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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 UNAUDITED RESULTS  
FOR THE YEAR ENDED 31 MARCH 2022**

The Board of Directors (the "Board") of Asia Cassava Resources Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2022 together with the comparative figures in 2021, which had been reviewed by the Company's Audit Committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
Year ended 31 March 2022

	Notes	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
REVENUE	5	3,585,019	2,715,508
Cost of sales		<u>(3,147,116)</u>	<u>(2,450,865)</u>
Gross profit		437,903	264,643
Other income	5	10,865	5,450
Fair value losses on investment properties, net		( 14,684)	( 94,424)
Other operating expenses		( 337)	( 4,794)
Selling and distribution expenses		( 281,253)	( 149,084)
General and administrative expenses		( 86,395)	( 61,702)
Finance costs	6	<u>( 13,142)</u>	<u>( 12,885)</u>
PROFIT/(LOSS) BEFORE TAX	7	52,957	( 52,796)
Income tax	8	<u>( 20,724)</u>	<u>4,300</u>
PROFIT/(LOSS) FOR THE YEAR		<u>32,233</u>	<u>( 48,496)</u>
ATTRIBUTE TO:			
Owners of the Company		42,715	( 7,129)
Non-controlling interest		<u>( 10,482)</u>	<u>( 41,367)</u>
		<u>32,233</u>	<u>( 48,496)</u>
EARNINGS/(LOSS) PER SHARE	9		
Basic and diluted		<u>HK\$7.31 cents</u>	<u>(HK\$1.22 cents)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
 (continued)  
 Year ended 31 March 2022

	Notes	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
PROFIT/(LOSS) FOR THE YEAR		<u>32,233</u>	<u>( 48,496)</u>
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		11,705	11,326
Debt investment at fair value through other comprehensive income:			
Change in fair value		<u>267</u>	<u>88</u>
		<u>11,972</u>	<u>11,414</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		5,838	( 10,792)
Income tax effect		<u>( 1,702)</u>	<u>2,179</u>
		<u>4,136</u>	<u>( 8,613)</u>
Gains on property revaluation		942	1,262
Income tax effect		<u>( 285)</u>	<u>( 960)</u>
		<u>657</u>	<u>302</u>
		<u>4,793</u>	<u>( 8,311)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		<u>16,765</u>	<u>3,103</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		<u>48,998</u>	<u>( 45,393)</u>
ATTRIBUTE TO:			
Owners of the Company		59,480	( 4,026)
Non-controlling interest		<u>( 10,482)</u>	<u>( 41,367)</u>
		<u>48,998</u>	<u>( 45,393)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
31 March 2022

	Notes	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		596,200	93,851
Investment properties		625,239	1,153,225
Right-of-use assets		36,042	40,011
Equity investments at fair value through other comprehensive income		44,453	44,899
Prepayments, deposits and other receivables		21,682	21,284
Club membership		2,240	2,240
Deferred tax assets		4,223	2,847
Total non-current assets		<u>1,330,079</u>	<u>1,358,357</u>
<b>CURRENT ASSETS</b>			
Inventories		869,181	693,127
Trade and bills receivables	10	548,509	489,431
Prepayments, deposits and other receivables		60,448	51,266
Equity investment held for sales		1,648	-
Debt investments at fair value through other comprehensive income		1,297	1,030
Financial assets at fair value through profit or loss		5,977	6,825
Pledged deposits and a restricted bank balance		4,092	4,209
Cash and cash equivalents		100,579	66,150
Total current assets		<u>1,591,731</u>	<u>1,312,038</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables and accruals	11	( 285,286)	( 300,305)
Interest-bearing bank borrowings	12	(1,017,442)	(1,235,772)
Lease liabilities		( 38)	-
Tax payables		( 63,528)	( 42,725)
Total current liabilities		<u>(1,366,294)</u>	<u>(1,578,802)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>225,437</u>	<u>( 266,764)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,555,516</u>	<u>1,091,593</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		( 14,732)	( 11,756)
Lease liabilities		( 45)	-
Interest-bearing bank borrowings	12	( 420,000)	-
Amount due to a non-controlling interest of a subsidiary		( 281,927)	( 279,052)
		<u>( 716,704)</u>	<u>( 290,808)</u>
Net assets		<u>838,812</u>	<u>800,785</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 March 2022

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
EQUITY		
Equity attributable to owners of the Company		
Share capital	58,473	58,473
Reserves	<u>819,593</u>	<u>771,084</u>
	878,066	829,557
Non-controlling interest	<u>( 39,254)</u>	<u>( 28,772)</u>
	<u><u>838,812</u></u>	<u><u>800,785</u></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 2022. 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 revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9, HKAS 39,  
HKFRS 7, HKFRS 4 and HKFRS 16  
Amendments to HKFRS 16

Interest Rate Benchmark Reform – Phase 2  
Covid-19-Related Rent Concessions

The application of the amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

#### 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 and serviced apartment operations segment engages in hotel or serviced apartment operations in the Mainland China / Hong Kong.

