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 2017

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 2017 together with comparative figures of the previous corresponding year are as follows:

Consolidated Statement of Profit or Loss

		Year ended 31 March	
		2017	2016
	Note	***RMB'000***	*RMB'000*
Revenue	4	**1,239,692**	1,085,709
Cost of sales		**(991,097)**	(833,150)
Gross profit	4(b)	**248,595**	252,559
Other income	5	**19,993**	18,976
Selling and distribution expenses		**(72,830)**	(70,004)
Administrative expenses		**(128,774)**	(285,531)
Profit/(loss) from operations		**66,984**	(84,000)
Net valuation gain/(loss) on investment properties		**1,000**	(8,800)
Impairment loss on goodwill		**(693,391)**	–
Share of losses of an associate		**(21,327)**	(13,960)
Net loss on disposal of an available-for-sale investment		**–**	(10,687)
Finance costs	6(a)	**298**	(162,361)

	Note	Year ended 31 March **2017** *RMB'000*	2016 *RMB'000*
Loss before taxation	6	**(646,436)**	(279,808)
Income tax	7	**(10,322)**	304,820
(Loss)/profit for the year		**(656,758)**	25,012
Attributable to:			
Equity shareholders of the Company		**(656,758)**	24,998
Non-controlling interests		**–**	14
(Loss)/profit for the year		**(656,758)**	25,012
(Loss)/earnings per share (RMB cent)	8		
Basic and diluted		**(13.85)**	0.55

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Year ended 31 March	
	2017	2016
	RMB'000	*RMB'000*
(Loss)/profit for the year	**(656,758)**	25,012
Other comprehensive income for the year (after tax and reclassification adjustments):		
Items that may be reclassified subsequently to profit or loss:		
– Available-for-sale debt securities net movement in fair value reserve	**(1,086)**	(4,774)
– Exchange differences on translation into presentation currency	**1,902**	3,019
Other comprehensive income for the year	**816**	(1,755)
Total comprehensive income for the year	**(655,942)**	23,257
Attributable to:		
Equity shareholders of the Company	**(655,942)**	23,243
Non-controlling interests	**–**	14
Total comprehensive income for the year	**(655,942)**	23,257

Consolidated Statement of Financial Position

		At 31 March	
		2017	2016
	Note	***RMB'000***	*RMB'000*
Non-current assets			
Property, plant and equipment		**847,209**	865,488
Investment properties	9	**426,390**	425,390
Goodwill	10	**679,766**	43,313
Intangible assets		**8,063**	7,001
Interest in an associate		**4,857**	26,184
Available-for-sale investments		**70,194**	72,194
Deferred tax assets		**33,109**	32,892
		2,069,588	1,472,462
Current assets			
Available-for-sale investments		**673,406**	644,924
Inventories		**209,178**	148,087
Trade and other receivables	11	**517,204**	718,671
Restricted bank deposits		**439,958**	319,416
Cash and cash equivalents		**128,424**	258,198
		1,968,170	2,089,296
Current liabilities			
Trade and other payables	12	**632,272**	506,345
Bank and other loans		**964,712**	790,227
Income tax payable		**5,318**	4,314
		1,602,302	1,300,886
Net current assets		**365,868**	788,410
Total assets less current liabilities		**2,435,456**	2,260,872

	At 31 March	
	2017	2016
	RMB'000	*RMB'000*
Non-current liabilities		
Bank and other loans	**248,550**	271,615
Contingent consideration	**784,812**	–
Deferred tax liabilities	**248,008**	249,472
	1,281,370	521,087
NET ASSETS	**1,154,086**	1,739,785
CAPITAL AND RESERVES		
Share capital	**46,789**	39,374
Reserves	**1,107,297**	1,631,191
Total equity attributable to equity shareholders of the Company	**1,154,086**	1,670,565
Non-controlling interests	**–**	69,220
TOTAL EQUITY	**1,154,086**	1,739,785

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. STATEMENT OF COMPLIANCE

The consolidated financial statements for the year ended 31 March 2017 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 (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 2017 comprise the Group and the Group's interest 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 investments, investment properties and contingent consideration which are stated at their fair value.

