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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 2025**

**HIGHLIGHTS**

- Revenue amounted to approximately HK\$977.9 million (2024: HK\$1,193.0 million)
- Loss attributable to owners of the Company for the year amounted to approximately HK\$130.7 million (2024: HK\$111.4 million), in which its attributable portion of fair value changes in investment property, impairment of property, plant and equipment and impairment of right-of-use assets of HK\$53.8 million (2024: HK\$60.1 million), HK\$26.2 million (2024: HK\$25.5 million) and HK\$8.9 million (2024: Nil), respectively, were included.
- 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 2025 together with the comparative figures in 2024, which had been reviewed by the Company's Audit Committee.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
REVENUE	5	977,903	1,193,032
Cost of sales		<u>( 896,753)</u>	<u>(1,040,991)</u>
Gross profit		81,150	152,041
Other income, net	5	20,103	23,516
Fair value changes on investment properties, net		( 53,763)	( 60,061)
Other operating expenses		-	( 941)
Selling and distribution expenses		( 36,705)	( 113,428)
General and administrative expenses		( 128,094)	( 99,699)
Finance costs	6	<u>( 44,736)</u>	<u>( 41,218)</u>
LOSS BEFORE TAX	7	( 162,045)	( 139,790)
Income tax	8	<u>( 5,976)</u>	<u>( 9,229)</u>
LOSS FOR THE YEAR		<u>( 168,021)</u>	<u>( 149,019)</u>
ATTRIBUTABLE TO:			
Owners of the Company		( 130,721)	( 111,360)
Non-controlling interest		<u>( 37,300)</u>	<u>( 37,659)</u>
		<u>( 168,021)</u>	<u>( 149,019)</u>
LOSS PER SHARE	9		
Basic and diluted		<u>(HK 22.36 cents)</u>	<u>(HK 19.04 cents)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
(continued)  
Year ended 31 March 2025

	2025 HK\$'000	2024 HK\$'000
LOSS FOR THE YEAR	<u>( 168,021)</u>	<u>( 149,019)</u>
OTHER COMPREHENSIVE LOSS		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	22,668	( 25,435)
Debt investment at fair value through other comprehensive income:		
Changes in fair value	<u>-</u>	<u>( 1,823)</u>
	<u>22,668</u>	<u>( 27,258)</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	( 2,163)	( 3,807)
Income tax effect	<u>433</u>	<u>761</u>
	<u>( 1,730)</u>	<u>( 3,046)</u>
Gains/(losses) on property revaluation	( 142)	906
Income tax effect	<u>27</u>	<u>( 182)</u>
	<u>( 115)</u>	<u>724</u>
	<u>( 1,845)</u>	<u>( 2,322)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	<u>20,823</u>	<u>( 29,580)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>( 147,198)</u>	<u>( 178,599)</u>
ATTRIBUTABLE TO:		
Owners of the Company	( 110,170)	( 140,940)
Non-controlling interest	<u>( 37,028)</u>	<u>( 37,659)</u>
	<u>( 147,198)</u>	<u>( 178,599)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		721,802	484,166
Investment properties		185,845	501,400
Right-of-use assets		48,380	32,991
Equity investments at fair value through other comprehensive income		18,330	20,664
Prepayments, deposits and other receivables		8,864	8,787
Club membership		1,151	2,240
Total non-current assets		<u>984,372</u>	<u>1,050,248</u>
<b>CURRENT ASSETS</b>			
Inventories		335,488	277,346
Trade and bills receivables	10	159,156	20,077
Prepayments, deposits and other receivables		104,270	60,304
Financial assets at fair value through profit or loss		5,842	4,139
Restricted bank balance and pledged time deposits		49,794	6,001
Cash and cash equivalents		57,804	49,424
Total current assets		<u>712,354</u>	<u>417,291</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables and accruals	11	( 56,514)	( 17,467)
Interest-bearing bank borrowings		( 879,441)	( 167,900)
Tax payables		( 108,678)	( 100,065)
Total current liabilities		<u>(1,044,633)</u>	<u>( 285,432)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>( 332,279)</u>	<u>131,859</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>652,093</u>	<u>1,182,107</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		( 7,298)	( 11,527)
Amount due to a non-controlling interest of a subsidiary		( 295,313)	( 282,629)
Interest-bearing bank borrowings		-	( 404,000)
Total non-current liabilities		<u>( 302,611)</u>	<u>( 698,156)</u>
Net assets		<u>349,482</u>	<u>483,951</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)  
31 March 2025

