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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)

**ANNOUNCEMENT OF AUDITED RESULTS
FOR THE YEAR ENDED 31 MARCH 2020**

FINANCIAL HIGHLIGHTS

- Revenue amounted to HK\$1,423.9 million (2019: HK\$1,620.2 million)
- Loss for the year attributable to owners of the Company amounted to HK\$34.4 million (2019: profit of HK\$26.1 million).
- Excluding the fair value gain/loss on investment properties, the Group recorded a profit attributable to the owner of HK\$2.1 million (2019: loss of HK\$35.4 million)

Reference is made to the announcement of Asia Cassava Resources Holdings Limited (the “**Company**”), dated 30 June 2020 in relation to the unaudited annual results of the Group for the year ended 31 March 2020 (the “**Unaudited Annual Results Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Unaudited Annual Results Announcement.

AUDITOR’S AGREEMENT ON THE ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

The Board is pleased to announce that the Company’s auditor, Ernst & Young, has completed the audit of the Group’s consolidated financial statements for the year ended 31 March 2020 in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The audited annual results for the year ended 31 March 2020 were approved by the Board on 14 August 2020, details of which are set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 March 2020

	Notes	2020 HK\$'000	2019 HK\$'000
REVENUE	5	1,423,852	1,620,187
Cost of sales		<u>(1,264,348)</u>	<u>(1,431,459)</u>
Gross profit		159,504	188,728
Other income	5	6,405	10,073
Fair value gain/(loss) on investment properties, net		(56,500)	101,535
Other operating expenses		(130)	(13,535)
Selling and distribution expenses		(111,852)	(123,275)
General and administrative expenses		(40,562)	(86,474)
Finance costs	6	<u>(21,951)</u>	<u>(16,195)</u>
PROFIT/(LOSS) BEFORE TAX	7	(65,086)	60,857
Income tax credit	8	<u>5,062</u>	<u>3,497</u>
PROFIT/(LOSS) FOR THE YEAR		<u>(60,024)</u>	<u>64,354</u>
ATTRIBUTE TO:			
Owners of the Company		(34,367)	26,094
Non-controlling interest		<u>(25,657)</u>	<u>38,260</u>
		<u>(60,024)</u>	<u>64,354</u>
EARNINGS/(LOSS) PER SHARE	9		
Basic and diluted		<u>(HK\$5.88 cents)</u>	<u>HK4.46 cents</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(continued)
Year ended 31 March 2020

	Notes	2020 HK\$'000	2019 HK\$'000
PROFIT/(LOSS) FOR THE YEAR		<u>(60,024)</u>	<u>64,354</u>
OTHER COMPREHENSIVE LOSS			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(12,021)	(10,878)
Debt investment at fair value through other comprehensive income:			
Change in fair value		<u>(5,296)</u>	<u>(73)</u>
		<u>(17,317)</u>	<u>(10,951)</u>
Other comprehensive income/(loss) 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		13,508	2,747
Income tax effect		<u>(3,327)</u>	<u>(687)</u>
		<u>10,181</u>	<u>2,060</u>
Gains on property revaluation		289	5,305
Income tax effect		<u>(103)</u>	<u>-</u>
		<u>186</u>	<u>5,305</u>
		<u>10,367</u>	<u>7,365</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		<u>(6,950)</u>	<u>(3,586)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		<u>(66,974)</u>	<u>60,768</u>
ATTRIBUTE TO:			
Owners of the Company		(41,317)	22,508
Non-controlling interest		<u>(25,657)</u>	<u>38,260</u>
		<u>(66,974)</u>	<u>60,768</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 March 2020

