

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



ASIA CASSAVA RESOURCES HOLDINGS LIMITED

亞洲木薯資源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 841)

2017 ANNUAL RESULTS ANNOUNCEMENT

HIGHLIGHTS

- Continued to be the largest procurer and exporter of dried cassava chips in Thailand and the largest supplier of imported dried cassava chips in the PRC
- Revenue amounted to approximately HK\$1,988.7 million, representing a decrease of approximately 29.8% over the previous year
- Profit for the year amounted to approximately HK\$17.1 million, representing an increase of approximately 2.7% over the previous year
- The Directors do not recommend the final dividend for the year

The Board of Directors (the "Board") of Asia Cassava Resources Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2017 together with the comparative figures in 2016, which have been reviewed by audit committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 March 2017

	Notes	2017 HK\$'000	2016 HK\$'000
REVENUE	4	1,988,738	2,831,076
Cost of sales		<u>(1,759,637)</u>	<u>(2,558,485)</u>
Gross profit		229,101	272,591
Other income	4	5,458	6,064
Fair value gain/(loss) on investment properties, net		2	(113)
Selling and distribution expenses		(149,984)	(197,237)
General and administrative expenses		(60,646)	(58,281)
Finance costs	5	<u>(3,774)</u>	<u>(9,373)</u>
PROFIT BEFORE TAX	6	20,157	13,651
Income tax credit/(expense)	7	<u>(3,099)</u>	<u>2,962</u>
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>17,058</u>	<u>16,613</u>
OTHER COMPREHENSIVE INCOME			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u>(3,886)</u>	<u>(7,695)</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Gains on property revaluation		3,221	3,559
Income tax effect		<u>(549)</u>	<u>(587)</u>
		<u>2,672</u>	<u>2,972</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		<u>(1,214)</u>	<u>(4,723)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>15,844</u>	<u>11,890</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 March 2017

	Note	2017 HK\$'000	2016 HK\$'000
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic and diluted		<u>HK2.92 cents</u>	<u>HK2.84 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 March 2017

	Notes	2017 HK\$'000	2016 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		153,575	158,620
Investment properties		91,838	65,615
Prepaid land lease payments		8,681	8,847
Held-to-maturity investments	9	-	18,798
Available-for-sale investments	10	30,749	30,749
Prepayments, deposits and other receivables		8,328	8,328
Deferred tax assets		<u>517</u>	<u>551</u>
Total non-current assets		<u>293,688</u>	<u>291,508</u>
CURRENT ASSETS			
Inventories		437,678	437,416
Trade and bills receivables	11	417,202	403,257
Prepayments, deposits and other receivables		34,185	25,907
Financial assets at fair value through profit or loss	12	3,553	2,973
Pledged deposits		10,151	10,151
Cash and cash equivalents		<u>162,406</u>	<u>191,297</u>
Total current assets		<u>1,065,175</u>	<u>1,071,001</u>
CURRENT LIABILITIES			
Trade, other payables and accruals	13	38,591	45,883
Interest-bearing bank borrowings		470,560	481,942
Tax payables		<u>47,996</u>	<u>49,277</u>
Total current liabilities		<u>557,147</u>	<u>577,102</u>
NET CURRENT ASSETS		<u>508,028</u>	<u>493,899</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>801,716</u>	<u>785,407</u>
NON-CURRENT LIABILITY			
Deferred tax liabilities		<u>4,801</u>	<u>4,336</u>
Net assets		<u><u>796,915</u></u>	<u><u>781,071</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 March 2017

	2017 HK\$'000	2016 HK\$'000
EQUITY		
Equity attributable to owners of the Company		
Share capital	58,473	58,473
Reserves	<u>738,442</u>	<u>722,598</u>
Total equity	<u><u>796,915</u></u>	<u><u>781,071</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2017

