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）

2019 ANNUAL RESULTS ANNOUNCEMENT

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 2019 together with the comparative figures in 2018, which had been reviewed by the Company's Audit Committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
REVENUE	4	1,620,187	2,268,949
Cost of sales		(1,431,459)	(2,016,851)
Gross profit		188,728	252,098
Other income	4	10,073	12,744
Fair value gain on investment properties, net		101,535	10,276
Other operating expenses		(13,535)	(6,474)
Selling and distribution expenses		(123,275)	(180,366)
General and administrative expenses		(86,474)	(50,596)
Finance costs	5	(16,195)	(5,251)
PROFIT BEFORE TAX	6	60,857	32,431
Income tax credit	7	3,497	724
PROFIT FOR THE YEAR		64,354	33,155
ATTRIBUTE TO:			
Owners of the Company		26,094	33,155
Non- controlling interest		38,260	-
		64,354	33,155

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)
Year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
PROFIT FOR THE YEAR		64,354	33,155
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(10,878)	8,312
Debt investment at fair value through other comprehensive income:			
Change in fair value		(73)	-
		(10,951)	8,312
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Change in fair value		2,747	-
Income tax effect		(687)	-
		2,060	-
Gains on property revaluation		5,305	9,621
Income tax effect		-	(1,588)
		5,305	8,033
		7,365	8,033
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		(3,586)	16,345
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		60,768	49,500
ATTRIBUTE TO:			
Owners of the Company		22,508	49,500
Non- controlling interest		38,260	-
		60,768	49,500
EARNINGS PER SHARE	8		
Basic and diluted		HK4.46 cents	HK5.67 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		166,074	170,577
Investment properties	9	1,304,066	102,639
Equity investments at fair value through other comprehensive income		40,104	-
Debt investments at fair value through other comprehensive income		14,038	-
Available-for-sale investments		-	48,386
Prepaid land lease payments		1,117	1,251
Prepayments, deposits and other receivables		13,390	13,390
Deferred tax assets		535	573
Total non-current assets		1,539,324	336,816
CURRENT ASSETS			
Inventories		328,846	797,737
Trade and bills receivables	10	285,167	370,190
Prepayments, deposits and other receivables		14,422	41,405
Financial assets at fair value through profit or loss		7,067	4,384
Pledged deposits		10,605	10,399
Cash and cash equivalents		146,679	154,715
Total current assets		792,786	1,378,830
CURRENT LIABILITIES			
Trade and other payables and accruals	11	(26,571)	(61,399)
Interest-bearing bank borrowings		(1,064,754)	(746,231)
Tax payables		(52,854)	(55,132)
Total current liabilities		(1,144,179)	(862,762)
NET CURRENT ASSETS/(LIABILITIES)		(351,393)	516,068
TOTAL ASSETS LESS CURRENT LIABILITIES		1,187,931	852,884
NON-CURRENT LIABILITY			
Deferred tax liabilities		(9,214)	(6,469)
Amount due to non-controlling interest of a subsidiary		(265,565)	-
		(274,779)	(6,469)
Net assets		913,152	846,415

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 March 2019

	2019 HK$'000	2018 HK$'000
EQUITY		
Equity attributable to owners of the Company		
Share capital	58,473	58,473
Reserves	816,427	787,942
	874,900	846,415
Non-controlling interest	38,252	-
	913,152	846,415

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 8 May 2008. The registered address 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. 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, leasehold land and buildings classified as property, plant and equipment, certain available-for-sale investments, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income 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.

<u>Basis of consolidation</u>

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 2019. 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 the 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. 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.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Other than as explained below regarding the impact of HKFRS 9 and HKFRS 15, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

(a) HKFRS 9 Financial Instruments replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has recognised the transition adjustments against the applicable opening balances in equity at 1 April 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

Classification and measurement
The following information sets out the impacts of adopting HKFRS 9 on the statement of financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("ECLs").