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, certain 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, deferred tax assets, 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 (Unaudited)	Property investment HK\$'000 (Unaudited)	Hotel and serviced apartment operations HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>Year ended 31 March 2022</b>				
<b>Segment revenue:</b>				
Sales to external customers	3,556,152	-	-	3,556,152
Room revenue, and food and beverage income	-	-	22,515	22,515
Gross rental income	-	6,352	-	6,352
<b>Total</b>	<u>3,556,152</u>	<u>6,352</u>	<u>22,515</u>	<u>3,585,019</u>
<b>Segment results</b>	<u>91,547</u>	<u>( 25,401)</u>	<u>3,888</u>	70,034
Interest and unallocated gains				10,865
Corporate and other unallocated expenses				( 14,800)
Finance costs				( 13,142)
Profit before tax				<u>52,957</u>
<b>Segment assets</b>	1,515,418	1,171,884	75,921	2,763,223
Corporate and other unallocated assets				<u>158,587</u>
<b>Total assets</b>				<u>2,921,810</u>
<b>Segment liabilities</b>	1,103,705	889,267	6,415	1,999,387
Corporate and other unallocated liabilities				<u>83,611</u>
<b>Total liabilities</b>				<u>2,082,998</u>
<b>Other segment information:</b>				
Depreciation of items of property, plant and equipment	2,965	9,799	1,999	14,763
Depreciation of right-of-use assets	44	3,965	43	4,052
Capital expenditure	3,256	-	-	3,256
Fair value losses on investment properties	-	( 14,684)	-	( 14,684)

4. SEGMENT INFORMATION (continued)

<b>Year ended 31 March 2021</b>	Procurement and sale of dried cassava chips HK\$'000 (Audited)	Property investment HK\$'000 (Audited)	Hotel operations HK\$'000 (Audited)	Total HK\$'000 (Audited)
<b>Segment revenue:</b>				
Sales to external customers	2,689,053	-	-	2,689,053
Hotel room revenue, and food and beverage income	-	-	18,630	18,630
Gross rental income	<u>-</u>	<u>7,825</u>	<u>-</u>	<u>7,825</u>
Total	<u>2,689,053</u>	<u>7,825</u>	<u>18,630</u>	<u>2,715,508</u>
<b>Segment results</b>	<u>57,386</u>	<u>( 93,968)</u>	<u>( 478)</u>	<u>( 37,060)</u>
Interest and unallocated gains				5,450
Corporate and other unallocated expenses				( 8,316)
Finance costs				<u>( 12,870)</u>
Loss before tax				<u>( 52,796)</u>
<b>Segment assets</b>	1,249,977	1,195,457	66,308	2,511,742
Corporate and other unallocated assets				<u>158,653</u>
Total assets				<u>2,670,395</u>
<b>Segment liabilities</b>	863,536	888,638	42,069	1,794,243
Corporate and other unallocated liabilities				<u>75,367</u>
Total liabilities				<u>1,869,610</u>
<b>Other segment information:</b>				
Depreciation of items of property, plant and equipment	2,694	296	1,857	4,847
Depreciation of right-of-use assets	709	1,437	50	2,196
Capital expenditure	3,358	-	-	3,358
Fair value losses on investment properties	<u>-</u>	<u>( 94,424)</u>	<u>-</u>	<u>( 94,424)</u>

4. SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Mainland China	3,572,606	2,707,683
Hong Kong	<u>12,413</u>	<u>7,825</u>
	<u>3,585,019</u>	<u>2,715,508</u>

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

(b) Non-current assets

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Hong Kong	1,192,767	1,219,609
Mainland China	65,000	65,123
Thailand	<u>21,396</u>	<u>23,639</u>
	<u>1,279,163</u>	<u>1,308,371</u>

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 2022, revenue from a customer of the procurement and sale of dried cassava chips segment, amounting to HK\$544,532,000, individually accounted for over 10% of the Group's total revenue.

For the year ended 31 March 2021, revenue from a customer of the procurement and sale of dried cassava chips segment, amounting to HK\$564,250,000, individually accounted for over 10% of the Group's total revenue.

5. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
<u>Revenue from contracts with customers</u>		
Sales of dried cassava chips and other goods	3,556,152	2,689,053
Serviced apartment & hotel room revenue, food and beverage income	22,515	18,630
<u>Revenue from other sources</u>		
Gross rental income from investment property operating leases	<u>6,352</u>	<u>7,825</u>
	<u><u>3,585,019</u></u>	<u><u>2,715,508</u></u>

An analysis of other income is as follows:

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
<u>Other income</u>		
Logistic service income	8,918	-
Bank interest income	54	164
Others	<u>1,893</u>	<u>5,286</u>
	<u><u>10,865</u></u>	<u><u>5,450</u></u>

6. FINANCE COSTS

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Interest on bank loans	11,427	12,553
Interest on other loan	1,711	317
Interest on lease liabilities	<u>4</u>	<u>15</u>
	<u><u>13,142</u></u>	<u><u>12,885</u></u>

7. PROFIT/(LOSS) BEFORE TAX

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

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Cost of inventories sold	3,147,116	2,450,865
Depreciation of items of property, plant and equipment	14,763	4,847
Depreciation of right-of-use assets	4,052	2,196
Government subsidies	-	822
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	26,074	25,848
Pension scheme contributions	1,273	893
	<u>27,347</u>	<u>26,741</u>
Lease payments not included in the measurement of lease liabilities	12,648	7,855
Foreign exchange loss/(gain), net	7,029	11,174
Impairment of prepayment, deposits and other receivables	-	3,616
Fair value losses/(gains) on financial assets at fair value through profit or loss, net	<u>( 383)</u>	<u>( 652)</u>

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 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.

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Current – Hong Kong		
Charge for the year	4,439	3,103
Overprovision in prior years	-	( 10,063)
Current – Macau	12,916	-
Current – Thailand	3,350	2,211
Deferred	<u>19</u>	<u>449</u>
	<u>20,730</u>	<u>( 4,300)</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 loss for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 584,726,715 (2021: 584,726,715) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 March 2022 and 2021 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during these years.

10. TRADE AND BILLS RECEIVABLES

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Trade receivables	15,192	17,774
Bills receivables	325,517	269,537
Bills receivables discounted to the banks with recourse	<u>217,931</u>	<u>210,980</u>
Impairment	558,640 <u>(10,131)</u>	498,291 <u>( 8,860)</u>
	<u>548,509</u>	<u>489,431</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:

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Within 30 days	505,492	321,233
31 to 60 days	38,623	119,521
61 to 90 days	228	44,967
Over 90 days	<u>4,166</u>	<u>3,710</u>
	<u>548,509</u>	<u>489,431</u>

Bills receivables of HK\$217,931,000 as at 31 March 2022 (2021: HK\$210,980,000) were discounted to the banks with recourse.

11. TRADE AND OTHER PAYABLES AND ACCRUALS

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Trade payables	7,758	41,390
Other payables	7,287	4,249
Contract liabilities	6,172	14,350
Accrued liabilities	5,042	6,053
Due to a director	1,680	6,964
Loan from a related company	255,000	224,000
Rental deposits received	<u>2,347</u>	<u>3,299</u>
	<u>285,286</u>	<u>300,305</u>

Based on the invoice date, the trade payables as at the end of the reporting period would mature within one month (2021: one month). Trade and other payables are non-interest-bearing and have an average term of three months.

12. INTEREST-BEARING BANK BORROWINGS

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Analysed into bank borrowings repayable:		
Within one year or on demand	1,017,442	1,235,772
In the second year	8,000	-
In the third to fifth years, inclusive	<u>412,000</u>	<u>-</u>
	1,437,442	1,235,772
Less: Amount classified as current portion	<u>(1,017,442)</u>	<u>(1,235,772)</u>
Amount classified as non-current portion	<u>420,000</u>	<u>-</u>

Notes:

For the purpose of the above analysis, the Group's bank loans in the amount of HK\$1,235,772,000 at 31 March 2021 containing a repayment on demand clause are included within current interest-bearing bank borrowings and analysed into bank loans repayable within one year or 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 the financial statements; 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 2021 are HK\$807,772,000 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 2022 (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 in which the impact of coronavirus epidemic still persisted, 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. The Group’s revenue from procurement and sales of dried cassava chips was increased to approximately HK\$3,556.2 million for the Current Year, representing an increase of approximately 32.2% from approximately HK\$2,689.1 million for the previous year.

As regards “338 Apartment”, upper apartment units are currently operated by the Group as serviced apartment operators upon the lapse of the lease to the local serviced apartment operators during the Current Year. The remaining portion of the building was considered as investment property.