	Notes	2020 HK\$'000	2019 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		89,386	166,074
Investment properties		1,247,417	1,304,066
Right-of-use assets		39,704	-
Equity investments at fair value through other comprehensive income		54,078	40,104
Debt investments at fair value through other comprehensive income		-	14,038
Prepaid land lease payments		-	1,117
Prepayments, deposits and other receivables		25,144	13,390
Club membership		2,240	-
Deferred tax assets		503	535
Total non-current assets		<u>1,458,472</u>	<u>1,539,324</u>
CURRENT ASSETS			
Inventories		258,231	328,846
Trade and bills receivables	10	400,620	285,167
Prepayments, deposits and other receivables		21,476	14,422
Debt investments at fair value through other comprehensive income		8,742	-
Financial assets at fair value through profit or loss		6,088	7,067
Pledged deposits and a restricted bank balance		1,206	10,605
Cash and cash equivalents		196,722	146,679
Total current assets		<u>893,085</u>	<u>792,786</u>
CURRENT LIABILITIES			
Trade and other payables and accruals	11	(25,425)	(26,571)
Interest-bearing bank borrowings	12	(1,146,416)	(1,064,754)
Lease liabilities		(731)	-
Tax payables		(47,278)	(52,854)
Total current liabilities		<u>(1,219,850)</u>	<u>(1,144,179)</u>
NET CURRENT LIABILITIES		<u>(326,765)</u>	<u>(351,393)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,131,707</u>	<u>1,187,931</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		(12,526)	(9,214)
Amount due to a non-controlling interest of a subsidiary		(273,003)	(265,565)
		<u>(285,529)</u>	<u>(274,779)</u>
Net assets		<u>846,178</u>	<u>913,152</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 March 2020

	2020 HK\$'000	2019 HK\$'000
EQUITY		
Equity attributable to owners of the Company		
Share capital	58,473	58,473
Reserves	<u>775,110</u>	<u>816,427</u>
	833,583	874,900
Non-controlling interest	<u>12,595</u>	<u>38,252</u>
	<u>846,178</u>	<u>913,152</u>

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, hotel operations in Mainland China and property investment.

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, certain buildings classified as property, plant and equipment, certain financial assets at fair value through other comprehensive income 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 2020. 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 above. 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 9

HKFRS 16

Amendments to HKAS 19

Amendments to HKAS 28

HK(IFRIC)-Int 23

*Annual Improvements to HKFRSs
2015-2017 Cycle*

*Prepayment Features with Negative Compensation
Leases*

Plan Amendment, Curtailment or Settlement

*Long-term Interests in Associates and Joint
Ventures*

Uncertainty over Income Tax Treatments

*Amendments to HKFRS 3, HKFRS 11, HKAS 12
and HKAS 23*

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Other than as explained below regarding the impact of HKFRS 16 and HK(IFRIC) – Int 23, the adoption of the above new and revised HKFRSs has had no significant financial effect on these financial statements.

- (a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases - Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 April 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 April 2019, and the comparative information for 2019 was not restated and continued to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

As a lessee - Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of property. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for elective exemption for leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 April 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 April 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) (continued)

As a lessee - Leases previously classified as operating leases (continued)

Impact on transition (continued)

The right-of-use assets were measured at the amounts of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the leases recognised in the consolidated statement of financial position immediately before 1 April 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the consolidated statement of financial position.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 April 2019. They continue to be measured at fair value applying HKAS 40.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 April 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application;
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease;
- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics when measuring the lease liabilities at 1 April 2019; and
- Excluding initial direct costs from the measurement of the right-of-use assets at the date of initial application.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) (continued)

Financial impact at 1 April 2019

The impact arising from the adoption of HKFRS 16 at 1 April 2019 was as follows:

	HK\$'000
Assets	
Increase in right-of-use assets	42,177
Decrease in property, plant and equipment	(39,486)
Decrease in prepaid land lease payments	(1,117)
Decrease in prepayments, deposits and other receivables	<u>(45)</u>
 Increase in total assets	 <u><u>1,529</u></u>
Liabilities	
Increase in lease liabilities	<u><u>1,529</u></u>

The lease liabilities as at 1 April 2019 reconciled to the operating lease commitments as at 31 March 2019 are as follows:

	HK\$'000
Operating lease commitments as at 31 March 2019	2,439
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 March 2020	 <u>(852)</u>
	<u><u>1,587</u></u>
 Weighted average incremental borrowing rate as at 1 April 2019	 <u><u>4.83%</u></u>
 Discounted operating lease commitments and lease liabilities as at 1 April 2019	 <u><u>1,529</u></u>

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- (b) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax position"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

4. 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 Mainland China.

