



INTERIM REPORT
2023



ACR

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)



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Chu Ming Chuan
Ms. Liu Yuk Ming
Ms. Lam Ching Fun

Independent Non-executive Directors

Mr. Chui Chi Yun Robert
Mr. Hong Sijie
Ms. Amporn Lohathanulert

AUTHORISED REPRESENTATIVES

Mr. Chu Ming Chuan
Mr. Shum Shing Kei

COMPANY SECRETARY

Mr. Shum Shing Kei

AUDIT COMMITTEE

Mr. Chui Chi Yun Robert (Chairman)
Mr. Hong Sijie
Ms. Amporn Lohathanulert

REMUNERATION COMMITTEE

Mr. Chui Chi Yun Robert (Chairman)
Mr. Hong Sijie
Ms. Amporn Lohathanulert

NOMINATION COMMITTEE

Mr. Hong Sijie (Chairman)
Mr. Chui Chi Yun Robert
Ms. Amporn Lohathanulert

WEBSITE ADDRESS

www.asiacassava.com

PRINCIPAL BANKERS

Bank of China (Hong Kong) Ltd.
Bank of Communications (Hong Kong) Limited
Hang Seng Bank Limited
United Overseas Bank Limited, Hong Kong Office
Bangkok Bank Public Company Ltd.
Agricultural Bank of China Limited, Rizhao Branch

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 612–3 and 617
Houston Centre
63 Mody Road
Tsim Sha Tsui East
Kowloon
Hong Kong

STOCK CODE

841

MANAGEMENT DISCUSSION AND ANALYSIS

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

BUSINESS REVIEW

The six months ended 30 September 2023 (the "Current Period") was challenging to the Group. During the Current Period, 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 during the Current Period 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\$840.9 million for the Current Period, representing a decrease of approximately 60.0% from approximately HK\$2,102.4 million for the corresponding period of 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 in coming months.

As regards the Group's hotel operation, the catering services were outsourced in return of a fixed annual income and the revenue generated from hotel room and serviced apartment rental was increased during the Current Period. 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

Revenue

The Group's revenue from procurement and sales of dried cassava chips decreased by approximately 60.0% from approximately HK\$2,102.4 million in the corresponding period of previous year to approximately HK\$840.9 million for the Current Period. Decrease in the Group's revenue was mainly attributable to the decrease in the Group's sales volume and average selling price of dried cassava chips during the Current Period.

The Group's revenue from hotel and serviced apartment operation was increased due to the improvement in occupancy rates during the Current Period. The Group intended to continue to capitalise opportunities, such as putting resources in carrying out promotions and optimising staff allocation so as to improve profitability.

Gross profit and gross profit margin

The Group's cost of sales from procurement and sales of dried cassava chips decreased by approximately 58.5%, from approximately HK\$1,865.0 million for the corresponding period of the previous year to approximately HK\$774.0 million in the Current Period, mainly due to the decrease in sales of dried cassava chips in the Current Period.

The Group's gross profit from procurement and sales of dried cassava chips decreased by approximately HK\$170.5 million from approximately HK\$237.4 million for the corresponding period of previous year to approximately HK\$66.9 million for the Current Period, mainly due to (i) decrease in sales and (ii) decrease in average selling price as a result of change in customers' contract terms from CIF to FOB. The ocean transportation cost components embedded in the selling price was borne by the customers themselves.

The Group's gross profit margin from procurement and sales of dried cassava chips for the Current Period was approximately 8% (2022: approximately 11.3%). The decrease was mainly due to change in customers' contract terms from CIF to FOB.

Selling and distribution costs

During the Current Period, the Group's selling and distribution expenses of approximately HK\$26.8 million (2022: approximately HK\$161.8 million), comprised mainly (a) ocean freight costs of approximately HK\$ nil (2022: approximately HK\$72.1 million), (b) warehouse, handling and inland transportation expenses of approximately HK\$25.6 million (2022: approximately HK\$86.5 million) and (c) those related to hotel operation of approximately HK\$1.2 million (2022: approximately HK\$3.2 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 Period.