	Attributable to owners of the Company									Non-controlling interest HK\$'000 (note (iv))	Total equity HK\$'000
	Share capital HK\$'000	Share premium* HK\$'000	Contributed surplus* HK\$'000 (note (i))	Merger reserve* HK\$'000 (note (ii))	Legal reserve* HK\$'000 (note (iii))	Asset revaluation reserve* HK\$'000	Exchange fluctuation reserve* HK\$'000	Retained profits* HK\$'000	Total HK\$'000		
As 1 April 2015	58,473	424,931	8,229	(249,726)	46	13,983	7,899	537,506	801,341	-	801,341
Profit for the year	-	-	-	-	-	-	-	16,613	16,613	-	16,613
Other comprehensive income/(loss) for the year:											
Gains on property revaluation, net of tax	-	-	-	-	-	2,972	-	-	2,972	-	2,972
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(7,695)	-	(7,695)	-	(7,695)
Total comprehensive income/(loss) for the year	-	-	-	-	-	2,972	(7,695)	16,613	11,890	-	11,890
2015 final dividend declared	-	-	-	-	-	-	-	(32,160)	(32,160)	-	(32,160)
At 31 March 2016	<u>58,473</u>	<u>424,931</u>	<u>8,229</u>	<u>(249,726)</u>	<u>46</u>	<u>16,955</u>	<u>204</u>	<u>521,959</u>	<u>781,071</u>	<u>-</u>	<u>781,071</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2017

	Attributable to owners of the Company									Non-controlling interest HK\$'000 (note (iv))	Total equity HK\$'000
	Share capital HK\$'000	Share premium* HK\$'000	Contributed surplus* HK\$'000 (note (i))	Merger reserve* HK\$'000 (note (ii))	Legal reserve* HK\$'000 (note (iii))	Asset revaluation reserve* HK\$'000	Exchange fluctuation reserve* HK\$'000	Retained profits* HK\$'000	Total HK\$'000		
At 1 April 2016	58,473	424,931	8,229	(249,726)	46	16,955	204	521,959	781,071	-	781,071
Profit for the year	-	-	-	-	-	-	-	17,058	17,058	-	17,058
Other comprehensive income for the year:											
Gains on property revaluation, net of tax	-	-	-	-	-	2,672	-	-	2,672	-	2,672
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(3,886)	-	(3,886)	-	(3,886)
Total comprehensive income/(loss) for the year	-	-	-	-	-	2,672	(3,886)	17,058	15,844	-	15,844
Transfer	-	-	-	-	-	(502)	-	502	-	-	-
At 31 March 2017	<u>58,473</u>	<u>424,931</u>	<u>8,229</u>	<u>(249,726)</u>	<u>46</u>	<u>19,125</u>	<u>(3,682)</u>	<u>539,519</u>	<u>796,915</u>	<u>-</u>	<u>796,915</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Year ended 31 March 2017

Notes:

- (i) The Group's contributed surplus represents the excess of the nominal value of the shares of the subsidiaries acquired pursuant to a group reorganisation (the "Group Reorganisation") prior to the listing of the Company's shares over the nominal value of the Company's shares issued in exchange therefor.
 - (ii) The merger reserve represents (1) the excess of the consideration paid over the net asset value of the subsidiaries acquired pursuant to the Group Reorganisation in the prior year and (2) the difference between the consideration paid and the net asset value of the acquiree arising from the business combinations under common control.
 - (iii) In accordance with the provisions of the Macau Commercial Code, the Group's subsidiary incorporated in Macau is required to transfer 25% of the annual net profit to the legal reserve before the appropriation of profits to dividends until the reserve equals half of the capital. This reserve is not distributable to the respective shareholders.
 - (iv) The Group's non-controlling interest represents 10% of equity interest in subsidiaries, Asiafame Enterprises Limited and Artsun Resources Company Limited, of HK\$10.
- * These reserve accounts comprise the consolidated reserves of HK\$738,442,000 (2016: HK\$722,598,000) in the consolidated statement of financial position.

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 8 May 2008. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The head office and principal place of business of the Company is located at Units 612-3 and 617, Houston Centre, 63 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong.

The shares of the Company have been listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 23 March 2009.

The principal activities of the Group are the procurement of dried cassava chips in Southeast Asian countries and the sale of dried cassava chips in Mainland China and Thailand and hotel operations in the Mainland China.

In the opinion of the directors, the immediate and ultimate holding company of the Company is Art Rich Management Limited which was incorporated in the British Virgin Islands.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, certain land and buildings classified as property, plant and equipment and financial assets at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other total comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to HKAS 10 HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11 HKFRS 14	<i>Accounting for Acquisition of Interests in Joint Operations</i> <i>Regulatory Deferral Accounts</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs

The adoption of the revised standards has had no significant financial effect on these financial statements.

3. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) the procurement and sale of dried cassava chips segment engages in the procurement and sale of dried cassava chips;
- (b) the property investment segment invests in office space and industrial properties for its rental income potential; and
- (c) the hotel operations segment engages in hotel operations in the PRC.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents, pledged deposits, available-for-sale investments, held-to-maturity investments, financial assets at fair value through profit or loss, other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

3. SEGMENT INFORMATION (continued)

	Procurement and sale of dried cassava chips HK\$'000	Property investment HK\$'000	Hotel operations HK\$'000	Total HK\$'000
Year ended 31 March 2017				
Segment revenue:				
Sales to external customers	1,966,320	-	-	1,966,320
Gross rental income	-	2,615	-	2,615
Hotel room revenue, food and beverage	-	-	19,803	19,803
Total	<u>1,966,320</u>	<u>2,615</u>	<u>19,803</u>	<u>1,988,738</u>
Segment results	<u>25,851</u>	<u>710</u>	<u>(449)</u>	26,112
Interest and unallocated gains				5,961
Corporate and other unallocated expenses				(8,142)
Finance costs				(3,774)
Profit before tax				<u>20,157</u>
Segment assets	931,690	116,575	58,182	1,106,447
Corporate and other unallocated assets				<u>252,416</u>
Total assets				<u>1,358,863</u>
Segment liabilities	495,158	804	8,396	504,358
Corporate and other unallocated liabilities				<u>57,590</u>
Total liabilities				<u>561,948</u>
Other segment information:				
Depreciation	5,139	1,019	1,828	7,986
Capital expenditure	2,736	26,099	-	28,835
Fair value gain on investment properties	-	2	-	2

3. SEGMENT INFORMATION (continued)

	Procurement and sale of dried cassava chips HK\$'000	Property investment HK\$'000	Hotel operations HK\$'000	Total HK\$'000
Year ended 31 March 2016				
Segment revenue:				
Sales to external customers	2,806,282	-	-	2,806,282
Gross rental income	-	2,228	-	2,228
Hotel room revenue, food and beverage	-	-	22,566	22,566
Total	<u>2,806,282</u>	<u>2,228</u>	<u>22,566</u>	<u>2,831,076</u>
Segment results	<u>21,751</u>	<u>793</u>	<u>(1,722)</u>	20,822
Interest and unallocated gains				6,064
Corporate and other unallocated expenses				(3,862)
Finance costs				(9,373)
Profit before tax				<u>13,651</u>
Segment assets	913,329	86,705	63,633	1,063,667
Corporate and other unallocated assets				<u>298,842</u>
Total assets				<u>1,362,509</u>
Segment liabilities	513,377	567	10,483	524,427
Corporate and other unallocated liabilities				<u>57,011</u>
Total liabilities				<u>581,438</u>
Other segment information:				
Depreciation	6,127	606	1,976	8,709
Capital expenditure	3,784	-	-	3,784
Fair value loss on investment properties	-	(113)	-	(113)

3. SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2017 HK\$'000	2016 HK\$'000
Hong Kong	2,384	1,768
Mainland China	1,986,086	2,817,576
Thailand	268	11,732
	<u>1,988,738</u>	<u>2,831,076</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2017 HK\$'000	2016 HK\$'000
Hong Kong	103,266	77,570
Mainland China	78,872	85,114
Thailand	45,017	46,948
Unallocated	35,267	31,778
	<u>262,422</u>	<u>241,410</u>

The vessel (included in property, plant and equipment) was primarily utilised across geographical markets for shipment of dried cassava chips throughout the world. Accordingly, it was impractical to present the location of the vessel in terms of geographical area and thus the vessel is presented as an unallocated non-current asset.

The information of the remaining non-current assets above is based on the locations of assets and excludes financial instruments and deferred tax assets.

Information about major customers

For the year ended 31 March 2017, revenue from one of the Group's customers, amounting to HK\$271,501,700, had individually accounted for over 10% of the Group's total revenue arose from procurement and sales of dried cassava chips.