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

Segment assets exclude cash and cash equivalents, pledged deposits and a restricted bank balance, equity investments at fair value through other comprehensive income, debt investments at fair value through other comprehensive income, financial assets at fair value through profit or loss, club membership, 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.

4. 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 2020				
Segment revenue:				
Sales to external customers	1,401,647	-	-	1,401,647
Hotel room revenue, and food and beverage income	-	-	16,214	16,214
Gross rental income	-	5,991	-	5,991
Total	<u>1,401,647</u>	<u>5,991</u>	<u>16,214</u>	<u>1,423,852</u>
Segment results	<u>14,546</u>	<u>(59,552)</u>	<u>(1,837)</u>	<u>(46,843)</u>
Interest and unallocated gains				6,405
Corporate and other unallocated expenses				(2,750)
Finance costs (other than interest on lease liabilities)				<u>(21,898)</u>
Loss before tax				<u>(65,086)</u>
Segment assets	663,004	1,286,471	73,726	2,023,201
Corporate and other unallocated assets				<u>328,356</u>
Total assets				<u>2,351,557</u>
Segment liabilities	720,142	713,096	10,859	1,444,097
Corporate and other unallocated liabilities				<u>61,282</u>
Total liabilities				<u>1,505,379</u>
Other segment information:				
Depreciation of items of property, plant and equipment	2,860	1,820	332	5,012
Depreciation of right-of-use assets	820	1,536	46	2,402
Capital expenditure	904	-	94	998
Fair value losses on investment properties	<u>-</u>	<u>(56,500)</u>	<u>-</u>	<u>(56,500)</u>

4. 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 2019				
Segment revenue:				
Sales to external customers	1,595,666	-	-	1,595,666
Hotel room revenue, and food and beverage income	-	-	20,401	20,401
Gross rental income	-	4,120	-	4,120
Total	<u>1,595,666</u>	<u>4,120</u>	<u>20,401</u>	<u>1,620,187</u>
Segment results	<u>(26,239)</u>	<u>100,134</u>	<u>(1,857)</u>	72,038
Interest and unallocated gains				10,073
Corporate and other unallocated expenses				(5,059)
Finance costs				(16,195)
Profit before tax				<u>60,857</u>
Segment assets	674,571	1,337,567	55,486	2,067,624
Corporate and other unallocated assets				<u>264,486</u>
Total assets				<u>2,332,110</u>
Segment liabilities	611,492	713,576	12,898	1,337,966
Corporate and other unallocated liabilities				<u>80,992</u>
Total liabilities				<u>1,418,958</u>
Other segment information:				
Depreciation	5,763	1,724	1,820	9,307
Capital expenditure	3,922	1,100,000	-	1,103,922
Fair value gains on investment properties	-	101,535	-	101,535

4. SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2020 HK\$'000	2019 HK\$'000
Mainland China	1,417,861	1,616,067
Hong Kong	<u>5,991</u>	<u>4,120</u>
	<u>1,423,852</u>	<u>1,620,187</u>

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

(b) Non-current assets

	2020 HK\$'000	2019 HK\$'000
Hong Kong	1,313,492	1,341,401
Mainland China	61,314	66,080
Thailand	26,845	48,844
Unallocated	<u>-</u>	<u>28,322</u>
	<u>1,401,651</u>	<u>1,484,647</u>

During the year ended 31 March 2019, a 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 vessel was disposed of during the year ended 31 March 2020.

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 2020, revenue from a customer of the procurement and sale of dried cassava chips segment, amounting to HK\$623,830,000, individually accounted for over 10% of the Group's total revenue.

For the year ended 31 March 2019, revenue from a customer of the procurement and sale of dried cassava chips segment, amounting to HK\$699,889,000, individually accounted for over 10% of the Group's total revenue.

5. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	2020 HK\$'000	2019 HK\$'000
<u>Revenue from contracts with customers</u>		
Sales of dried cassava chips and other goods	1,401,647	1,595,666
Hotel room revenue, food and beverage income	16,214	20,401
<u>Revenue from other sources</u>		
Gross rental income from investment property operating leases	<u>5,991</u>	<u>4,120</u>
	<u>1,423,852</u>	<u>1,620,187</u>

An analysis of other income is as follows:

	2020 HK\$'000	2019 HK\$'000
<u>Other income</u>		
Logistic service income	3,477	8,475
Bank interest income	262	330
Gain on disposal of a vessel	1,095	-
Others	<u>1,571</u>	<u>1,268</u>
	<u>6,405</u>	<u>10,073</u>

6. FINANCE COSTS

	2020 HK\$'000	2019 HK\$'000
Interest on bank loans	21,898	16,195
Interest on lease liabilities	<u>53</u>	<u>-</u>
	<u>21,951</u>	<u>16,195</u>

7. PROFIT/(LOSS) BEFORE TAX

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

	2020 HK\$'000	2019 HK\$'000
Cost of inventories sold	1,264,348	1,431,459
Amortisation of prepaid land lease payments	-	45
Depreciation of items of property, plant and equipment	5,012	9,307
Depreciation of right-of-use assets	2,402	-
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	27,088	27,436
Pension scheme contributions	1,137	1,435
	<u>28,225</u>	<u>28,871</u>
Minimum lease payments under operating leases in respect of storage facilities and office premises	-	6,625
Lease payments not included in the measurement of lease liabilities	5,542	-
Contingent rent under operating leases in respect of storage facilities	-	7,357
Foreign exchange loss/(gain), net	(15,568)	16,356
Impairment of prepayments, deposits and other receivables	-	12,815
Fair value losses on financial assets at fair value through profit or loss, net	<u>935</u>	<u>843</u>

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 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.

	2020 HK\$'000	2019 HK\$'000
Current – Hong Kong		
Charge for the year	-	453
Overprovision in prior years	(11,022)	(4,045)
Current – PRC	1	18
Current – Vietnam	-	62
Current – Thailand	6,077	-
Deferred	<u>(118)</u>	<u>15</u>
Total tax credit for the year	<u>(5,062)</u>	<u>(3,497)</u>

9. EARNINGS /(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 584,726,715 (2019: 584,726,715) in issue during the year.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the years ended 31 March 2020 and 2019 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during these years.

10. TRADE AND BILLS RECEIVABLES

	2020 HK\$'000	2019 HK\$'000
Trade receivables	16,597	23,359
Bills receivables	278,958	173,232
Bills receivables discounted to the banks with recourse	<u>113,261</u>	<u>92,916</u>
	408,816	289,507
Impairment	<u>(8,196)</u>	<u>(4,340)</u>
	<u>400,620</u>	<u>285,167</u>

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

	2020 HK\$'000	2019 HK\$'000
Within 30 days	303,496	94,546
31 to 60 days	88,895	172,430
61 to 90 days	4,435	6,501
Over 90 days	<u>3,794</u>	<u>11,690</u>
	<u>400,620</u>	<u>285,167</u>

Bills receivables of HK\$113,261,000 as at 31 March 2020 (2019: HK\$92,916,000) were discounted to the banks with recourse.

11. TRADE AND OTHER PAYABLES AND ACCRUALS

	2020 HK\$'000	2019 HK\$'000
Trade payables	6,757	12,160
Other payables	3,883	7,672
Contract liabilities	5,827	4,547
Accrued liabilities	5,627	609
Due to a director	-	2
Rental deposits received	<u>3,331</u>	<u>1,581</u>
	<u>25,425</u>	<u>26,571</u>

Based on the invoice date, the trade payables as at the end of the reporting period would mature within one month (2019: one month). Trade and other payables are non-interest-bearing and have an average term of three months.