General and administrative expenses

General and administrative expenses of the Group was approximately HK\$25.4 million for the Current Period compared with approximately HK\$25.8 million for the corresponding period of previous year.

Management Discussion and Analysis

Finance costs

Finance expenses of the Group increased from approximately HK\$9.0 million for the corresponding period of previous year to approximately HK\$15.2 million for the Current Period. Increase in finance costs was mainly due to increase in the effective interest rate during the Current Period.

Profit for the period

The Group's profit for the Current Period attributable to the owner of the Company amounted to approximately HK\$16.4 million (2022: HK\$34.1 million).

Financial resources and liquidity

As at 30 September 2023, the net assets amounted to approximately HK\$663.6 million, representing an increase of approximately HK\$1.0 million from approximately HK\$662.6 million as at 31 March 2023 due to the total comprehensive income for the Current Period.

Current assets as at 30 September 2023 amounted to approximately HK\$399.8 million (31 March 2023: HK\$933.5 million), including cash and cash equivalents of approximately HK\$92.7 million (31 March 2023: HK\$264.2 million), trade and bills receivables of approximately HK\$63.1 million (31 March 2023: HK\$209.3 million) pledged deposits and a restricted bank balance of HK\$ 4.1 million (31 March 2023: HK\$2.9 million), inventories of approximately HK\$171.8 million (31 March 2023: HK\$390.8 million), financial assets at fair value through profit or loss of approximately HK\$5.0 million (31 March 2023: HK\$5.5 million) and prepayments, deposits and other receivables of HK\$62.8 million (31 March 2023: HK\$58.9 million). As at 30 September 2023, The Group had non-current assets of HK\$1,078.4 million (31 March 2023: HK\$1,108.3 million) which mainly included the investment properties of approximately HK\$500.7 million (31 March 2023: HK\$510.9 million), property, plant and equipment of approximately HK\$507.5 million (31 March 2023: HK\$525.4 million) and equity investment at fair value through other comprehensive income of HK\$25.8 million in aggregate (31 March 2023: HK\$25.8 million).

The Group's current liabilities amounted to approximately HK\$119.2 million (31 March 2023: HK\$679.3 million), which comprised mainly trade and other payables and accruals of approximately HK\$16.8 million (31 March 2023: HK\$34.0 million), tax payable of approximately HK\$94.4 million (31 March 2023: HK\$93.9 million) and bank borrowings of approximately HK\$8.0 million (31 March 2023: HK\$549.3 million).

The Group's non-current liabilities included deferred tax liabilities of approximately HK\$12.1 million (31 March 2023: HK\$12.1 million), the amount due to a non-controlling shareholder of approximately HK\$271.4 million (31 March 2023: HK\$275.8 million) and non-current portion of interest-bearing bank borrowings of HK\$412.0 million (31 March 2023: HK\$412.0 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 30 September 2023, the Group had a gearing ratio of 28.4% (31 March 2023: 47.1%) which was mainly due to the decrease in trade-related bank borrowings.

The Group's inventory turnover period is 48.2 days as at 30 September 2023, representing a decrease of 17.2 days from 65.4 days as at 31 March 2023.

The Group's debtor turnover period is 29.3 days as at 30 September 2023, representing a decrease of 5.5 days from 34.8 days as at 31 March 2023.

Employment and remuneration policy

As at 30 September 2023, the total number of the Group's staff was approximately 250. The total staff costs (including directors' remuneration) amounted to approximately HK\$ 13.1 million for the six months ended 30 September 2023. 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 30 September 2023, the Group's bank borrowings are secured by:

- (i) legal charges over the Group's leasehold land and buildings, hotel properties and serviced apartments and buildings situated in Hong Kong with a carrying value of HK\$11.3 million, HK\$439.2 million and HK\$1.3 million, respectively; and
- (ii) legal charges over the Group's investment properties situated in Hong Kong with a carrying value of HK\$454.0 million.

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.

