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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)

ANNUAL RESULT ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2024

HIGHLIGHTS

- Continued to be the largest procurer and exporter of dried cassava chips in Thailand and the largest supplier of imported dried cassava chips in the PRC
- Revenue amounted to approximately HK\$1,193.0 million
- Loss attributable to owners of the Company for the year amounted to approximately HK\$111.4 million (in which its attributable portion of fair value changes in investment property and impairment of property, plant and equipment of HK\$39.1 million and HK\$15.3 million, respectively, were included), representing an increase of approximately 17.6% over the previous year,
- The Directors do not recommend the final dividend for the year

The Board of Directors (the "Board") of Asia Cassava Resources Holdings Limited (the "Company") hereby announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2024 together with the comparative figures in 2023, which had been reviewed by the Company's Audit Committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
REVENUE	5	1,193,032	3,969,276
Cost of sales		<u>(1,040,991)</u>	<u>(3,518,590)</u>
Gross profit		152,041	450,686
Other income, net	5	23,516	15,381
Fair value changes on investment properties, net		(60,061)	(109,500)
Other operating expenses		(941)	(2,570)
Selling and distribution expenses		(113,428)	(280,420)
General and administrative expenses		(99,699)	(152,700)
Finance costs	6	<u>(41,218)</u>	<u>(35,880)</u>
LOSS BEFORE TAX	7	(139,790)	(115,003)
Income tax	8	<u>(9,229)</u>	<u>(29,583)</u>
LOSS FOR THE YEAR		<u>(149,019)</u>	<u>(144,586)</u>
ATTRIBUTABLE TO:			
Owners of the Company		(111,360)	(94,711)
Non-controlling interest		<u>(37,659)</u>	<u>(49,875)</u>
		<u>(149,019)</u>	<u>(144,586)</u>
LOSS PER SHARE	9		
Basic and diluted		<u>(HK19.04 cents)</u>	<u>(HK 16.20 cents)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(continued)

Year ended 31 March 2024

	2024 HK\$'000	2023 HK\$'000
LOSS FOR THE YEAR	<u>(149,019)</u>	<u>(144,586)</u>
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(25,435)	(12,078)
Debt investment at fair value through other comprehensive income:		
Changes in fair value	<u>(1,823)</u>	<u>526</u>
	<u>(27,258)</u>	<u>(11,552)</u>
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Equity investment designated at fair value through other comprehensive income:		
Changes in fair value	(3,807)	(10,183)
Income tax effect	<u>761</u>	<u>2,037</u>
	<u>(3,046)</u>	<u>(8,146)</u>
Gains/(losses) on property revaluation	906	(4,811)
Income tax effect	<u>(182)</u>	<u>985</u>
	<u>724</u>	<u>(3,826)</u>
	<u>(2,322)</u>	<u>(11,972)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>(29,580)</u>	<u>(23,524)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(178,599)</u>	<u>(168,110)</u>
ATTRIBUTABLE TO:		
Owners of the Company	(140,940)	(118,235)
Non-controlling interest	<u>(37,659)</u>	<u>(49,875)</u>
	<u>(178,599)</u>	<u>(168,110)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		484,166	525,376
Investment properties		501,400	510,900
Right-of-use assets		32,991	34,323
Equity investments at fair value through other comprehensive income		20,664	25,851
Prepayments, deposits and other receivables		8,787	9,510
Club membership		2,240	2,240
Deferred tax assets		-	69
Total non-current assets		<u>1,050,248</u>	<u>1,108,269</u>
CURRENT ASSETS			
Inventories		277,346	390,831
Trade and bills receivables	10	20,077	209,276
Prepayments, deposits and other receivables		60,304	58,934
Debt investments at fair value through other comprehensive income		-	1,823
Financial assets at fair value through profit or loss		4,139	5,527
Restricted bank balance		6,001	2,945
Cash and cash equivalents		49,424	264,174
Total current assets		<u>417,291</u>	<u>933,510</u>
CURRENT LIABILITIES			
Trade and other payables and accruals	11	(17,467)	(34,039)
Derivative financial instruments		-	(2,138)
Interest-bearing bank borrowings		(167,900)	(549,266)
Lease liabilities		-	(23)
Tax payables		(100,065)	(93,877)
Total current liabilities		<u>(285,432)</u>	<u>(679,343)</u>
NET CURRENT ASSETS		<u>131,859</u>	<u>254,167</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,182,107</u>	<u>1,362,436</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		(11,527)	(12,058)
Amount due to a non-controlling interest of a subsidiary		(282,629)	(275,828)
Interest-bearing bank borrowings		(404,000)	(412,000)
Total non-current liabilities		<u>(698,156)</u>	<u>(699,886)</u>
Net assets		<u>483,951</u>	<u>662,550</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 March 2024

