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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 Report | 2017

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Management Discussion and Analysis

During the year ended 31 March 2017 (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") and Thailand. The Group continues 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.

During the Current Year, the PRC's demands for edible alcohol and ethanol fuel continue to grow, which is conducive to the Group's sales of dried cassava chips. However, the purchasing power of the customers in general was diminishing as a result of the depreciation of Renminbi against US dollars. Certain customers in the PRC sourced domestic stockpiled raw material for production. As a result, the import quantity of the dried cassava chips in the PRC was decreased during the year which led to the import price of dried cassava chips in the PRC fluctuated about comparatively low level.

The Group's revenue from procurement and sales of dried cassava chips amounted to approximately HK$1,966.3 million for the Current Year, representing a decrease of approximately 29.9% from approximately HK$2,806.3 million for the previous year. Nevertheless, the Group had maintained its leading position in the PRC and is the largest supplier of imported dried cassava chips for more than ten years.

Revenue

The Group's revenue from procurement and sales of dried cassava chips decreased by approximately HK$840.0 million or approximately 29.9% from approximately HK$2,806.3 million for the previous year to approximately HK$1,966.3 million for the Current Year. Decrease in the Group's revenue was mainly attributable to (i) the decrease in average selling price of dried cassava chips by approximately 15.9% and (ii) the decrease in sales volume by approximately 16.7% during the Current Year.

The Group's revenue from hotel operation amounted to approximately HK$19.8 million for the Current Year, representing a decrease of approximately 12.4% from approximately HK$22.6 million for the previous year. During the Current Year, the Group's hotel operation was still subject to pressure given the slowdown in China's macro-economic growth. Nevertheless, the Group continues to put efforts on overcoming unfavourable factors and capitalising opportunities, such as putting resources in promoting the birthday party or wedding banquets packages and optimising staff allocation.

Gross profit and gross profit margin

The Group's cost of sales from procurement and sales of dried cassava chips decreased by approximately HK$796.3 million, or approximately 31.3%, from approximately HK$2,547.6 million for the previous year to approximately HK$1,751.3 million for the Current Year, mainly due to (i) the decrease in sales quantity of dried cassava chips and (ii) the decrease in unit cost of dried cassava chips procured in the Current Year.

The Group's gross profit from procurement and sales of dried cassava chips decreased by approximately HK$43.7 million from approximately HK$258.7 million for the previous year to approximately HK$215 million for the Current Year, mainly due to the net effect of the decrease in revenue and the slightly increase in gross profit margin in the Current Year.

Gross profit and gross profit margin

(Continued)

The Group's gross profit margin from procurement and sales of dried cassava chips for the Current Year increased by approximately 1.7 percentage points to approximately 10.9% from approximately 9.2% for the previous year. During the Current Year, the Group decreased the procurement costs of dried cassava chips in view of the decrease in selling price. Hence, it resulted in a slightly increase in average gross profit margin of the sale of dried cassava chips of the Group.

The Group's cost of sales from hotel operation decreased to approximately HK$8.3 million for the Current Year from approximately HK$10.9 million for the previous year. The Group's gross profit margin from hotel operation for the Current Year increased to approximately 58% from approximately 51.7% for the previous year.

Selling and distribution costs

During the Current Year, the Group's selling and distribution expenses of approximately HK$150.0 million (2016: approximately HK$197.2 million) comprised mainly (a) ocean freight costs of approximately HK$69.7 million (2016: approximately HK$93.7 million), (b) warehouse, handling and inland transportation expenses of approximately HK$75.3 million (2016: approximately HK$97.4 million) and (c) those related to hotel operation of approximately HK$5.0 million (2016: approximately HK$6.1 million).

The Group's selling and distribution expenses decreased mainly due to decrease in ocean freight costs which was in line with the decrease in revenue generated from the procurement and sales of dried cassava chips during the Current Year.

The Group's selling and distribution expenses represented 7.5% of the total sales revenue for the Current Year, compared to that of 7% for the corresponding period of the previous year.

General and administrative expenses

General and administrative expenses of the Group increased by approximately HK$2.3 million, or approximately 3.9%, from approximately HK$58.3 million in the previous year to approximately HK$60.6 million in the Current Year, mainly due to increase in staff cost and net exchange losses.

Finance costs

Finance expenses of the Group decreased from approximately HK$9.4 million for the previous year to approximately HK$3.8 million for the Current Year. With the Group's improved working capital management, the Group reduced the discounting of the letter of credit received from customers for settlement of trade receivables during the Current Year which decreased the finance costs for the Current Year as compared with the corresponding period in 2016.

Profit for the year

The Group's profit for the Current Year amounted to approximately HK$17.1 million (2016: approximately HK$16.6 million).

Financial resources and liquidity

As at 31 March 2017, the net assets amounted to approximately HK$796.9 million, representing an increase of approximately HK$15.8 million from approximately HK$781.1 million as at 31 March 2016 which was mainly due to the profit for the Current Year.

Current assets amounted to approximately HK$1,065.2 million (2016: HK$1,071.0 million), including cash and cash equivalents of approximately HK$162.4 million (2016: HK$191.3 million), pledged deposits of HK$10.2 million (2016: HK$10.2 million), trade and bills receivables of approximately HK$417.2 million (2016: HK$403.3 million), inventories of approximately HK$437.7 million (2016: HK$437.4 million) and prepayments, deposits and other receivables of HK$34.2 million (2016: HK$25.9 million). The Group had non-current assets of HK$293.7 million (2016: HK$291.5 million).

Financial resources and liquidity

(Continued)

The Group's current liabilities amounted to approximately HK$557.1 million (2016: HK$577.1 million), which comprised mainly trade and other payables and accruals of approximately HK$38.6 million (2016: HK$45.9 million), tax payable of approximately HK$48.0 million (2016: HK$49.3 million) and bank borrowings of approximately HK$470.6 million (2016: HK$481.9 million). The Group's non-current liability included deferred tax liabilities of approximately HK$4.8 million (2016: HK$4.3 million).

The Group expresses its gearing ratio as a percentage of borrowings over total assets. As at 31 March 2017, the Group had a gearing ratio of 34.6% (2016: 35.4%). The decrease in bank borrowings as at 31 March 2017 was mainly due to (i) less trade-financing bank loans drawn down for purchase of inventories at end of the Current Year, and (ii) application of the Group's surplus cash in repayment of bank loan during the Current Year.

The Group's inventory turnover period is 90.8 days as at 31 March 2017, representing an increase of 8.8 days from 82.0 days as at 31 March 2016. The Group possess pre-requisites with its owned warehouses to store additional dried cassava chips during the harvest period and sell dried cassava chips in non-harvest season so as to maximize the Group's profit.

The Group's debtor turnover period is 75 days as at 31 March 2017, representing an increase of 11 days from 64 days as at 31 March 2016.

Employment and remuneration policy

As at 31 March 2017, the total number of the Group's staff was approximately 250. The total staff costs (including directors' remuneration) amounted to approximately HK$26.3 million for the Current Year. The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group provides retirement benefit for its employees in Hong Kong in form of mandatory provident fund and provides similar schemes for its employees in the PRC, Macau, Vietnam and Thailand.

Charge on group assets

As at 31 March 2017, the Group's time deposit, land and buildings, investment properties situated in Hong Kong and bills receivables with aggregate carrying values of HK$10,151,000 (2016: HK$10,151,000), HK$13,340,000 (2016: HK$12,670,000), HK$34,370,000 (2016: HK$33,050,000) and HK$25,398,000 (2016: HK$275,098,000), respectively, were pledged to the bankers to secure the Group's bank borrowings. Bills receivables of HK$25,398,000 as at 31 March 2017 (2016: HK$275,098,000) were discounted to the banks with recourse.

Foreign currency exposure

The Group carries on business in Renminbi ("RMB"), United States dollars ("US$") and Thai Baht and therefore the Group is exposed to foreign currency risk as the values of these currencies fluctuate in the international market. The Group currently does not have a foreign currency hedging policy in respect of foreign currency exposure. However, the directors monitor the related foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Contingent liabilities

As 31 March 2017, 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. According to "The Mid- and Long-term Development Plan for Renewable Energy" in August 2007, the PRC would cease increasing the production capacity of ethanol fuel using grain feedstock, and target to increase the annual production capacity of ethanol fuel using non-grain feedstock from the current level of less than 1 million tonnes to 2 million tonnes by 2010 and to 10 million tonnes by 2020.

Prospect *(Continued)*

As the progress for approval of ethanol fuel production plants was relatively slow, the production of ethanol fuel has not yet up to the planned level. At present 5 ethanol fuel production plants of total ethanol fuel production capacity of approximately 2.2 million tonnes in operation in the PRC. However, it is expected that several existing ethanol productions plants will be expanded and the construction of new plants in the PRC will be completed within several years. 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 14 procurement facilities and networks of total storage capacity of 700,000 tonnes (including 9 procurement facilities and networks near the riverside or the cassava plantation zone in Thailand, 4 in Cambodia and 1 in Vietnam) 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 and Cambodia. In medium and long-run, the Group intends to set up additional procurement facilities and networks (when appropriate) in Thailand, Vietnam or Cambodia so as to cope with the expected increase in demand of dried cassava chips, to increase the Group's market share and to maintain our leading position in the industry.

The Group's unique and integrated business model combines the procurement, processing, warehousing, logistics and sale of cassava chips. Looking ahead, the Group plans to continue establishing more procurement and warehouse centres in order to replicate the proven business model in Thailand. Riding on our broad procurement channels and network together with the warehouse facilities, optimised logistics capabilities and the widespread sales network in the PRC, the Group will continue to strive to enhance our market coverage and maximise returns for our shareholders.

In addition to the hotel operation, the Group will prudently explore other investment project with potentials, but not limiting to property project, in order to broaden the revenue sources and maximize returns for our shareholders.

Directors and Senior Management

Board of Directors

Executive Directors

Mr. Chu Ming Chuan ("Mr. Chu"), aged 62, is the chairman of the Board. He was also appointed as an executive Director on 8 May 2008. Save for All Praise Limited, Artwell Properties Limited, Winsure International Investment Limited and Globe Shipping Limited, Mr. Chu is a director of all the subsidiaries of the Company. Mr. Chu is responsible for formulating the Group's strategies and guiding the Group's overall development. He has over 20 years of experience in import and export of agricultural by-products and over 15 years of experience in the cassava industry. Mr. Chu is currently a member of the National Committee of the Chinese People's Political Consultative Conference, a standing committee member of the All-China Federation of Industry and Commerce, a standing member and a convenor for Hong Kong Region of the Chinese People's Political Consultative Conference, Shandong Province and standing member and a convenor for Hong Kong and Macau Regions of the Chinese People's Political Consultative Conference, Jinan City. He is also a permanent honorary chairman of the Hong Kong Federation of Fujian Associations. Mr. Chu has completed DBA (工商管理博士) course at the Shenzhen Research Institution of the Renmin University of China (中國人民大學深圳研究院). Mr. Chu is the spouse of Ms. Ng Nai Nar and the brother of Ms. Chu Ling Ling, Miranda.

Ms. Liu Yuk Ming ("Ms. Liu"), aged 56, was appointed as an executive Director on 8 May 2008. She is also a director of Artsun International Macao Limited, Rizhao Yushun Cassava Co., Ltd. ("Rizhao Yushun"), Global Property Connection Co., Ltd., Art Rich International Limited and Alush (Thailand) Co., Ltd. ("Alush Thailand"), each of which is a subsidiary of the Company. She joined the Group in 1992 and is currently the deputy general manager of the Group. She is responsible for formulating the marketing strategies and daily operations of the Group. She has over 15 years of experience in logistics management and import and export of cassava. Over the 15 years with the Group, Ms. Liu has been responsible for, among others, overseeing the operation of charter vessels, developing ship chartering networks and supervising the sales and marketing team of the Group. Prior to joining the Group, Ms. Liu has worked in certain trading and shipping companies and as an export executive in the Hong Kong office of a multinational trading group. Ms. Liu is currently a council member of the Shandong Overseas Friendship Association.