As regards the Group’s hotel operation, the revenue generated from hotel room rental and catering from restaurant was improving but still subject to uncertainties from the coronavirus epidemic and China’s macro-economic growth. 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.

### Financial Review on Unaudited Results

#### *Revenue*

The Group’s revenue from procurement and sales of dried cassava chips increased by approximately HK\$867.1 million or approximately 32.2% from approximately HK\$2,689.1 million for the previous year to approximately HK\$3,556.2 million for the Current Year. Increase in the Group’s revenue was mainly attributable to the increase 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 and serviced apartment operation amounted to approximately HK\$22.5 million for the Current Year, representing an increase of approximately 21.0% from approximately HK\$18.6 million for the previous year. During the Current Year, the Group’s PRC 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 increased by approximately HK\$697.2 million, or approximately 28.5%, from approximately HK\$2,443.6 million for the previous year to approximately HK\$3,140.8 million for the Current Year, mainly due to the increase in sales quantity of dried cassava chips in the Current Year.

The Group's gross profit from procurement and sales of dried cassava chips increased by approximately HK\$169.9 million from approximately HK\$245.5 million for the previous year to approximately HK\$415.4 million for the Current Year, mainly due to the increase in revenue from procurement and sales of dried cassava chips and increase in average selling price.

The Group's gross profit margin from procurement and sales of dried cassava chips for the Current Year increased to approximately 11.7% from approximately 9.1% for the previous year mainly due to increase in average selling price.

The Group's cost of sales from hotel and serviced apartment operation decreased to approximately HK\$6.3 million for the Current Year from approximately HK\$7.3 million for the previous year. The Group's gross profit margin from hotel operation for the Current Year increased to approximately 72.0% from approximately 60.7% for the previous year.

#### *Selling and distribution costs*

During the Current Year, the Group's selling and distribution expenses of approximately HK\$281.3 million (2021: approximately HK\$149.1 million) comprised mainly (a) ocean freight costs of approximately HK\$117.9 million (2021: approximately HK\$44.3 million), (b) warehouse, handling and inland transportation expenses of approximately HK\$154.0 million (2021: approximately HK\$96.2 million) and (c) those related to hotel operation of approximately HK\$9.4 million (2021: approximately HK\$8.6 million).

The Group's selling and distribution expenses increased mainly due to increase in sales volume and increase in unit ocean freight costs under the COVID pandemic during the Current Year.

#### *General and administrative expenses*

General and administrative expenses of the Group increased from approximately HK\$61.7 million in the previous year to approximately HK\$86.4 million in the Current Year, mainly due to (i) the increase in depreciation of approximately HK\$10 million in relation to certain units of 338 Apartment due to its separation as serviced apartment from investment properties, (ii) the increase in repair and maintenance expenses incurred for 338 Apartment of approximately HK\$4.8 million, and (iii) the increase in operating expenses due to inflationary adjustment.

#### *Finance costs*

Finance expenses of the Group increased from approximately HK\$12.9 million for the previous year to approximately HK\$13.1 million for the Current Year. The increase in finance costs was mainly due to increase in average interest rates of the trade financing loans and bank borrowing during the Current Year as compared with the previous year.

*Profit/(Loss) for the year*

The Group's profit for the Current Year attributable to the owner of the Company amounted to approximately HK\$42.7 million (2021: loss of HK\$7.1 million).

*Financial resources and liquidity*

As at 31 March 2022, the net assets amounted to approximately HK\$838.8 million, representing an increase of approximately HK\$38.0 million from approximately HK\$800.8 million as at 31 March 2021 which was mainly due to the profit and other comprehensive income for the Current Year and the decrease in non-controlling interest.

Current assets amounted to approximately HK\$1,591.7 million (2021: HK\$1,312.0 million), including cash and cash equivalents of approximately HK\$100.6 million (2021: HK\$66.2 million), trade and bills receivables of approximately HK\$548.5 million (2021: HK\$489.4 million), inventories of approximately HK\$869.2 million (2021: HK\$693.1 million), debt investments at fair value through other comprehensive income of approximately HK\$1.3 million (2021: HK\$1.0 million), financial assets at fair value through profit or loss of approximately HK\$6.0 million (2021: HK\$6.8 million), and prepayments, deposits and other receivables of HK\$60.4 million (2021: HK\$51.3 million). The Group had non-current assets of HK\$1,330.1 million (2021: HK\$1,358.4 million) which mainly included investment properties of approximately HK\$625.2 million (2021: HK\$1,153.2 million), property, plant and equipment of approximately HK\$596.2 million (2021: HK\$93.9 million), right-of-use assets of approximately HK\$36.0 million (2021: HK\$40.0 million), prepayments, deposits and other receivables of approximately HK\$21.7 million (2021: HK\$21.3 million), club membership of approximately HK\$2.2 million (2021: HK\$2.2 million) and equity investments at fair value through other comprehensive income of approximately HK\$44.5 million (2021: HK\$44.9 million).