	2024 HK\$'000	2023 HK\$'000
EQUITY		
Equity attributable to owners of the Company		
Share capital	58,473	58,473
Reserves	<u>552,266</u>	<u>693,206</u>
	610,739	751,679
Non-controlling interest	<u>(126,788)</u>	<u>(89,129)</u>
Total equity	<u><u>483,951</u></u>	<u><u>662,550</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 Cricket Square, Hutchins Drive, P.O. 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 and serviced apartment operations in Mainland China and Hong Kong 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 consolidated 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") 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, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and derivative financial instruments which have been measured at fair value. These consolidated 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 2024. 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).

Generally, there is a presumption that a majority of voting rights results in control. 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 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 the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and 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 consolidated financial statements.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

- b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.
- c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

The Group has applied the amendments on temporary differences related to leases as at 1 January 2022. The amendments had no significant impact on the Groups financial statements.

- d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to 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 their rental income potential; and
- (c) the hotel and serviced apartment operations segment engages in hotel and serviced apartment operations in the Mainland China and 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 loss before tax except that interest income, certain other operating expenses, finance costs, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents, restricted bank balance, an 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 derivative financial instruments, tax payables, 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 and serviced apartment operations HK\$'000	Total HK\$'000
Year ended 31 March 2024				
Segment revenue:				
Sales to external customers	1,173,577	-	-	1,173,577
Hotel room and serviced apartment revenue, and food and beverage income	-	-	14,805	14,805
Gross rental income	-	4,650	-	4,650
Total	<u>1,173,577</u>	<u>4,650</u>	<u>14,805</u>	<u>1,193,032</u>
Segment results	<u>16,915</u>	<u>(57,796)</u>	<u>(26,604)</u>	<u>(67,485)</u>
Interest and unallocated gains				23,516
Corporate and other unallocated expenses				(54,603)
Finance costs				<u>(41,218)</u>
Loss before tax				<u>(139,790)</u>
Segment assets	423,917	505,623	445,864	1,375,404
Corporate and other unallocated assets				<u>92,135</u>
Total assets				<u>1,467,539</u>
Segment liabilities	267,643	327,801	371,534	966,978
Corporate and other unallocated liabilities				<u>16,610</u>
Total liabilities				<u>983,588</u>
Other segment information:				
Depreciation of items of property, plant and equipment	3,648	49	10,266	13,963
Depreciation of right-of-use assets	18	1,222	38	1,278
Capital expenditure	1,092	1,000	8	2,100
Fair value changes on investment properties, net	-	60,061	-	60,061
Impairment of property, plant and equipment	-	-	25,499	25,499

4. SEGMENT INFORMATION (continued)

	Procurement and sale of dried cassava chips HK\$'000	Property investment HK\$'000	Hotel and serviced apartment operations HK\$'000	Total HK\$'000
Year ended 31 March 2023				
Segment revenue:				
Sales to external customers	3,952,226	-	-	3,952,226
Hotel room and serviced apartment revenue, and food and beverage income	-	-	11,291	11,291
Gross rental income	-	5,759	-	5,759
Total	<u>3,952,226</u>	<u>5,759</u>	<u>11,291</u>	<u>3,969,276</u>
Segment results	<u>97,211</u>	<u>(111,698)</u>	<u>(62,545)</u>	<u>(77,032)</u>
Interest and unallocated gains				15,381
Corporate and other unallocated expenses				(17,472)
Finance costs				(35,880)
Loss before tax				<u>(115,003)</u>
Segment assets	944,205	576,830	481,897	2,002,932
Corporate and other unallocated assets				<u>38,847</u>
Total assets				<u>2,041,779</u>
Segment liabilities	404,233	886,628	7,895	1,298,756
Corporate and other unallocated liabilities				<u>80,473</u>
Total liabilities				<u>1,379,229</u>
Other segment information:				
Depreciation of items of property, plant and equipment	2,988	1,198	12,080	16,266
Depreciation of right-of-use assets	63	1,536	40	1,639
Capital expenditure	5,247	79	263	5,589
Fair value changes on investment properties, net	-	109,500	-	109,500
Impairment of trade receivables	-	-	8,050	8,050
Impairment of property, plant and equipment	-	45,050	12,652	57,702

4. SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2024 HK\$'000	2023 HK\$'000
Mainland China	1,177,362	3,956,197
Hong Kong	<u>15,670</u>	<u>13,079</u>
	<u>1,193,032</u>	<u>3,969,276</u>

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

(b) Non-current assets

	2024 HK\$'000	2023 HK\$'000
Hong Kong	937,408	1,021,204
Mainland China	44,918	18,206
Thailand	35,776	35,940
Laos	<u>1,772</u>	<u>3,165</u>
	<u>1,019,874</u>	<u>1,078,515</u>

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

Information about major customers

For the year ended 31 March 2024, revenue from two customers of the procurement and sale of dried cassava chips segment, amounting to HK\$384,222,000 and HK\$223,147,000, individually accounted for over 10% of the Group's total revenue.