Ms. Lam Ching Fun ("Ms. Lam"), aged 50, was appointed as an executive Director on 2 July 2008. She joined the Group in 1992 and is currently the general manager of the Group's chartering and logistics department. She is responsible for logistic systems, charter business management, cargo handling arrangement and the Sino-Thai ports coordination. Ms. Lam has over 15 years of experience in logistics operations in the cassava industry. Over the 15 years with the Group, Ms. Lam's responsibilities included overseeing the Group's logistics system and managing the chartering of vessels.

Independent non-executive Directors

Professor Fung Kwok Pui ("Professor Fung"), aged 66, was appointed as an independent non- executive Director on 22 January 2009. He is currently the Research Professor at the Chinese University of Hong Kong.

Professor Fung graduated from the Chinese University of Hong Kong in 1973, majoring in Chemistry, and obtained his master degree in Biochemistry in 1975. He later obtained his doctorate degree in Microbiology from the University of Hong Kong in 1978, and has been conducting clinical biochemical research at University of Toronto, Canada for many years.

Professor Fung was a member of the Chinese Medicines Board of the Chinese Medicine Council of Hong Kong from 1999 to 2002, and a member of the Biology and Medicine Panel of the Research Grants Council from 1996 to 2001. He is a member of Grant Review Board of Research Council of Food and Health Bureau at present. He has also been the Hong Kong representative of the Society of Chinese Bioscientists in America for many years, and was presented Distinguished Service Award in 1999.

Mr. Lee Kwan Hung ("Mr. Lee"), aged 51, was appointed as an independent non-executive Director, on 22 January 2009. Mr. Lee received his degree of Bachelor of Laws and Postgraduate Certificate in Laws from the University of Hong Kong in 1988 and 1989 respectively. He was then admitted as a solicitor in Hong Kong in 1991 and the United Kingdom in 1997. Mr. Lee was a Senior Manager of the Listing Division of The Stock Exchange of Hong Kong Limited between 1993-94. Mr. Lee is currently a consultant of a law firm in Hong Kong. Mr. Lee serves as an independent non-executive director of NetDragon Websoft Holdings Limited., Embry Holdings Limited, Futong Technology Development Holdings Limited, China Goldjoy Group Limited, FSE Engineering Holdings Limited, Ten Pao Group Holdings Limited, Newton Resources Limited, Tenfu (Cayman) Holdings Company Limited, Red Star Macalline Group Corporation Ltd., China BlueChemical Ltd. and Landsea Green Properties Co., Ltd., the shares of these companies are listed on the Stock Exchange. Mr. Lee was formerly an independent non-executive director of Far East Holdings International Limited, Walker Group Holdings Limited and Yuexiu REIT Asset Management Limited (both listed on the Main Board of The Stock Exchange of Hong Kong Limited) and an independent non-executive director of New Universe International Group Limited (listed on the GEM Board of The Stock Exchange of Hong Kong Limited).

Mr. Yue Man Yiu Matthew ("Mr. Yue"), aged 55, was appointed as an independent non-executive Director on 22 January 2009. He holds a Bachelor's degree in business administration from The Chinese University of Hong Kong. Mr. Yue is a fellow member of Association of Chartered Certified Accountants, fellow member of Hong Kong Institute of Certified Public Accountants and member of Hong Kong Securities Institute. Mr. Yue has extensive experience in the financial control, project analysis and management functions. Mr. Yue has been the chief financial officer of Ko Shi Wai Holdings Limited since September 2009. He has been a director of China-Link Capital Management Limited since September 2009 and was the chief financial officer of the same firm from August 2005 to August 2009. Mr. Yue is currently an independent non-executive director of Royale Furniture Holdings Limited and China Suntien Green Energy Corporation Limited, the shares of these companies are listed on The Stock Exchange. Mr. Yue was also an independent non-executive director of China Financial Leasing Group Limited.

Senior Management

Ms. Ng Nai Nar, aged 54, is the head of administration and human resources of the Group and is responsible for the administration and human resources functions of the Group. She has completed DBA (工商管理博士) course at the Shenzhen Research Institution of the Remin University of China (中國人民大學深圳研究院). She also obtained a Master degree in Business Administration and a Bachelor Degree of Science in Applied Computing from the Open University of Hong Kong, Diploma and Higher certificate in Electronic Engineering from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University). Mrs. Chu joined the Group in 1985 and has years of company management experience. She is the spouse of Mr. Chu.

Mr. Shum Shing Kei ("Mr. Shum"), aged 45, is the chief financial officer and company secretary of the Company. He joined the Group in June 2008 and is responsible for the corporate finance function of the Group and oversees matters related to financial administration of the Group. Mr. Shum obtained a master degree in financial management from the University of London, the United Kingdom in 1998 and a Bachelor (Hon) degree in accountancy from Hong Kong Polytechnics in 1993. Prior to joining to the Group, Mr. Shum has over 14 years' working experience in auditing, accounting and financial management. Mr. Shum had worked for China Data Broadcasting Holdings Limited as qualified accountant and company secretary, the shares of which are listed on the Growth Enterprise Market (the "GEM") operated by the Stock Exchange, and an international accounting firm. Mr. Shum is a fellow member of Hong Kong Institute of Certified Public Accountants.

Ms. Chu Ling Ling, Miranda ("Ms. Chu"), aged 64, is a deputy financial controller and is responsible for overall monitoring the accounting department of the Group. She joined the Group in 1997 and has worked for over 10 years in the accounting and financial management division of the Group. Ms. Chu is the elder sister of Mr. Chu.

Mr. Wang Dong Dai ("Mr. Wang"), aged 54, is the general manager of Rizhao Yushun, a subsidiary of the Company. Mr. Wang joined the Group in 2001 and is responsible for monitoring the daily management of Rizhao Yushun and supervising the daily operations and coordination of the business of the Group in Mainland China. Prior to this, he had engaged in the financial and business management sectors for about eight years. Mr. Wang graduated from the Shandong University with major in Law.

Ms. Jiang Ting ("Ms. Jiang"), aged 48, is the deputy general manager of Rizhao Yushun, a subsidiary of the Company. She was employed by the Group in 2008 as part of the reorganisation and is responsible for the analysis of cassava market information and customer relationship of the Group in the PRC. Ms. Jiang has over 5 years' experience in marketing. Ms. Jiang graduated from Weifang Vocational College (濰坊職業大學) with major in international trading.

Mr. Somchai Ngamkasemsuk ("Mr. Ngamkasemsuk"), aged 61, is the assistant general manager of Alush Thailand, a subsidiary of the Company. Mr. Ngamkasemsuk joined the Group in 2004 and is responsible for the warehouse management and quality control and analysis in respect of cassava market in Thailand. Mr. Ngamkasemsuk obtained a bachelor degree in Business Administration from Assumption Business Administration College.

Report of the Directors

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2017.

Principal activities

The principal activity of the Company is investment holding. The Group is principally engaged in the procurement of dried cassava chips in Southeast Asian countries, the sale of dried cassava chips in Mainland China and Thailand and the hotel operations in the Mainland China. The activities of the subsidiaries are set out in note 1 to the financial statements.

Results and dividends

The Group's profit for the year ended 31 March 2017 and the Group's financial position at that date are set out in the financial statements on pages 28 to 79.

No interim dividend was paid during the year and the Directors do not recommend the payment of a final dividend in respect of the year ended 31 March 2017.

Business review

A review of the business of the Group during the year and a discussion on the Group's future business development, principal risks and uncertainties that the Group may be facing are provided in Management Discussion and Analysis on pages 2 to 5 of this Annual Report.

The financial risk management objectives and policies of the Group are shown in note 33 to the financial statements on pages 76 to 77 of this Annual Report.

Summary financial information

A summary of the results and assets and liabilities of the Group for the last five financial years, as extracted from the Company's published audited financial statements for the years ended 31 March 2013, 2014, 2015, 2016 and 2017, respectively, is set out on page 81. This summary does not form part of the audited financial statements.

Share capital

There were no movements in the Company's share capital during the year.

Pre-emptive rights

There are no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Purchase, redemption or sale of listed securities of the Company

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

Distributable reserves

As at 31 March 2017, the Company's reserve available for distribution amounted to approximately HK$512,113,000.

Relationship of stakeholders

To the best knowledge of the Group, employees, customers and business partners are the key to have continuous sustainable development. We commit to be people oriented and build up good relationship with employees, and work together with our business partners to provide high quality products and services to achieve the goal of sustainable development and contribution to the society.

Environmental policy and performance

The Group paid high attention to environmental protection and energy conservation to enhance the capacity of sustainable development and undertake relative social responsibility.

Compliance with related law and regulations

As far as the Board and management are aware, the Group has complied all related laws and regulations in all material aspects which may have significant impact on the operation of the Group.

Remuneration policy

As at 31 March 2017, the total number of the Group's staff was approximately 250. The total staff costs (including directors' remuneration) amounted to approximately HK$26,276,000 for the year. The Group remunerates its employees (including directors and senior management) 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.

Major customers and suppliers

In the year under review, sales to the Group's five largest customers accounted for 43% (2016: 53%) of the total sales for the year and sales to the largest customer included therein amounted to 14% (2016: 16%). Purchases from the Group's five largest suppliers accounted for less than 32% (2016: 27.9%) of the total purchases for the year and purchases to the largest supplier included therein amounted to 8% (2016: 8%).

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

Directors

The directors of the Company during the year were:

Executive directors:

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

Independent non-executive directors:

Professor Fung Kwok Pui
Mr. Lee Kwan Hung
Mr. Yue Man Yiu Matthew

According to article 84 of the Company's articles of association, Professor Fung Kwok Pui, Mr. Lee Kwan Hung and Mr. Yue Man Yiu Matthew will retire by rotation at the forthcoming annual general meeting and all the retiring directors will be eligible and offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from all the three independent non-executive directors and as at the date of this report still considers them to be independent.

Directors' and senior management's biographies

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 6 to 8 of the annual report.

Directors' service contracts

Each of the executive directors of the Company entered into a service contract with the Company for an initial term of three years commencing from 23 March 2009 and may only be terminated in accordance with the provisions of the service contract by either party giving to the other not less than three months' prior notice in writing at end of the initial term or at any time thereafter.

The Company has issued a letter of appointment to each of the independent non-executive directors of the Company for an initial term of one year commencing from 23 March 2017.

Directors' remuneration

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

Directors' interests in transactions, arrangements or contracts

Save as the transactions set out in the section "Continuing connected transactions" and in note 29(a) to the financial statements, no director nor a connected entity of a director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the holding company of the Company, or any of the Company's subsidiaries and fellow subsidiaries was a party during the year.

Directors' interests and short positions in shares and underlying shares

At 31 March 2017, 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:

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

Directors' interests and short positions in shares and underlying shares

(Continued)

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")	Directly beneficially owned	97%
	AR Management (note (b))	Deemed interest	3%

Notes:

(a) The entire issued share capital of AR management is legally and beneficially owned as to 97% by Mr. Chu and 3% by Ms. Ng Nai Nar ("Mrs. Chu"). 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 the 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 31 March 2017, 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 year 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 and fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Share option scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Further details of the Scheme are disclosed in note 26 to the financial statements. No share options had been granted under the Scheme since the Scheme became effective.