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 a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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

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:

	2017	2016
	RMB'000	*RMB'000*
Sales of goods:		
– manufacturing and trading of household products	**340,827**	369,387
– retail operation of department stores and supermarkets	**333,299**	316,126
– wholesale of wine and beverages and electrical appliances	**264,809**	257,637
– trading and sales of imported cars	**159,513**	–
	1,098,448	943,150
Net income from concession sales#	**10,097**	17,071
Rental income from operating leases	**29,809**	35,350
Service fee and commission income	**58,722**	55,202
Investment and dividend income	**42,616**	34,936
	1,239,692	1,085,709

\# The gross revenue arising from concession sales charged to retailed customer for the year ended 31 March 2017 is RMB82,240,000 (2016: RMB124,697,000).

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

	2017	2016
	RMB'000	*RMB'000*
Customer A	**112,029**	130,555

In respect of the Group's retail operation of department stores and supermarkets, wholesale of wine and beverages and electrical appliances and trading and sales of imported cars, 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 2017 and 2016.

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

(b) Segment reporting

The Group manages its business by lines of business. In view of the acquisition of a new line of business through the acquisition of subsidiaries, namely the car-sale business for the trading and sales of imported cars, and 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 decided to add car-sale business as a separate reportable segment and present the following five reportable segments for the year ended 31 March 2017:

– 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 2017 and 2016 is set out below.

	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**

	2016				
	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	369,387	422,086	258,599	34,936	1,085,008
Inter-segment revenue	–	–	3,437	–	3,437
Reportable segment revenue and net income	369,387	422,086	262,036	34,936	1,088,445
Reportable segment gross profit	104,023	99,005	13,894	34,936	251,858

(ii) *Reconciliations of reportable segment revenue and net income*

	2017	2016
	RMB'000	*RMB'000*
Revenue and net income		
Reportable segment revenue and net income	**1,242,860**	1,088,445
Elimination of inter-segment revenue	**(3,343)**	(3,437)
Unallocated revenue	**175**	701
Consolidated revenue	**1,239,692**	1,085,709
Gross profit		
Reportable segment gross profit	**248,420**	251,858
Gross gain of unallocated items	**175**	701
Consolidated gross profit	**248,595**	252,559

(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**	
	2017	2016	**2017**	2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC (including Hong Kong) (place of domicile)	**904,453**	721,608	**2,031,622**	1,413,386
The United States	**273,709**	308,910	**–**	–
Europe	**22,358**	17,184	**–**	–
Canada	**15,588**	10,467	**–**	–
Others	**23,584**	27,540	**–**	–
	1,239,692	1,085,709	**2,031,622**	1,413,386

5. OTHER INCOME

	2017	2016
	RMB'000	*RMB'000*
Interest income on cash at bank and advances due from related parties	**12,644**	14,048
Government grants	**6,609**	2,814
Net gain from sale of scrap materials	**175**	394
Net loss on disposal of property, plant and equipment	**(116)**	(271)
Others	**681**	1,991
	19,993	18,976

6. LOSS BEFORE TAXATION

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

(a) Finance costs

	2017	2016
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**46,857**	58,203
Finance charges on convertible bonds	**–**	1,649
Bank charges and other finance costs	**11,370**	11,962
Total borrowing costs	**58,227**	71,814
Change in fair value of contingent consideration	**(56,338)**	–
Changes in fair value on the derivative components of convertible bonds	**–**	90,547
Changes in fair value of forward foreign exchange contract	**(2,187)**	–
	(298)	162,361

No borrowing costs have been capitalised for the year ended 31 March 2017 (2016: RMBNil).