Material acquisition and disposal

As disclosed in the Company's announcement dated 18 May 2023, the Group entered into the Sales and Purchases Agreements with two independent sellers in relation to acquisition of the commercial properties located in Hong Kong at a total price of HK\$50,560,900 payable in cash.

Saved as disclosed above, the Group did not have material acquisition and disposal during the Current Period.

Capital commitment

As 30 September 2023, the Group did not have material capital commitment.

Contingent liabilities

As 30 September 2023, the Group did not have any material contingent liabilities.

PROSPECT

In the PRC, renewable energy is considered a vital resource of energy, playing an important role in the aspects such as satisfying national energy safety and demand, and reducing environmental pollution. The PRC's policy of "non-competition for grain with people and non-competition for harvest land with grain" stipulates that grains such as corn should be used with priority for animal feeds and food so as to guarantee the national food safety. As a result, the use of non-grain feedstock to produce bio-fuel is encouraged by the PRC government. 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.

As regards the hotel operation, influenced by 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 services 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 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.



SUPPLEMENTARY INFORMATION

DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

The Board do not recommends payment of an interim dividend for the six months ended 30 September 2023 and hence, no closure of register of members is necessary.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 September 2023, the interests and short positions of the directors in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in ordinary shares of the Company:

Name of director	Number of shares held, capacity and nature of interest			Percentage of the Company's issued share capital
	Directly beneficially owned	Through controlled corporation	Total	
Mr. Chu Ming Chuan ("Mr. Chu") (note (a))	135,520,715	225,000,000	360,520,715	61.66%

Supplementary Information

Long positions in shares and underlying shares of associated corporations:

Name of director	Name of associated corporation	Capacity and nature of interest	Percentage of the associated corporation's issued share capital
Mr. Chu	Art Rich Management Limited ("AR Management") (note (b))	Directly beneficially owned Deemed interest	97% 3%

Notes:

- (a) The entire issued share capital of AR Management is legally and beneficially owned by Mr. Chu as to 97% and Ms. Ng Nai Nar ("Mrs. Chu") as to 3%. By virtue of the SFO, Mr. Chu is deemed to be interested in the 225,000,000 Shares held by AR Management.
- (b) AR Management is a holding company of the Company and is owned as to 97% by Mr. Chu and 3% by Mrs. Chu. Mr. Chu is also deemed to be interested in the shares of AR Management held by Mrs. Chu.

Save as disclosed above, as at 30 September 2023, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

At no time during the period were rights to acquire benefits by means of acquisition of shares in the Company granted to any director or their respective spouses or minor children, or were such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 September 2023, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Note	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
<i>Long positions:</i>				
AR Management	(a)	Directly beneficially owned	225,000,000	38.48%
Mr. Chu	(a)	Through a controlled corporation	225,000,000	38.48%
		Directly beneficially owned	135,520,715	23.18%
			360,520,715	61.66%
Mrs. Chu	(a)	Through a controlled corporation	225,000,000	38.48%

Note:

- (a) The entire issued share capital of AR Management is legally and beneficially owned by Mr. Chu as to 97% and Mrs. Chu as to 3%. As spouse, Mr. Chu is deemed to be interested in the shares of AR Management which Mrs. Chu is interested in and Mrs. Chu is also deemed to be interested in the shares of AR Management which Mr. Chu is interested in.

Save as disclosed above, as at 30 September 2023, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

COMPETING BUSINESS

None of the directors of the Company have an interest in a business which competes or may compete with the business of the Group.

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 Period.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 September 2023, 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 ("CG Code") as set out in Appendix 14 to the Listing Rules for the six months ended 30 September 2023, save for the deviation from the code provision A.2.1 of the CG Code.

