operation of department stores and supermarkets	**201,732**	–
– wholesale of wine and beverages and electrical appliances	**174,367**	–
	706,111	295,852
Net income from concession sales	**16,527**	–
Rental income from operating leases	**23,205**	3,063
Service fee income	**27,676**	–
Investment and dividend income	**9,484**	2,290
	783,003	301,205

Information on revenue from external customers contributing over 10% of the Group's turnover, which arose from the manufacturing and trading of household products business, is as follows:

	2014	2013
	RMB'000	*RMB'000*
Customer A	**98,659**	74,119
Customer B (Note (i))	**–**	51,224

Note (i): For the year ended 31 March 2014, revenue from Customer B did not exceed 10% of the Group's turnover.

Note (ii): In respect of the Group's operation of department stores and supermarkets, the directors of the Company consider that the customer base is diversified and has no customer with whom transactions have exceeded 10% of the Group's turnover for the year ended 31 March 2014.

Information on gross revenue

Gross revenue represents the gross amount arising from the sales of goods to retail and wholesale customers and concession sales charged to retail customers, rental income from operating leases, service fee income charged to tenants, and investment and dividend income, net of value added tax or other sales tax and discounts.

	2014	2013
	RMB'000	*RMB'000*
Sales of goods:		
– manufacturing and trading of household products	**330,012**	295,852
– retail operation of department stores and supermarkets	**201,732**	–
– wholesale of wine and beverages and electrical appliances	**174,367**	–
	706,111	295,852
Gross revenue from concession sales	**118,814**	–
Rental income from operating leases	**23,205**	3,063
Service fee income	**27,676**	–
Investment and dividend income	**9,484**	2,290
	885,290	301,205

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

(b) Segment reporting

In view of the acquisition of various new lines of businesses through the acquisition of subsidiaries, namely the retail business from the operation of department stores and supermarkets and the wholesale of wine and beverages and electrical appliances business, the management of the Group has revisited the Group's future strategies and has decided to change the way in how information is to be reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment. The three operating segments, namely "Manufacturing and trading", "Property investment" and "Investment holding" as previously reported for the year ended 31 March 2013 have been revised into the following four operating segments for the year ended 31 March 2014:

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

– Retail: this segment manages the department store and supermarket operations. The Group leases out one of its department store and does not manage its operation.

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

– 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. After the Group's acquisition of the retail and wholesale segments as mentioned above, the management of the Group considers it is more important to focus on the profitability of each of the operating segment. As a result, the treasury function is more centrally managed by the Group, and resources have been deployed across the various segments to increase efficiency at a group level. Consequently, the Group's operating expenses such as selling and distribution expenses and administrative expenses, and assets and liabilities are no longer monitored by the Group's senior executive management based on segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses are presented.

Comparative figures have been adjusted to conform to the current year's segment presentation.

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 2014 and 2013 is set out below.

	2014				
	Manufacturing and trading	**Retail**	**Wholesale**	**Investments holding**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Revenue and net income from external customers	**330,012**	**265,933**	**176,660**	**9,484**	**782,089**
Inter-segment revenue	**–**	**–**	**2,691**	**–**	**2,691**
Reportable segment revenue and net income	**330,012**	**265,933**	**179,351**	**9,484**	**784,780**
Reportable segment gross profit	**69,563**	**68,150**	**6,444**	**9,484**	**153,641**

	2013		
	Manufacturing and trading	Investments holding	Total
	RMB'000	*RMB'000*	*RMB'000*
Revenue from external customers and reportable segment revenue	295,852	2,290	298,142
Reportable segment gross profit	55,526	2,290	57,816

(ii) Reconciliations of reportable segment revenue and net income

	2014	2013
	RMB'000	*RMB'000*
Revenue and net income		
Reportable segment revenue and net income	**784,780**	298,142
Elimination of inter-segment revenue	**(2,691)**	–
Unallocated head office and corporate revenue	**914**	3,063
Consolidated turnover *(Note 4(a))*	**783,003**	301,205
Gross profit		
Reportable segment gross profit	**153,641**	57,816
Unallocated head office and corporate gross (loss)/profit	**(563)**	2,436
Consolidated gross profit	**153,078**	60,252