For the year ended 31 March 2016, revenue from three of the customers of the Group had individually accounted for over 10% of the Group's total revenue, amounting to HK\$459,394,000, HK\$356,554,000 and HK\$287,315,000, arose from procurement and sales of dried cassava chips.

4. REVENUE AND OTHER INCOME

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue is as follows:

	2017 HK\$'000	2016 HK\$'000
<u>Revenue</u>		
Sales of dried cassava chips	1,966,320	2,806,282
Gross rental income	2,615	2,228
Hotel room revenue, food and beverage	<u>19,803</u>	<u>22,566</u>
	<u>1,988,738</u>	<u>2,831,076</u>

An analysis of other income is as follows:

	2017 HK\$'000	2016 HK\$'000
<u>Other income</u>		
Bank interest income	1,902	5,056
Logistic service income	3,077	646
Others	<u>479</u>	<u>362</u>
	<u>5,458</u>	<u>6,064</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2017 HK\$'000	2016 HK\$'000
Interest on bank loans and overdrafts	<u>3,774</u>	<u>9,373</u>

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2017 HK\$'000	2016 HK\$'000
Cost of inventories sold	1,759,637	2,558,485
Amortisation of prepaid land lease payments	46	51
Depreciation	7,986	8,709
Auditor's remuneration	1,325	1,250
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	25,057	22,854
Pension scheme contributions*	1,219	1,142
	<u>26,276</u>	<u>23,996</u>
Rental income on investment properties less direct operating expense of HK\$3,000 (2016: HK\$61,000)	(2,612)	(2,167)
Minimum lease payments under operating leases in respect of storage facilities and office premises	2,295	2,066
Contingent rent under operating leases in respect of storage facilities	6,517	7,600
Foreign exchange loss/(gain), net	2,507	(4,074)
Fair value loss/(gain) on financial assets at fair value through profit or loss	<u>(503)</u>	<u>1,046</u>

* As at 31 March 2017, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2016: Nil).

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2017 HK\$'000	2016 HK\$'000
Current - Hong Kong		
Charge for the year	819	1,313
Overprovision in prior years	(5,527)	(5,137)
Current – PRC	41	37
Current – Thailand	7,850	764
Deferred	<u>(84)</u>	<u>61</u>
Total tax charge/(credit) for the year	<u>3,099</u>	<u>(2,962)</u>

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 584,726,715 (2016: 584,726,715) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2017 and 2016 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

9. HELD-TO-MATURITY INVESTMENTS

	2017 HK\$'000	2016 HK\$'000
Listed bond securities at amortised cost:		
Listed on the Stock Exchange with fixed coupon interest ranging from 5.25% to 5.375% per annum and maturity dates ranging from 11 May 2018 to 24 November 2018	<u>-</u>	<u>18,798</u>

The above investments in debt securities were designated by the Group as held-to-maturity during the year ended 31 March 2016. During the year ended 31 March 2017, the Group disposed the investments for financing the business operation of the Group.

10. AVAILABLE-FOR-SALE INVESTMENTS

	2017 HK\$'000	2016 HK\$'000
Unlisted equity investments, at cost	<u>30,749</u>	<u>30,749</u>

The above investments consist of investments in equity securities which were designated by the Group as available-for-sale financial assets.

As at 31 March 2017, the Group's unlisted equity investments were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that fair value cannot be measured reliably. The Group does not intend to dispose of it in the near future.

11. TRADE AND BILLS RECEIVABLES

	2017 HK\$'000	2016 HK\$'000
Trade and bills receivables	395,863	132,484
Bills receivables discounted to the banks with recourse	<u>25,398</u>	<u>275,098</u>
	421,261	407,582
Impairment	<u>(4,059)</u>	<u>(4,325)</u>
	<u>417,202</u>	<u>403,257</u>

It is the Group's policy that the customers who wish to trade with the Group normally need to provide the Group with irrecoverable letters of credit issued by reputable banks, with terms within 90 days to 180 days at sight, on credit with credit period for one to three months or by cash on delivery. Credit limits are set for individual customers. The Group seeks to maintain tight control over its outstanding receivables in order to minimise credit risk. At 31 March 2017, the Group has certain concentration of credit risk that may arise from the exposure to three customers (2016: three) and the largest customer which accounted for 67% (2016: 64%) and 26% (2016: 28%) of the Group's total trade and bills receivables.

