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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR SIX MONTHS ENDED 30 SEPTEMBER 2024**

HIGHLIGHTS

- Revenue amounted to approximately HK\$449.2 million
- Loss attributable to owners of the Company for the Current Period amounted to approximately HK\$9.0 million (in which its attributable portion of fair value changes in investment property of HK\$5.8 million were included)
- The Directors do not recommend the interim dividend

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 (the "Group") for the six months ended 30 September 2024 together with the comparative figures in 2023.

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

	Notes	Six months ended 30 September	
		2024 HK\$'000	2023 HK\$'000
REVENUE	4	449,210	856,279
Cost of sales		<u>(415,164)</u>	<u>(775,399)</u>
Gross profit		34,046	80,880
Other income	4	10,710	9,579
Fair value changes on investment properties		(5,780)	(10,218)
Selling and distribution costs		(16,082)	(26,763)
General and administrative expenses		(25,809)	(25,355)
Finance costs		<u>(15,056)</u>	<u>(15,166)</u>
PROFIT/(LOSS) BEFORE TAX	5	(17,971)	12,957
Income tax expense	6	<u>2,987</u>	<u>(1,207)</u>
PROFIT/(LOSS) FOR THE PERIOD		<u>(14,984)</u>	<u>11,750</u>
ATTRIBUTE TO:			
Owners of the Company		(9,038)	16,406
Non- controlling interest		<u>(5,946)</u>	<u>(4,656)</u>
		<u>(14,984)</u>	<u>11,750</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic and diluted (HK cents)		<u>(1.5)</u>	<u>2.8</u>

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

	Six months ended 30 September	
	2024 HK\$'000	2023 HK\$'000
PROFIT/(LOSS) FOR THE PERIOD	(14,984)	11,750
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	(345)	(323)
Debt investment at fair value through other comprehensive income:		
Change in fair value	<u>-</u>	<u>(1,325)</u>
	<u>(345)</u>	<u>(1,648)</u>
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)
Income tax effect	<u>-</u>	<u>87</u>
	<u>-</u>	<u>(443)</u>
Loss on property valuation	(6,220)	(10,358)
Income tax effect	<u>1,026</u>	<u>1,709</u>
	<u>(5,194)</u>	<u>(8,649)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>(20,523)</u>	<u>1,010</u>
ATTRIBUTE TO:		
Owners of the Company	(12,499)	9,126
Non- controlling interest	<u>(8,024)</u>	<u>(8,116)</u>
	<u>(20,523)</u>	<u>1,010</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		477,619	484,166
Investment properties		495,620	501,400
Right-of-use assets		32,351	32,991
Equity investments at fair value through other comprehensive income	8	20,664	20,664
Prepayments, deposits and other receivables		8,787	8,787
Club membership		2,240	2,240
Deferred tax assets		<u>1,026</u>	<u>-</u>
Total non-current assets		<u>1,038,307</u>	<u>1,050,248</u>
CURRENT ASSETS			
Inventories		26,213	277,346
Trade and bills receivables	9	15,631	20,077
Prepayments, deposits and other receivables		65,538	60,304
Financial assets at fair value through profit or loss	10	5,582	4,139
Pledged deposits and a restricted bank balance		6,733	6,001
Cash and cash equivalents		<u>116,272</u>	<u>49,424</u>
Total current assets		<u>235,969</u>	<u>417,291</u>
CURRENT LIABILITIES			
Trade and other payables and accruals	11	11,975	17,467
Interest-bearing bank borrowings		8,000	167,900
Tax payable		<u>97,078</u>	<u>100,065</u>
Total current liabilities		<u>117,053</u>	<u>285,432</u>
NET CURRENT ASSETS		<u>118,916</u>	<u>131,859</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,157,223</u>	<u>1,182,107</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		11,527	11,527
Amount due to non-controlling interest of a subsidiary		278,268	282,629
Interest-bearing bank borrowings		<u>404,000</u>	<u>404,000</u>
		<u>693,795</u>	<u>698,156</u>
Net assets		<u>463,428</u>	<u>483,951</u>
EQUITY			
Equity attributable to owners of the Company			
Issued share capital		58,473	58,473
Reserves		<u>539,767</u>	<u>552,266</u>
		598,240	610,739
Non-controlling interest		<u>(134,812)</u>	<u>(126,788)</u>
Total equity		<u>463,428</u>	<u>483,951</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Attributable to owners of the Company										Non-controlling interest HK\$'000 (note (iv))	Total equity HK\$'000
	Issued capital HK\$'000	Share premium* HK\$'000	Contributed surplus* HK\$'000 (note (i))	Merger reserve* HK\$'000 (note (ii))	Legal reserve* HK\$'000 (note (iii))	Asset revaluation reserve* HK\$'000	Exchange fluctuation reserve* HK\$'000	Retained profits* HK\$'000	Proposed dividends HK\$'000	Total HK\$'000		
At 1 April 2024	58,473	424,931	8,229	(249,726)	46	38,130	(42,866)	373,522	-	610,739	(126,788)	483,951
Loss for the period	-	-	-	-	-	-	-	(9,038)	-	(9,038)	(5,946)	(14,984)
Other comprehensive loss for the period:												
Exchange differences arising on translation of foreign operations, as restated	-	-	-	-	-	-	(345)	-	-	(345)	-	(345)
Loss on property valuation, net of tax	-	-	-	-	-	(3,116)	-	-	-	(3,116)	(2,078)	(5,194)
Total comprehensive income for the period	-	-	-	-	-	(3,116)	(345)	(9,038)	-	(12,499)	(8,024)	(20,523)
At 30 September 2024	<u>58,473</u>	<u>424,931</u>	<u>8,229</u>	<u>(249,726)</u>	<u>46</u>	<u>35,014</u>	<u>(43,211)</u>	<u>364,484</u>	<u>-</u>	<u>598,240</u>	<u>(134,812)</u>	<u>463,428</u>
	Attributable to owners of the Company										Non-controlling interest HK\$'000 (note (iv))	Total equity HK\$'000
	Issued capital HK\$'000	Share premium* HK\$'000	Contributed surplus* HK\$'000 (note (i))	Merger reserve* HK\$'000 (note (ii))	Legal reserve* HK\$'000 (note (iii))	Asset revaluation reserve* HK\$'000	Exchange fluctuation reserve* HK\$'000	Retained profits* HK\$'000	Proposed dividends HK\$'000	Total HK\$'000		
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	<u>58,473</u>	<u>424,931</u>	<u>8,229</u>	<u>(249,726)</u>	<u>46</u>	<u>34,968</u>	<u>(17,754)</u>	<u>501,288</u>	<u>-</u>	<u>760,455</u>	<u>(96,895)</u>	<u>663,560</u>