12. INTEREST-BEARING BANK BORROWINGS

Included in interest-bearing bank borrowings are bank loans of HK\$1,146,416,000 (2019: HK\$1,064,754,000) containing a repayment on demand clause giving the lender the unconditional right to call the loan at any time and therefore, for the purpose of the above maturity profile, these amounts are classified as "On demand". Notwithstanding the above repayment on demand clause, the directors do not believe that the bank loans will be called in their entirety within 12 months, and they consider that the bank loans will be repaid in accordance with the maturity dates as set out in the respective agreements. This evaluation was made considering: the financial position of the Group at the date of approval of this announcement; the Group's compliance with the loan covenants; the lack of events of default, and the fact that the Group has made all previously scheduled repayments on time. In accordance with the terms of the bank loans, their maturity terms at 31 March 2020 are HK\$714,416,000 in 2021, HK\$4,000,000 in 2022, HK\$8,000,000 in 2023, HK\$8,000,000 in 2024, HK\$8,000,000 in 2025, and HK\$404,000,000 in 2026 (2019: HK\$628,754,000 in 2020, HK\$4,000,000 in 2021, HK\$4,000,000 in 2022, HK\$8,000,000 in 2023, HK\$8,000,000 in 2024, HK\$8,000,000 in 2025 and HK\$404,000,000 in 2026).

MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31 March 2020 (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 Group experienced opportunities and challenges. Following the outbreak of coronavirus epidemic in early 2020, the demand for alcoholic products (to which the dried cassava chips are one of the raw materials for production in the PRC) is increased significantly which triggered demand of the dried cassava chips. However, in the first half of the Current Year, as the trade friction between China and the United States contains and leads to the slowdown in the economy and the sluggish markets for various industries in China, the domestic customers’ demand in China for dried cassava chips has also decreased accordingly. Taking into account both effects, the Group’s revenue from procurement and sales of dried cassava chips was decreased to approximately HK\$1,401.6 million for the Current Year, representing a decrease of approximately 12.2% from approximately HK\$1,595.7 million for the previous year.

As regards the Group’s hotel operation, the revenue generated from hotel room rental and catering from restaurant was still subject to pressure given from the coronavirus epidemic and 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 food & drink delivery services, the birthday party or wedding banquets packages and optimising staff allocation.

As regards “338 Apartment”, a shop on the ground floor of this property is currently leased out to a third party for operation of a chain restaurant while certain upper apartment units are currently leased to the local serviced apartment operators.

Financial Review

Revenue

The Group’s revenue from procurement and sales of dried cassava chips decreased by approximately HK\$194.1 million or approximately 12.2% from approximately HK\$1,595.7 million for the previous year to approximately HK\$1,401.6 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 and average selling price during the Current Year.

The Group’s revenue from hotel operation amounted to approximately HK\$16.2 million for the Current Year, representing a decrease of approximately 20.6% from approximately HK\$20.4 million for the previous year. During the Current Year, the Group’s hotel operation was still subject to pressures from the coronavirus epidemic in China and 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 food and drinks delivery services, 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\$165.5 million, or approximately 11.6%, from approximately HK\$1,424.3 million for the previous year to approximately HK\$1,258.8 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\$28.6 million from approximately HK\$171.4 million for the previous year to approximately HK\$142.8 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 decreased to approximately 10.2% from approximately 10.7% for the previous year.

The Group's cost of sales from hotel operation decreased to approximately HK\$5.6 million for the Current Year from approximately HK\$7.2 million for the previous year. The Group's gross profit margin from hotel operation for the Current Year increased to approximately 65.4% from approximately 64.7% for the previous year.

Other operating expenses

Other operating expenses in prior 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.

Selling and distribution costs

During the Current Year, the Group's selling and distribution expenses of approximately HK\$111.9 million (2019: approximately HK\$123.3 million) comprised mainly (a) ocean freight costs of approximately HK\$40.7 million (2019: approximately HK\$60.1 million), (b) warehouse, handling and inland transportation expenses of approximately HK\$64.2 million (2019: approximately HK\$55.6 million) and (c) those related to hotel operation of approximately HK\$7.0 million (2019: approximately HK\$7.6 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 7.9% of the total sales revenue for the Current Year, compared to that of 7.6% for the corresponding period of the previous year.