The Group's current liabilities amounted to approximately HK\$1,366.3 million (2021: HK\$1,578.8 million), which comprised mainly trade and other payables and accruals of approximately HK\$285.3 million (2021: HK\$300.3 million), tax payable of approximately HK\$63.5 million (2021: HK\$42.7 million) and bank borrowings of approximately HK\$1,017.4 million (2021: HK\$1,235.8 million). The Group's non-current liabilities included non-current bank borrowings of approximately HK\$420.0 million (2021: nil), deferred tax liabilities of approximately HK\$14.8 million (2021: HK\$11.8 million) and the amount due to a non-controlling shareholder of approximately HK\$281.9 million (2021: HK\$279.1 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 2022, the Group had a gearing ratio of 48.9% (2021: 46.3%).

The Group's inventory turnover period is 90.6 days as at 31 March 2022, representing an increase of 19.8 days from 70.8 days as at 31 March 2021.

The Group's debtor turnover period is 52.8 days as at 31 March 2022 (2021: 59.8 days).

#### *Employment and remuneration policy*

As at 31 March 2022, the total number of the Group's staff was approximately 250. The total staff costs (including directors' remuneration) amounted to approximately HK\$27.3 million for the Current Year. The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group provides retirement benefit for its employees in Hong Kong in form of mandatory provident fund and provides similar schemes for its employees in the PRC, Macau, Vietnam and Thailand.

#### *Charge on group assets*

As at 31 March 2022, the Group's bank borrowings are secured by:

- (i) legal charges over the Group's leasehold land and buildings situated in Hong Kong with a carrying value of HK\$493,483,000 and HK\$1,170,000 (2021: leasehold land and buildings of HK\$15,330,000 and HK\$1,070,000), respectively;
- (ii) legal charges over the Group's investment properties situated in Hong Kong with a carrying value of HK\$564,500,000 (2021: HK\$1,091,200,000); and
- (iii) bills receivables of the Group amounting to HK\$217,931,000 (2021: HK\$210,980,000) 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 2022, 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 procurement facilities and networks in Thailand, Cambodia and Laos 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, Laos and Cambodia. In medium and long-run, the Group intends to set up additional procurement facilities and networks (when appropriate) in Thailand, 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, the Group will prudently study the feasibility for trading of other commodity and also explore other investment project with potentials, but not limiting to hotel operation and property project, in order to broaden the revenue sources and maximize returns for our shareholders.

## **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 2022, 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 2022, 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 30 June 2022 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.

## **UNAUDITED ANNUAL RESULTS AND PUBLIC FURTHER ANNOUNCEMENT(S)**

As disclosed in the Company's announcement dated 29 June 2022, the Company's auditing process for the year ended 31 March 2022 (including the mailing of confirmations) has been disrupted due to the implementation of the COVID-19 pandemic prevention and control quarantine measures in certain cities in the PRC, leading to that the auditors of the Company has not yet collected back certain bank confirmations and audit confirmations for receivables verifying the significant balances. As such, the Company is unable to publish by 30 June 2022 the audited annual results of the Group for the year ended 31 March 2022 in accordance with Rules 13.49(1) and 13.49(2) of the Listing Rules.

Based on the information currently available to the Company, the Board estimates that the audited annual results for the year ended 31 March 2022 will be published on or before 15 July 2022 and the annual report for the year ended 31 March 2022 will be despatched to shareholders on or before 29 July 2022.

Following the completion of auditing process, the Company will issue further announcement(s) in relation to (i) the audited results for the year ended 31 March 2022 and the material differences (if any) as compared with the unaudited annual results contained herein; (ii) the proposed final dividend for the year ended 31 March 2022 and the payment date of such proposed final dividend (if any); (iii) the proposed date on which the forthcoming annual general meeting ("AGM") will be held; (iv) the period during which the Company's register of members will be closed in order to ascertain shareholders' eligibility to attend and vote at the AGM and (v) the period during which the Company's register of members will be closed in order to determine entitlement to receive the proposed final dividend (if any). In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process.

**The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

By order of the Board

**Chu Ming Chuan**

*Chairman*

Hong Kong, 30 June 2022

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, Mr. Hong Sijie and Ms. Amporn Lohathanulert.