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\$539,767,000 (30 September 2023: HK\$701,982,000) in the consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Six months ended	
	30 September	
	2024	2023
	HK\$000	HK\$000
NET CASH INFLOW FROM OPERATING ACTIVITIES	226,821	372,030
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(3,500)	(1,920)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	<u>(156,145)</u>	<u>(541,266)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	67,176	(171,156)
Cash and cash equivalents at beginning of period	49,424	264,174
Effect of foreign exchange rate changes, net	<u>(328)</u>	<u>(342)</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>116,272</u>	<u>92,676</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 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 2024, 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 HKFRS 16	Lease liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendment to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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.

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 2024				
Segment revenue:				
Sales to external customers	438,684	-	-	438,684
Gross rental income	-	2,300	-	2,300
Hotel and serviced apartment room revenue, food and beverage	-	-	8,226	8,226
Total	<u>438,684</u>	<u>2,300</u>	<u>8,226</u>	<u>449,210</u>
Segment results	<u>10,957</u>	<u>(3,923)</u>	<u>(8,805)</u>	(1,771)
Interest and unallocated gains				1,151
Corporate and other unallocated expenses				(2,295)
Finance costs				<u>(15,056)</u>
Loss before tax				<u>(17,971)</u>
Other segment information:				
Depreciation of property, plant and equipment	1,826	122	5,032	6,980
Depreciation of right-of-use assets	10	617	13	640
Capital expenditure	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>3,500</u>
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	<u>840,857</u>	<u>7,328</u>	<u>8,094</u>	<u>856,279</u>
Segment results	<u>31,637</u>	<u>(2,741)</u>	<u>(370)</u>	28,526
Interest and unallocated gains				1,834
Corporate and other unallocated expenses				(2,237)
Finance costs				<u>(15,166)</u>
Profit before tax				<u>12,957</u>
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	<u>769</u>	<u>-</u>	<u>-</u>	<u>769</u>