Substantial shareholders' interests and short positions in shares and underlying shares

At 31 March 2017, the following interests and short positions 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 issue share capital
Long positions:				
AR Management	(a)	Directly beneficially owned	225,000,000	38.48%
Mr. Chu		Directly beneficially owned	135,520,715	23.18%
	(a)	Through a controlled corporation	225,000,000	38.48%
			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 as to 97% by Mr. Chu and 3% by Mrs. Chu. As spouse, Mr. Chu is deemed to be interested in the shares of AR Management in which Mrs. Chu is interested and Mrs. Chu is also deemed to be interested in the shares of AR Management in which Mr. Chu is interested.

Save as disclosed above, as at 31 March 2017, 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.

Continuing connected transactions

During the year, the Group had the following continuing connected transactions, certain details of which are disclosed in compliance with the requirements of Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(a) Lease from Alther Limited ("Alther") in relation to an office in Hong Kong

On 1 April 2016, Artwell Tapioca Limited ("Artwell Tapioca"), a subsidiary of the Company, and Alther, a company controlled by Mr. Chu, entered into a lease agreement, pursuant to which Alther (as landlord) agreed to lease a property located at Unit 612, 6th Floor, Houston Centre, 63 Mody Road, Tsimshatsui East, Kowloon, Hong Kong with a total gross floor area of approximately 120 sq. meter to Artwell Tapioca (as tenant), for business use for a period of two years from 1 April 2016 to 31 March 2018, at an annual rental of HK$512,028.

(b) Lease from Lianyungang Yafa Enterprises Co., Ltd. ("Yafa Enterprise") in relation to an office in Lianyungang, the PRC

On 1 April 2015, Rizhao Yushun Cassava Co., Ltd. ("Rizhao Yushun") and Yafa Enterprise, a company controlled by Mr. Chu, entered into a lease agreement, pursuant to which Yafa Enterprise (as landlord) agreed to lease a property located at Unit 301, West Wing, No. 5 Xixia Road, Lianyungang District, Lianyungang City, Jiangsu Province, the PRC with a total gross floor area of approximately 57 sq. metre to Rizhao Yushun (as tenant) for office and operational uses for a period of three years from 1 April 2015 to 31 March 2018 at an annual rental of RMB42,000 (equivalent to approximately HK$50,000).

Continuing connected transactions *(Continued)*

(c) Lease from Mr. Chu in relation to staff quarters in Qingdao, the PRC

On 1 April 2015, Rizhao Yushun and Mr. Chu entered into a lease agreement, pursuant to which Mr. Chu (as landlord) agreed to lease a property located at Unit 3203, 32nd Floor, Block 1, No. 37 Donghai Xi Road, Shinan District, Qingdao City, Shangdong Province, the PRC with a total gross floor area of approximately 114.04 sq. metre to Rizhao Yushun (as tenant) as staff quarters for a period of three years from 1 April 2015 to 31 March 2018, at an annual rental of RMB132,000 (equivalent to approximately HK$158,000).

The independent non-executive directors of the Company have reviewed the continuing connected transactions set out above and have confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

In addition to the above, on 26 March 2008, Art Rich International Limited ("Art Rich"), a subsidiary of the Group, entered into a loan agreement and a share pledge agreement with Mr. Aja Saepaan ("Mr. Aja"), whose registered interests in Global Property Connection Co., Ltd. ("Global Property", a subsidiary of the Group) represent 51% of the total issued share capital of Global Property. Art Rich, pursuant to the loan agreement, had lent fund to Mr. Aja. As security for the repayment of his loan owed to Art Rich, Mr. Aja agreed to pledge his shares in Global Property in favour of Art Rich, by virtue of which Art Rich could enforce the share pledge in an event of default in the loan repayment. Further, pursuant to the loan agreement, upon demand of repayment, Art Rich has the right at its sole discretion to demand and effect the transfer of the shares so pledged by Mr. Aja to Art Rich or its designated person at a consideration equal to the loan amount.

Mr. Aja also entered into a letter of undertaking with Art Rich whereby Mr. Aja had undertaken, among other things, to assign and direct all dividends and special distribution paid and payable by Global Property in relation to his registered shares in Global Property, and all distribution of assets made or to be made by Global Property in relation to his registered shares in Global Property, solely to Art Rich.

Mr. Aja also appointed Art Rich as its proxy to receive notice of shareholders' meetings and to vote in all shareholders' meetings of Global Property for any proposed resolution.

Collectively, the loan agreement, the share pledge agreement, the undertaking and the proxy are referred hereinafter as the "Aja-Art Rich Arrangements".

The independent non-executive directors have reviewed the Aja-Art Rich Arrangements and confirmed that the Aja-Art Rich Arrangements have remained unchanged and that no dividends or other distributions have been made by Global Property to Mr. Aja during the year, which is fair and reasonable so far as the Group is concerned and in the interests of the shareholders as a whole.

The Company's independent auditors have reviewed the transactions carried out pursuant to the Aja-Art Rich Arrangements and confirmed that the economic interest generated by Global Property flowed to the Group was in accordance with the criteria and principles set out under the Aja-Art Rich Arrangements and was properly approved by the directors of Global Property and that no dividends or other distributions have been made by Global Property save as to the Group.

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 number of issued shares were held by the public as at the date of this report, being the latest practicing date prior to 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.

Non-competition undertaking

Mr. Chu and AR Management, as covenanters (collectively, the "Covenanters"), have entered into a deed of non-competition in favour of the Company on 18 February 2009 (the "Non-competition Deed"), pursuant to which each of the Covenanters has irrevocably and unconditionally undertaken to and covenanted with the Company (for itself and for the benefit of the members of the Group) that during the continuation of the Non-competition Deed that each of the Covenanters shall not, and shall procure each of his/its associates and/or companies controlled by he/it, whether on his/its own account or in conjunction with or on behalf of any person, firm or company and whether directly or indirectly, not to carry on a business which is, to be interested or involved or engaged in or acquire or hold any rights or interest or otherwise involved in (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise), any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by the Group (including but not limited to the import and export, distribution and marketing of cassava and business ancillary to any of the foregoing in each case, to be more particularly described or contemplated herein) in Thailand, Hong Kong, Mainland China, Macau, Cambodia and any other country or jurisdiction to which the Group markets, sells, distributes, supplies or otherwise provides such products and/or in which any member of the Group carries on business mentioned above from time to time.

Auditors

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Chu Ming Chuan
Chairman
Hong Kong
29 June 2017

Corporate Governance Report

Corporate governance practices

The Company is committed to pursuing and maintaining good corporate governance practices to protect the interests of the Company's shareholders.

Throughout the year ended 31 March 2017, the Company has adopted the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), save for the deviation from the code provision A.2.1 of the Code.

Directors' securities transactions

The Company has adopted a code of conduct (the "Model Code") no less strict than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as the standard for securities transactions by the Directors.

Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 March 2017.

Board of directors

The Board is responsible for formulating the overall business strategies, monitoring the performance of the management, and overseeing the internal control of the Group. The management is responsible for the daily operations of the Group.

1. Board meetings

During the year ended 31 March 2017 and up to the date of this annual report, the Board of Directors has held four meetings up to the date of this annual report with all existing Directors attended in person or through other electronic means of communications. Notice of at least 14 days has been sent to all Directors for this regular board meeting.

Under provision A.1.1 of the CG Code, the Company will adopt the practice of holding board meetings regularly for at least four times a year at approximately quarterly intervals. Ad-hoc board meetings may also be held in addition to regular meetings when necessary. Notice of at least 14 days will be sent to all Directors of a regular board meeting. Reasonable notices will be given to all Directors for ad- hoc board meetings. Directors may participate either in person or through other electronic means of communications.

The Company has also adopted the practice that enables all Directors the opportunity to include matters in the agenda for regular board meetings. All Directors will be provided in advance with relevant materials relating to the agenda of the board meeting. All Directors, upon reasonable request, will be able to seek independent professional advice in appropriate circumstances, at the Company's expenses, and will be provided sufficient resources to discharge their duties.

Minutes of board meetings and meetings of committees are duly kept by the secretary to the Board and freely available for inspection by the directors. Such meeting minutes recorded opinions and suggestions raised by the directors in the meeting. The final versions of such minutes were sent to directors for signing and confirmation.

Transactions in which directors are deemed to be involved in conflict of interests or deemed to be materially interested in will not be dealt with by written resolution. The relevant director will be allowed to attend the meeting but may not express any opinion and will be required to abstain from voting.

Board of directors *(Continued)*

2. Composition of the board

The Board currently comprises a combination of executive Director and independent non-executive Directors. In compliance with Rule 3.10(1) of the Listing Rules, the Board has three independent non- executive Directors. The Board considers that all the independent non-executive Directors play an important role in the Board, with their appropriate and extensive academic and professional expertise, to provide the Board with professional advice as well as to protect the interests of shareholders of the Company.

The Company has received a written annual confirmation from each of the independent non-executive Directors of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence criteria set out in Rule 3.13 of the Listing Rules.

As at 31 March 2017, the Board was consisted of the following six directors:

Executive Directors:
Mr. Chu Ming Chuan *(Chairman)*
Ms. Liu Yuk Ming
Ms. Lam Ching Fun

Independent non-executive Directors:
Professor Fung Kwok Pui
Mr. Lee Kwan Hung
Mr. Yue Man Yiu Matthew

The biographical details of the Directors and relationship between members of the Board are set out in the Directors and Senior Management section on pages 6 to 8 of this annual report.

3. Chairman and chief executive officer

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 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.

4. Appointments, re-election and removal of directors

All of appointments of Executive Directors are subject to retirement and reelection in accordance with the Articles of Association of the Company.

All of the independent non-executive Directors were appointed for a term of one year from 23 March 2017, and are subject to retirement and reelection in accordance with the Articles of Association of the Company.

Directors' training and professional development

During the year, the Directors are provided with monthly updates on the Group's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. In addition, all Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company updates Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices.

All Directors have participated in appropriate continuous professional development activities either by attending training courses or by reading materials relevant to the Company's business or to the Directors' duties and

Permitted indemnity provision

The articles of associations provides that the directors shall be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts.

Directors' and officers' liabilities insurance

The Company has arranged appropriate insurance cover for liabilities in respect of legal actions against Directors and officers of the Company arising out of corporate activities under provision A.1.8 of the CG Code.

Board committees

The Board has established three board committees, namely Audit Committee, Remuneration Committee, and Nomination Committee.

1. Audit committee

The Company has established the Audit Committee on 18 February 2009 in compliance with the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The term of reference of the Audit Committee was published on the Group's website.

The Audit Committee currently has three members, namely Professor Fung Kwok Pui, Mr. Lee Kwan Hung and Mr. Yue Man Yiu Matthew, all being independent non-executive Directors. Mr. Yue Man Yiu Matthew is the chairman of the Audit Committee.

The Audit Committee has held three meetings during the year and up to the date of this annual report with all members of the committee attended. At the meetings, the committee has, inter alia, reviewed the consolidated financial statements of the Group for the six months ended 30 September 2016 and for the two years ended 31 March 2016 and 2017, respectively, together with the Group's accounting policies and practices as well as the effectiveness of the Group's internal control systems.

Board committees *(Continued)*

2. Remuneration committee

The Company has established the Remuneration Committee on 18 February 2009 in compliance with the Listing Rules. The primary duties of the Remuneration Committee are, amongst other things, to review and determine the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management and to make recommendation to the Board on the Group's policy and structure for all remuneration of Directors and senior management. The term of reference of the Remuneration Committee was published on the Group's website.

The Remuneration Committee currently has three members, namely Professor Fung Kwok Pui, Mr. Lee Kwan Hung and Mr. Yue Man Yiu Matthew, all being independent non-executive Directors. Mr. Lee Kwan Hung is the chairman of the Remuneration Committee.