(b) Staff costs #

	2017	2016
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**110,336**	118,902
Contributions to defined contribution retirement plans	**9,290**	6,839
	119,626	125,741

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 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

	2017	2016
	RMB'000	*RMB'000*
Cost of inventories#	**961,434**	807,927
Auditors' remuneration		
– statutory audit service	**2,800**	1,800
– other services related to acquisition of subsidiaries	**2,700**	–
Depreciation and amortisation#	**55,682**	56,018
Impairment losses on trade and other receivables (Note 11(ii))	**–**	50,000
Operating lease charges in respect of properties	**33,557**	35,257
Net foreign exchange loss	**9,166**	12,787

Cost of inventories includes RMB60,564,000 (2016: RMB67,639,000) for the year ended 31 March 2017, 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:

	2017	2016
	RMB'000	*RMB'000*
Current taxation – PRC Corporate Income Tax		
– Provision for the year	**13,929**	12,018
– Over-provision in respect of prior years	**(1,171)**	(314,745)
	12,758	(302,727)
Deferred taxation		
– Origination and reversal of temporary differences	**(2,436)**	(4,186)
– Write-down of deferred tax assets	**–**	2,093
	(2,436)	(2,093)
	10,322	(304,820)

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

	2017	2016
	RMB'000	*RMB'000*
Loss before taxation	**(646,436)**	(279,808)
Expected tax on loss before tax, calculated at the rates applicable to profits in the tax jurisdictions concerned (Notes (i), (ii) and (iii))	**(105,767)**	(59,500)
Tax effect of non-deductible expenses (Note (v))	**120,910**	63,378
Tax effect of non-taxable income	**(10,169)**	(131)
Tax effect of share of losses of an associate	**5,332**	3,490
Tax effect of write-down of deferred tax assets	**–**	2,093
Tax effect of unused tax losses not recognised	**5,012**	595
Tax effect of PRC tax concessions (Note (iv))	**(3,825)**	–
Over-provision in respect of prior years	**(1,171)**	(314,745)
Income tax	**10,322**	(304,820)

Notes:

(i) The Hong Kong Profits Tax rate for the year ended 31 March 2017 is 16.5% (2016: 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 2017 (2016: 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% (2016: 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 2017.

(v) Non-deductible expenses for the year ended 31 March 2017 mainly represents the impairment loss of goodwill arising from the acquisition of subsidiaries and certain expenses without invoices.

8. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic loss per share for the year ended 31 March 2017 is based on the loss attributable to ordinary equity shareholders of the Company of RMB656,758,000 (2016: profit attributable to ordinary equity shareholders of the Company of RMB24,998,000) and the weighted average of 4,740,836,000 ordinary shares (2016: 4,509,765,000 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

	2017	2016
	'000	*'000*
Issued ordinary shares at 1 April	**4,581,632**	4,176,964
Effect of issuance of ordinary shares on 7 February 2017	**121,751**	–
Effect of contingently issuable shares on 31 March 2017	**37,453**	–
Effect of issuance of ordinary shares upon conversion of convertible bonds	**–**	332,801
Weighted average number of ordinary shares at 31 March	**4,740,836**	4,509,765

(b) Diluted (loss)/earnings per share

There are no dilutive potential ordinary shares during the year ended 31 March 2017 and 2016.

9. INVESTMENT PROPERTIES

	2017	2016
	RMB'000	*RMB'000*
Valuation:		
At 1 April	**425,390**	434,190
Fair value adjustments:		
– gains/(losses) included in the consolidated statement of profit or loss	**1,000**	(8,800)
At 31 March	**426,390**	425,390

10. GOODWILL

	RMB'000
Cost:	
At 1 April 2015, 31 March 2016 and 1 April 2016	43,313
Addition through acquisition of subsidiaries (Note 14)	1,329,844
At 31 March 2017	1,373,157
Accumulated impairment losses:	
At 1 April 2015, 31 March 2016 and 1 April 2016	–
Impairment losses	(693,391)
At 31 March 2017	(693,391)
Carrying amount:	
At 31 March 2017	679,766
At 31 March 2016	43,313

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:

	2017	2016
	RMB'000	*RMB'000*
Manufacturing and trading	**43,313**	43,313
Car-sale	**636,453**	–
	679,766	43,313

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").

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 (see Note 14). 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 calculations. These calculations use cash flow projections based on financial budgets prepared by the directors of the Company covering a five-year period. These cash flow projections adopted annual growth rates ranging from 10% to 12%, which are based on the Group's historical experience with this business and adjusted for other factors that are specific to the car-sale CGU. Cash flows beyond the five-year period are extrapolated using a 2.5% long-term growth rate, 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 19%. The discount rates used are pre-tax and reflect specific risks relating to the car-sale CGU.