(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 (excluding the investment property to be disposed), 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 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 (excluding the investment property to be disposed), 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**	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC (including Hong Kong) (place of domicile)	**459,026**	22,777	**1,474,754**	210,631
The United States	**277,076**	226,317	**–**	–
Europe	**21,214**	21,857	**–**	–
Canada	**4,856**	7,856	**–**	–
Others	**20,831**	22,398	**–**	–
	783,003	301,205	**1,474,754**	210,631

5 OTHER REVENUE AND NET INCOME/(LOSS)

	2014 *RMB'000*	2013 *RMB'000*
Other revenue		
Interest income	**10,152**	65
Government grants	**4,427**	806
Others	**2,094**	465
	16,673	1,336
Other net income/(loss)		
Net gain from sale of scrap materials	**1,013**	328
Net loss on disposal of property, plant and equipment	**(7)**	(815)
	1,006	(487)

6 PROFIT/(LOSS) BEFORE TAXATION

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

(a) Finance costs

	2014 *RMB'000*	2013 *RMB'000*
Interest on bank and other borrowings	**41,447**	12,364
Finance charges on convertible bonds	**11,789**	–
Bank charges and other finance costs	**7,856**	581
Total borrowing costs	**61,092**	12,945
Changes in fair value on the derivative components of convertible bonds	**149,569**	–
Net gain on redemption of convertible bonds	**(68,531)**	–
	142,130	12,945

No borrowing costs have been capitalised for the year ended 31 March 2014 (2013: RMBNil).

(b) Staff costs #

	2014	2013
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**97,743**	75,170
Contributions to defined contribution retirement plans	**4,719**	1,067
	102,462	76,237

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% 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 HKD25,000. 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

	2014	2013
	RMB'000	*RMB'000*
Cost of inventories #	**615,199**	240,953
Auditors' remuneration – audit services	**1,700**	627
Depreciation and amortisation #	**32,859**	16,753
Impairment losses on property, plant and equipment	**18,980**	–
Impairment losses on trade and other receivables	**166**	–
Operating lease charges in respect of properties	**27,757**	12,685
Net foreign exchange loss	**1,346**	429

\# Cost of inventories includes RMB58,100,000 (2013: RMB46,537,000) for the year ended 31 March 2014, relating to staff costs, and depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above 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:

	2014	2013
	RMB'000	*RMB'000*
Current taxation – PRC Enterprise Income Tax		
– Provision for the year	**4,711**	2,036
– Under-provision in respect of prior years	**316**	–
	5,027	2,036
Deferred taxation		
– Origination and reversal of temporary differences	**341,780**	584
– Recognition of prior years' unused tax losses previously not recognised	**(13,676)**	–
	328,104	584
	333,131	2,620

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

	2014	2013
	RMB'000	*RMB'000*
Profit/(loss) before taxation	**1,294,724**	(29,411)
Expected tax on profit/(loss) before tax, calculated at the rates applicable to profits in the tax jurisdictions concerned (Notes (i), (ii) and (iii))	**341,684**	(8,491)
Tax effect of non-deductible expenses	**2,378**	1,257
Tax effect of non-taxable income	**(2,771)**	–
Tax effect of share of profits of an associate	**(2,067)**	(577)
Tax effect of unused tax losses not recognised	**7,267**	10,431
Tax effect of recognition of prior years' unused tax losses previously not recognised (Note (iv))	**(13,676)**	–
Under-provision in respect of prior years	**316**	–
Income tax	**333,131**	2,620

Notes:

(i) The Hong Kong Profits Tax rate for the year ended 31 March 2014 is 16.5% (2013: 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 2014 (2013: 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) The subsidiaries of the Group established in the PRC are subject to PRC Enterprise Income Tax rate of 25% (2013: 25%).