During the year ended 31 March 2017, there was one meeting held by the Remuneration Committee with all members of the committee attended.

During the year under review, the Remuneration Committee has assessed performance of the directors and reviewed and determined their remuneration packages. The remuneration of Directors comprises basic salary, pensions and discretionary bonus. Details of the amount of emoluments of Directors for the year ended 31 March 2017 are set out in note 8 to the financial statements.

3. Nomination committee

The Company has established the Nomination Committee on 18 February 2009 in compliance with the Listing Rules. The Nomination Committee is mainly responsible for making recommendations to the Board on the appointment of Directors and succession planning for Directors. The Nomination Committee currently has three members, namely Professor Fung Kwok Pui, Mr. Lee Kwan Hung and Mr. Yue Man Yiu Matthew, all being independent non-executive Directors. Professor Fung Kwok Pui is the chairman of the Nomination Committee. The term of reference of the Nomination Committee was published on the Group's website.

During the year ended 31 March 2017, there was one meeting held by the Nomination Committee with all members of the committee attended.

During the year, the work performed by the Nomination Committee included the followings:

– the recommendation of the retiring directors for re-election at the annual general meeting;

– the review of composition of the Board; and

– the assessment of independence of the independent Non-executive Directors.

The Board had adopted the Board Diversity Policy which sets the approach to achieve and maintain diversity of the Board to enhance quality of its performance. The Policy aims to achieve diversity through the consideration of number of factors including but not limited to skills, regional and industry experience, background, age, race, gender and other qualities. These differences will be taken into account in determining the optimum composition of the Board. All Board appointments are based on merit, in the content of the talents, skills and experience, and taking into account diversity.

The Nomination Committee will report annually on the composition of the Board under diversified perspective, and monitor the implementation of this policy to ensure its effectiveness. It will discuss any revisions that may be required and recommend such revisions to the Board for consideration and approval.

Board diversity policy

The Nomination Committee is also responsible to review the Board diversity policy. The Board diversity policy ensures the Nomination Committee nominates and appoints candidates on merit basis to enhance the effectiveness of the Board so to maintain high standards of corporate governance. The Company sees diversity at the Board level as an essential element in maintaining a competitive advantage. The Company aims to ensure that Board appointments will be made on the basis of a range of diversity factors, including gender, age, cultural background, educational background, industry experience and professional experience. Selection of candidates to join the Board will be, in part, dependent on the pool of available candidates with the necessary skills, knowledge and experience. The ultimate decision will be based on merit and the contribution the chosen candidate will bring to the Board, having regard for the benefits of diversity on the Board.

Corporate governance functions

The Board is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties as below:

1. To develop and review the Group's policies and practices on corporate governance and make recommendations;

2. To review and monitor the training and continuous professional development of directors and senior management;

3. To review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements;

4. To develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees and directors of the Group; and

5. To review the Group's compliance with the Code and disclosure requirements in the Corporate Governance Report.

Accountability and audit

Financial reporting

The Directors acknowledge their responsibility to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and in presenting the interim and annual financial statements, and announcements to shareholders in a timely manner. The Directors are responsible for ensuring that the Group maintains accounting records which disclose with reasonable accuracy the financial position of the Group and which enable the preparation of financial statements in accordance with the disclosure requirements of the Hong Kong Companies Ordinance ("Companies Ordinance"), the Hong Kong Financial Reporting Standards ("HKFRSs") and all applicable disclosure provisions of the Listing Rules. In preparing the financial statements for the year ended 31 March 2017, the Directors have selected suitable accounting policies and have applied them consistently, adopted appropriate HKFRSs which are pertinent to its operations and relevant to the financial statements, made judgements and estimates that are prudent and reasonable.

The Board is committed to providing a balanced, clear and comprehensible assessment of the financial performance and prospects of the Group in all the disclosures made to the stakeholders and the regulatory authorities.

Timely release of interim and annual results announcements reflects the Board's commitment to provide transparent and up-to-date disclosures of the results of the Group.

Accountability and audit *(Continued)*

Financial reporting *(Continued)*

The Board, assisted by the Audit Committee, oversees the financial reporting process and the quality of the financial reporting of the Group. The Audit Committee reviews and monitors the integrity of the Group's annual and interim financial statements. It also reviews the appropriateness of the Group's accounting policies and the changes to these policies as well as ensures these financial statements comply with accounting standards and regulatory requirements.

The responsibilities of the external auditors with respect to financial reporting are set out in the Independent Auditors' Report attached to the Company's Annual Report.

For the year ended 31 March 2017, the total fee paid/payable to the external auditors of the Company, Ernst & Young, in respect of audit services is set out below:

	For the year ended 31 March 2017 HK$'000
Audit services	
Annual audit services	**1,325**

The Audit Committee is responsible to recommend to the Board on matters related to the appointment, reappointment and removal of the external auditors, which is subject to the approval from the Board and the shareholder at the general meetings of the Company.

Company secretary

Company Secretary: Mr. Shum Shing Kei (fellow member of the Hong Kong Institute of Certified Public Accountants). During the year ended 31 March 2017, Mr. Shum has taken no less than 15 hours of relevant professional trainings to update his skills and knowledge.

Internal control

The Board is responsible to maintain sound internal control system and review its effectiveness in the Company. The internal control procedures and practices have been designed to safeguard the assets of the Company, ensure maintenance of proper accounting records, and ensure compliance with applicable laws, rules and regulations.

For the year ended 31 March 2017, the Board has conducted annual review of (i) all material controls of the Company, including financial, operational and compliance controls and risk management functions; and (ii) the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programs and budget. Therefore the Board considers that the Company's internal control system is adequate and effective to provide reasonable assurance against misstatements or losses, and is in accordance with the code provisions on internal control of the CG Code.

Shareholder rights

General meeting

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. The Chairman of the Board as well as chairmen of the Audit Committee, Remuneration Committee and Nomination Committee, or in their absence, their duly appointed delegates are available to answer questions at the shareholders' meetings. Auditor of the Company is also invited to attend the Company's AGM and is available to assist the directors in addressing queries from shareholders relating to the conduct of the audit and the preparation and contents of the Independent Auditor's Report. Separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors. During the year ended 31 March 2017, the Company held a general meeting with all directors attended.

Shareholder rights *(Continued)*

General meeting *(Continued)*

Notice of AGM together with related papers are sent to the shareholders at least 20 clear business days before the meeting, setting out details of each proposed resolution, voting procedures and other relevant information. All votes of shareholders at the general meeting will be decided by poll. The Chairman will demand that all resolutions put to the vote at the AGM will be taken by poll and will explain such rights and procedures during the AGM before voting on the resolutions. An independent scrutineer will be appointed to count the votes and the poll results will be posted on the websites of the Company and the Stock Exchange after the AGM.

Shareholders of the Company can make a requisition to convene an extraordinary general meeting ("EGM") pursuant to Article 58 of the Company's Articles of Association. The procedures for the shareholders to convene an EGM are as follows:

1. One or more shareholders ("Requisitionist") holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings shall have the right, by written notice, to require an EGM to be called by the directors for the transaction of any business specified in such requisition.

2. Such requisition shall be made in writing to the directors or the company secretary of the Company at all of the following addresses:

   Head office of the Company
   Address: Room 612-613, 6/F., Houston Centre, 63 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong
   Attention: Company Secretary

   Registered office of the Company
   Address: Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands
   Attention: Company Secretary

3. The EGM shall be held within two months after the deposit of such requisition.

4. If the directors fail to proceed to convene such meeting within 21 days of such deposit, the Requisitionist himself may do so in the same manner, and all reasonable expenses incurred by the Requisitionist as a result of the failure of the directors shall be reimbursed to the Requisitionist by the Company.

Investors relations

The Board and senior management recognize their responsibility to represent the interests of all shareholders and to maximize shareholder's value and have made the following commitments to the Group:

- continuing effort to maintain long-term stability and growth in shareholder value and return on investment;
- responsible planning, establishment and operation of the Group's core businesses;
- responsible management of the Group's investment and business risks; and
- true, fair and detailed disclosure of the financial position and operating performance of the Group.

The Group believes that shareholders' rights should be well respected and protected. The Group endeavors to maintain good communications with shareholders on its performance through interim reports, annual reports, general meetings and public disclosure on the Company's website, so that they may make an informed assessment of their investments and exercise their rights as shareholders. The Group also encourages shareholders' participation through general meetings or other means.

Independent Auditor's Report

To the shareholders of Asia Cassava Resources Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Asia Cassava Resources Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 28 to 79, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of inventories	
As at 31 March 2017, the Group's inventories amounted to HK$438 million, representing approximately 41% of the total current assets of the Group. Significant judgements and estimates are required for management to assess the appropriate level of impairment provision for these inventories. This takes into account factors that include but are not limited to economic outlook, the latest purchase price of raw materials and latest selling price of dried cassava chips. The significant accounting judgements and estimates and disclosures about the balances of inventories are included in notes 3 and 17 to the financial statements.	Our audit procedures included obtaining an understanding of procedures taken by management to estimate the net realisable value of inventories and the respective basis of inventory provision policy adopted by the Group. We also assessed the inventory provision made by management by comparing the subsequent selling price of the finished goods to their costs.
Impairment assessment of available-for-sale investments	
As at 31 March 2017, the Group's available-for-sale investments consisted of investments in two companies (the "AFS"), engaging in property development business, and amounted to HK$31 million. The available-for-sale investments were accounted for at cost less impairment because the shares of AFS were not listed and there was no reliable measure for their fair values. Significant management judgements and estimates are required to assess the appropriate level of impairment provision for the AFS. This takes into account factors that include but are not limited to, the progress of the properties under development undertaken by the two investees and estimated sales proceed to be generated from the sales of the properties under development. The significant accounting judgements and estimates and disclosures about the balances of the AFS are included in notes 3 and 16 to the financial statements.	Our audit procedures included evaluating management's impairment assessment on the AFS by (i) obtaining the management accounts of the AFS and comparing the share of net assets of the AFS by the Group and the carrying amount of the AFS; (ii) inquiring management about the progress of the properties under development and the sales forecasts; (iii) checking the profitability of the properties development project by comparing the estimated sales proceeds to the budgeted costs; and (iv) checking the price list of the properties for the estimated sales proceeds prepared by management.

Key audit matters *(Continued)*

Key audit matter	**How our audit addressed the key audit matter**
Impairment assessment of hotel properties	
The principal assets of Rizhao Artwell International Hotel Limited ("Rizhao Hotel"), a wholly-owned subsidiary of the Group, are prepaid land lease payment and a hotel ("Hotel Properties"), the net carrying values of which were HK$1.2 million and HK$36.7 million, respectively, and were recognised under prepaid land lease payment and property, plant and equipment, respectively, as at 31 March 2017. Rizhao Hotel incurred a loss of HK$489,000 for the current year. There was an indication of potential impairment of the Group's Hotel Properties. Management engaged an external valuer to support their estimation of the impairment assessment of the Hotel Properties. Significant management judgements are involved in determining the impairment loss of Hotel Properties. This takes into account factors that included but are not limited to, open market price of comparable properties of similar size, characteristic and location. The significant accounting judgements and estimates and disclosures of the movements in the carrying amounts of the Hotel Properties are included in notes 3 and 12 to the financial statements.	Our audit procedures included, among others, (i) evaluating the independent external valuer's competence, capabilities and objectivity and (ii) obtaining and reviewing the valuation report prepared by the external valuer on the Hotel Properties. We evaluated, with the assistance of our internal valuation specialist, management's impairment assessment by benchmarking to the open market prices of comparable properties of similar size, characteristic and location.

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirement of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor's responsibilities for the audit of the consolidated financial statements

(Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Sau Pik.