The impairment loss recognised during the year relates to the Group's car-sale CGU. As the car-sale CGU has been reduced to its recoverable amount of RMB798,235,000, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

11. TRADE AND OTHER RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
Trade receivables from (Note 11(i) and 11(iii)):		
– Third parties	**27,589**	28,609
– Companies under the control of the controlling equity shareholder of the Company (the "Controlling Shareholder") (Note(a))	**167,061**	154,981
– A then non-controlling equity holder of a subsidiary of the Group	**–**	11,245
Bills receivable	**3,899**	4,076
	198,549	198,911
Less: allowance for doubtful debts (Note 11(ii)):	**–**	–
	198,549	198,911
Amounts due from related companies:		
– Amounts due from companies under the control of the Controlling Shareholder (Note (b))	**334**	1,005
– Amount due from an associate (Note (c))	**5,956**	5,556
– Amount due from a company under the control of a non-controlling shareholder of the Company (Note (b))	**200**	–
	6,490	6,561
Prepayments, deposits and other receivables:		
– Prepayments and deposits for operating leases expenses	**4,233**	4,690
– Prepayments for purchase of inventories (Note (d))	**102,259**	20,362
– Advances to third parties	**31,410**	3,104
– Receivable from the disposal of investment property	**104,000**	469,040
– Deposits for parallel importation of cars to a company under the control of a non-controlling shareholder of the Company	**50,000**	–
– Derivative financial instruments	**2,187**	–
– Others	**18,076**	16,003
	312,165	513,199
Less: allowance for doubtful debts (Note 11(ii))	**–**	–
	312,165	513,199
	517,204	718,671

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 2016:8% per annum) and is repayable in November 2017 (31 March 2016: repayable in November 2016).

Note (d): Included in the balance are prepayments of RMB15,907,000 at 31 March 2017 (2016: RMBNil) made to a company under the control of the 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 year:

	2017	2016
	RMB'000	*RMB'000*
Within 1 month	**38,192**	43,793
More than 1 month but less than 3 months	**110,611**	88,685
Over 3 months	**49,746**	66,433
	198,549	198,911

(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 year are as follows:

	2017	2016
	RMB'000	*RMB'000*
At 1 April	**–**	–
Impairment losses recognised	**–**	50,000
Uncollectible amounts written off	**–**	(50,000)
At 31 March	**–**	–

At 31 March 2017, none of the Group's trade and other receivables are individually determined to be impaired (31 March 2016: other receivable of RMB519,040,000 was partially impaired).

(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:

	2017	2016
	RMB'000	*RMB'000*
Neither past due nor impaired	**139,706**	123,708
Less than 1 month past due	**44,004**	59,767
More than 1 month but less than 3 months past due	**10,894**	9,108
More than 3 months past due	**3,945**	6,328
	58,843	75,203
	198,549	198,911

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 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

	2017	2016
	RMB'000	*RMB'000*
Trade payables to:		
– Third parties	**164,727**	166,955
– Companies under the control of the Controlling Shareholder	**47,068**	52,370
Bills payable	**40,423**	101,522
	252,218	320,847
Amounts due to related companies:		
– Companies under the control of the Controlling Shareholder (Note (i))	**29,202**	27,212
– Companies under the control of a non-controlling shareholder of the Company (Note (i))	**580**	–
	29,782	27,212
Accrued charges and other payables:		
– Accrued expenses	**20,321**	23,977
– Payables for staff related costs	**39,290**	34,965
– Deposits from customers and suppliers	**40,555**	6,226
– Payables for interest expenses	**4,822**	4,390
– Payables for miscellaneous taxes	**6,771**	4,912
– Others	**17,545**	15,099
	129,304	89,569
Financial liabilities measured at amortised cost	**411,304**	437,628
Current portion of contingent consideration	**146,256**	–
Advances received from customers	**74,712**	68,717
	632,272	506,345

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:

	2017	2016
	RMB'000	*RMB'000*
Within 1 month	**104,618**	116,916
Over 1 month but within 3 months	**92,495**	76,222
Over 3 months but within 6 months	**43,261**	106,896
Over 6 months	**11,844**	20,813
	252,218	320,847

13. DIVIDENDS/DISTRIBUTION

(a) The directors of the Company did not recommend the payment of a final dividend for the year ended 31 March 2017 (2016: RMBNil).