For the year ended 31 March 2023, revenue from two customers of the procurement and sale of dried cassava chips segment, amounting to HK\$487,532,000 and HK\$401,994,000, individually accounted for over 10% of the Group's total revenue.

5. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	2024 HK\$'000	2023 HK\$'000
<u>Revenue from contracts with customers</u>		
Sales of dried cassava chips and other goods	1,173,577	3,952,226
Hotel room and serviced apartment revenue, food and beverage income	14,805	11,291
<u>Revenue from other sources</u>		
Gross rental income from investment property operating leases	<u>4,650</u>	<u>5,759</u>
	<u>1,193,032</u>	<u>3,969,276</u>

An analysis of other income is as follows:

	2024 HK\$'000	2023 HK\$'000
<u>Other income</u>		
Bank interest income	4,180	1,080
Realised gain on derivative financial instruments	2,047	-
Modification gain on an amount due to a non-controlling interest of a subsidiary	15,613	11,715
Others	<u>1,676</u>	<u>2,586</u>
	<u>23,516</u>	<u>15,381</u>

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 HK\$'000	2023 HK\$'000
Interest on bank loans	29,503	33,895
Interest on other loan	-	1,976
Interest on lease liabilities	-	9
Interest on an amount due to a non-controlling interest of a subsidiary	<u>11,715</u>	<u>-</u>
	<u>41,218</u>	<u>35,880</u>

7. LOSS BEFORE TAX

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

	2024 HK\$'000	2023 HK\$'000
Cost of inventories sold	1,040,991	3,518,590
Depreciation of items of property, plant and equipment	13,963	16,266
Depreciation of right-of-use assets	1,278	1,639
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	21,527	24,597
Pension scheme contributions	1,109	1,043
	<u>22,636</u>	<u>25,640</u>
Impairment of trade receivables	-	8,050
Impairment of property, plant and equipment	25,499	57,702
Fair value loss on financial assets at fair value through profit or loss, net	941	432
Fair value loss on derivative financial instruments	-	2,138
Realised gain on derivative financial instruments	<u>(2,047)</u>	<u>-</u>

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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.

	2024 HK\$'000	2023 HK\$'000
Current – Hong Kong		
Charge for the year	7,545	5,316
Overprovision in prior years	(5,583)	(595)
Current – Macau		
Charge for the year	7,150	13,586
Current – Thailand	<u>-</u>	<u>9,432</u>
Deferred	9,112	27,739
	<u>117</u>	<u>1,844</u>
	<u>9,229</u>	<u>29,583</u>

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic 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 (2023: 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 2024 and 2023 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during these years.

10. TRADE AND BILLS RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	37,060	141,107
Bills receivable	-	59,706
Bills receivable discounted to the banks with recourse	<u>-</u>	<u>26,208</u>
	37,060	227,021
Impairment	<u>(16,983)</u>	<u>(17,745)</u>
	<u>20,077</u>	<u>209,276</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:

	2024 HK\$'000	2023 HK\$'000
Within 30 days	20,077	209,221
31 to 60 days	<u>-</u>	<u>55</u>
	<u>20,077</u>	<u>209,276</u>

No bills receivable as at 31 March 2024 (2023: HK\$26,208,000) were discounted to the banks with recourse.

11. TRADE AND OTHER PAYABLES AND ACCRUALS

	2024 HK\$'000	2023 HK\$'000
Trade payables	4,133	13,008
Other payables	2,515	8,820
Contract liabilities	3,225	3,133
Accrued liabilities	4,879	5,858
Due to a director	-	400
Rental deposits received	<u>2,715</u>	<u>2,820</u>
	<u>17,467</u>	<u>34,039</u>

Based on the invoice date, the trade payables as at the end of the reporting period would mature within one month (2023: one month). Trade and other payables are non-interest-bearing and have an average term of three months.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31 March 2024 (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

The Current Year was challenging to the Group. During the Current Year, the high interest rate environment has a significant damage to the global economy. The export sector in mainland China was severely sluggish. Meanwhile, after the three-year pandemic, industrial and commercial enterprises in the mainland China have generally been devastated, and the consumer confidence has been significantly weakened. On the other hand, as a result of the debt crisis of real estate developers in Mainland China, the economic condition was further worsen.