Ernst & Young
Certified Public Accountants
Hong Kong

29 June 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
REVENUE	5	**1,988,738**	2,831,076
Cost of sales		**(1,759,637)**	(2,558,485)
Gross profit		**229,101**	272,591
Other income	5	**5,458**	6,064
Fair value gain/(loss) on investment properties, net	13	**2**	(113)
Selling and distribution expenses		**(149,984)**	(197,237)
General and administrative expenses		**(60,646)**	(58,281)
Finance costs	6	**(3,774)**	(9,373)
PROFIT BEFORE TAX	7	**20,157**	13,651
Income tax credit/(expense)	10	**(3,099)**	2,962
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**17,058**	16,613
OTHER COMPREHENSIVE INCOME			
Other comprehensive loss to be reclassified to the statement of profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(3,886)**	(7,695)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Gains on property revaluation		**3,221**	3,559
Income tax effect		**(549)**	(587)
		2,672	2,972
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(1,214)**	(4,723)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**15,844**	11,890
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	11		
Basic and diluted		**HK2.92 cents**	HK2.84 cents

Consolidated Statement of Financial Position

31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**153,575**	158,620
Investment properties	13	**91,838**	65,615
Prepaid land lease payments	14	**8,681**	8,847
Held-to-maturity investments	15	**–**	18,798
Available-for-sale investments	16	**30,749**	30,749
Prepayments, deposits and other receivables	19	**8,328**	8,328
Deferred tax assets	24	**517**	551
Total non-current assets		**293,688**	291,508
CURRENT ASSETS			
Inventories	17	**437,678**	437,416
Trade and bills receivables	18	**417,202**	403,257
Prepayments, deposits and other receivables	19	**34,185**	25,907
Financial assets at fair value through profit or loss	20	**3,553**	2,973
Pledged deposits	21	**10,151**	10,151
Cash and cash equivalents	21	**162,406**	191,297
Total current assets		**1,065,175**	1,071,001
CURRENT LIABILITIES			
Trade, other payables and accruals	22	**38,591**	45,883
Interest-bearing bank borrowings	23	**470,560**	481,942
Tax payables		**47,996**	49,277
Total current liabilities		**557,147**	577,102
NET CURRENT ASSETS		**508,028**	493,899
TOTAL ASSETS LESS CURRENT LIABILITIES		**801,716**	785,407
NON-CURRENT LIABILITY			
Deferred tax liabilities	24	**4,801**	4,336
Net assets		**796,915**	781,071
EQUITY			
Equity attributable to owners of the Company			
Share capital	25	**58,473**	58,473
Reserves	27	**738,442**	722,598
Total equity		**796,915**	781,071

Chu Ming Chuan
Director

Liu Yuk Ming
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2017

	Attributable to owners of the Company										
	Share 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	Total HK$'000	Non-controlling interests HK$'000 (note (iv))	Total equity HK$'000
At 1 April 2015	58,473	424,931	8,229	(249,726)	46	13,983	7,899	537,506	801,341	–	801,341
Profit for the year	–	–	–	–	–	–	–	16,613	16,613	–	16,613
Other comprehensive income/(loss) for the year:											
Gains on property revaluation, net of tax	–	–	–	–	–	2,972	–	–	2,972	–	2,972
Exchange differences related to foreign operations	–	–	–	–	–	–	(7,695)	–	(7,695)	–	(7,695)
Total comprehensive income/(loss) for the year	–	–	–	–	–	2,972	(7,695)	16,613	11,890	–	11,890
2015 final dividend declared	–	–	–	–	–	–	–	(32,160)	(32,160)	–	(32,160)
At 31 March 2016	58,473	424,931	8,229	(249,726)	46	16,955	204	521,959	781,071	–	781,071

	Attributable to owners of the Company										
	Share 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**	**Total HK$'000**	**Non-controlling interests HK$'000 (note (iv))**	**Total equity HK$'000**
At 1 April 2016	**58,473**	**424,931**	**8,229**	**(249,726)**	**46**	**16,955**	**204**	**521,959**	**781,071**	**-**	**781,071**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**17,058**	**17,058**	**-**	**17,058**
Other comprehensive income/(loss) for the year:											
Gains on property revaluation, net of tax	**-**	**-**	**-**	**-**	**-**	**2,672**	**-**	**-**	**2,672**	**-**	**2,672**
Exchange differences related to foreign operations	**-**	**-**	**-**	**-**	**-**	**-**	**(3,886)**	**-**	**(3,886)**	**-**	**(3,886)**
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**-**	**-**	**2,672**	**(3,886)**	**17,058**	**15,844**	**-**	**15,844**
Transfer	**-**	**-**	**-**	**-**	**-**	**(502)**	**-**	**502**	**-**	**-**	**-**
At 31 March 2017	**58,473**	**424,931**	**8,229**	**(249,726)**	**46**	**19,125**	**(3,682)**	**539,519**	**796,915**	**-**	**796,915**

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 asset value of the acquiree arising from the business combinations 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 interests represent 10% of the equity interests in subsidiaries, Asiafame Enterprises Limited and Artsun Resources Company Limited, of HK$10.

* These reserve accounts comprise the consolidated reserves of HK$738,442,000 (2016: HK$722,598,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**20,157**	13,651
Adjustments for:			
Interest income	5	**(1,902)**	(5,056)
Change in fair value of investment properties	13	**(2)**	113
Fair value loss/(gain) of financial assets at fair value through profit or loss, net		**(503)**	1,046
Loss on disposal of held-to-maturity investments		**92**	–
Dividend received from financial assets at fair value through profit or loss		**(77)**	–
Finance costs	6	**3,774**	9,373
Amortisation of prepaid land lease payments	7	**46**	51
Depreciation	7	**7,986**	8,709
		29,571	27,887
Decrease/(increase) in inventories		**(262)**	275,340
Decrease/(increase) in trade and bills receivables		**(14,015)**	180,131
Decrease/(increase) in prepayments, deposits and other receivables		**(8,642)**	17,929
Decrease in trade, other payables and accruals		**(6,150)**	(10,505)
Cash generated from operations		**502**	490,782
Interest received		**1,249**	4,495
Interest paid		**(3,774)**	(9,373)
Dividend paid		**–**	(32,160)
Hong Kong profits tax paid		**(1,604)**	(5,062)
Overseas taxes paid		**(91)**	(398)
Net cash flows generated from/(used in) operating activities		**(3,718)**	448,284
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	12	**(2,736)**	(3,784)
Purchase of held-to-maturity investments		**–**	(18,797)
Purchase of financial assets at fair value through profit or loss		**–**	(4,019)
Purchase of an investment property	13	**(26,099)**	–
Proceed on disposal of held-to-maturity investments		**19,359**	–
Net cash flows used in investing activities		**(9,476)**	(26,600)

	Notes	2017 HK$'000	2016 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**993,388**	1,517,802
Repayment of bank loans		**(1,004,770)**	(2,082,013)
Net cash flows used in financing activities		**(11,382)**	(564,211)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(24,576)**	(142,527)
Cash and cash equivalents at beginning of year		**201,448**	345,536
Effect of foreign exchange rate changes, net		**(4,315)**	(1,561)
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	**172,557**	201,448
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	**120,932**	88,618
Non-pledged time deposits with original maturity of less than three months when acquired		**41,474**	102,679
Cash and cash equivalents as stated in the consolidated statement of financial position		**162,406**	191,297
Time deposits with original maturity of less than three months when acquired, pledged as security for bank loans	21	**10,151**	10,151
Cash and cash equivalents as stated in the consolidated statement of cash flows		**172,557**	201,448

1. Corporate and Group Information

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 8 May 2008. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The head office and principal place of business of the Company is located at Units 612-3 and 617, Houston Centre, 63 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong.

The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 23 March 2009.

The principal activities of the Group are the procurement of dried cassava chips in Southeast Asian countries and the sale of dried cassava chips in Mainland China and Thailand and hotel operations in Mainland China.

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.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Artwell Tapioca Limited#	Hong Kong	HK$10,000	–	100	Trading of dried cassava chips
Artsun International Macao Limited#	Macau	MOP100,000	–	100	Trading of dried cassava chips
Artwell Tapioca (Vietnam) Company Limited#	Vietnam	US$50,000	–	100	Procurement and sale of dried cassava chips
Rizhao Yushun Cassava. Co., Ltd.#*	People's Republic of China/ Mainland China	RMB20,127,312	–	100	Trading of dried cassava chips and collection of debts
Alush (Thailand) Co., Ltd.#	Thailand	THB15,000,000	–	100	Dormant (2016: Procurement and sale of dried cassava chips)
Global Property Connection Co., Ltd.#	Thailand	THB250,000	–	100	Procurement and sale of dried cassava chips
Tapioca Inter Corporation Co., Limited#	Thailand	THB10,000,000	–	100	Procurement and sale of dried cassava chips
Good Luck Trading Co., Limited#	Thailand	THB10,000,000	–	100	Procurement and sale of dried cassava chips
Art Ocean Development Limited#	British Virgin Islands/Hong Kong	US$1	–	100	Holding of trademarks
Art Rich International Limited#	British Virgin Islands/Hong Kong	US$1	–	100	Investment holding

1. Corporate And Group Information *(continued)*

Information about subsidiaries *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
All High Holding Limited#	British Virgin Islands/Hong Kong	US$1	–	100	Investment holding and provision of shipping agency service
Alternative View Investments Limited#	British Virgin Islands/Hong Kong	US$100	100	–	Investment holding and property investment
Artwell Enterprises Limited#	Hong Kong	HK$15,000,000	–	100	Investment holding and property investment
Artwell Properties Limited	Hong Kong	HK$100	–	100	Property investment
Fine Success Enterprise Limited	Hong Kong	HK$10	–	100	Property investment
Wide Triumph Investment Limited	Hong Kong	HK$10,000	–	100	Property investment
All Praise Limited#	Hong Kong	HK$1	–	100	Tendering of dried cassava chips and property investment
Winsure International Investment Limited#	Hong Kong	HK$2	–	100	Tendering of dried cassava chips and property investment
Globe Shipping Limited#	Hong Kong	HK$1	–	100	Holding of a vessel
Asiafame Enterprises Limited#	Hong Kong	HK$100	–	90	Investment holding
Oriental Pioneer Limited#	Hong Kong	HK$2	–	100	Investment holding
Rizhao Artwell International Hotel Limited#*	People's Republic of China/ Mainland China	US$700,000	–	100	Operation of hotel, restaurant and the ancillary entertainment facilities

\# Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network

* Rizhao Yushun Cassava. Co., Ltd. and Rizhao Artwell International Hotel Limited are registered as wholly-foreign-owned enterprises under PRC law

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, certain land and buildings classified as property, plant and equipment and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other total comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Changes in Accounting Policies and Disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

The adoption of the new and revised standards has had no significant financial effect on these financial statements.

2.3 Issued But Not Yet Effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[2]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[2]
HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate* or *Joint Venture*[4]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[3]
Amendments to HKAS 7	*Disclosure Initiative*[1]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. The Group is not yet in a position to state whether they would have significant impact on the Group's result of operations and financial position.

2.4 Summary of Significant Accounting Policies

Business combinations under common control

Under the merger method of accounting, the net assets of the combining entities or businesses are combined using their existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of the acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control combination. The consolidated profit or loss includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination.

Fair value measurement

The Group measures its investment properties, certain land and buildings detailed as property, plant and equipment as fixed assets at fair value through asset revaluation reserve at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 Summary of Significant Accounting Policies *(continued)*

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, deferred tax assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to parent of the Group.