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) (continued)

Classification and measurement (continued)

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 April 2018 is as follows:

	HKAS 39 measurement				HKFRS 9 measurement	
	Category	Amount	Re-classification	Remeasurement	Amount	Category
		HK$'000	HK$'000	HK$'000		HK$'000
Financial assets						
Equity investments at fair value through other comprehensive income	N/A	-	30,749	8,012	38,761	FVOCI[5]
Debt investments at fair value through other comprehensive income	N/A	-	14,111	-	14,111	FVOCI[5]
Available-for-sale investments	AFS[4]	48,386	(48,386)	-	-	
Trade and bills receivables	L&R[1]	370,190	-	-	370,190	AC[3]
Financial assets included in prepayments, other receivables and other assets	L&R[1]	47,318	-	-	47,318	AC[3]
Financial assets at fair value through profit or loss	FVPL[2]	4,384	3,526	-	7,910	FVPL[2]
Pledged deposit	L&R[1]	10,399	-	-	10,399	AC[3]
Cash and cash equivalents	L&R[1]	154,715	-	-	154,715	AC[3]
		635,392	-	8,012	643,404	

[1] L&R: Loans and receivables
[2] FVPL: Financial assets at fair value through profit or loss
[3] AC: Financial assets or financial liabilities at amortised cost
[4] AFS: Available-for-sale investments
[5] FVOCI: Financial assets at fair value through other comprehensive income

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) (continued)

Impairment

HKFRS 9 requires an impairment on debt instruments not held at fair value through profit or loss to be recorded based on an expected credit loss ("ECLs") model either on a twelve-month basis or on a lifetime basis. The Group applies the simplified approach and records lifetime expected credit losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade receivables. Furthermore, the Group applies the general approach and records twelve-month expected credit losses that are estimated based on the possible default events on its other receivables within the next 12 months, unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime expected credit losses. Management is of the view that the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's ECLs is minimal.

(b) HKFRS 15 and its amendments replace HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15, establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b) (continued)

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 April 2018.

The cumulative effect of the initial application of HKFRS 15 was recognised as an adjustment to the opening balance of retained profits as at 1 April 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 11, HKAS 18 and related interpretations.

The Group's contracts with customers include only single performance obligation. The Group has concluded that revenue from sale should be recognised at the point of time when a customer obtains control of goods. The Group has concluded that the initial application of HKFRS 15 does not have a significant impact on the Group's revenue recognition.

Before the adoption of HKFRS 15, the Group recognised consideration received from customers in advance as other payables. Under HKFRS 15, the amount is classified as contract liabilities which is included in other payables and accruals.

Therefore, upon adoption of HKFRS 15, the Group reclassified HK$6,128,000 from other payables to contract liabilities in relation to the consideration received from customers in advance as at 1 April 2018.

As at 31 March 2019, under HKFRS 15, HK$4,547,000 was reclassified from other payables to contract liabilities in relation to the consideration received from customers in advance.

4. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	2019 HK$'000	2018 HK$'000
Revenue		
Sales of dried cassava chips	1,595,666	2,244,607
Hotel room revenue, food and beverage	20,401	21,517
Gross rental income	4,120	2,825
	1,620,187	2,268,949

An analysis of other income is as follows:

	2019 HK$'000	2018 HK$'000
Other income		
Logistic service income	8,475	10,209
Bank interest income	330	660
Others	1,268	1,875
	10,073	12,744

5. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interest on bank loans and overdrafts	16,195	5,251

6. PROFIT BEFORE TAX

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

	2019 HK$'000	2018 HK$'000
Cost of inventories sold	1,431,459	2,016,851
Amortisation of prepaid land lease payments	45	45
Depreciation	9,307	10,247
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	27,436	27,683
Pension scheme contributions	1,435	1,632
	28,871	29,315
Minimum lease payments under operating leases in respect of storage facilities and office premises	6,625	5,484
Contingent rent under operating leases in respect of storage facilities	7,357	7,876
Foreign exchange loss/(gain), net	16,356	(14,609)

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 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.

	2019 HK$'000	2018 HK$'000
Current - Hong Kong		
Charge for the year	453	5,583
Overprovision in prior years	(4,045)	(6,406)
Current – PRC	79	19
Deferred	16	80
Total tax credit for the year	(3,497)	(724)

8. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 584,726,715 (2018: 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 2019 and 2018 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during these years.