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

	2017	2016
	RMB'000	*RMB'000*
Special distribution approved and paid during the year	**433,976**	183,197

14. ACQUISITION OF SUBSIDIARIES

On 9 August 2016, the Company enter into an acquisition agreement with Mighty Mark Investments Limited ("Mighty Mark"), pursuant to which the Company agreed to acquire 100% interests in Mega Convention from Mighty Mark through issuance of ordinary shares in the Company in three tranches as consideration.

Upon completion of the above acquisition on 7 February 2017, the Company issued 838,477,319 ordinary shares as Tranche A consideration shares to Mighty Mark and its two designated parties, and acquired 100% equity interests in Mega Convention and its subsidiaries.

The second tranche consideration shares ("Tranche B consideration shares") are conditional and will only be issued if the audited net profit of the Mega Convention Group for the year ending 31 December 2016 is no less than RMB30.0 million. The number of Tranche B consideration shares to be issued will be equal to RMB85.0 million after being converted into equivalent amount in Hong Kong dollar at the exchange rate of the date of audit report of the Mega Convention Group for the year ending 31 December 2016 and divided by the issue price of HK$0.3712. On 18 April 2017, the Company issued Tranche B consideration shares of 257,929,317 ordinary shares to Mighty Mark and its three designated parties.

The third tranche consideration shares ("Tranche C consideration shares") are conditional and will only be issued if the audited net profit of the Mega Convention Group for the year ending 31 December 2017 is no less than RMB80.0million. The number of Tranche C consideration shares to be issued will be equal to difference between the actual audited net profit of the Mega Convention Group for the year ending 31 December 2017 and RMB30.0 million, multiplied by 8.5, subject to a maximum amount being RMB66.0 million multiplied by 8.5, after being converted into equivalent amount in Hong Kong dollar at the exchange rate of the date of audit report of the Mega Convention Group for the year ending 31 December 2017 and divided by the issue price of HK$0.3712.

Upon completion of the above acquisition on 7 February 2017, the Group recorded a goodwill of RMB1,329,844,000, calculated as below:

	RMB'000
Fair value of consideration shares issued upon completion (Note (i))	504,219
Fair value of contingent consideration (Note (i))	987,406
Total consideration	1,491,625
Less: Fair value of identifiable net assets acquired (Note (ii))	(161,781)
Goodwill (Note 10)	1,329,844

Notes:

(i) *Fair value of consideration*

The fair value of Tranche A consideration shares was HK$570,165,000 (equivalent to approximately RMB504,219,000), which was calculated based on 838,477,319 ordinary shares in the Company issued for the acquisition and the closing price of the Company's ordinary shares on the Stock Exchange of HK$0.68 per share (equivalent to approximately RMB0.59 per share) on 7 February 2017.

On 7 February 2017, the fair value of Tranche B and Tranche C consideration shares to be issued was estimated at HK$1,116,546,000 (equivalent to approximately RMB987,406,000). The estimated fair value of the consideration shares to be issued was calculated based on the expected number of Tranche B and Tranche C consideration shares to be issued, and at the closing price of the Company's ordinary shares on the Stock Exchange of HK$0.68 per share (equivalent to approximately RMB0.59 per share) on 7 February 2017. The Group recognised the contingent Tranche B and Tranche C consideration shares.