	2025 HK\$'000	2024 HK\$'000
EQUITY		
Equity attributable to owners of the Company		
Share capital	58,473	58,473
Reserves	<u>446,099</u>	<u>552,266</u>
	504,572	610,739
Non-controlling interest	<u>( 155,090)</u>	<u>( 126,788)</u>
Total equity	<u><u>349,482</u></u>	<u><u>483,951</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 Unit 1109, 11/F., 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 HKFRS Accounting Standards (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 and financial assets at fair value through profit or loss 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.

As at 31 March 2025, the Group's current liabilities exceeded its current assets by HK\$332.3 million. The net current liability position was primarily attributable to interest-bearing bank borrowings of HK\$879.4 million maturing within twelve months of which certain covenants were breached as of the balance sheet date, and were classified as current liabilities as at the end of the reporting period.

In view of the above, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to fulfill its financial obligations and continue as a going concern for at least twelve months from 31 March 2025. The Group has formulated the following plans and measures to mitigate the liquidity pressure and to improve its cash flows, including:

- the bank borrowings included a term loan related to a loan facility with an outstanding principal amount of HK\$404 million (the "Term Loan"), which was deemed to be in breach of certain loan covenants as at 31 March 2025. Subsequent to the year end, in May 2025, the Group early repaid HK\$4 million and, in June 2025, obtained a waiver from the lending bank for the covenant breaches, through to the facility's original maturity date of 7 October 2025;

## 2. BASIS OF PREPARATION (continued)

- the bank borrowings included invoice financing facilities related to five loan facilities with an outstanding principal amount of HK\$350.6 million, which were deemed to be in breach of certain loan covenants as at 31 March 2025. Subsequent to the year end, the Group has repaid all outstanding amounts of these invoice financing facilities;
- the Group will actively negotiate with banks for refinancing of the loan facilities maturing within the next twelve months; and
- in June 2025, the Group has drawn down a loan of HK\$220 million from the controlling shareholder, which is repayable on 30 June 2026 or upon the successful renewal of the Term Loan, whichever is earlier, and only when the Group has sufficient working capital to finance its operations and financial obligations as and when they fall due within the next twelve months.

Taking into consideration the operating cash flows to be generated from the sales of dried cassava chips, the planned refinancing of loan facilities maturing within the next twelve months, the Group's unutilised loan facilities, and the controlling shareholder's loan of HK\$220 million drawn subsequent to the year end date, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet its operations and financial obligations as and when they fall due within the next twelve months from the end of the reporting period. Accordingly, the directors of the Company consider it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 March 2025 on a going concern basis.

### 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 2025. 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 revised HKFRS Accounting Standards for the first time for the current year's consolidated financial statements.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i>
	(the "2020 Amendments")
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
	(the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the revised HKFRS Accounting Standards that are applicable to the Group are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 April 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

### 4. SEGMENT INFORMATION

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

- (a) the procurement and sale of dried cassava chips segment engages in the procurement and sale of dried cassava chips;
- (b) the property investment segment invests in office space and industrial properties for 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.