9. INVESTMENT PROPERTIES

	HK$'000
Carrying amount at 1 April 2017	91,838
Fair value adjustment	10,276
Exchange realignment	525
Carrying amount at 31 March 2018 and 1 April 2018	102,639
Addition (note)	1,100,000
Fair value adjustment	101,535
Exchange realignment	(108)
Carrying amount at 31 March 2019	1,304,066

Note: On 9 May 2018, the Group (the "Purchaser") entered into an acquisition agreement with a third party, 338 Apartment Holdings (BVI) Limited (the "Vendor"), pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the entire issued share capital of 338 Apartment (BVI) Limited ("Target Company") and the loan owing by the Target Company to the Vendor as at the date of completion for a consideration of HK$1,100,000,000, subject to the approval of the shareholders of the Company. The principal asset of the Target Company is the property located at 338 Queen's Road Central, Sheung Wan, Hong Kong known as "Queen Central" or "338 Apartment", which is a commercial building with hotel license. The transaction was completed on 8 October 2018.

10. TRADE AND BILLS RECEIVABLES

	2019 HK$'000	2018 HK$'000
Trade and bills receivables	196,591	355,055
Bills receivable discounted to the banks with recourse	92,916	19,633
	289,507	374,688
Impairment	(4,340)	(4,498)
	285,167	370,190

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:

	2019 HK$'000	2018 HK$'000
Within 30 days	94,546	240,248
30 to 60 days	172,430	83,334
61 to 90 days	6,501	43,833
Over 90 days	11,690	2,775
	285,167	370,190

Bills receivable of HK$92,916,000 as at 31 March 2019 (2018: HK$19,633,000) were discounted to the banks with recourse.

11. TRADE AND OTHER PAYABLES AND ACCRUALS

	2019 HK$'000	2018 HK$'000
Trade payables	12,160	31,478
Other payables	12,219	19,172
Accrued liabilities	609	9,555
Due to a director	2	31
Rental deposits received	1,581	1,163
	26,571	61,399

Based on the invoice date, the trade payables as at the end of the reporting period would mature within one month (2018: one month). Trade and other payables are non-interest-bearing and have an average term of three months.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31 March 2019 (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"). 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.

Business review

During the Current Year, the intensified trade friction between China and the United States, leading to the slowdown in the economy and the sluggish markets for various industries in China. As such, the domestic customers' demand in China for dried cassava chips has also decreased accordingly. As a result, the Group's revenue from procurement and sales of dried cassava chips was decreased to approximately HK$1,595.7 million for the Current Year, representing a decrease of approximately 29% from approximately HK$2,244.6 million for the previous year.

On the other hand, as regards the Group's hotel operation, the revenue generated from hotel room rental and catering from restaurant was stablised during the Current Year. However, it is still subject to pressure given the slowdown in China's macro-economic growth and the Group will continue 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.

In order to broaden the Group's revenue sources, the Group continues exploring investment project with potentials. On 9 May 2018, Profit Sky Corporation Limited (the "Purchaser"), in which the Company holds an indirect 60% equity interest, entered into the Acquisition Agreement with 338 Apartment Holdings (BVI) Limited (the "Vendor"), pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the entire issued share capital ("Sale Shares") of 338 Apartment (BVI) Limited ("Target Company") and the loan owing by the Target Company to the Vendor (the "Sale Loan") as at date of completion of such acquisition in accordance with the terms and conditions of the Acquisition Agreement. Such acquisition was approved by the shareholders of the Company in the general meeting held on 6 September 2018 and was completed on 8 October 2018.

The principal asset of the Target Company is the Property located at 338 Queen's Road Central, Sheung Wan, Hong Kong known as "Queen Central" or "338 Apartment", which is a commercial building with hotel license. The Consideration for the Acquisition is HK$1,100,000,000 which was settled by the Group's surplus cash, the loan from non-controlling shareholders of the Purchaser and the mortgage loan of HK$440 million.