Under provision A.2.1 of the CG Code, the role of the Chairman and the Chief Executive Officer should be performed by separate individuals. Mr. Chu Ming Chuan is the Chairman of the Board who provides leadership for the Board. According to A.2.2 and A.2.3 of the CG 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 specialised 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 Audit Committee comprises three independent non-executive directors of the Company. The Audit Committee held a meeting on 30 November 2023 and has reviewed with the management the accounting principles and practices adopted by the Group, the interim report and interim financial information of the Group for the Current Period and to give recommendations to the Board.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

Six months ended 30 September 2023

		Six months ended 30 September	
	Notes	2023 HK\$'000	2022 HK\$'000
REVENUE	4	856,279	2,111,557
Cost of sales		(775,399)	(1,865,356)
Gross profit		80,880	246,201
Other income	4	9,579	569
Fair value changes on investment properties		(10,218)	(10,182)
Selling and distribution costs		(26,763)	(161,771)
General and administrative expenses		(25,355)	(25,766)
Finance costs		(15,166)	(9,002)
PROFIT BEFORE TAX	5	12,957	40,049
Income tax expense	6	(1,207)	(9,808)
PROFIT FOR THE PERIOD		11,750	30,241
ATTRIBUTE TO:			
Owners of the Company		16,406	34,069
Non-controlling interest		(4,656)	(3,828)
		11,750	30,241
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic and diluted (HK cents)		2.8	5.8

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)

Six months ended 30 September 2023

	Six months ended 30 September	
	2023	2022
Notes	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	11,750	30,241
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences arising on translation of foreign operations	(323)	(645)
Debt investment at fair value through other comprehensive income:		
Change in fair value	(1,325)	41
	(1,648)	(604)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Equity investment at fair value through other comprehensive income:		
Change in fair value	(530)	(4,187)
Income tax effect	87	845
	(443)	(3,342)
Loss on property valuation	(10,358)	(9,259)
Income tax effect	1,709	1,151
	(8,649)	(8,108)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,010	18,187
ATTRIBUTE TO:		
Owners of the Company	9,126	24,934
Non-controlling interest	(8,116)	(6,747)
	1,010	18,187

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2023

		30 September 2023	31 March 2023
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(audited)
NON-CURRENT ASSETS			
Property, plant and equipment		507,537	525,376
Investment properties		500,682	510,900
Right-of-use assets		32,519	34,323
Equity investments at fair value through other comprehensive income	8	25,851	25,851
Prepayments, deposits and other receivables		9,510	9,510
Club membership		2,240	2,240
Deferred tax assets		69	69
Total non-current assets		1,078,408	1,108,269
CURRENT ASSETS			
Inventories		171,856	390,831
Trade and bills receivables	9	63,120	209,276
Prepayments, deposits and other receivables		62,815	58,934
Debt investments at fair value through other comprehensive income	8	236	1,823
Financial assets at fair value through profit or loss	10	4,997	5,527
Pledged deposits and a restricted bank balance		4,096	2,945
Cash and cash equivalents		92,676	264,174
Total current assets		399,796	933,510
CURRENT LIABILITIES			
Trade and other payables and accruals	11	16,817	34,039
Derivative financial instrument		–	2,138
Interest-bearing bank borrowings		8,000	549,266
Lease liabilities		–	23
Tax payable		94,363	93,877
Total current liabilities		119,180	679,343
NET CURRENT ASSETS		280,616	254,167
TOTAL ASSETS LESS CURRENT LIABILITIES		1,359,024	1,362,436

Condensed Consolidated Statement of Financial Position

30 September 2023

	Notes	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		12,058	12,058
Amount due to non-controlling interest of a subsidiary		271,406	275,828
Interest-bearing bank borrowings		412,000	412,000
		695,464	699,886
Net assets		663,560	662,550
EQUITY			
Equity attributable to owners of the Company			
Issued share capital		58,473	58,473
Reserves		701,982	693,206
		760,455	751,679
Non-controlling interest		(96,895)	(89,129)
Total equity		663,560	662,550

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Six months ended 30 September 2023