4. SEGMENT INFORMATION (continued)

Segment assets exclude cash and cash equivalents, restricted bank balance, equity investment 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 deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

	Procurement and sale of dried cassava chips HK\$'000	Property investment HK\$'000	Hotel and serviced apartment operations HK\$'000	Total HK\$'000
<b>Year ended 31 March 2025</b>				
<b>Segment revenue:</b>				
Sales to external customers	960,498	-	-	960,498
Hotel room and serviced apartment revenue, and food and beverage income	-	-	13,044	13,044
Gross rental income	-	4,361	-	4,361
Total	<u>960,498</u>	<u>4,361</u>	<u>13,044</u>	<u>977,903</u>
<b>Segment results</b>	<u>5,955</u>	<u>( 49,402)</u>	<u>( 26,945)</u>	<u>( 70,392)</u>
Interest and unallocated gains				20,103
Corporate and other unallocated expenses				( 67,020)
Finance costs				( 44,736)
Loss before tax				<u>( 162,045)</u>
<b>Segment assets</b>	734,427	186,950	666,139	1,587,516
Corporate and other unallocated assets				<u>109,210</u>
Total assets				<u>1,696,726</u>
<b>Segment liabilities</b>	629,777	91,539	614,881	1,336,197
Corporate and other unallocated liabilities				<u>11,047</u>
Total liabilities				<u>1,347,244</u>
<b>Other segment information:</b>				
Depreciation of items of property, plant and equipment	3,518	-	15,324	18,842
Depreciation of right-of-use assets	-	-	38	38
Depreciation of right-of-use assets (unallocated)	-	-	-	1,222
Capital expenditure	41,815	-	-	41,815
Capital expenditure (unallocated)	-	-	-	2,500
Fair value changes on investment properties, net	-	53,763	-	53,763
Impairment of property, plant and equipment	3,527	-	22,641	26,168
Impairment of right-of-use assets (unallocated)	-	-	-	8,918
Impairment of club membership (unallocated)	-	-	-	1,089

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
<b>Year ended 31 March 2024</b>				
<b>Segment revenue:</b>				
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>
<b>Segment results</b>	<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				( 41,218)
Loss before tax				<u>( 139,790)</u>
<b>Segment assets</b>	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>
<b>Segment liabilities</b>	267,643	327,801	371,534	966,978
Corporate and other unallocated liabilities				<u>16,610</u>
Total liabilities				<u>983,588</u>
<b>Other segment information:</b>				
Depreciation of items of property, plant and equipment	3,648	49	10,266	13,963
Depreciation of right-of-use assets	18	-	38	56
Depreciation of right-of-use assets (unallocated)	-	-	-	1,222
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)

Geographical information

(a) Revenue from external customers

	2025 HK\$'000	2024 HK\$'000
Mainland China	963,618	1,177,362
Hong Kong	<u>14,285</u>	<u>15,670</u>
	<u>977,903</u>	<u>1,193,032</u>

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

(b) Non-current assets

	2025 HK\$'000	2024 HK\$'000
Hong Kong	838,353	937,408
Mainland China	43,114	44,918
Thailand	40,402	35,776
Laos	<u>43,022</u>	<u>1,772</u>
	<u>964,891</u>	<u>1,019,874</u>

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

Information about major customers

For the year ended 31 March 2025, revenue from a customer of the procurement and sale of dried cassava chips segment, amounting to HK\$303,845,000 individually accounted for over 10% of the Group's total revenue.

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.

5. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	2025 HK\$'000	2024 HK\$'000
<u>Revenue from contracts with customers</u>		
Sales of dried cassava chips and other goods	960,498	1,173,577
Hotel room and serviced apartment revenue, food and beverage income	13,044	14,805
<u>Revenue from other sources</u>		
Gross rental income from investment property operating leases	4,361	4,650
	<u>977,903</u>	<u>1,193,032</u>

An analysis of other income is as follows:

	2025 HK\$'000	2024 HK\$'000
<u>Other income</u>		
Bank interest income	2,798	4,180
Fair value gain of financial assets at fair value through profit or loss, net	1,703	-
Realised gain on derivative financial instruments	-	2,047
Modification gain on an amount due to a non-controlling interest of a subsidiary	14,159	15,613
Others	1,443	1,676
	<u>20,103</u>	<u>23,516</u>