Financial Review

Revenue

The Group's revenue from procurement and sales of dried cassava chips decreased by approximately HK$648.9 million or approximately 29% from approximately HK$2,244.6 million for the previous year to approximately HK$1,595.7 million for the Current Year. Decrease in the Group's revenue was mainly attributable to the decrease in sales volume of dried cassava chips in the mainland China during the Current Year.

The Group’s revenue from hotel operation amounted to approximately HK$20.4 million for the Current Year, representing a decrease of approximately 5% from approximately HK$21.5 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$584.9 million, or approximately 29%, from approximately HK$2,009.2 million for the previous year to approximately HK$1,424.3 million for the Current Year, mainly due to the decrease in sales quantity of dried cassava chips in the Current Year.

The Group’s gross profit from procurement and sales of dried cassava chips decreased by approximately HK$64.0 million from approximately HK$235.4 million for the previous year to approximately HK$171.4 million for the Current Year, mainly due to the decrease in revenue.

The Group's gross profit margin from procurement and sales of dried cassava chips for the Current Year was stable compared with the previous year.

The Group’s cost of sales from hotel operation decreased to approximately HK$7.2 million for the Current Year from approximately HK$7.7 million for the previous year. The Group's gross profit margin from hotel operation for the Current Year increased to approximately 64.7% from approximately 64.2% for the previous year.

Other operating expenses
Other operating expenses in current year mainly represented an impairment of approximately HK$8,000,000 made to certain aged receivables and business development expenses of HK$3,900,000 for exploring potential new business opportunity in Thailand whereas in last year, an impairment of HK$6,474,000 has been made as the investment of the unlisted fund exceeded its net asset value as at 31 March 2018.

Selling and distribution costs
During the Current Year, the Group’s selling and distribution expenses of approximately HK$123.3 million (2018: approximately HK$180.4 million) comprised mainly (a) ocean freight costs of approximately HK$60.1 million (2018: approximately HK$86.7 million), (b) warehouse, handling and inland transportation expenses of approximately HK$55.6 million (2018: approximately HK$86.2 million) and (c) those related to hotel operation of approximately HK$7.6 million (2018: approximately HK$7.5 million).

The Group’s selling and distribution expenses decreased mainly due to decrease in sales volume during the Current Year.

The Group’s selling and distribution expenses represented 7.6% of the total sales revenue for the Current Year, compared to that of 7.9% for the corresponding period of the previous year.

General and administrative expenses
General and administrative expenses of the Group increased from approximately HK$50.6 million in the previous year to approximately HK$86.5 million in the Current Year, mainly due to the inclusion of net exchange loss of HK$16,400,000 (2018: net exchange gain of HK$14,600,000) arising from the Group’s overseas operation due to fluctuation in exchange rates and the inclusion of professional expenses for acquisition of 338 Apartment.

Finance costs
Finance expenses of the Group increased from approximately HK$5.3 million for the previous year to approximately HK$16.2 million for the Current Year. The increase in finance costs was mainly due to (i) inclusion of interest expenses for bank loan for acquisition of 338 Apartment and (ii) increase in average interest rates of the trade financing loans during the Current Year as compared with the previous year.

Profit for the year
The Group's profit for the Current Year attributable to the owner of parent amounted to approximately HK$26.1 million (2018: approximately HK$33.2 million).

Financial resources and liquidity
As at 31 March 2019, the net assets amounted to approximately HK$913.2 million, representing an increase of approximately HK$66.8 million from approximately HK$846.4 million as at 31 March 2018 which was mainly due to the profit and other comprehensive income for the Current Year and the increase in non-controlling interest.

Current assets amounted to approximately HK$792.8 million (2018: HK$1,378.8 million), including cash and cash equivalents of approximately HK$146.7 million (2018: HK$154.7 million), pledged deposits of HK$10.6 million (2018: HK$10.4 million), trade and bills receivables of approximately HK$285.2 million (2018: HK$370.2 million), inventories of approximately HK$328.8 million (2018: HK$797.7 million), financial assets at fair value through profit or loss of approximately HK$7.1 million (2018: HK$4.4 million), and prepayments, deposits and other receivables of HK$14.4 million (2018: HK$41.4 million). The Group had non-current assets of HK$1,539.3 million (2018: HK$336.8 million) which mainly included the investment properties of approximately HK$1,304.1 million (2018: HK$102.6 million), property, plant and equipment of approximately HK$166.1 million (2018: HK$170.6) and debt and equity investment at fair value through other comprehensive income of HK$54.1 million in aggregate (2018: Available-for-sale investment of HK$48.4 million).