Following the relevant anti-epidemic measures being lifted globally, the demand for alcoholic products (to which the dried cassava chips are one of the raw materials for production in the PRC) was restored to the pre-epidemic level which decreased the demand of the dried cassava chips. On the other hand, the pace of economic recovery in the mainland China was not as fast as expected and the rapid market penetration of electric automobiles during the Current Year and the demand from the industries of edible alcohol and production of chemical products was still weak. As such, the Group’s revenue from procurement and sales of dried cassava chips was decreased to approximately HK\$1,173.6 million for the Current Year, representing a decrease of approximately 70.3% from approximately HK\$3,952.2 million for the previous year. Management believes that the demand on the dried cassava chips will become stronger when a considerable economic growth is achieved in mainland China.

As regards the Group’s hotel operation, the catering services were outsourced in return of a fixed annual income and the occupancy rate of the serviced apartment was increased. As such, the revenue generated from hotel room and serviced apartment rental was increased during the Current Year. However, the Group will continue to put efforts on overcoming unfavourable factors and capitalising opportunities, 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 the remaining rentable upper apartment units are currently operated by the Group as serviced apartment or leased to third party tenants.

Financial Review on Audited Results

Revenue

The Group’s revenue from procurement and sales of dried cassava chips decreased by approximately HK\$2,778.6 million or approximately 70.3% from approximately HK\$3,952.2 million for the previous year to approximately HK\$1,173.6 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 and serviced apartment operation amounted to approximately HK\$14.8 million for the Current Year, representing an increase of approximately 31.0% from approximately HK\$11.3 million for the previous year due to the improvement in occupancy rates for the Current Year.

Gross profit and gross profit margin

The Group's cost of sales from procurement and sales of dried cassava chips decreased by approximately HK\$2,477.7 million, or approximately 70.5%, from approximately HK\$3,516.7 million for the previous year to approximately HK\$1,039.0 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 margin from procurement and sales of dried cassava chips for the Current Year was approximately 11.5% (2023: 11.0%).

Selling and distribution costs

During the Current Year, the Group's selling and distribution expenses of approximately HK\$113.4 million (2023: approximately HK\$280.4 million) comprised mainly (a) ocean freight costs of approximately HK\$0.5 million (2023: approximately HK\$91.3 million), (b) warehouse, handling and inland transportation expenses of approximately HK\$108.5 million (2023: approximately HK\$182.7 million) and (c) those related to hotel operation of approximately HK\$4.4 million (2023: approximately HK\$3.6 million).

The Group's selling and distribution expenses decreased mainly due to (i) change in customers' terms from CIF to FOB and (ii) decrease in the Group's sale volume during the Current Year.

General and administrative expenses

General and administrative expenses of the Group decreased from approximately HK\$152.7 million in the previous year to approximately HK\$99.7 million in the Current Year, mainly due to (i) no provision for expected credit loss on accounts receivable of hotel operation was made in the Current Year (2023: HK\$8.0 million); and (ii) the inclusion of impairment loss on the segment of hotel and serviced apartment operations of approximately HK\$25.5 million (2023: HK\$57.7 million).

Finance costs

Finance expenses of the Group increased from approximately HK\$35.9 million for the previous year to approximately HK\$41.2 million for the Current Year. The increase in finance costs was mainly due to the net effect (i) inclusion of implicit interest on an amount due to a non-controlling interest of a subsidiary of approximately HK\$11.7 million (2023: nil); and (ii) continuous increase in interest rate on trade financing loans and bank borrowing during the Current Year.

Loss for the year

The Group's loss for the Current Year attributable to the owner of the Company amounted to approximately HK\$111.4 million (2023: HK\$94.7 million).

Financial resources and liquidity

As at 31 March 2024, the net assets amounted to approximately HK\$484.0 million, representing a decrease of approximately HK\$178.6 million from approximately HK\$662.6 million as at 31 March 2023 which was mainly due to the loss and other comprehensive loss for the year.