(ii) Fair value of identifiable net assets acquired

	Pre-acquisition carrying amounts *RMB'000*	**Fair value adjustments** *RMB'000*	**Recognised values on acquisition** *RMB'000*
Property, plant and equipment	112	–	112
Intangible assets	–	4,468	4,468
Trade and other receivables	126,888	–	126,888
Inventories	76,579	–	76,579
Cash and cash equivalents	1,573	–	1,573
Restricted bank deposits	963	–	963
Trade and other payables	(28,429)	–	(28,429)
Bank loan	(18,023)	–	(18,023)
Income tax payable	(1,233)	–	(1,233)
Deferred tax liabilities	–	(1,117)	(1,117)
Total identifiable net assets	158,430	3,351	
Fair value of identifiable net assets acquired			161,781

Pre-acquisition carrying amounts of the acquirees' assets and liabilities were determined based on applicable HKFRSs immediately before the acquisition. The values of assets and liabilities recognised on acquisition are their estimated fair values. In determining the fair values of intangible assets, the directors of the Company have referenced the fair value adjustments to valuation report issued by Vigers Appraisal & Consulting Limited, an independent professional valuer.

From the date of the above acquisition to 31 March 2017, the above acquisition contributed revenue of RMB159,537,000 and net profit of RMB5,368,000 to the Group for the year ended 31 March 2017. Had the above acquisition been completed on 1 April 2016, the directors of the Company estimated the consolidated revenue and consolidated net loss for the year ended 31 March 2017 would have been RMB1,823,344,000 and RMB624,515,000, respectively.

(iii) Net cash inflow arising on acquisition

	RMB'000
Cash and cash equivalents acquired	1,573

The directors of the Company consider that the automotive industry, especially the parallel importation industry is a fast growing market and by completing the acquisition, the Company will be able to further diversify the Group's existing business to strive for greater growth potential.

15. NON-ADJUSTING EVENTS AFTER THE END OF THE REPORTING PERIOD

Issuance of Tranche B consideration shares

On 18 April 2017, the Company issued 257,929,317 new ordinary shares to Mighty Mark as Tranche B consideration shares for the Company's acquisition of 100% equity interest in Mega Convention. The fair value of Tranche B consideration shares was HK$159,916,000 (equivalent to approximately RMB141,654,000), which was calculated based on 257,929,317 ordinary shares in the Company issued for the acquisition and at the closing price of the Company's ordinary shares on the Stock Exchange of HK$0.62 per share (equivalent to approximately RMB0.55 per share) on 18 April 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

General Information

For the year ended 31 March 2017 (the "Year"), the Group recorded a revenue of approximately RMB1,239.7 million, representing an increase of 14.2% when compared with the revenue of approximately RMB1,085.7 million reported for the last year. Net loss for the Year was approximately RMB656.8 million compared to a net profit of RMB25.0 million for the last year. The Group's basic and diluted loss per share for the Year were RMB13.85 cent while the Group's basic and diluted earnings per share were RMB0.55 cent for the last year.

Liquidity and Financial Resources

As at 31 March 2017, the Group's net assets decreased to RMB1,154.1 million, rendering net asset value per share at RMB21.29 cent. The Group's total assets at that date were valued at RMB4,037.8 million, including cash and bank deposits of approximately RMB568.4 million and current available-for-sale investments of RMB673.4 million. Consolidated bank loans and other borrowings amounted to RMB1,213.2 million. Its debt-to-equity ratio (bank loans and other borrowings over total equity) has been increased from 61.0% as at 31 March 2016 to 105.1% as at 31 March 2017.

Most of the Group's business transactions were conducted in RMB and US$. As at 31 March 2017, the Group's major borrowings included bank loans, which had an outstanding balance of RMB1,194.4 million, other borrowings from shareholders and a third party totaling RMB18.8 million. All of the Group's borrowings have been denominated in RMB, EUR, CAD, HK$ and US$.

Pledge of Assets

The Group's leasehold land and buildings and investment properties with a carrying amount of RMB1,057.5 million as at 31 March 2017 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, CAD, HK$ and US$. The Group considers the risk exposure to foreign currency fluctuation would be essentially in line with the performance of the exchange rate of RMB. Given that RMB is not yet an international hard currency, there is no effective method to hedge the relevant risk for the size and cash flow pattern of the Group. As the Chinese Government is driving RMB to get more internationalized and towards free floating in the future, we expect more hedging tools will be available in the currency market. The Group will monitor closely the development of currency policy of the Chinese Government and the availability of the hedging tools which are appropriate for the operations of manufacturing business and car business of the Group in this respect.