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 2024				
Segment assets	182,544	500,372	436,133	1,119,049
Corporate and other unallocated assets				<u>155,227</u>
Total assets				<u>1,274,276</u>
Segment liabilities	98,563	327,511	371,289	797,363
Corporate and other unallocated liabilities				<u>13,485</u>
Total liabilities				<u>810,848</u>
	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 2024				
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>

Geographical information

(a) Revenue from external customers

	Six months ended 30 September	
	2024 HK\$'000	2023 HK\$'000
Hong Kong	8,326	7,328
Mainland China	<u>440,884</u>	<u>848,951</u>
	<u>449,210</u>	<u>856,279</u>

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

(b) Non-current assets

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Hong Kong	924,483	937,408
Mainland China	42,832	44,918
Thailand	36,632	35,776
Laos	1,643	1,772
	<u>1,005,590</u>	<u>1,019,874</u>

The information of the remaining non-current asset above is based on the location of assets and excludes financial instruments 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 2023 and 2024 is as follows:

	2024 HK\$'000	2023 HK\$'000
<u>Revenue</u>		
Sales of dried cassava chips	438,684	840,857
Hotel and serviced apartment room revenue, food and beverage	8,226	8,094
Gross rental income	2,300	7,328
	<u>449,210</u>	<u>856,279</u>

An analysis of other income for six months ended 30 September 2023 and 2024 is as follows:

	2024 HK\$'000	2023 HK\$'000
<u>Other income</u>		
Bank interest income	1,151	1,834
Modification gain on amount due to non-controlling interest of a subsidiary	8,116	7,745
Others	1,443	-
	<u>10,710</u>	<u>9,579</u>

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax for six months ended 30 September 2023 and 2024 is arrived at after charging/(crediting):

	2024 HK\$'000	2023 HK\$'000
Cost of inventories sold	415,164	775,399
Employee benefit expenses		
Wages and salaries	12,055	12,537
Pension scheme contributions	<u>502</u>	<u>526</u>
	<u>12,557</u>	<u>13,063</u>
Depreciation	6,980	8,250
Depreciation of right-of-use assets	<u>640</u>	<u>812</u>

6. INCOME TAX

Hong Kong profits tax has been provided at the rates of 16.5% (2023: 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/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings/(loss) per share amounts is based on the profit for the six months ended 30 September 2024 and 2023 attributable to ordinary equity holders of the Company and the weighted average number of 584,726,715 (2023: 584,726,715) ordinary shares in issue during the period.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the six months ended 30 September 2024 and 2023 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

8. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Equity investments at fair value through other comprehensive income:		
- Changting China Newtown Plaza Development Co., Limited	<u>20,664</u>	<u>20,664</u>

Notes:

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 2024 HK\$'000	31 March 2024 HK\$'000
Within 30 days	15,631	20,077
31 – 60 days	-	-
	<u>15,631</u>	<u>20,077</u>

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 2024 HK\$'000	31 March 2024 HK\$'000
Listed equity securities, at fair value	5,209	3,766
Other unlisted fund investments, at fair value	<u>373</u>	<u>373</u>
	<u>5,582</u>	<u>4,139</u>

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 2024 HK\$'000	31 March 2024 HK\$'000
Trade payables	622	4,133
Other payables	2,493	2,515
Contract liabilities	3,276	3,225
Accrued liabilities	2,828	4,879
Rental deposits received	<u>2,756</u>	<u>2,715</u>
	<u>11,975</u>	<u>17,467</u>

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 2024 HK\$'000	31 March 2024 HK\$'000
Within 1 month	<u>622</u>	<u>4,133</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 September 2024 (the “Current 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

During the Current Period, the high interest rate environment persists and it has a significant damage to the global economy. The export sector in mainland China continued to be severely sluggish, and the consumer confidence has been significantly weakened. On the other hand, it is unlikely to resolve the debt crisis of real estate developers in Mainland China and 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\$438.7 million for the Current Period, representing a decrease of approximately 47.8% from approximately HK\$840.9 million for the corresponding period of previous year.

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 rental was stabilised 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 HK\$402.2 million or approximately 47.8% from approximately HK\$840.9 million in the corresponding period of previous year to approximately HK\$438.7 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.