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 HK\$'000	2024 HK\$'000
Interest on bank loans	29,123	29,503
Interest on an amount due to a non-controlling interest of a subsidiary	15,613	11,715
	<u>44,736</u>	<u>41,218</u>

## 7. LOSS BEFORE TAX

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

	2025 HK\$'000	2024 HK\$'000
Cost of inventories sold	896,753	1,040,991
Depreciation of items of property, plant and equipment	18,842	13,963
Depreciation of right-of-use assets	1,260	1,278
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	18,453	21,527
Pension scheme contributions	977	1,109
	<u>19,430</u>	<u>22,630</u>
Impairment of property, plant and equipment	26,168	25,499
Impairment of right-of-use assets	8,918	-
Impairment of club membership	1,089	-
Fair value changes on financial assets at fair value through profit or loss, net	( 1,703)	941
Realised gain on derivative financial instruments	<u>-</u>	<u>( 2,047)</u>

## 8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 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.

	2025 HK\$'000	2024 HK\$'000
Current – Hong Kong		
Charge for the year	617	7,545
Overprovision in prior years	( 452)	( 5,583)
Current – Macau		
Charge for the year	<u>5,577</u>	<u>7,150</u>
	5,742	9,112
Deferred	<u>234</u>	<u>117</u>
	<u>5,976</u>	<u>9,229</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 (2024: 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 2025 and 2024 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during these years.

10. TRADE AND BILLS RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables	119,570	37,060
Bills receivable discounted to the banks with recourse	<u>56,822</u>	<u>-</u>
	176,392	37,060
Impairment	<u>( 17,236)</u>	<u>( 16,983)</u>
	<u>159,156</u>	<u>20,077</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:

	2025 HK\$'000	2024 HK\$'000
Within 30 days	<u>159,156</u>	<u>20,077</u>

11. TRADE AND OTHER PAYABLES AND ACCRUALS

	2025 HK\$'000	2024 HK\$'000
Trade payables	38,927	4,133
Other payables	2,521	2,515
Contract liabilities	3,497	3,225
Accrued liabilities	5,626	4,879
Rental deposits received	<u>5,943</u>	<u>2,715</u>
	<u>56,514</u>	<u>17,467</u>

Based on the invoice date, the trade payables as at the end of the reporting period would mature within one month (2024: one month). Trade and other payables are non-interest-bearing and have an average term of three months.

12. EVENTS AFTER THE REPORTING PERIOD

As detailed in note 2, the Group has drawn down a loan of HK\$220 million, from the controlling shareholder and also a director, Mr. Chu Ming Chuan, in June 2025. The controlling shareholder's loan is interesting bearing at 1.25% over HIBOR per annum and repayable on 30 June 2025 or upon the successful renewal of the Term loan, whichever is earlier, and only when the Group has sufficient working capital to finance its operations and financial obligations as and when they fall due within the next twelve months.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31 March 2025 (the “Current Year”), the Group was principally engaged in procurement of dried cassava chips in Southeast Asian countries, including Thailand, Cambodia and Vietnam, and sales of dried cassava chips, to customers in the People’s Republic of China (the “PRC”). The Group is continued to be the largest procurer and exporter of dried cassava chips in Thailand and the largest supplier of imported dried cassava chips in the PRC with an all-round integrated business model covering procurement, processing, warehousing, logistics and sale of cassava chips.

### Business review

During the Current Year, the high interest rate environment persists and it has a significant damage to the global economy. In addition, the US’s Tarriff issue created new uncertainty to the export sector in mainland China. Demand in industrial and commercial enterprises in the mainland China continued to be severely sluggish and the consumer confidence has been significantly weakened, leading the economic condition further worsen.