The two EUR short term loans of EUR42.27 million in total the Company obtained from banks in HK will be due in August/September 2017 and June 2018 respectively and have been secured by RMB fixed deposits of a subsidiary of the Group. It is widely expected in the forex market that EUR will still be on the weak side in the near future when Britain started to negotiate with the European Union on its exit arrangement and various European Union member countries may run into political instability. The currency risk exposure from our EUR loans is quite limited. The management feels comfortable with such limited exposure but will still manage this currency risk with utmost care and consider hedging when appropriate.

Segment Information

With the acquisition of New JoySun Group, retail and wholesale business has emerged to become the most important business segment of the Group in the Year and accounted for 56.2% of total revenue. Manufacturing and trading business, car-sale business and investments holding business had 27.5%, 12.9% and 3.4% of the remaining respectively.

In terms of geographical location, China is still the Group's primary market, which accounted for 73.0% of total revenue of the Group for the Year. The remaining comprised of revenue from North America 23.3%, Europe 1.8% and others 1.9%.

Contingent Liabilities

As at 31 March 2017, the Group pledged certain leasehold land and buildings and investment properties with an aggregate carrying amount of approximately RMB17.4 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 RMB18.0 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 the drop of global petroleum price two year ago. 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. During the last year, our investment of 18,318,800 shares in JRH were entitled to subscribe 14,417,912 shares in HLMC. 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 other investment of the Company is the acquisition of New JoySun group which runs wholesale and retail business and owns department stores and supermarket chain in Ningbo in August 2013. This investment has brought substantial business growth to the Group and broadened our business with a new retail and wholesale sector. This business encountered with challenges from e-commerce in recent years but the management still considered the market is good in the long term with the continuous economic growth of China and the supportive policy of the Chinese Government to stimulate domestic consumer market.

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 the investment, 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 2017, the Group employed a workforce of 1,792 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 RMB656.8 million, compared to the net profit of RMB25.0 million for the corresponding last year. This decrease was primarily attributable to the impairment loss on goodwill of RMB693.4 million for the Year on the acquisition of Mega Convention (the target group of the latest acquired car business project in Tianjin) in February 2017. Such impairment loss is an accounting treatment (in compliance with the current accounting standard) on the part of goodwill resulted essentially from the difference between the share price at HK$0.3712 per share agreed for the issuance of consideration shares for the car business project and the market share price at HK$0.68 per share upon completion of the acquisition on 7 February 2017. This is solely the result of accounting treatment and has nothing related to the operating performance of the car business.

Revenue

During the Year, the Group recorded total revenue of approximately RMB1,239.7 million, representing an increase of 14.2% when compared with the total revenue of approximately RMB1,085.7 million reported for the last year. Excluding two months contribution by the newly acquired Mega Convention Group Limited, the Group's total revenue for the Year would have been RMB 1,080.2 million, representing a decrease of 0.5% as compared with last year.

Manufacturing and Trading Business

During the Year, the manufacturing and trading business contributed approximately RMB340.8 million to the total revenue of the Group. The business of this segment decreased by RMB28.6 million when compared with the corresponding last year of approximately RMB369.4 million. The decrease was mainly due to the reduction of orders from customers and pricing pressure which are a reflection of the current weak market situation and the cyclical order pattern of some our key customers. The Group will continue its cost control measures and business strategy of focusing on higher margin products and the development of new products and customers.

Retail and Wholesale Business

Retail business increased by 2.0% to RMB430.4 million while wholesale business increased by 2.9% to RMB266.2 million for the Year as compared with corresponding last year. Despite the impact of the e-commerce, competition from large supermarket chains and new shopping malls nearby and the Chinese central government continues to control strictly on business entertainment and expenditures, the business of retail and wholesale business in wine and beverages has stabilized and recorded a modest increase in revenue contributed by the hard work of the sale team of retail and wholesale business for the Year.

Car-sale Business

The acquisition of the trading and sales of imported cars business in Tianjin, PRC, managed to contribute only two months revenue of RMB159.5 million during this period.

Investments Holding Business

Dividend income increased by 292.4% to RMB2.0 million and investment income increased by 18.0% to RMB40.6 million during the Year as compared with the corresponding last year.