11. TRADE AND BILLS RECEIVABLES (continued)

An ageing analysis of the Group's trade and bills receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2017 HK\$'000	2016 HK\$'000
Within 30 days	210,008	78,460
30 to 60 days	141,249	148,346
61 to 90 days	65,945	176,058
Over 90 days	<u>-</u>	<u>393</u>
	<u>417,202</u>	<u>403,257</u>

Bills receivables of HK\$25,398,000 as at 31 March 2017 (2016: HK\$275,098,000) were discounted to the banks with recourse.

The movements in provision for impairment of trade receivables are as follows:

	2017 HK\$'000	2016 HK\$'000
At beginning of year	4,325	4,550
Exchange realignment	<u>(266)</u>	<u>(225)</u>
At end of year	<u>4,059</u>	<u>4,325</u>

Included in the above provision for impairment of trade receivables is a provision of HK\$4,059,000 (2016: HK\$4,325,000) for individually impaired trade receivables with a carrying amount before provision of HK\$4,059,000 (2016: HK\$4,325,000).

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in both interest and/or principal payments and only a portion of the receivables is expected to be recovered.

11. TRADE AND BILLS RECEIVABLES (continued)

The ageing analysis of the trade and bills receivables that are not individually nor collectively considered to be impaired is as follows:

	2017 HK\$'000	2016 HK\$'000
Neither past due nor impaired	417,202	402,472
Less than 3 months past due	<u>-</u>	<u>393</u>
	<u>417,202</u>	<u>402,865</u>

Receivables that were neither past due nor impaired relate to several customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment 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. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 HK\$'000	2016 HK\$'000
Listed equity securities, at market value	<u>3,553</u>	<u>2,973</u>

The above equity investments at 31 March 2017 were classified as held for trading and were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss.

13. TRADE AND OTHER PAYABLES AND ACCRUALS

	2017 HK\$'000	2016 HK\$'000
Trade payables	10,451	17,455
Other payables	15,703	16,024
Accrued liabilities	9,602	8,916
Due to a shareholder	966	1,834
Rental deposits received	<u>1,869</u>	<u>1,654</u>
	<u>38,591</u>	<u>45,883</u>

Based on the invoice date, the trade payables as at the end of the reporting period would mature within one month (2016: one month). Trade and other payables are non-interest-bearing and have an average term of three months.

14. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from one to three years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 March 2017, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2017 HK\$'000	2016 HK\$'000
Within one year	2,173	1,443
In the second to fifth years, inclusive	<u>837</u>	<u>909</u>
	<u>3,010</u>	<u>2,352</u>

14. OPERATING LEASE ARRANGEMENTS (continued)

(b) As lessee

The Group leases certain of its office properties and warehouses under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

At 31 March 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2017 HK\$'000	2016 HK\$'000
Within one year	1,659	2,023
In the second to fifth years, inclusive	<u>123</u>	<u>648</u>
	<u>1,782</u>	<u>2,671</u>

The operating lease rentals of certain warehouses are based on the higher of a fixed rental and a contingent rent based on the volume of inventories handled in the warehouses pursuant to the terms and conditions as set out in the respective rental agreements. As the future handling volume of the warehouses could not be estimated reliably, the relevant contingent rent has not been included above and only the minimum lease commitment has been included in the above table.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31 March 2017 (the "Current Year"), the Group was principally engaged in procurement of dried cassava chips in Southeast Asian countries, including Thailand, Cambodia and Vietnam, and sales of dried cassava chips, to customers in the People's Republic of China (the "PRC") and Thailand. The Group is continued to be the largest procurer and exporter of dried cassava chips in Thailand and the largest supplier of imported dried cassava chips in the PRC with an all-round integrated business model covering procurement, processing, warehousing, logistics and sale of cassava chips.