(iv) The Group has recognised deferred tax assets of RMB13,676,000 in relation to previously unrecognised tax losses (2013: RMBNil) for the year ended 31 March 2014, as the utilisation of these unused tax losses has changed due to changes were made to the estimates of the future operating results of certain subsidiaries of the Group.

8 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings per share for the year ended 31 March 2014 is based on the profit attributable to ordinary equity shareholders of the Company of RMB963,225,000 (2013: loss attributable to ordinary equity shareholders of the Company of RMB32,031,000) and the weighted average of 3,473,676,000 ordinary shares (2013: 2,476,964,000 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

	2014	2013
	'000	*'000*
Issued ordinary shares at 1 April	**2,476,964**	2,476,964
Effect of shares issued on the acquisition of subsidiaries	**996,712**	–
Weighted average number of ordinary shares at 31 March	**3,473,676**	2,476,964

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 March 2014 is based on the profit attributable to ordinary equity shareholders (diluted) of the Company of RMB1,057,206,000 and the weighted average of 4,055,852,000 ordinary shares (diluted) in issue during the year ended 31 March 2014, calculated as follows:

(i) Profit attributable to equity shareholders of the Company (diluted)

	2014
	RMB'000
Profit attributable to equity shareholders	**963,225**
After tax effect of effective interest and exchange differences on the liability component of convertible bonds	**12,943**
After tax effect of changes in fair value recognised on the derivative components of convertible bonds	**149,569**
After tax effect of net gain on redemption of convertible bonds	**(68,531)**
Profit attributable to equity shareholders (diluted)	**1,057,206**

(ii) Weighted average number of shares (diluted)

	2014
	'000
Weighted average number of ordinary shares at 31 March	**3,473,676**
Effect of conversion of convertible bonds	**582,176**
Weighted average number of ordinary shares (diluted) at 31 March	**4,055,852**

There were no dilutive potential ordinary shares during the year ended 31 March 2013.

9 TRADE AND OTHER RECEIVABLES

	2014	2013
	RMB'000	*RMB'000*
Trade receivables from:		
– Third parties	**38,334**	2,420
– Companies under the control of the controlling shareholder (Note (aa))	**106,521**	23,351
– A non-controlling equity holder of a subsidiary of the Group	**12,055**	–
Bills receivables	**4,885**	–
	161,795	25,771
Less: allowance for doubtful debts	**(317)**	(170)
	161,478	25,601
Amounts due from companies under the control of the controlling shareholder (Note (bb))	**5,403**	–
Prepayments, deposits and other receivables:		
– Prepayments and deposits for operating leases expenses	**11,780**	420
– Prepayments for purchase of inventories	**3,344**	–
– Advances to third parties	**41,819**	931
– Others	**16,521**	7,213
	73,464	8,564
	240,345	34,165

Note (aa): The trade receivables are essentially related to transactions under export agency agreement approved by independent shareholders of the Company on 26 February 2013.

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

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:

	2014	2013
	RMB'000	*RMB'000*
Within 1 month	**58,854**	18,208
More than 1 month but less than 3 months	**73,071**	6,750
Over 3 months	**29,553**	643
	161,478	25,601

(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:

	2014	2013
	RMB'000	*RMB'000*
At 1 April	**170**	172
Exchange adjustments	**1**	(2)
Impairment losses recognised	**166**	–
Uncollectible amounts written off	**(20)**	–
At 31 March	**317**	170

At 31 March 2014, the Group's trade and other receivables of RMB317,000 (31 March 2013: RMB170,000) were individually determined to be impaired. The individually impaired receivables related to customers and debtors that were in financial difficulties and management assessed that these receivables are irrecoverable. The Group does not hold any collateral over these balances.

(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:

	2014	2013
	RMB'000	*RMB'000*
Neither past due nor impaired	**105,429**	23,899
Less than 1 month past due	**31,551**	997
More than 1 month but less than 3 months past due	**21,872**	358
More than 3 months past due	**2,626**	347
	56,049	1,702
	161,478	25,601

Credit terms of one to three months from the date of billing or separately negotiated repayment schedules may be granted to customers and debtors, depending on credit assessment carried out by management on an individual customer basis. Normally, the Group does not obtain collateral from customers and debtors.