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. 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.

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 XingShun 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 would be RMB1,782 million and settled in cash. The Directors considered that the transaction would be in the interest 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 was held on 8 July 2014 and the transaction was approved by the Shareholders. The Directors considered that the disposal of the land in Shenzhen would provide very substantial funding for the Group to improve the internal working capital position and make future investment(s) or acquisition(s) should there be such appropriate opportunities. Jinda Plastic and XingShun Property entered into a supplemental agreement on 18 November 2015 pursuant to which the parties agreed that the amount of land premium for the purpose of calculating the Compensation shall be RMB950 million and accordingly the amount of Compensation payable to Jinda Plastic shall be adjusted downward from RMB1,782 million to RMB1,732 million. For details of this substantial disposal, please refer to the announcement dated 18 November 2015.

The collection of the consideration for this transaction was completed on May 2017. On 22 May 2015, the board of directors approved to distribute a special distribution of HK$0.05 per share and the Company paid the special distribution total amount of HK$229,082,000 on 10 June 2015. On 26 August 2016, the shareholders of the Company approved to distribute a special dividend of HK$0.11 per share and the Company paid the special dividend of HK$503,980,000 in total on 15 September 2016 and 29 September 2016. The Company has not made any decision on the use of remaining funds generated from the land disposal.

Expanding into New Businesses with Growth Potential

Further to the investments in QLEC and VMCL in 2010 and 2012 respectively, the acquisition of retail and wholesale business in Ningbo has been completed on 30 August 2013. With substantial funding available upon completion with the disposal of the land in Shenzhen and collection of consideration completed on May 2017, 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.

On 9 August 2016, the Company and Mighty Mark entered into an acquisition agreement, pursuant to which the Company conditionally agree to purchase, and the vendor conditionally agreed to sell the entire shareholding interest in Mega Convention Group. 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 has been 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 Mighty Mark and/or its designated parties credited as fully paid in three tranches at the issue price of HK$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, 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 Group became a wholly-owned subsidiary of the Company. The principal business of the Mega Convention Group 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.

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

As at 31 March 2017, 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*	2,843,631,680 (L)	52.46%
		2,814,550,681 (S)	51.93%

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

Note 2: Mr Li Lixin's interest in 2,843,631,680 shares is held as to 9,822,000 shares personally, 19,258,000 shares through his spouse Jin Yaer, 1,332,139,014 shares through Big-Max Manufacturing Co., Limited ("Big-Max") and 1,482,412,666 shares through Shi Hui Holdings Limited which is wholly-owned by Big-Max. The issued share capital of Big-Max is beneficially owned as to 90% by Mr Li Lixin and as to 10% by his spouse, Jin Yaer.

Furthermore, no share options 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 2017. Other than that, at no time during the year ended 31 March 2017 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 2017.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2017, 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**
Jin Yaer	Beneficial owner/ interest in controlled corporation	2,843,631,680 (L) 2,814,550,681 (S)	52.46% 51.93%
Big-Max Manufacturing Co., Limited	Beneficial owner	2,814,551,680 (L) 2,814,550,681 (S)	51.93% 51.93%
Shi Hui Holdings Limited	Beneficial owner	1,482,412,666 (L) 1,482,411,667 (S)	27.35% 27.35%
Central Huijin Investment Limited	Person having a security interest in shares/interest in controlled corporation	1,960,009,680 (L)	36.16%
China Construction Bank Corporation	Person having a security interest in shares/interest in controlled corporation	1,960,009,680 (L)	36.16%
浙江省財務開發公司	Person having a security interest in shares	999,999,001 (L)	21.83%
財通證券股份有限公司	Person having a security interest in shares	999,999,001 (L)	21.83%
Pacific Sun Advisors Limited	Person having a security interest in shares	370,786,000 (L)	8.09%
Mighty Mark Investments Limited	Beneficial owner	2,934,579,307 (L)	54.14%
Cheng Wei Hong	Beneficial owner/interest in controlled corporation	3,079,231,042 (L)	56.81%

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, the chairman of the audit committee 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 2017.

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 2017 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, 30 June 2017

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.