	Attributable to owners of the Company										Non-controlling interest	Total equity
	Issued capital	Share premium*	Contributed surplus*	Merger reserve*	Legal reserve*	Asset revaluation reserve*	Exchange fluctuation reserve*	Retained profits*	Proposed dividends	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(note (i))	(note (ii))	(note (iii))						(note (iv))	
At 1 April 2023	58,473	424,931	8,229	(249,726)	46	42,275	(17,431)	484,882	-	751,679	(89,129)	662,550
Profit for the period	-	-	-	-	-	-	-	16,406	-	16,406	(4,656)	11,750
Other comprehensive income for the period:												
Change in fair value of debt instrument at fair value through other comprehensive income	-	-	-	-	-	(1,325)	-	-	-	(1,325)	-	(1,325)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(323)	-	-	(323)	-	(323)
Change in fair value of equity instrument at fair value through other comprehensive income, net of tax	-	-	-	-	-	(443)	-	-	-	(443)	-	(443)
Loss on property valuation, net of tax	-	-	-	-	-	(5,539)	-	-	-	(5,539)	(3,110)	(8,649)
Total comprehensive income for the period	-	-	-	-	-	(7,307)	(323)	16,406	-	8,776	(7,766)	1,010
At 30 September 2023	58,473	424,931	8,229	(249,726)	46	34,968	(17,754)	501,288	-	760,455	(96,895)	663,560

	Attributable to owners of the Company										Non-controlling interest	Total equity
	Issued capital	Share premium*	Contributed surplus*	Merger reserve*	Legal reserve*	Asset revaluation reserve*	Exchange fluctuation reserve*	Retained profits*	Proposed dividends	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(note (i))	(note (ii))	(note (iii))						(note (iv))	
At 1 April 2022	58,473	424,931	8,229	(249,726)	46	41,478	(6,182)	594,915	-	872,164	(39,254)	832,910
Profit for the period	-	-	-	-	-	-	-	34,069	-	34,069	(3,828)	30,241
Other comprehensive income for the period:												
Change in fair value of debt instrument at fair value through other comprehensive income	-	-	-	-	-	41	-	-	-	41	-	41
Exchange differences arising on translation of foreign operations, as restated	-	-	-	-	-	-	(645)	-	-	(645)	-	(645)
Change in fair value of equity instrument at fair value through other comprehensive income, net of tax	-	-	-	-	-	(3,342)	-	-	-	(3,342)	-	(3,342)
Loss on property valuation, net of tax	-	-	-	-	-	(5,189)	-	-	-	(5,189)	(2,919)	(8,108)
Total comprehensive income for the period	-	-	-	-	-	(8,490)	(645)	34,069	-	24,934	(6,747)	18,187
At 30 September 2022	58,473	424,931	8,229	(249,726)	46	32,988	(6,827)	628,984	-	897,098	(46,001)	851,097

Condensed Consolidated Statement of Changes in Equity (Unaudited)

Six months ended 30 September 2023

Notes:

- (i) The Group's contributed surplus represents the excess of the nominal value of the shares of the subsidiaries acquired pursuant to a group reorganisation (the "Group Reorganisation") prior to the listing of the Company's shares, over the nominal value of the Company's shares issued in exchange therefor.
 - (ii) The merger reserve represents (1) the excess of the consideration paid over the net asset value of the subsidiaries acquired pursuant to the Group Reorganisation in the prior year and (2) the difference between the consideration paid and the net assets value of the acquiree arising from the business combination under common control.
 - (iii) In accordance with the provisions of the Macau Commercial Code, the Group's subsidiary incorporated in Macau is required to transfer 25% of the annual net profit to the legal reserve before the appropriation of profits to dividends until the reserve equals half of the capital. This reserve is not distributable to the respective shareholders.
 - (iv) The Group's non-controlling interest represents the aggregate of (i) 10% of equity interest in subsidiaries, Asiafame Enterprises Limited and Artsun Resources Company Limited and (ii) 40% of equity interest in a subsidiary, Profit Sky Corporation Limited.
- * These reserve accounts comprise the consolidated reserves of HK\$701,982,000 (30 September 2022: HK\$838,625,000) in the consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

Six months ended 30 September 2023

	Six months ended 30 September	
	2023	2022
	HK\$000	HK\$000
NET CASH INFLOW FROM OPERATING ACTIVITIES	372,030	620,360
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(1,920)	(386)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	(541,266)	(602,093)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(171,156)	17,881
Cash and cash equivalents at beginning of period	264,174	100,579
Effect of foreign exchange rate changes, net	(342)	(574)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	92,676	117,886

NOTES TO FINANCIAL STATEMENT

30 September 2023

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 8 May 2008. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The principal activities of the Group are the procurement of dried cassava chips in Southeast Asian countries and the sales of dried cassava chips in Mainland China and Thailand, the hotel and serviced apartment operations in the Mainland China and Hong Kong and property investment.