During the Current Year, 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\$960.5 million for the Current Year, representing a decrease of approximately 18.2% from approximately HK\$1,173.6 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 occupancy rate of the serviced apartment was maintained. 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\$213.1 million or approximately 18.2% from approximately HK\$1,173.6 million for the previous year to approximately HK\$960.5 million for the Current Year. Decrease in the Group’s revenue was mainly attributable to the net effect of increase in sales quantities of approximately 4% and decrease in average selling price during the Current Year as a result of the change in customers’ shipment terms from CIF to FOB during the Current Year.

The Group’s revenue from hotel and serviced apartment operation amounted to approximately HK\$13.0 million for the Current Year, representing a decrease of approximately 12.2% from approximately HK\$14.8 million for the previous 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\$143.4 million, or approximately 13.8%, from approximately HK\$1,040.1 million for the previous year to approximately HK\$896.7 million for the Current Year, mainly due to the net effect of a slight increase in export volume and the decrease in average procurement cost 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 6.6% (2024: 11.3%). The decrease in the gross profit margin was mainly attributable to the change in customers' shipment terms from CIF to FOB during the Current Year.

#### *Selling and distribution costs*

During the Current Year, the Group's selling and distribution expenses of approximately HK\$36.7 million (2024: approximately HK\$113.4 million) comprised mainly (a) ocean freight costs of approximately HK\$8.6 million (2024: approximately HK\$80.5 million), (b) warehouse, handling and inland transportation expenses of approximately HK\$25.9 million (2024: approximately HK\$28.5 million) and (c) those related to hotel operation of approximately HK\$2.2 million (2024: approximately HK\$4.4 million).

The Group's selling and distribution expenses decreased mainly due to change in customers' terms from CIF to FOB during the Current Year. The ocean freight costs were borne by the customers themselves.

#### *General and administrative expenses*

General and administrative expenses of the Group increased from approximately HK\$99.7 million in the previous year to approximately HK\$128.1 million in the Current Year, mainly due to the inclusion of (i) the impairment in right-of-use assets of HK\$8.9 million in the Current Year (2024: Nil); (ii) the inclusion of impairment loss on the segment of hotel and serviced apartment operations of approximately HK\$26.2 million (2024: HK\$25.5 million), (iii) the impairment in club membership of approximately HK\$1.2 million (2024: HK\$ Nil) and (iv) the increase in depreciation of approximately HK\$4.9 million.

#### *Finance costs*

Finance expenses of the Group increased from approximately HK\$41.2 million for the previous year to approximately HK\$44.7 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\$15.6 million (2024: HK\$11.7 million); and (ii) decrease in interest expenses incurred for trade financing loans and bank borrowing by HK\$0.4 million 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\$130.7 million (2024: HK\$111.4 million), in which its attributable portion of fair value changes in investment property, impairment of property, plant and equipment and impairment of right-of-use assets of HK\$53.8 million (2024: HK\$60.1 million), HK\$26.2 million (2024: HK\$25.5 million) and HK\$8.9 million (2024: Nil), respectively, were included.

#### *Financial resources and liquidity*

As at 31 March 2025, the net assets amounted to approximately HK\$349.5 million, representing a decrease of approximately HK\$134.5 million from approximately HK\$484.0 million as at 31 March 2024 which was mainly due to the total comprehensive loss incurred for the year.

Current assets amounted to approximately HK\$712.4 million (2024: HK\$417.3 million), including cash and cash equivalents of approximately HK\$57.8 million (2024: HK\$49.4 million), restricted bank balance and pledged time deposits of approximately HK\$49.8 million (2024: HK\$6.0 million), trade and bills receivables of approximately HK\$159.2 million (2024: HK\$20.1 million), inventories of approximately HK\$335.5 million (2024: HK\$277.3 million), financial assets at fair value through profit or loss of approximately HK\$5.8 million (2024: HK\$4.1 million) and prepayments, deposits and other receivables of HK\$104.3 million (2024: HK\$60.3 million). The Group had non-current assets of HK\$984.4 million (2024: HK\$1,050.2 million) which mainly included investment properties of approximately HK\$185.8 million (2024: HK\$501.4 million), property, plant and equipment of approximately HK\$721.8 million (2024: HK\$484.2 million), right-of-use assets of approximately HK\$48.3 million (2024: HK\$33.0 million), prepayments, deposits and other receivables of approximately HK\$8.9 million (2024: HK\$8.8 million), club membership of approximately HK\$1.2 million (2024: HK\$2.2 million) and equity investments at fair value through other comprehensive income of approximately HK\$18.3 million (2024: HK\$20.7 million).