Current assets amounted to approximately HK\$417.3 million (2023: HK\$933.5 million), including cash and cash equivalents of approximately HK\$49.4 million (2023: HK\$264.2 million), trade and bills receivables of approximately HK\$20.1 million (2023: HK\$209.3 million), inventories of approximately HK\$277.3 million (2023: HK\$390.8 million), debt investments at fair value through other comprehensive income of approximately HK\$ nil (2023: HK\$1.8 million), and prepayments, deposits and other receivables of HK\$60.3 million (2023: HK\$58.9 million). The Group had non-current assets of HK\$1,050.2 million (2023: HK\$1,108.3 million) which mainly included investment properties of approximately HK\$501.4 million (2023: HK\$510.9 million), property, plant and equipment of approximately HK\$484.2 million (2023: HK\$525.4 million), right-of-use assets of approximately HK\$33.0 million (2023: HK\$34.3 million), prepayments, deposits and other receivables of approximately HK\$8.8 million (2023: HK\$9.5 million), club membership of approximately HK\$2.2 million (2023: HK\$2.2 million) and equity investments at fair value through other comprehensive income of approximately HK\$20.7 million (2023: HK\$25.8 million).

The Group's current liabilities amounted to approximately HK\$285.4 million (2023: HK\$679.3 million), which comprised mainly trade and other payables and accruals of approximately HK\$17.5 million (2023: HK\$34.0 million), tax payable of approximately HK\$100.1 million (2023: HK\$93.9 million) and bank borrowings of approximately HK\$167.9 million (2023: HK\$549.3 million). The Group's non-current liabilities included non-current bank borrowings of approximately HK\$404.0 million (2023: HK\$412 million), deferred tax liabilities of approximately HK\$11.5 million (2023: HK\$12.1 million) and the amount due to a non-controlling shareholder of approximately HK\$282.6 million (2023: HK\$275.8 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 2024, the Group had a gearing ratio of 39.0% (2023: 47.1%) which was mainly due to decrease in trade-related bank borrowing during the Current Year.

The Group's inventory turnover period is 102.2 days as at 31 March 2024, representing an increase of 59 days from 43.2 days as at 31 March 2023. The Group holds certain amount of inventories strategically at reporting date for coping with the demands in the coming months.

The Group's debtor turnover period is 35.1 days as at 31 March 2024 (2023: 49.6 days) which was mainly due to the fact that the Group received the letter of credit at sight from customers during the Current Year.

Employment and remuneration policy

As at 31 March 2024, the total number of the Group's staff was approximately 250. The total staff costs (including directors' remuneration) amounted to approximately HK\$22.6 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 2024, the Group's bank borrowings are secured by:

- (i) legal charges over the Group's leasehold land, hotel properties and serviced apartment and buildings situated in Hong Kong with a carrying value of HK\$11.1 million, HK\$413.7 million and HK\$1.3 million (2023: HK\$11.1 million, HK\$448.2 million and HK\$1.3 million), respectively;
- (ii) legal charges over the Group's investment properties situated in Hong Kong with a carrying value of HK\$409.3 million (2023: HK\$463.2 million); and
- (iii) bills receivable of the Group amounting to HK\$ nil (2023: HK\$26.2 million) 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 directors monitor the related foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Contingent liabilities

As 31 March 2024, the Group did not have any material contingent liabilities.

Material acquisition

As disclosed in the Company's announcement dated 18 May 2023, the Company's two wholly-owned subsidiaries (the "Purchasers") entered into three Preliminary Agreements with two sellers (the "Sellers") on the same date, under which the Purchasers agreed to purchase and the Sellers agreed to sell the Properties, at a total price of HK\$50,560,900 payable in cash. The Properties to be acquired are Unit Nos. 3, 4 and 9 on 11th Floor, Houston Centre, No. 63 Mody Road, Kowloon which are accounted for as the investment properties in the consolidated financial statements. Completion of the above Acquisitions took place on 30 November 2024.

Apart from the above, 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 use of non-grain feedstock to produce bio-fuel is still encouraged by the PRC government.

The Group's unique and integrated business model combines the procurement, processing, warehousing, logistics and sale of cassava chips. 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.

As disclosed in the Company's announcement dated 17 June 2024, the Group is going to establish a joint venture company in Laos, whose principal activities are production and sales of tapioca starch. It will help extend the Group's existing dried cassava chips business to the downstream business of producing tapioca starch. It will enlarge export markets so as to gradually alleviate the Group's reliance on the Chinese market or the adverse effects of the economic downturn in mainland China exerted on the Group's business. The Group aims to promote its market coverage and industrial diversification development in order to maximise the return to Shareholders and in the interest of the Company and its Shareholders as a whole.

DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 March 2024.

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 2024, 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 2024, 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 28 June 2024 to consider and review the annual report and annual financial information of the Group and to give their opinion and recommendations to the Board. The Audit Committee considers that the annual report and the annual financial information of the Company have complied with the applicable accounting standards and the Company has made appropriate disclosure thereof.

By order of the Board
Chu Ming Chuan
Chairman

Hong Kong, 28 June 2024

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.