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

2. ACCOUNTING POLICIES AND BASIS OF PRESENTATION

These interim condensed consolidated financial information have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and the disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange. The accounting policies and basis of preparation adopted in the preparation of the interim condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 March 2023, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include HKASs and Interpretation) for the first time in the current period as disclosed in note 2.1 below.

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

In the current period, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

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

The adoption of the new and revised HKFRSs has had no significant financial effect on the unaudited condensed interim financial statements of the Group.

3. SEGMENT INFORMATION

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

- (a) the procurement and sale of dried cassava chips segment engages in the procurement and sale of dried cassava chips;
- (b) the property investment segment invests in office space and industrial properties for its rental income potential; and
- (c) the hotel 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 resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, non-leased 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 instrument at fair value through other comprehensive income, debt instrument 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 assets as these liabilities are managed on a group basis.

Notes to Financial Statement

30 September 2023

3. SEGMENT INFORMATION (Continued)

	Procurement and sales of dried cassava chips HK\$'000	Property investment HK\$'000	Hotel & serviced apartment operation HK\$'000	Total HK\$'000
Six months ended 30 September 2023				
Segment revenue:				
Sales to external customers	840,857	-	-	840,857
Gross rental income	-	7,328	-	7,328
Hotel and serviced apartment room revenue, food and beverage	-	-	8,094	8,094
Total	840,857	7,328	8,094	856,279
Segment results	31,637	(2,741)	(370)	28,526
Interest and unallocated gains				1,834
Corporate and other unallocated expenses				(2,237)
Finance costs				(15,166)
Profit before tax				12,957
Other segment information:				
Depreciation of property, plant and equipment	1,548	582	6,120	8,250
Depreciation of right-of-use assets	32	759	21	812
Capital expenditure	769	-	-	769

	Procurement and sales of dried cassava chips HK\$'000	Property investment HK\$'000	Hotel & serviced apartment operation HK\$'000	Total HK\$'000
Six months ended 30 September 2022				
Segment revenue:				
Sales to external customers	2,102,365	-	-	2,102,365
Gross rental income	-	3,080	-	3,080
Hotel and serviced apartment room revenue, food and beverage	-	-	6,112	6,112
Total	2,102,365	3,080	6,112	2,111,557
Segment results	59,081	(7,585)	(95)	51,401
Interest and unallocated gains				69
Corporate and other unallocated expenses				(2,419)
Finance costs				(9,002)
Profit before tax				40,049
Other segment information:				
Depreciation of property, plant and equipment	1,474	4,935	962	7,371
Depreciation of right-of-use assets	22	2,037	21	2,080
Capital expenditure	386	-	-	386

Notes to Financial Statement

30 September 2023

3. SEGMENT INFORMATION (Continued)

	Procurement and sales of dried cassava chips HK\$'000	Property investment HK\$'000	Hotel & serviced apartment operation HK\$'000	Total HK\$'000
As at 30 September 2023				
Segment assets	395,109	565,853	470,243	1,431,205
Corporate and other unallocated assets				46,999
Total assets				1,478,204
Segment liabilities	24,026	692,145	7,745	723,916
Corporate and other unallocated liabilities				90,728
Total liabilities				814,644

	Procurement and sales of dried cassava chips HK\$'000	Property investment HK\$'000	Hotel & serviced apartment operation HK\$'000	Total HK\$'000
As at 31 March 2023				
Segment assets	944,205	576,830	481,897	2,002,932
Corporate and other unallocated assets				38,847
Total assets				2,041,779
Segment liabilities	404,233	886,628	7,895	1,298,756
Corporate and other unallocated liabilities				80,473
Total liabilities				1,379,229

3. SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Hong Kong	7,328	3,080
Mainland China	848,951	2,108,477
	856,279	2,111,557

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

(b) Non-current assets

	30 September	31 March
	2023	2023
	HK\$'000	HK\$'000
Hong Kong	995,343	1,021,204
Mainland China	17,569	18,206
Thailand	34,462	35,940
Laos	2,874	3,165
	1,050,248	1,078,515

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

4. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue for six months ended 30 September 2022 and 2023 is as follows:

	2023 HK\$'000	2022 HK\$'000
Revenue		
Sales of dried cassava chips	840,857	2,102,365
Hotel and serviced apartment room revenue, food and beverage	8,094	6,112
Gross rental income	7,328	3,080
	856,279	2,111,557

An analysis of other income for six months ended 30 September 2022 and 2023 is as follows:

	2023 HK\$'000	2022 HK\$'000
Other income		
Bank interest income	1,834	69
Modification gain on amount due to non-controlling interest of a subsidiary	7,745	–
Others	–	500
	9,579	569

5. PROFIT BEFORE TAX

The Group's profit before tax for six months ended 30 September 2022 and 2023 is arrived at after charging/ (crediting):

	2023 HK\$'000	2022 HK\$'000
Cost of inventories sold	775,399	1,865,010
Employee benefit expenses		
Wages and salaries	12,537	13,053
Pension scheme contributions	526	622
	13,063	13,675
Depreciation	8,250	7,371
Depreciation of right-of-use assets	812	2,080

6. INCOME TAX

Hong Kong profits tax has been provided at the rates of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

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

The calculation of basic earnings per share amounts is based on the profit for the six months ended 30 September 2023 and 2022 attributable to ordinary equity holders of the Company and the weighted average number of 584,726,715 (2022: 584,726,715) ordinary shares in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 September 2023 and 2022 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

8. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 September 2023 HK\$'000	31 March 2023 HK\$'000
Debt investments at fair value through other comprehensive income:		
Listed debt securities	236	1,823
Equity investments at fair value through other comprehensive income:		
Changting China Newtown Plaza Development Co., Limited	25,851	25,851

Note: The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

9. TRADE AND BILLS RECEIVABLES

It is the Group's policy that all customers who wish to trade with the Group to provide the Group with irrecoverable letters of credit issued by reputable banks, with terms within 90 days to 180 days at sight, or by cash on delivery. Credit limits are set for individual customers. The Group seeks to maintain tight control over its outstanding receivables in order to minimise credit risk.

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

	30 September 2023 HK\$'000	31 March 2023 HK\$'000
Within 30 days	63,108	209,220
31 – 60 days	12	56
61 – 90 days	–	–
Over 90 days	–	–
	63,120	209,276

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

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2023 HK\$'000	31 March 2023 HK\$'000
Listed equity securities, at fair value	4,605	4,584
Other unlisted fund investments, at fair value	392	943
	4,997	5,527

The above equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.

The above unlisted fund investments were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

11. TRADE AND OTHER PAYABLES AND ACCRUALS

	30 September 2023 HK\$'000	31 March 2023 HK\$'000
Trade payables	507	13,008
Other payables	4,752	8,820
Contract liabilities	2,934	3,133
Accrued liabilities	4,899	5,858
Due to a director	–	400
Rental deposits received	3,725	2,820
	16,817	34,039

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 September 2023 HK\$'000	31 March 2023 HK\$'000
Within 1 month	507	13,008

Trade and other payables are non-interest-bearing and have an average term of three months.

12. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the period:

	Note	Six months ended 30 September	
		2023 HK\$'000	2022 HK\$'000
Rental expenses paid to related companies*	(i)	740	740

* A director of the Company is the controlling shareholder of these related companies.

Note:

(i) The rental expenses were determined based on prevailing market rent.

13. APPROVAL OF THE FINANCIAL STATEMENTS

These condensed financial statements were approved and authorised for issue by the board of directors on 30 November 2023.