The Group's current liabilities amounted to approximately HK$1,144.2 million (2018: HK$862.8 million), which comprised mainly trade and other payables and accruals of approximately HK$26.6 million (2018: HK$61.4 million), tax payable of approximately HK$52.9 million (2018: HK$55.1 million) and bank borrowings of approximately HK$1,064.8 million (2018: HK$746.2 million). The increase in bank borrowings was mainly due to the inclusion of bank loan of HK$440 million for acquisition of 338 Apartment during the Current Year. The Group's non-current liabilities included deferred tax liabilities of approximately HK$9.2 million (2018: HK$6.5 million) and the amount due to a non-controlling shareholder of approximately HK$265.6 million (2018: nil) for the acquisition and operation of 338 Apartment.

The Group expresses its gearing ratio as a percentage of borrowings over total assets. As at 31 March 2019, the Group had a gearing ratio of 45.6% (2018: 43.5%). The increase in bank borrowings as at 31 March 2019 was mainly due to increase in bank loans drawn down for purchase of 338 Apartment during the Current Year.

The Group's inventory turnover period is 143.6 days as at 31 March 2019, representing an increase of 31.8 days from 111.8 days as at 31 March 2018. Such increase was mainly due to the decrease in number of turns achieved for the stored dried cassava chips as a result of the sluggish market in mainland China during the Current Year.

The Group's debtor turnover period is 74 days as at 31 March 2019 (2018: 63 days).

Employment and remuneration policy
As at 31 March 2019, the total number of the Group's staff was approximately 250. The total staff costs (including directors' remuneration) amounted to approximately HK$28.9 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 2019, the Group's time deposit, land and buildings, investment properties situated in Hong Kong and bills receivables with aggregate carrying values of HK$10,605,000 (2018: HK$10,399,000), HK$16,000,000 (2018: HK$16,000,000), HK$1,240,400,000 (2018: HK$39,600,000) and HK$92,916,000 (2018: HK$19,633,000), respectively, were pledged to the bankers to secure the Group's bank borrowings. Bills receivables of HK$92,916,000 as at 31 March 2019 (2018: HK$19,633,000) 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 2019, the Group did not have any material contingent liabilities.

Material acquisition
On 9 May 2018, Profit Sky Corporation Limited (the "Purchaser"), in which the Company holds an indirect 60% equity interest, entered into the Acquisition Agreement with 338 Apartment Holdings (BVI) Limited (the "Vendor"), pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the entire issued share capital ("Sale Shares") of 338 Apartment (BVI) Limited ("Target Company") and the loan owing by the Target Company to the Vendor (the "Sale Loan") as at date of completion of such acquisition in accordance with the terms and conditions of the Acquisition Agreement at a consideration of HK$1,100,000,000. Completion was made on 8 October 2018.

Apart from the above, the Group had no other material acquisition during the Current Year.

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 to 10 million tonnes by 2020. 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 11 procurement facilities and networks in Thailand, Cambodia, Laos and Vietnam of total storage capacity of 600,000 tonnes, 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, Laos and Cambodia. In medium and long-run, the Group intends to set up additional procurement facilities and networks (when appropriate) in Thailand, Vietnam Laos 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 study the feasibility for trading of other commodity like wood chips, rice and starch and also 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 2019.

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 2019, 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 he 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 2019, save for the deviation from the code provision as detailed below.

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 issued arising at board meetings, and receive adequate information, both complete and reliable, in a timely manner. The executive directors of the Company collectively oversees 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 independent non-executive directors of the Company. The Audit Committee held a meeting on 27 June 2019 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, 28 June 2019

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. Chui Chi Yun Robert, Professor Fung Kwok Pui and Mr. Yue Man Yiu Matthew.