During the Current Year, the PRC's demands for edible alcohol and ethanol fuel continue to grow, which is conducive to the Group's sales of dried cassava chips. However, the purchasing power of the customers in general was diminishing as a result of the depreciation of the Renminbi against US dollars. Certain customers in the PRC sourced domestic stockpiled raw material for production. As a result, the import quantity of the dried cassava chips in the PRC was decreased during the year which led to the import price of dried cassava chips in the PRC fluctuated about comparatively low level.

The Group's revenue from procurement and sales of dried cassava chips amounted to approximately HK\$1,966.3 million for the Current Year, representing a decrease of approximately 29.9% from approximately HK\$2,806.3 million for the previous year. Nevertheless, the Group had maintained its leading position in the PRC and is the largest supplier of imported dried cassava chips for more than ten years.

Revenue

The Group's revenue from procurement and sales of dried cassava chips decreased by approximately HK\$840.0 million or approximately 29.9% from approximately HK\$2,806.3 million for the previous year to approximately HK\$1,966.3 million for the Current Year. Decrease in the Group's revenue was mainly attributable to (i) the decrease in average selling price of dried cassava chips by approximately 15.9% and (ii) the decrease in sales volume by approximately 16.7% during the Current Year.

The Group's revenue from hotel operation amounted to approximately HK\$19.8 million for the Current Year, representing a decrease of approximately 12.4% from approximately HK\$22.6 million for the previous year. During the Current Year, the Group's hotel operation was still subject to pressure given the slowdown in China's macro-economic growth. Nevertheless, the Group continues to put efforts on overcoming unfavourable factors and capitalising opportunities, such as putting resources in promoting the birthday party or wedding banquets packages and optimising staff allocation.

Gross profit and gross profit margin

The Group's cost of sales from procurement and sales of dried cassava chips decreased by approximately HK\$796.3 million, or approximately 31.3%, from approximately HK\$2,547.6 million for the previous year to approximately HK\$1,751.3 million for the Current Year, mainly due to (i) the decrease in sales quantity of dried cassava chips and (ii) the decrease in unit cost of dried cassava chips procured in the Current Year.

The Group's gross profit from procurement and sales of dried cassava chips decreased by approximately HK\$43.7 million from approximately HK\$258.7 million for the previous year to approximately HK\$215 million for the Current Year, mainly due to the net effect of the decrease in revenue and the slightly increase in gross profit margin in the Current Year.

The Group's gross profit margin from procurement and sales of dried cassava chips for the Current Year increased by approximately 1.7 percentage points to approximately 10.9% from approximately 9.2% for the previous year. During the Current Year, the Group decreased the procurement costs of dried cassava chips

in view of the decrease in selling price. Hence, it resulted in a slightly increase in average gross profit margin of the sale of dried cassava chips of the Group.

The Group's cost of sales from hotel operation decreased to approximately HK\$8.3 million for the Current Year from approximately HK\$10.9 million for the previous year. The Group's gross profit margin from hotel operation for the Current Year increased to approximately 58% from approximately 51.7% for the previous year.

Selling and distribution costs

During the Current Year, the Group's selling and distribution expenses of approximately HK\$150.0 million (2016: approximately HK\$197.2 million) comprised mainly (a) ocean freight costs of approximately HK\$69.7 million (2016: approximately HK\$93.7 million), (b) warehouse, handling and inland transportation expenses of approximately HK\$75.3 million (2016: approximately HK\$97.4 million) and (c) those related to hotel operation of approximately HK\$5.0 million (2016: approximately HK\$6.1 million).

The Group's selling and distribution expenses decreased mainly due to decrease in ocean freight costs which was in line with the decrease in revenue generated from the procurement and sales of dried cassava chips during the Current Year.

The Group's selling and distribution expenses represented 7.5% of the total sales revenue for the Current Year, compared to that of 7% for the corresponding period of the previous year.

General and administrative expenses

General and administrative expenses of the Group increased by approximately HK\$2.3 million, or approximately 3.9%, from approximately HK\$58.3 million in the previous year to approximately HK\$60.6 million in the Current Year, mainly due to increase in staff cost and net exchange losses.

Finance costs

Finance expenses of the Group decreased from approximately HK\$9.4 million for the previous year to approximately HK\$3.8 million for the Current Year. With the Group's improved working capital management, the Group reduced the discounting of the letter of credit received from customers for settlement of trade receivables during the Current Year which decreased the finance costs for the Current Year as compared with the corresponding period in 2016.