Gross profit and gross profit margin

The Group's cost of sales from procurement and sales of dried cassava chips decreased by approximately HK\$360.0 million, or approximately 46.5%, from approximately HK\$774.0 million for the corresponding period of the previous year to approximately HK\$414.0 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 from approximately HK\$66.9 million for the corresponding period of previous year to approximately HK\$24.7 million for the Current Period, mainly due to decrease in sales.

The Group's gross profit margin from procurement and sales of dried cassava chips for the Current Period was approximately 5.6%.

Selling and distribution costs

During the Current Period, the Group's selling and distribution expenses decreased mainly due to 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\$25.8 million for the Current Period compared with approximately HK\$25.4 million for the corresponding period of previous year.

Finance costs

Finance expenses of the Group was approximately HK\$15.1 million for the Current Period compared with approximately HK\$15.2 million for the corresponding period of previous year.

Profit/Loss for the period

The Group's loss for the Current Period attributable to the owner of the Company amounted to approximately HK\$9.0 million (2023: profit of HK\$16.4 million).

Financial resources and liquidity

As at 30 September 2024, the net assets amounted to approximately HK\$463.4 million, representing a decrease of approximately HK\$20.5 million from approximately HK\$484.0 million as at 31 March 2024 due to the total comprehensive loss for the Current Period.

Current assets as at 30 September 2024 amounted to approximately HK\$236.0 million (31 March 2024: HK\$417.3 million), including cash and cash equivalents of approximately HK\$116.3 million (31 March 2024: HK\$49.4 million), trade and bills receivables of approximately HK\$15.6 million (31 March 2024: HK\$20.1 million) pledged deposits and a restricted bank balance of HK\$ 6.7 million (31 March 2024: HK\$6.0 million), inventories of approximately HK\$26.2 million (31 March 2024: HK\$277.3 million), financial assets at fair value through profit or loss of approximately HK\$5.6 million (31 March 2024: HK\$4.1 million) and prepayments, deposits and other receivables of HK\$65.5 million (31 March 2024: HK\$60.3 million). As at 30 September 2024, The Group had non-current assets of HK\$1,038.3 million (31 March 2024: HK\$1,050.2 million) which mainly included the investment properties of approximately HK\$495.6 million (31 March 2024: HK\$501.4 million), property, plant and equipment of approximately HK\$477.6 million (31 March 2024: HK\$484.2 million) and equity investment at fair value through other comprehensive income of HK\$20.7 million in aggregate (31 March 2024: HK\$20.7 million).

The Group's current liabilities amounted to approximately HK\$117.1 million (31 March 2024: HK\$285.4 million), which comprised mainly trade and other payables and accruals of approximately HK\$12.0 million (31 March 2024: HK\$17.5 million), tax payable of approximately HK\$97.1 million (31 March 2024: HK\$100.1 million) and bank borrowings of approximately HK\$8.0 million (31 March 2024: HK\$167.9 million).

The Group's non-current liabilities included deferred tax liabilities of approximately HK\$11.5 million (31 March 2024: HK\$11.5 million), the amount due to a non-controlling shareholder of approximately HK\$278.3 million (31 March 2024: HK\$282.6 million) and non-current portion of interest-bearing bank borrowings of HK\$404.0 million (31 March 2024: HK\$404.0 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 2024, the Group had a gearing ratio of 32.3% (31 March 2024: 39.0%) which was mainly due to the decrease in trade-related bank borrowings.

The Group's inventory turnover period is 66.7 days as at 30 September 2024, representing a decrease of 35.5 days from 102.2 days as at 31 March 2024.

The Group's debtor turnover period is 7.3 days as at 30 September 2024, representing a decrease of 27.8 days from 35.1 days as at 31 March 2024.

Employment and remuneration policy

As at 30 September 2024, the total number of the Group's staff was approximately 240. The total staff costs (including directors' remuneration) amounted to approximately HK\$ 12.6 million for the six months ended 30 September 2024. 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 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\$408 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\$404 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

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

Capital commitment

As 30 September 2024, the Group did not have material capital commitment.

Contingent liabilities

As 30 September 2024, 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 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. It is expected to commence production of tapioca starch in the second half of this year.

DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

The Board do not recommend payment of an interim dividend for the six months ended 30 September 2024 and hence, no closure of register of members is necessary.

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 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 (“CG Code”) as set out in Appendix 14 to the Listing Rules for the six months ended 30 September 2024, 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 29 November 2024 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.

By order of the Board
Chu Ming Chuan
Chairman

Hong Kong, 29 November 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.