2.4 Summary of Significant Accounting Policies *(continued)*

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Valuations of land and buildings are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of land and buildings are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the statement of profit or loss. Any subsequent revaluation surplus is credited to the statement of profit or loss to the extent of the deficit previously charged. An annual transfer from the asset revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Freehold land	Not depreciated
Hotel properties	2%
Leasehold land and buildings	2% to 5%
Furniture and fixtures	10% to $33^1/_3$%
Leasehold improvements	Shorter of lease terms and 20%
Machinery and equipment	10% to 25%
Motor vehicles	20% to 25%
Vessel	10%

2.4 Summary of Significant Accounting Policies *(continued)*

Property, plant and equipment and depreciation *(continued)*

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under “Property, plant and equipment and depreciation” up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under “Property, plant and equipment and depreciation” above.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases, net of any incentives received from the lessor, are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

2.4 Summary of Significant Accounting Policies *(continued)*

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss for loans and in other expenses for receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in other expenses.

2.4 Summary of Significant Accounting Policies *(continued)*

Investments and other financial assets *(continued)*

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to the statement of profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.4 Summary of Significant Accounting Policies *(continued)*

Derecognition of financial assets *(continued)*

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

2.4 Summary of Significant Accounting Policies *(continued)*

Impairment of financial assets *(continued)*

Financial assets carried at amortised cost (continued)

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the statement of profit or loss.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and interest-bearing borrowings, which are classified as loans and borrowings.

2.4 Summary of Significant Accounting Policies *(continued)*

Financial liabilities *(continued)*

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

2.4 Summary of Significant Accounting Policies *(continued)*

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.4 Summary of Significant Accounting Policies *(continued)*

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) rental income, on the straight-line basis over the lease terms;

(c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset;

(d) hotel service income, when the services are provided;

(e) dividend income, when the shareholders' right to receive payment has been established; and

(f) from the sale of investments, on the transaction dates when the investments are disposed of.

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group operates a defined contribution scheme for those employees in Thailand who are eligible and have elected to participate in the scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. Contributions are made based on a percentage of the participating employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the schemes. When an employee leaves the scheme prior to his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions.

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

The employees of the Group's subsidiary which operates in Macau are required to participate in a central pension scheme operated by the Macau government. The Group's subsidiary which operates in Macau is required to contribute a fixed amount of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

2.4 Summary of Significant Accounting Policies *(continued)*

Other employee benefits *(continued)*

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Borrowing costs

Borrowing costs are recognised as expenses in the statement of profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollars. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period, and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(i) *Operating lease commitments – Group as lessor*

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

(ii) *Classification between investment properties and owner-occupied properties*

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under finance leases, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(iii) *Impairment of assets*

The Group has to exercise judgement in determining whether an asset is impaired or the event previously causing the asset impairment no longer exists, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could material affect the net present value used in the impairment test.

(iv) *Income taxes and withholding taxes*

The Group is subject to income taxes and withholding taxes in numerous jurisdictions in connection with the Group's sale of dried cassava chips. Judgement is required in determining the Group's provision for income taxes and withholding taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax in the periods in which such determination is made.

3. Significant Accounting Judgements and Estimates *(continued)*

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

(i) Estimation of fair value of investment properties and land and buildings

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences; and

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

The carrying amounts of investment properties and leasehold land and buildings of the Group at 31 March 2017 were HK$91,838,000 (2016: HK$65,615,000) and HK$63,113,000 (2016: HK$59,641,000), respectively. Further details, including the key assumptions used for fair value measurement, are given in notes 13 and 12 to the financial statements.

(ii) Impairment of available-for-sale investments

The Group assesses impairment on the available-for-sale investments whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Such assessment requires management's judgements in forecasting profitability of the properties development project, general market, economic conditions and other available information. The carrying amount of the available-for-sale investments is disclosed in note 16 to the financial statements. No impairment loss was recognised for the years ended 31 March 2017 and 2016.

(iii) Impairment assessment of inventories

Management reviews the condition of inventories of the Group at the end of each reporting period and makes provision for obsolete and slow-moving inventory items. Management also estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. Management reassesses the estimation at the end of each reporting period. The carrying amount of inventories as at 31 March 2017 was HK$437,678,000 (2016: HK$437,416,000).

(iv) Impairment assessment of hotel properties

Significant management judgement is involved in determining the impairment loss of the Hotel Properties. This takes into account factors that include but are not limited to, open market prices of comparable properties of similar size, characteristic and location. Management engaged an external valuer to support their estimation of the impairment assessment of the Hotel Properties. The significant accounting judgements and estimates and disclosures of the movements in the carrying amounts of Hotel Properties are included in note 12 to the financial statements.

4. Segment Information

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

(a) the procurement and sale of dried cassava chips segment engages in the procurement and sale of dried cassava chips;

(b) the property investment segment invests in office space and industrial properties for its rental income potential; and

(c) the hotel operations segment engages in hotel operations in the PRC.

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, finance costs, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents, pledged deposits, available-for-sale investments, held-to-maturity investments, financial assets at fair value through profit or loss, other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

4. Segment Information *(continued)*

Year ended 31 March 2017	Procurement and sale of dried cassava chips HK$'000	Property investment HK$'000	Hotel operations HK$'000	Total HK$'000
Segment revenue:				
Sales to external customers	1,966,320	–	–	1,966,320
Gross rental income	–	2,615	–	2,615
Hotel room revenue, food and beverage	–	–	19,803	19,803
Total	1,966,320	2,615	19,803	1,988,738
Segment results	25,851	710	(449)	26,112
Interest and unallocated gains				5,961
Corporate and other unallocated expenses				(8,142)
Finance costs				(3,774)
Profit before tax				20,157
Segment assets	931,690	116,575	58,182	1,106,447
Corporate and other unallocated assets				252,416
Total assets				1,358,863
Segment liabilities	495,158	804	8,396	504,358
Corporate and other unallocated liabilities				57,590
Total liabilities				561,948
Other segment information:				
Depreciation	5,139	1,019	1,828	7,986
Capital expenditure	2,736	26,099	–	28,835
Fair value gain on investment properties	–	2	–	2

4. Segment Information *(continued)*

Year ended 31 March 2016	Procurement and sale of dried cassava chips HK$'000	Property investment HK$'000	Hotel operations HK$'000	Total HK$'000
Segment revenue:				
Sales to external customers	2,806,282	–	–	2,806,282
Gross rental income	–	2,228	–	2,228
Hotel room revenue, food and beverage	–	–	22,566	22,566
Total	2,806,282	2,228	22,566	2,831,076
Segment results	21,751	793	(1,722)	20,822
Interest and unallocated gains				6,064
Corporate and other unallocated expenses				(3,862)
Finance costs				(9,373)
Profit before tax				13,651
Segment assets	913,329	86,705	63,633	1,063,667
Corporate and other unallocated assets				298,842
Total assets				1,362,509
Segment liabilities	513,377	567	10,483	524,427
Corporate and other unallocated liabilities				57,011
Total liabilities				581,438
Other segment information:				
Depreciation	6,127	606	1,976	8,709
Capital expenditure	3,784	–	–	3,784
Fair value loss on investment properties	–	(113)	–	(113)

Geographical information

(a) *Revenue from external customers*

	2017 HK$'000	2016 HK$'000
Hong Kong	**2,384**	1,768
Mainland China	**1,986,086**	2,817,576
Thailand	**268**	11,732
	1,988,738	2,831,076

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

4. Segment Information *(continued)*

Geographical information *(continued)*

(b) Non-current assets

	2017 HK$'000	2016 HK$'000
Hong Kong	**103,266**	77,570
Mainland China	**78,872**	85,114
Thailand	**45,017**	46,948
Unallocated	**35,267**	31,778
	262,422	241,410

The vessel (included in property, plant and equipment) was primarily utilised across geographical markets for shipment of dried cassava chips throughout the world. Accordingly, it was impractical to present the location of the vessel in terms of geographical area and thus the vessel is presented as an unallocated non-current asset.

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

Information about major customers

For the year ended 31 March 2017, revenue from one of the Group's customers, amounting to HK$271,501,700, had individually accounted for over 10% of the Group's total revenue arose from procurement and sales of dried cassava chips.

For the year ended 31 March 2016, revenue from three of the customers of the Group had individually accounted for over 10% of the Group's total revenue, amounting to HK$459,394,000, HK$356,554,000 and HK$287,315,000, arose from procurement and sales of dried cassava chips.

5. REVENUE AND OTHER INCOME

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue is as follows:

	2017 HK$'000	2016 HK$'000
Revenue		
Sales of dried cassava chips	**1,966,320**	2,806,282
Gross rental income	**2,615**	2,228
Hotel room revenue, food and beverage	**19,803**	22,566
	1,988,738	2,831,076

An analysis of other income is as follows:

	2017 HK$'000	2016 HK$'000
Other income		
Bank interest income	**1,902**	5,056
Logistic service income	**3,077**	646
Others	**479**	362
	5,458	6,064

6. Finance Costs

An analysis of finance costs is as follows:

	2017 HK$'000	2016 HK$'000
Interest on bank loans and overdrafts	**3,774**	9,373

7. Profit Before Tax

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

	2017 HK$'000	2016 HK$'000
Cost of inventories sold	**1,759,637**	2,558,485
Amortisation of prepaid land lease payments	**46**	51
Depreciation (note 12)	**7,986**	8,709
Auditor's remuneration	**1,325**	1,250
Employee benefit expenses (including directors' remuneration (note 8)):		
Wages and salaries	**25,057**	22,854
Pension scheme contributions*	**1,219**	1,142
	26,276	23,996
Rental income on investment properties less direct operating expense of HK$3,000 (2016: HK$61,000)	**(2,612)**	(2,167)
Minimum lease payments under operating leases in respect of storage facilities and office premises	**2,295**	2,066
Contingent rent under operating leases in respect of storage facilities	**6,517**	7,600
Foreign exchange loss/(gain), net	**2,507**	(4,074)
Fair value loss/(gain) on financial assets at fair value through profit or loss	**(503)**	1,046

* As at 31 March 2017, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2016: Nil).

8. Directors' and Chief Executive's Remuneration

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2017 HK$'000	2016 HK$'000
Fees	**514**	514
Other emoluments:		
Salaries, allowances and benefits in kind	**2,709**	2,658
Pension scheme contributions	**45**	45
	2,754	2,703
	3,268	3,217

8. Directors' and Chief Executive's Remuneration *(continued)*

Year ended 31 March 2017

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Executive directors:				
Chu Ming Chuan*	**–**	**1,625**	**15**	**1,640**
Liu Yuk Ming	**–**	**581**	**15**	**596**
Lam Ching Fun	**–**	**503**	**15**	**518**
	–	**2,709**	**45**	**2,754**
Independent non-executive directors:				
Lee Kwan Hung	**198**	**–**	**–**	**198**
Yue Man Yiu Matthew	**158**	**–**	**–**	**158**
Fung Kwok Pui	**158**	**–**	**–**	**158**
	514	**–**	**–**	**514**
	514	**2,709**	**45**	**3,268**

Year ended 31 March 2016

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Executive directors:				
Chu Ming Chuan*	–	1,625	15	1,640
Liu Yuk Ming	–	549	15	564
Lam Ching Fun	–	484	15	499
	–	2,658	45	2,703
Independent non-executive directors:				
Lee Kwan Hung	198	–	–	198
Yue Man Yiu Matthew	158	–	–	158
Fung Kwok Pui	158	–	–	158
	514	–	–	514
	514	2,658	45	3,217

* Chief executive

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2016: Nil).