Receivables that were neither past due nor impaired relate to bills receivables 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.

10 TRADE AND OTHER PAYABLES

	2014	2013
	RMB'000	*RMB'000*
Trade payables to:		
– Third parties	**188,514**	30,676
– Companies under the control of the controlling shareholder	**53,908**	43,674
– Bill payables	**22,612**	–
	265,034	74,350
Amounts due to companies under the control of the controlling shareholder (Note (i))	**18,020**	65,887
Accrued charges and other payables:		
– Accrued operating lease expenses	**20,818**	4,226
– Payables for staff related costs	**26,818**	14,818
– Accrued expenses for costs incurred on investment property	**13,300**	–
– Deposits from suppliers	**4,639**	528
– Payables for interest expenses	**6,141**	2,492
– Payables for miscellaneous taxes	**1,097**	344
– Others	**17,002**	59
	89,815	22,467
Financial liabilities measured at amortised cost	**372,869**	162,704
Advances received from customers	**61,383**	972
	434,252	163,676

Notes:

(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:

	2014	2013
	RMB'000	*RMB'000*
Within 1 month	**132,002**	53,414
1 to 3 months	**69,847**	11,994
Over 3 months but within 6 months	**57,579**	5,778
Over 6 months	**5,606**	3,164
	265,034	74,350

11 DIVIDENDS

The directors of the Company did not recommend the payment of a final dividend for the year ended 31 March 2014 (2013: RMBNil).

12 ACQUISITION OF SUBSIDIARIES

On 4 March 2013, the Company entered into a conditional sale and purchase agreement with Shi Hui, pursuant to which the Company conditionally agreed to purchase and Shi Hui conditionally agreed to sell 100% equity interests in Wealthy Honor. Wealthy Honor indirectly holds 95% equity interests of New JoySun. New JoySun has several subsidiaries operate retail and wholesale businesses in the PRC. Pursuant to the sale and purchase agreement, the Company issued 1,700,000,000 ordinary shares and convertible bonds with principle amount of HKD382,800,000 to Shi Hui as consideration of this transaction.

On 20 June 2013, the Group entered into a share transfer agreement with a third party, pursuant to which the Group agreed to purchase 5% equity interests in New JoySun for a cash consideration of RMB31,665,000.

The directors of the Company consider that the above transactions should be view as one transaction, as it was the Group's initial intention to acquire the 100% equity interests of New JoySun, where the different times in entering into the two agreements were attributable to the time it took the Group to successful negotiate with the respective vendors.

Upon completion of above acquisitions on 30 August 2013, and in accordance with the accounting policies, the Group recorded an excess of the net fair value of the acquired net assets over cost of RMB12,879,000 with details set out below:

	RMB'000
Fair value of consideration (Note (i))	747,915
Less: fair value of net assets acquired (Note (ii))	760,794
Excess of the net fair value of the acquired net assets	(12,879)

Notes:

(i) Fair value of the consideration

	RMB'000
Cash consideration	31,665
Fair value of ordinary shares issued (Note (a))	409,148
Fair value of convertible bonds issued (Note (b))	307,102
Total consideration	747,915

(a) The fair value of the 1,700,000,000 ordinary shares issued was made reference to the closing price of the Company's ordinary shares on the Stock Exchange of HKD0.305 on 30 August 2013.

(b) The fair value of the convertible bonds as at 30 August 2013 was valued by Roma Appraisals Limited, a qualified surveyor.