The Group's current liabilities amounted to approximately HK\$1,044.6 million (2024: HK\$285.4 million), which comprised mainly trade and other payables and accruals of approximately HK\$56.5 million (2024: HK\$17.5 million), tax payable of approximately HK\$108.7 million (2024: HK\$100.1 million) and bank borrowings of approximately HK\$879.4 million (2024: HK\$167.9 million). The Group's non-current liabilities included non-current bank borrowings of HK\$ Nil (2024: HK\$404.0 million), deferred tax liabilities of approximately HK\$7.3 million (2024: HK\$11.5 million) and the amount due to a non-controlling shareholder of approximately HK\$295.3 million (2024: HK\$282.6 million) for the acquisition and operation of 338 Apartment.

The Group expresses its gearing ratio as a percentage of borrowings over total assets. As at 31 March 2025, the Group had a gearing ratio of 51.8% (2024: 39.0%) which was mainly due to increase in trade-related bank borrowing and the fair value change in investment properties and impairment of property, plant and equipment and right-of-use assets made in response to the persistent downturn in properties market in Hong Kong during the Current Year.

The Group's inventory turnover period is 124.7 days as at 31 March 2025, representing an increase of 7.6 days from 117.1 days as at 31 March 2024. The Group holds certain amount of inventories strategically at reporting date for coping with the increasing demands in the coming months.

The Group's debtor turnover period is 33.4 days as at 31 March 2025 (2024: 35.1 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 2025, the total number of the Group's staff was approximately 220. The total staff costs (including directors' remuneration) amounted to approximately HK\$19.4 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 2025, 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\$7.8 million, HK\$630.2 million and HK\$1.3 million (2024: HK\$11.1 million, HK\$413.7 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\$91.8 million (2024: HK\$409.3 million);
- (iii) bills receivable of the Group amounting to HK\$ 56.8 million (2024: Nil) discounted to the banks with recourse; and
- (iv) pledged time deposits of the Group amounting to HK\$43.4 million (2024: Nil).

#### *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 at 31 March 2025, the Group did not have any material contingent liabilities.

#### *Material acquisition*

As at 31 March 2025, 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 established a joint venture company in Laos, whose principal activities are production and sales of tapioca starch. It expects to have production run by end of 2025. 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 2025.

## **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 2025, 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 2025, save for the deviation from the code provision as detailed below.

Under provision A.2.1 of the Code, the role of the Chairman and the Chief Executive Officer should be performed by separate individuals. Mr. Chu Ming Chuan is the Chairman who provides leadership for the Board. According to A.2.2 and A.2.3 of the Code, Mr. Chu Ming Chuan as the Chairman ensures that all directors are properly briefed on issues arising at board meetings, and receive adequate information, both complete and reliable, in a timely manner. The executive directors of the Company collectively oversee the overall management of the Group in each of their specialized executive fields, which fulfils the function of Chief Executive Officer in substance. Therefore, the Company currently has not appointed its Chief Executive Officer to avoid the duplication of duties.

## **AUDIT COMMITTEE**

The Company has set up an audit committee (the "Audit Committee") for the purposes of reviewing and providing supervision over financial reporting process and internal controls of the Group. The Audit Committee comprises independent non-executive directors of the Company. The Audit Committee held a meeting on 30 June 2025 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, 30 June 2025

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.