9. Five Highest Paid Employees

The five highest paid employees during the year included two (2016: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2016: three) highest paid employees who are neither a director nor the chief executive of the Company are as follows:

	2017 HK$'000	2016 HK$'000
Salaries, allowances and benefits in kind	**2,263**	2,224
Pension scheme contributions	**45**	45
	2,308	2,269

The remuneration of non-director and non-chief executive highest paid employees is within the following bands:

	2017 Number of individuals	2016 Number of individuals
Nil – HK$1,000,000	**2**	2
HK$1,000,001 – HK$1,500,000	**1**	1
	3	3

10. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 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.

	2017 HK$'000	2016 HK$'000
Current – Hong Kong		
Charge for the year	**819**	1,313
Overprovision in prior years	**(5,527)**	(5,137)
Current – PRC	**41**	37
Current – Thailand	**7,850**	764
Deferred (note 24)	**(84)**	61
Total tax charge/(credit) for the year	**3,099**	(2,962)

10. Income Tax *(continued)*

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the countries/jurisdictions in which the Company and its subsidiaries are domiciled to the tax charge for the year at the Group's effective rate is as follows:

	2017 **HK$'000**	2016 HK$'000
Profit before tax	**20,157**	13,651
Tax at the statutory tax rate of 16.5% (2016: 16.5%)	**3,326**	2,252
Higher tax rates for other countries/jurisdictions	**992**	191
Adjustments in respect of current tax of previous periods	**(5,527)**	(5,137)
Income not subject to tax	**(1,510)**	(8,340)
Expenses not deductible for tax	**3,826**	4,757
Tax losses not recognised	**1,992**	3,190
Others	**–**	125
Income tax expense/(credit) at the Group's effective tax rate	**3,099**	(2,962)

11. Earnings per Share Attributable to Ordinary Equity Holders of the Company

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 584,726,715 (2016: 584,726,715) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2017 and 2016 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during these years.

12. Property, Plant and Equipment

	Hotel properties HK$'000	Leasehold land and buildings HK$'000	Furniture, fixtures and leasehold improvements HK$'000	Machinery and equipment HK$'000	Vessel and motor vehicles HK$'000	Total HK$'000
At 1 April 2016:						
Cost or valuation	54,485	59,641	26,051	5,905	50,386	196,468
Accumulated depreciation	(14,087)	–	(7,842)	(3,817)	(12,102)	(37,848)
Net carrying amount	40,398	59,641	18,209	2,088	38,284	158,620
At 1 April 2016, net of accumulated depreciation	40,398	59,641	18,209	2,088	38,284	158,620
Additions	–	2,300	–	239	197	2,736
Depreciation provided during the year	(1,211)	(2,654)	(979)	(254)	(2,888)	(7,986)
Revaluation	–	3,221	–	–	–	3,221
Exchange realignment	(2,482)	605	(1,023)	40	(156)	(3,016)
At 31 March 2017, net of accumulated depreciation	36,705	63,113	16,207	2,113	35,437	153,575
At 31 March 2017:						
Cost or valuation	51,138	63,113	24,603	6,198	50,621	195,673
Accumulated depreciation	(14,433)	–	(8,396)	(4,085)	(15,184)	(42,098)
Net carrying amount	36,705	63,113	16,207	2,113	35,437	153,575
Analysis of cost or valuation:						
At cost	51,138	–	24,603	6,198	50,621	132,560
At 31 March 2017 valuation	–	63,113	–	–	–	63,113
	51,138	63,113	24,603	6,198	50,621	195,673

12. Property, Plant and Equipment *(continued)*

	Hotel properties HK$'000	Leasehold land and buildings HK$'000	Furniture, fixtures and leasehold improvements HK$'000	Machinery and equipment HK$'000	Vessel and motor vehicles HK$'000	Total HK$'000
At 1 April 2015:						
Cost or valuation	56,911	63,216	27,361	6,026	49,552	203,066
Accumulated depreciation	(13,026)	–	(7,728)	(3,237)	(9,390)	(33,381)
Net carrying amount	43,885	63,216	19,633	2,789	40,162	169,685
At 1 April 2015, net of accumulated depreciation	43,885	63,216	19,633	2,789	40,162	169,685
Additions	–	2,115	31	248	1,390	3,784
Depreciation provided during the year	(1,290)	(3,189)	(569)	(694)	(2,967)	(8,709)
Revaluation	–	3,369	–	–	–	3,369
Transfer to investment properties	–	(3,722)	–	–	–	(3,722)
Exchange realignment	(2,197)	(2,148)	(886)	(255)	(301)	(5,787)
At 31 March 2016, net of accumulated depreciation	40,398	59,641	18,209	2,088	38,284	158,620
At 31 March 2016:						
Cost or valuation	54,485	59,641	26,051	5,905	50,386	196,468
Accumulated depreciation	(14,087)	–	(7,842)	(3,817)	(12,102)	(37,848)
Net carrying amount	40,398	59,641	18,209	2,088	38,284	158,620
Analysis of cost or valuation:						
At cost	54,485	–	26,051	5,905	50,386	136,827
At 31 March 2016 valuation	–	59,641	–	–	–	59,641
	54,485	59,641	26,051	5,905	50,386	196,468

During the year ended 31 March 2016, a building of the Group was transferred to investment properties (the "Transfer"). That building together with the respective prepaid land lease payments at the date of Transfer of HK$2,520,000 (note 14) was revalued individually at the date of the Transfer by Asset Appraisal Limited, independent professionally qualified valuers, at an aggregate fair value of HK$6,432,000 (note 13) based on depreciated replacement cost. A total revaluation surplus of HK$190,000, resulting from the above valuations has been credited to other comprehensive income, net off with the related deferred tax liability of HK$31,000. Further details of the valuations were set out in note 13 to the financial statements.

The Group's leasehold land and buildings were revalued individually at 31 March 2017 by Asset Appraisal Limited, independent professionally qualified valuers, at an aggregate of open market value of HK$39,137,000 (2016: HK$35,281,000) and depreciated replacement cost of HK$23,976,000 (2016: HK$24,360,000) based on their existing use.

Had the Group's leasehold land and buildings been carried at historical cost less accumulated depreciation, their carrying amounts would have been approximately HK$46,503,000 (2016: HK$46,857,000).

As at 31 March 2017, the Group's leasehold land and buildings with a carrying value of approximately HK$13,340,000 (2016: HK$12,670,000) were pledged to secure bank loans granted to the Group (note 23(ii)).

12. Property, Plant and Equipment *(continued)*

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's leasehold land and buildings:

	Fair value measurement as at 31 March 2017 using			
	Quoted prices in markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Recurring fair value measurement for:				
Leasehold land and buildings	**–**	**–**	**63,113**	**63,113**

	Fair value measurement as at 31 March 2016 using			
	Quoted prices in markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:				
Leasehold land and buildings	–	–	59,641	59,641

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2016: Nil).

Below is a summary of the valuation techniques used and the key inputs to the valuation of buildings for own use:

Description	**Valuation technique**	**Fair value at 31 March 2017 HK$'000**	**Significant unobservable inputs**	**Range**
Commercial building situated in Thailand	Direct comparison method (2016: Direct comparison method)	2,917 (2016: 2,851)	Open market price per square metre	HK$11,502 to HK$14,035 (2016: HK$12,174 to HK$12,395)
Residential property situated in PRC	Direct comparison method (2016: Direct comparison method)	6,400 (2016: 6,400)	Open market price per square metre	HK$26,861 (2016: HK$26,861)
Industrial building situated in Thailand	Depreciated replacement cost approach (2016: Depreciated replacement cost approach)	23,976 (2016: 24,360)	Construction cost per square metre	HK$933 to HK$1,508 (2016:HK$946 to HK$1,475)
Commercial building situated in Hong Kong	Direct comparison method (2016: Direct comparison method)	29,820 (2016: 26,030)	Open market price per square foot	HK$10,000 (2016:HK$9,500)

12. Property, Plant and Equipment *(continued)*

As at 31 March 2017, the valuations of leasehold land and buildings were based on direct comparison method and depreciated replacement cost approach by referring to comparable market transactions and the cost to reproduce or replace in new condition the properties in the locality, with allowance of accrued depreciation as evidence by observed condition or obsolescence percent, whether arising from physical, functional or economic causes, respectively. The depreciated replacement cost approach generally furnishes the most reliable indication of value for properties in the absence of a known market based on comparable sales.

Significant increase (decrease) in open market price in isolation would result in significantly higher (lower) fair value of the leasehold land and buildings.

Significant increase (decrease) in construction cost per square metre in isolation would result in significantly higher (lower) fair value of the industrial building situated in Thailand.

13. Investment Properties

	HK$'000
Carrying amount at 1 April 2015	59,950
Net loss on a fair value adjustment	(113)
The Transfers	6,432
Exchange realignment	(654)
Carrying amount at 31 March 2016 and 1 April 2016	65,615
Net profit on a fair value adjustment	2
Additions	26,099
Exchange realignment	122
Carrying amount at 31 March 2017	91,838

During the year ended 31 March 2016, there was transfer of a building together with the respective prepaid land lease payment to investment properties as detailed in note 12, which were revalued on the date of the Transfer by Asset Appraisal Limited, independent professionally qualified valuers, at an aggregate fair value of HK$6,432,000.

The Group's investment properties consist of four commercial properties and one car parking space in Hong Kong, one industrial property in Mainland China and one warehouse in Thailand. The directors of the Company have determined that the investment properties consist of two classes of asset, i.e., commercial and industrial, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31 March 2017 based on valuations performed by Asset Appraisal Limited, independent professionally qualified valuers, at HK$91,838,000 (2016: HK$65,615,000). Each year, the Group's management and the chief financial officer decide, after the approval from the audit committee, to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results once a year when the valuation is performed for annual financial reporting. The investment properties are leased to third parties under operating leases, further summary details of which are included in note 28(a) to the financial statements.

At 31 March 2017, the Group's investment properties with a total carrying value of HK$34,370,000 (2016: HK$33,050,000) were pledged to secure bank loans granted to the Group (note 23(iii)). Further particulars of the Group's investment properties were set out on page 80.

13. Investment Properties *(continued)*

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 March 2017 using			
	Quoted prices in markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Recurring fair value measurement for:				
Commercial properties	**–**	**–**	**74,210**	**74,210**
Industrial properties	**–**	**–**	**17,628**	**17,628**
	–	**–**	**91,838**	**91,838**

	Fair value measurement as at 31 March 2016 using			
	Quoted prices in markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:				
Commercial properties	–	–	47,950	47,950
Industrial properties	–	–	17,665	17,665
	–	–	65,615	65,615

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2016: Nil).

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial properties HK$'000	**Industrial properties HK$'000**
Carrying amount at 1 April 2015	47,650	12,300
The Transfer	–	6,432
Exchange realignment	–	(654)
Net gain/(loss) from a fair value adjustment recognised in profit or loss	300	(413)
Carrying amount at 31 March 2016 and 1 April 2016	47,950	17,665
Addition	26,099	–
Exchange realignment	–	122
Net gain/(loss) from a fair value adjustment recognised in profit or loss	161	(159)
Carrying amount at 31 March 2017	74,210	17,628

13. Investment Properties *(continued)*

Below is a summary of the valuation technique used and the key inputs to the valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	
			2017	2016
Commercial properties	Direct comparison method (2016: Direct comparison method)	Open market price per square foot (2016: Open market price per square foot)	**HK$10,000 to HK$14,500**	HK$9,500 to HK$13,550
Industrial property	Direct comparison method (2016: Direct comparison method)	Open market price per square foot (2016: Open market price per square foot)	**HK$613**	HK$623
Industrial property	Depreciated replacement cost approach (2016: Depreciated replacement cost approach)	Construction cost (per square metre) (2016: Construction cost (per square metre))	**HK$933**	HK$1,106

As at 31 March 2017, the valuations of investment properties were based on direct comparison method and depreciated replacement cost approach by referring to comparable market transactions and the cost to reproduce or replace in new condition the properties in the locality, with allowance of accrued depreciation as evidence by observed condition or obsolescence percent, whether arising from physical, functional or economic causes, respectively. The depreciated replacement cost approach generally furnishes the most reliable indication of value for properties in the absence of a known market based on comparable sales.