(ii) Fair value of net assets acquired

	Pre-acquisition carrying amounts *RMB'000*	**Fair value adjustments** *RMB'000*	**Recognised values on acquisition** *RMB'000*
Property, plant and equipment	241,657	588,991	830,648
Investment properties	446,170	4,490	450,660
Intangible assets	–	14,000	14,000
Available-for-sale investments	4,000	–	4,000
Deferred tax assets	30,238	–	30,238
Inventories	123,329	–	123,329
Trade and other receivables	312,196	–	312,196
Restricted bank deposits	58,300	–	58,300
Cash and cash equivalents	254,347	–	254,347
Trade and other payables	(291,510)	–	(291,510)
Bank loans	(694,300)	–	(694,300)
Income tax payable	(9,255)	–	(9,255)
Deferred tax liabilities	(97,248)	(151,871)	(249,119)
	377,924	455,610	833,534
Less: non-controlling interests			72,740
Fair value of net assets acquired			760,794

Pre-acquisition carrying amounts of the acquirees' assets and liabilities were determined based on applicable HKFRSs immediately before the acquisition. The values of assets, liabilities and contingent liabilities recognised on acquisition are their estimated fair values. In determining the fair values of property, plant and equipment, investment properties and intangible assets, the directors of the Company have referenced the fair value adjustments to valuation report issued by DTZ Debenham Tie Leung Limited, an independent professional valuer.

From the date of the acquisition to 31 March 2014, and excluding the effect on the excess of the net fair value of the acquired net assets over cost, the above acquisition contribute revenue of RMB449,787,000 and net loss of RMB20,924,000 to the Group for the year ended 31 March 2014. As the Company and the acquired group adopt different year end date, the directors of the Company consider it is impracticable to estimate the consolidated turnover and consolidated net profit for the year ended 31 March 2014 as if the above acquisition had been occurred on 1 April 2013.

(iii) The directors of the Company consider that the retail and wholesale business in the PRC are in severe competition during recent years. By entering into negotiations of commercial terms of the acquisition under these conditions, the directors of the Company took advantage of the situation and were able to achieve relative successes in obtaining terms in favour of the Group.

(iv) Net cash inflow arising on acquisition

	RMB'000
Cash and cash equivalents acquired	254,347
Less: consideration paid in cash	31,665
	222,682

13 NON-ADJUSTING EVENTS AFTER THE END OF THE REPORTING PERIOD

On 19 May 2014, the Group, through a wholly-owned subsidiary, entered into a relocation compensation agreement and a supplemental agreement with Xin Shun to dispose of the Jinda Land for a consideration of RMB1,782,000,000. Further details of the transaction are disclosed in the circular on 18 June 2014. This transaction is subject to the approval of the shareholders of the Company on a special general meeting to be held on 8 July 2014. Up to the date of this announcement the Company is still in the process of assessing the impact of this transaction when it is completed.

14 COMPARATIVE FIGURES

In view of the change in focus how the Group operates its business segments after completion of acquisition of subsidiaries, certain information reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment has been changed in 2014. Accordingly, certain comparative figures have been adjusted to conform to current year's presentation. Further details are set out in Note 4(b).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

General Information

For the year ended 31 March 2014 (the "Year"), the Group recorded a turnover of approximately RMB783.0 million, representing an increase of 160% when compared with the turnover of approximately RMB301.2 million reported for last year. Net profit for the Year was approximately RMB961.6 million compared to a net loss of RMB32.0 million for the last year. The Group's basic and diluted earnings per share were RMB 27.7 cent and RMB26.1 cent respectively.

Liquidity and Financial Resources

As at 31 March 2014, the Group's net assets increased to RMB1,627.5 million, rendering net asset value per share at RMB38.96 cent. The Group's total assets at that date were valued at RMB3,982.6 million, including cash and bank deposits of approximately RMB117.8 million and current available-for-sale investments of RMB250.0 million. Consolidated bank loans, convertible bonds and other borrowings amounted to RMB1,302.6 million. Its debt-to-equity ratio (bank loans, convertible bonds and other borrowings over total equity) has been decreased from 93.5% as at 31 March 2013 to 80.0% as at 31 March 2014.

Most of the Group business transactions were conducted in RMB and USD. As at 31 March 2014, the Group's borrowings were denominated in RMB, HKD and USD.