Profit for the year

The Group's profit for the Current Year amounted to approximately HK\$17.1 million (2016: approximately HK\$16.6 million).

Financial resources and liquidity

As at 31 March 2017, the net assets amounted to approximately HK\$796.9 million, representing an increase of approximately HK\$15.8 million from approximately HK\$781.1 million as at 31 March 2016 which was mainly due to the profit for the Current Year.

Current assets amounted to approximately HK\$1,065.2 million (2016: HK\$1,071.0 million), including cash and cash equivalents of approximately HK\$162.4 million (2016: HK\$191.3 million), pledged deposits of HK\$10.2 million (2016: HK\$10.2 million), trade and bills receivables of approximately HK\$417.2 million (2016: HK\$403.3 million), inventories of approximately HK\$437.7 million (2016: HK\$437.4 million) and prepayments, deposits and other receivables of HK\$34.2 million (2016: HK\$25.9 million). The Group had non-current assets of HK\$293.7 million (2016: HK\$291.5 million).

The Group's current liabilities amounted to approximately HK\$557.1 million (2016: HK\$577.1 million), which comprised mainly trade and other payables and accruals of approximately HK\$38.6 million (2016: HK\$45.9 million), tax payable of approximately HK\$48.0 million (2016: HK\$49.3 million) and bank borrowings of approximately HK\$470.6 million (2016: HK\$481.9 million). The Group's non-current liabilities included deferred tax liabilities of approximately HK\$4.8 million (2016: HK\$4.3 million).

The Group expresses its gearing ratio as a percentage of borrowings over total assets. As at 31 March 2017, the Group had a gearing ratio of 34.6% (2016: 35.4%). The decrease in bank borrowings as at 31 March 2017 was mainly due to (i) less trade-financing bank loans drawn down for purchase of inventories at end of the Current Year, and (ii) application of the Group's surplus cash in repayment of bank loan during the Current Year.

The Group's inventory turnover period is 90.8 days as at 31 March 2017, representing an increase of 8.8 days from 82.0 days as at 31 March 2016. The Group possess pre-requisites with its owned warehouses to store additional dried cassava chips during the harvest period and sell dried cassava chips in non-harvest season so as to maximize the Group's profit.

The Group's debtor turnover period is 75 days as at 31 March 2017, representing an increase of 11 days from 64 days as at 31 March 2016.

Employment and remuneration policy

As at 31 March 2017, the total number of the Group's staff was approximately 250. The total staff costs (including directors' remuneration) amounted to approximately HK\$26.3 million for the Current Year. The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group provides retirement benefit for its employees in Hong Kong in form of mandatory provident fund and provides similar schemes for its employees in the PRC, Macau, Vietnam and Thailand.

Charge on group assets

As at 31 March 2017, the Group's time deposit, land and buildings, investment properties situated in Hong Kong and bills receivables with aggregate carrying values of HK\$10,151,000 (2016: HK\$10,151,000), HK\$13,340,000 (2016: HK\$12,670,000), HK\$34,370,000 (2016: HK\$33,050,000) and HK\$25,398,000 (2016: HK\$275,098,000), respectively, were pledged to the bankers to secure the Group's bank borrowings. Bills receivables of HK\$25,398,000 as at 31 March 2017 (2016: HK\$275,098,000) were discounted to the banks with recourse.

Foreign currency exposure

The Group carries on business in Renminbi ("RMB"), United States dollars ("US\$") and Thai Baht and therefore the Group is exposed to foreign currency risk as the values of these currencies fluctuate in the international market. The Group currently does not have a foreign currency hedging policy in respect of foreign currency exposure. However, the directors monitor the related foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Contingent liabilities

As 31 March 2017, the Group did not have any material contingent liabilities.