General and administrative expenses

General and administrative expenses of the Group decreased from approximately HK\$86.5 million in the previous year to approximately HK\$40.6 million in the Current Year, mainly due to (i) the inclusion of net exchange gain of approximately HK\$15.6 million (2019: net exchange loss of approximately HK\$16.4 million) arising from the Group's overseas operation due to fluctuation in exchange rates, and (ii) the overall decrease in operating expenses as the Group implemented control over expenditure.

Finance costs

Finance expenses of the Group increased from approximately HK\$16.2 million for the previous year to approximately HK\$22.0 million for the Current Year. The increase in finance costs was mainly due to (i) inclusion of full year's 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/(Loss) for the year

The Group's loss for the Current Year attributable to the owner of the Company amounted to approximately HK\$34.4 million (2019: profit of approximately HK\$26.1 million).

Excluding the fair value gain/loss on investment properties, the Group achieved an audited profit attributable to the owner of HK\$2.1 million (2019: loss of HK\$35.4 million)

Financial resources and liquidity

As at 31 March 2020, the net assets amounted to approximately HK\$846.2 million, representing a decrease of approximately HK\$67.0 million from approximately HK\$913.2 million as at 31 March 2019 which was mainly due to the loss and other comprehensive expenses for the Current Year and the decrease in non-controlling interest.

Current assets amounted to approximately HK\$893.1 million (2019: HK\$792.8 million), including cash and cash equivalents of approximately HK\$196.7 million (2019: HK\$146.7 million), trade and bills receivables of approximately HK\$400.6 million (2019: HK\$285.2 million), inventories of approximately HK\$258.2 million (2019: HK\$328.8 million), debt investments at fair value through other comprehensive income of approximately HK\$8.7 million (2019: HK\$14.0 million as non-current assets), financial assets at fair value through profit or loss of approximately HK\$6.1 million (2019: HK\$7.1 million), and prepayments, deposits and other receivables of HK\$21.5 million (2019: HK\$14.4 million). The Group had non-current assets of HK\$1,458.5 million (2019: HK\$1,539.3 million) which mainly included the investment properties of approximately HK\$1,247.4 million (2019: HK\$1,304.1 million), property, plant and equipment of approximately HK\$89.4 million (2019: HK\$166.1 million), right-of-use assets of approximately HK\$39.7 million (2019: nil), prepayments, deposits and other receivables of approximately HK\$25.1 million (2019: HK\$13.4 million), club membership of approximately HK\$2.2 million (2019: nil) and debt and equity investment at fair value through other comprehensive income of HK\$54.1 million in aggregate (2019: HK\$54.1 million).

The Group's current liabilities amounted to approximately HK\$1,219.9 million (2019: HK\$1,144.2 million), which comprised mainly trade and other payables and accruals of approximately HK\$25.4 million (2019: HK\$26.6 million), lease liabilities of approximately HK\$0.7 million (2019: nil), tax payable of approximately HK\$47.3 million (2019: HK\$52.9 million) and bank borrowings of approximately HK\$1,146.4 million (2019: HK\$1,064.8 million). The Group's non-current liabilities included deferred tax liabilities of approximately HK\$12.5 million (2019: HK\$9.2 million) and the amount due to a non-controlling shareholder of approximately HK\$273.0 million (2019: HK\$265.6 million) 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 2020, the Group had a gearing ratio of 48.8% (2019: 45.6%).

The Group's inventory turnover period is 84.7 days as at 31 March 2020, representing a decrease of 58.9 days from 143.6 days as at 31 March 2019. Such decrease was mainly due to the decrease in storage of dried cassava chips as a result of the sluggish market in mainland China during the Current Year.

The Group's debtor turnover period is 88 days as at 31 March 2020 (2019: 74 days).