Capital Structure

On 30 August 2013, the Company allotted and issued 1,700,000,000 consideration shares at the issue price of HKD0.30 per share and issued the consideration convertible bonds in the principal amount of HKD382.8 million at the initial conversion price of HKD0.30 per share to Shi Hui, which is wholly owned by Big-Max Manufacturing Co., Limited, the majority shareholder of the Company. For details of this major change in the capital structure of the Company, please refer to the circular of the Company dated 22 May 2013. On 31 October 2013, 31 December 2013 and 03 March 2014, the Company partially redeemed approximately HKD20.8 million, HKD136.8 million and HKD83.5 million convertible bonds and the remaining balance as at 31 March 2014 was HKD141.7 million.

As at 31 March 2014, the Group's major borrowings included bank loans, which had an outstanding balance of RMB1,084.7 million, other borrowings from a shareholder, a third party and convertible bonds totaling RMB217.9 million. All of the Group's borrowings have been denominated in RMB, HKD and USD.

Pledge of Assets

The Group's leasehold land and buildings and investment properties with a carrying amount of RMB2,664.9 million as at 31 March 2014 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 acquisition, 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, alternative debt and equity financing, and disposal of 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, HKD and USD. The Group considers the risk exposure to foreign currency fluctuation would be in line with the gradual appreciation 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 cashflow pattern of the Group. However, as most of the Group's raw materials procurement for its manufacturing business were settled in USD and HKD, and most of the Group's customers accepted the passing-on of the rising cost, to various extent, due to the appreciation of RMB, the effect arising from the relevant risk can be reduced. Looking forward, as the Chinese Government is driving RMB to get more internationalized and towards free floating in the coming years, 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 manufacturing business operations of the Group in this respect.

With the acquisition of the domestic retail and wholesale business in Ningbo, China in August 2013, the Group added a very substantial portion of business which has both revenues and expenditures essentially in RMB. From this perspective, the currency exposure of the Group would be relatively diluted.

Segment Information

With the acquisition of New JoySun Group, retail and wholesale business emerged to become the most important business segment of the Group in the Year and accounted for 56.6% of total turnover. Manufacturing and trading business and investment holding business had 42.2% and 1.2% of the remaining.

In terms of geographical location, China became the Group's primary market, which accounted for 58.6% of total revenue. The remaining comprised of revenue from North America 36.0%, Europe 2.7% and others 2.7%.

Contingent Liabilities

As at 31 March 2014, the Group pledged certain leasehold land and buildings and investment properties with an aggregate carrying amount of approximately RMB121.1 million to secure bank loans borrowed by the related companies under the control of Mr. Li Li Xin. Such arrangements were made by New JoySun Group prior to the acquisition in August 2013 and will be terminated upon expiry thereof. 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 RMB66.7 million being the balance of the principle 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. The Company is optimistic with the potential business growth of VMCL.

Another investment in new business in recent years is QL Electronics Co., Ltd. ("QLEC"). During the year, our equity interest in QLEC was maintained at 8.54%. The core business of QLEC is in the development and manufacturing of semiconductor materials. As an investor, the Company is satisfied with the business performance of QLEC.

The latest investment of the Company is the acquisition of 95% beneficiary interest in certain department stores and supermarket chain in Ningbo from its substantial Shareholder which was approved by the independent Shareholders of the Company on 7 June 2013 and completed on 30 August 2013. Furthermore, on 21 June 2013, the Company also announced the acquisition of the remaining 5% beneficiary interest in those department stores and supermarket chain mentioned above from an independent party so that, upon completion of these two acquisitions, the department stores and supermarket chain became wholly owned by the Group. For details of the investment, please refer to announcement dated 5 March 2013, the circular dated 22 May 2013 and the announcement dated 21 June 2013 released by the Company.

The Directors consider the new businesses have good business prospects. 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 2014, the Group employed a workforce of 2,438 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 is 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 profit of RMB961.6 million, compared to the net loss of RMB32.0 million for the last year. This turnaround in the results was primarily attributable to the net valuation gain on investment properties of the Group.