Prospect

In the PRC, renewable energy is considered a vital resource of energy, playing an important role in the aspects such as satisfying national energy safety and demand, and reducing environmental pollution. The PRC's policy of "non-competition for grain with people and non-competition for harvest land with grain" stipulates that grains such as corn should be used with priority for animal feeds and food so as to guarantee the national food safety. As a result, the use of non-grain feedstock to produce bio-fuel is encouraged by the PRC government. According to "The Mid- and Long-term Development Plan for Renewable Energy" in August 2007, the PRC would cease increasing the production capacity of ethanol fuel using grain feedstock, and target to increase the annual production capacity of ethanol fuel using non-grain feedstock from the current level of less than 1 million tonnes to 2 million tonnes by 2010 and to 10 million tonnes by 2020.

As the progress for approval of ethanol fuel production plants was relatively slow, the production of ethanol fuel has not yet up to the planned level. At present 5 ethanol fuel production plants of total ethanol fuel production capacity of approximately 2.2 million tonnes in operation in the PRC. However, it is expected that several existing ethanol productions plants will be expanded and the construction of new plants in the PRC will be completed within several years. We anticipate that the demand of dried cassava chips in the PRC ethanol fuel industry will be growing which is beneficial to the Group's long-term business development.

For procurement, the Group has total 14 procurement facilities and networks of total storage capacity of 700,000 tonnes (including 9 procurement facilities and networks near the riverside or the cassava plantation zone in Thailand, 4 in Cambodia and 1 in Vietnam) which pave the solid foundation for enhancement of the market coverage and maintenance of long-term business development. The Group targets to reduce its unit cost of dried cassava chips and increase its gross profit margin with the effect of economy of scales in relation to the procurement business of dried cassava chips by the Group's procurement networks in Thailand, Vietnam and Cambodia. In medium and long-run, the Group intends to set up additional procurement facilities and networks (when appropriate) in Thailand, Vietnam or Cambodia so as to cope with the expected increase in demand of dried cassava chips, to increase the Group's market share and to maintain our leading position in the industry.

The Group's unique and integrated business model combines the procurement, processing, warehousing, logistics and sale of cassava chips. Looking ahead, the Group plans to continue establishing more procurement and warehouse centres in order to replicate the proven business model in Thailand. Riding on our broad procurement channels and network together with the warehouse facilities, optimised logistics capabilities and the widespread sales network in the PRC, the Group will continue to strive to enhance our market coverage and maximise returns for our shareholders.

In addition to the hotel operation, the Group will prudently explore other investment project with potentials, but not limiting to property project, in order to broaden the revenue sources and maximize returns for our shareholders.

DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 March 2017.

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

There were no purchases, redemption or sale of the Company's listed securities by the Company or its subsidiaries during the Current Year.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the year ended 31 March 2017, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors.

CORPORATE GOVERNANCE

To the knowledge of the Board, the Company has complied with all the code provisions in the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules for the year ended 31 March 2017, save for the deviation from the code provision A.2.1 of the Code.

Under provision A.2.1 of the Code, the role of the Chairman and the Chief Executive Officer should be performed by separate individuals. Mr. Chu Ming Chuan is the Chairman who provides leadership for the Board. According to A.2.2 and A.2.3 of the Code, Mr. Chu Ming Chuan as the Chairman ensures that all directors are properly briefed on issues arising at board meetings, and receive adequate information, both complete and reliable, in a timely manner. The executive directors of the Company collectively oversee the overall management of the Group in each of their specialized executive fields, which fulfils the function of Chief Executive Officer in substance. Therefore, the Company currently has not appointed its Chief Executive Officer to avoid the duplication of duties.

AUDIT COMMITTEE

The Company has set up an audit committee (the "Audit Committee") for the purposes of reviewing and providing supervision over financial reporting process and internal controls of the Group. The Audit Committee comprises three independent non-executive directors of the Company. The Audit Committee held a meeting on 29 June 2017 to consider and review the annual report and annual financial information of the Group and to give their opinion and recommendations to the Board. The Audit Committee considers that the annual report and the annual financial information of the Company have complied with the applicable accounting standards and the Company has made appropriate disclosure thereof.

By order of the Board
Chu Ming Chuan
Chairman

Hong Kong, 29 June 2017

As at the date of this announcement, the executive directors of the Company are Mr. Chu Ming Chuan, Ms. Liu Yuk Ming and Ms. Lam Ching Fun; the independent non-executive directors of the Company are Mr. Lee Kwan Hung, Professor Fung Kwok Pui and Mr. Yue Man Yiu Matthew.