Employment and remuneration policy

As at 31 March 2020, the total number of the Group's staff was approximately 250. The total staff costs (including directors' remuneration) amounted to approximately HK\$28.2 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 2020, the Group's leasehold land under right-of-use assets, leasehold buildings, investment properties situated in Hong Kong and bills receivables with aggregate carrying values of HK\$13,989,000 (2019: nil), HK\$1,130,000 (2019: leasehold land and building of HK\$16,000,000), HK\$1,187,800,000 (2019: HK\$1,240,400,000) and HK\$113,261,000 (2019: HK\$92,916,000), respectively, were pledged to the bankers to secure the Group's bank borrowings. Bills receivables of HK\$113,261,000 as at 31 March 2020 (2019: HK\$92,916,000) 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 2020, the Group did not have any material contingent liabilities.

Material acquisition

The Group had no 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. 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.

As regards the hotel operation, influenced by the coronavirus epidemic and the slowdown in China's macro-economic growth, the Group not only puts more effort on controlling costs but also continues to allocate resources on promoting food and drink delivery services, wedding and other banquets services, opening new restaurants, and attracting local residents (other than tourists or business travelers) for consumption in hotel so as to broaden income stream and improve the profitability. In addition, as the Group has a good reputation in hotel management locally, certain small or medium-sized local hotels has intentions to approach and negotiate with the Group in relation to engaging the Group as their hotel management company. The Group will prudently consider its feasibility for exploring new hotel management income.

In addition, the Group will prudently explore 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 2020.

MATERIAL DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

Since financial information contained in the Unaudited Annual Results Announcement was neither audited nor agreed with Ernst & Young as at the date of their publication and subsequent adjustments have been made to such information, shareholders and potential investors of the Company are advised to pay attention to certain differences between the financial information of the unaudited and audited annual results of the Group. Set forth below are principal details and reasons for the material differences in such financial information in accordance with Rule 13.49 (3)(ii)(b) of the Listing Rules.

	Disclosure in this announcement (Audited) (HK\$'000)	Disclosure in the Unaudited Announcement (Unaudited) (HK\$'000)	Difference HK\$'000	Notes
REVENUE	1,423,852	1,469,014	(45,162)	(i)
Cost of sales	<u>(1,264,348)</u>	<u>(1,290,288)</u>	<u>25,940</u>	(i)&(ii)
Gross profit	159,504	178,726	(19,222)	
Other income	6,405	6,962	(557)	(i)
Fair value loss on investment properties	(56,500)	(56,440)	(60)	
Other operating expenses	(130)	-	(130)	
Selling and distribution expenses	(111,852)	(111,916)	64	
General and administrative expenses	(40,562)	(60,839)	20,277	(ii)
Finance costs	<u>(21,951)</u>	<u>(21,898)</u>	<u>(53)</u>	
LOSS BEFORE TAX	(65,086)	(65,405)	319	
Income tax credit	<u>5,062</u>	<u>11,146</u>	<u>(6,084)</u>	(iii)
LOSS FOR THE YEAR	<u>(60,024)</u>	<u>(54,259)</u>	<u>(5,765)</u>	
ATTRIBUTE TO:				
Owners of the Company	(34,367)	(28,602)	(5,765)	
Non-controlling interest	<u>(25,657)</u>	<u>(25,657)</u>	<u>-</u>	
	<u>(60,024)</u>	<u>(54,259)</u>	<u>(5,765)</u>	
LOSS PER SHARE				
Basic and diluted	<u>(HK5.88 cents)</u>	<u>(HK4.88 cents)</u>		