Revenue

Total revenue increased by 160% to RMB783.0 million for the Year as compared with last year. Excluding seven months' contribution by the newly acquired New JoySun Group, the Group's total revenue for the Year would have been RMB333.2 million, representing an increase of 10.6% as compared with last year.

Manufacturing and Trading Business

During the Year, the manufacturing and trading business contributed approximately RMB330.0 million to the total revenue of the Group.The business of this segment grew by RMB34.1 million when compared with last year of approximately RMB295.9 million. The improvement was mainly supported by the complete and smooth operations of the new factory in Ningbo, the recovery of some of the orders from old customers previously lost due to plant relocation and development of new products and customers. While we are pleased with the positive development from the consolidation of the manufacturing facilities of the Group into one location in Ningbo, the management team of this business segment is still working to maximize the benefits from synergies of plant consolidation in various aspects of operations.

Retail and Wholesale Business

The acquisition of retail and wholesale business in Ningbo, PRC, managed to contribute only seven months' revenue of RMB265.9 million and RMB176.7 million respectively during this period.

Investment Holding Business

Dividend income and investment income received during the Year was RMB2.3 million and RMB7.2 million respectively.

PROSPECTS

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 in the last quarter of 2012. The manufacturing facilities of household products of the Group is now consolidated in one location in Ningbo and this will benefit the business operations in terms of efficiency improvement in management resources and synergies in scale procurement and production operations.

The Group will continue its cost control measures and business strategy of focusing on higher margin products and customers that have been improving 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, 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 or withdrawal of quantitative easing measures and anti-inflation actions in the economies of different markets and adjust our sales and purchase strategies accordingly to achieve our goal of continuous business growth and performance improvement.

Disposal of the Land of the Previous Shenzhen Plant

On 19 May 2014, Jinda Plastic Metal Products (Shenzhen) Co., Limited ("Jinda Plastic"), an indirect wholly-owned subsidiary of the Company, and Shenzhen City Xinshun Property Development Company Limited entered into the Relocation Compensation Agreement and the Supplementary Agreement in relation to the proposed disposal of the land owned by Jinda Plastic and situated within the Jinda Industrial Area which was the location of the previous Shenzhen plant of the Group. The aggregate amount of compensation will be RMB1,782 million and settled in cash. The Directors consider that the transaction is in the interests of the Company and the Shareholders as a whole. For details of this transaction, please refer to the announcement of the Company dated 27 May 2014 and the circular of the Company dated 18 June 2014. A special general meeting will be held on 8 July 2014.

The Directors further consider that the disposal of the land in Shenzhen will provide very substantial funding for the Group to improve the internal working capital position and make future investments when such opportunities arise.

Expanding into New Businesses with Growth Potential

In addition to the investments in QLEC and VMCL in 2010 and 2012 respectively, the acquisition of retail and wholesale business in Ningbo was completed on 30 August 2013. The consideration of HKD892.8 million was settled by the issuance of new shares and convertible bonds. The acquisition of the remaining 5% beneficiary interest from an independent party was completed at the consideration of RMB31.7 million settled by internal financial resources of the Group. With substantial funding to be available upon completion with the disposal of the land in Shenzhen within the next few months, the management will actively look into investment and acquistion targets of appropriate and reasonable valuation. 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.

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 this 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 ended 31 March 2014, in conjunction with the Company's external auditor.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Pursuant to code provision E.1.2 of the Corporate Governance Code, the chairman of the board should attend the annual general meeting. The Chairman of the Board was unable to attend the annual general meeting of the Company held during the year due to his business commitments. Save as aforesaid, in the opinion of the Directors, the Company has complied with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules issued by the Stock Exchange throughout the year ended 31 March 2014.

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 2014.

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 2014 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 Li Xin
Chairman

Hong Kong, 27 June 2014

As at the date of this announcement, the Board comprises Mr. Li Li Xin (Chairman), Mr. Cheng Jian He being executive Directors, Mr. Xu Jin and 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.