	Disclosure in this announcement (Audited) HK\$'000	Disclosure in the Unaudited Announcement (Unaudited) HK\$'000	Difference HK\$'000	Notes
NON-CURRENT ASSETS				
Property, plant and equipment	89,386	125,019	(35,633)	(iv)
Investment properties	1,247,417	1,247,838	(421)	
Right-of-use assets	39,704	1,754	37,950	(iv)
Equity investments at fair value through other comprehensive income	54,078	39,871	14,207	(v)
Debt investments at fair value through other comprehensive income	-	8,742	(8,742)	(vi)
Prepayments, deposits and other receivables	25,144	14,199	10,945	(vii)
Club membership	2,240	-	2,240	(viii)
Deferred tax assets	503	503	-	
Total non-current assets	<u>1,458,472</u>	<u>1,437,926</u>		
CURRENT ASSETS				
Inventories	258,231	260,839	(2,608)	
Trade and bills receivables	400,620	400,594	26	
Prepayments, deposits and other receivables	21,476	28,639	(7,163)	(vii)&(viii)
Debt investments at fair value through other comprehensive income	8,742	-	8,742	(vi)
Financial assets at fair value through profit or loss	6,088	6,087	1	
Pledged deposits and a restricted bank balance	1,206	-	1,206	(ix)
Cash and cash equivalents	<u>196,722</u>	<u>198,064</u>	(1,342)	(ix)
Total current assets	<u>893,085</u>	<u>894,223</u>		
CURRENT LIABILITIES				
Trade and other payables and accruals	(25,425)	(27,249)	1,824	
Interest-bearing bank borrowings	(1,146,416)	(1,146,416)	-	
Lease liabilities	(731)	(730)	(1)	
Tax payables	(47,278)	(41,228)	(6,050)	(iii)
Total current liabilities	<u>(1,219,850)</u>	<u>(1,215,623)</u>		
NET CURRENT LIABILITIES	<u>(326,765)</u>	<u>(321,400)</u>		
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,131,707</u>	<u>1,116,526</u>		
NON-CURRENT LIABILITIES				
Deferred tax liabilities	(12,526)	(8,661)	(3,865)	(v)
Amount due to non-controlling interest of a subsidiary	(273,003)	(273,003)	-	
	<u>(285,529)</u>	<u>(281,664)</u>		
Net assets	<u>846,178</u>	<u>834,862</u>		

	Disclosure in this announcement (Audited) HK\$'000	Disclosure in the Unaudited Announcement (Unaudited) HK\$'000	Difference HK\$'000	Notes
EQUITY				
Equity attributable to owners of the Company				
Share capital	58,473	58,473	-	
Reserves	<u>775,110</u>	<u>763,794</u>	11,316	
	833,583	822,267		
Non-controlling interest	<u>12,595</u>	<u>12,595</u>	-	
	<u>846,178</u>	<u>834,862</u>		

Notes:

- (i) It mainly represented the reclassification of revenue in relation to trading of non-cassava-related commodities of approximately HK\$44,157,000 from “revenue” with the corresponding costs of sales of approximately HK\$43,930,000 to “other income”.
- (ii) It mainly represented the reclassification of certain expenses from “general and administrative expenses” to “cost of sales”.
- (iii) It mainly represented the provision for profits tax in Thailand of approximately HK\$6,077,000.
- (iv) It mainly represented the recognition of right-of-use assets in relation to the leasehold land from property, plant and equipment.
- (v) It mainly represented the fair value gain of an equity investments through other comprehensive income of approximately HK\$14,207,000 with recognition of deferred tax liabilities of HK\$3,377,000.
- (vi) It mainly represented the reclassification of debt investment at fair value through other comprehensive income from non-current assets to current assets.
- (vii) It mainly represented the reclassification of deposit paid for a joint-bidding for an alcohol plant located in Ganyu, Jiangsu Province, China of approximately HK\$10,945,000 from current assets to non-current assets.
- (viii) It mainly represented the separate disclosure of club membership of approximately HK\$2,240,000 from “prepayments, deposits and other receivables”.
- (ix) It mainly represented the separate disclosure of pledged deposits and a restricted bank balance of approximately HK\$1,206,000 from “cash and cash equivalent”.

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 2020, 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 2020, 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 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 independent non-executive directors of the Company. The Audit Committee held a meeting on 14 August 2020 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, 14 August 2020

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. Zhu Taiyu.