Significant increase (decrease) in open market price in isolation would result in significantly higher (lower) fair value of the investment properties.

Significant increase (decrease) in construction cost per square metre in isolation would result in significantly higher (lower) fair value of the investment properties.

14. Prepaid Land Lease Payments

	2017 **HK$'000**	2016 HK$'000
Carrying amount at beginning of year	**8,898**	11,498
Recognised during the year	**(46)**	(51)
The Transfer	**–**	(2,520)
Exchange realignment	**(125)**	(29)
Carrying amount at end of year	**8,727**	8,898
Less: Current portion included in prepayments, deposits and other receivables	**(46)**	(51)
Non-current portion	**8,681**	8,847

15. Held-to-Marturity Investments

	2017 HK$'000	2016 HK$'000
Listed bond securities at amortised cost:		
Listed on the Stock Exchange with fixed coupon interest ranging from 5.25% to 5.375% per annum and maturity dates ranging from 11 May 2018 to 24 November 2018	–	18,798

The above investments in debt securities were designated by the Group as held-to-maturity during the year ended 31 March 2016. During the year ended 31 March 2017, the Group disposed the investments for financing the business operation of the Group.

16. Available-for-Sale Investments

	2017 HK$'000	2016 HK$'000
Unlisted equity investments, at cost	30,749	30,749

The above investments consist of investments in equity securities which were designated by the Group as available-for-sale financial assets.

As at 31 March 2017, the Group's unlisted equity investments were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of them in the near future.

17. Inventories

	2017 HK$'000	2016 HK$'000
Dried cassava chips held for resale	436,954	436,280
Food and beverage and others	724	1,136
	437,678	437,416

18. Trade and Bills Receivables

	2017 HK$'000	2016 HK$'000
Trade and bills receivables	395,863	132,484
Bills receivables discounted to the banks with recourse	25,398	275,098
	421,261	407,582
Impairment	(4,059)	(4,325)
	417,202	403,257

18. Trade and Bills Receivables *(Continued)*

It is the Group's policy that the customers who wish to trade with the Group normally need to provide the Group with irrecoverable letters of credit issued by reputable banks, with terms within 90 days to 180 days at sight, on credit with credit period for one to three months 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. At 31 March 2017, the Group had certain concentration of credit risk that may arise from the exposure to three customers (2016: three) and the largest customer which accounted for 67% (2016: 64%) and 26% (2016: 28%) of the Group's total trade and bills receivables, respectively.

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

	2017	2016
	HK$'000	HK$'000
Within 30 days	**210,008**	78,460
30 to 60 days	**141,249**	148,346
61 to 90 days	**65,945**	176,058
Over 90 days	**–**	393
	417,202	403,257

Bills receivables of HK$25,398,000 as at 31 March 2017 (2016: HK$275,098,000) were discounted to the banks with recourse as mentioned in note 23(iv).

The movements in provision for impairment of trade receivables are as follows:

	2017	2016
	HK$'000	HK$'000
At beginning of year	**4,325**	4,550
Exchange realignment	**(266)**	(225)
At end of year	**4,059**	4,325

Included in the above provision for impairment of trade receivables is a provision of HK$4,059,000 (2016: HK$4,325,000) for individually impaired trade receivables with a carrying amount before provision of HK$4,059,000 (2016: HK$4,325,000).

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in interest and/or principal payments and only a portion of the receivables is expected to be recovered.

18. Trade and Bills Receivables *(Continued)*

The ageing analysis of the trade and bills receivables that are not individually nor collectively considered to be impaired is as follows:

	2017 **HK$'000**	2016 HK$'000
Neither past due nor impaired	**417,202**	402,472
Less than 3 months past due	**–**	393
	417,202	402,865

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

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

19. Prepayments, Deposits and Other Receivables

	2017 **HK$'000**	2016 HK$'000
Prepayments	**6,668**	5,544
Deposits and other receivables	**35,845**	28,691
	42,513	34,235
Less: Prepayments classified as non-current assets	**(8,328)**	(8,328)
Current portion	**34,185**	25,907

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there is no recent history of default.

20. Financial Assets at Fair Value Through Profit or Loss

	2017 **HK$'000**	2016 HK$'000
Listed equity securities, at market value	**3,553**	2,973

The above equity investments at 31 March 2017 were classified as held for trading and were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss.

21. Cash and Cash Equivalents and Pledged Deposits

	Note	2017 HK$'000	2016 HK$'000
Cash and bank balances		**120,932**	88,618
Time deposits		**51,625**	112,830
		172,557	201,448
Less: Time deposits pledged for bank loans	23(i)	**(10,151)**	(10,151)
Cash and cash equivalents		**162,406**	191,297

At the end of the reporting period, the cash and cash equivalents of the Group denominated in Renminbi ("RMB") amounted to HK$1,488,000 (2016: HK$3,584,300), out of which an amount of HK$1,129,000 (2016: HK$2,046,000) is not freely convertible into other currencies. The Group is permitted to exchange such amount of RMB for other currencies through banks authorised to conduct foreign exchange business under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

22. Trade, Other Payables and Accruals

	Note	2017 HK$'000	2016 HK$'000
Trade payables		**10,451**	17,455
Other payables		**15,703**	16,024
Accrued liabilities		**9,602**	8,916
Due to a shareholder	29(b)	**966**	1,834
Rental deposits received		**1,869**	1,654
		38,591	45,883

Based on the invoice date, the trade payables as at the end of the reporting period would mature within one month (2016: one month). Trade and other payables are non-interest-bearing and have an average term of three months.

23. Interest-Bearing Bank Borrowings

	Effective interest rate (%)	Maturity	2017 HK$'000	Effective interest rate (%)	Maturity	2016 HK$'000
Current						
Bank loans – secured	**1.63-2.68**	**On demand**	**470,560**	1.08-2.03	On demand	481,942

23. Interest-Bearing Bank Borrowings *(Continued)*

	2017 **HK$'000**	2016 HK$'000
Analysed into bank borrowings repayable:		
Within one year or on demand	**470,560**	481,942

Notes:

For the purpose of the above analysis, the Group's bank loans in the amount of HK$470,560,000 (2016: HK$481,942,000) containing a repayment on demand clause are included within current interest-bearing bank and other borrowings and analysed into bank loans payables within one year or on demand, respectively.

The Group's bank borrowings are secured by:

(i) pledge of certain of the Group's time deposits amounting to HK$10,151,000 (2016: HK$10,151,000) (note 21);

(ii) legal charges over the Group's leasehold land and buildings situated in Hong Kong with a carrying value of HK$13,340,000 (2016: HK$12,670,000) (note 12);

(iii) legal charges over the Group's investment properties situated in Hong Kong with a carrying value of HK$34,370,000 (2016: HK$33,050,000) (note 13); and

(iv) bills receivables of the Group amounting to HK$25,398,000 (2016: HK$275,098,000) discounted to the banks with recourse (note 18).

The Group's bank borrowings as at the end of the reporting periods are denominated in the United States dollars.

24. Deferred Tax

Deferred tax assets

Group	**Impairment of trade receivables** HK$'000
At 1 April 2015	580
Exchange realignment	(29)
At 31 March 2016 and 1 April 2016	551
Exchange realignment	(34)
At 31 March 2017	517

24. Deferred Tax *(continued)*

Deferred tax liabilities

Group	Fair value gain on financial assets at fair value through profit or loss	Revaluation of properties	Depreciation allowance in excess of related depreciation	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2015	–	2,296	1,392	3,688
Deferred tax charged/(credited) to profit or loss during the year	–	(19)	80	61
Deferred tax charged to other comprehensive income during the year	–	587	–	587
At 31 March 2016 and 1 April 2016	–	2,864	1,472	4,336
Deferred tax charged/(credited) to profit or loss during the year (note 10)	83	(397)	230	(84)
Deferred tax charged to other comprehensive income during the year	–	549	–	549
At 31 March 2017	83	3,016	1,702	4,801

The Group has tax losses arising in Hong Kong of HK$29,543,799 (2016: loss of HK$10,751,000) and in Thailand of HK$14,321,000 (2016: HK$11,541,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 March 2017, there was no significant unrecognised deferred tax liability (2016: Nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries. There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

25. Share Capital

	2017 HK$'000	2016 HK$'000
Authorised:		
2,000,000,000 ordinary shares of HK$0.1 each	**200,000**	200,000
Issued and fully paid:		
584,726,715 ordinary shares of HK$0.1 each	**58,473**	58,473

26. Share Option Scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme included the Company's directors, employees of the Group and other individuals as determined by the directors on the basis of their contribution to the success of the development and growth of the Group. The Scheme became effective on 23 March 2009 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period of one to three years and ends on a date which is not later than 10 years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of a share.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings. No share options have been granted since the adoption of the Scheme.

There are no share options were granted and outstanding as at the year ended date.

27. Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 30 of the financial statements.

28. Operating Lease Arrangements

(a) As lessor

The Group leases its investment properties (note 13) under operating lease arrangements, with leases negotiated for terms ranging from one to three years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 March 2017, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2017 **HK$'000**	2016 HK$'000
Within one year	**2,173**	1,443
In the second to fifth years, inclusive	**837**	909
	3,010	2,352

(b) As lessee

The Group leases certain of its office properties and warehouses under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

At 31 March 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2017 **HK$'000**	2016 HK$'000
Within one year	**1,659**	2,023
In the second to fifth years, inclusive	**123**	648
	1,782	2,671

The operating lease rentals of certain warehouses are based on the higher of a fixed rental and a contingent rent based on the volume of inventories handled in the warehouses pursuant to the terms and conditions as set out in the respective rental agreements. As the future handling volume of the warehouses could not be estimated reliably, the relevant contingent rent has not been included above and only the minimum lease commitment has been included in the above table.

29. Related Party Transactions

(a) In addition to the transactions detailed elsewhere is these financial statements, the Group had the following material transactions with related parties during the year:

	Notes	**2017** **HK$'000**	2016 HK$'000
Rental expenses paid to related companies*	(i)	**626**	847
Rental expenses paid to a director	(i)	**158**	367

* Mr. Chu Ming Chuan, a director of the Company, is the controlling shareholder of these related companies.

Note:

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

(b) Details of the Group's balance with a director, Mr. Chu amounting to HK$966,000 (2016: HK$1,834,000) were disclosed in note 22 and the balance was unsecured, interest-free and had no fixed terms of repayment.

(c) Compensation of key management personnel of the Group:

	2017 **HK$'000**	2016 HK$'000
Short term employee benefits	**2,709**	2,658
Post-employment benefits	**45**	45
Total compensation paid to key management personnel	**2,754**	2,703

30. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

31 March 2017

	Financial assets at fair value through profit or loss HK$'000	Held-to-maturity financial assets HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Available-for-sale investment	–	–	–	30,749	30,749
Trade and bills receivables	–	–	417,202	–	417,202
Financial assets included in prepayments, deposits and other receivables	–	–	35,845	–	35,845
Financial assets at fair value through profit or loss	3,553	–	–	–	3,553
Pledged deposits	–	–	10,151	–	10,151
Cash and cash equivalents	–	–	162,406	–	162,406
	3,553	–	625,604	30,749	659,906

31 March 2016

	Financial assets at fair value through profit or loss HK$'000	Held-to-maturity financial assets HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Available-for-sale investment	–	–	–	30,749	30,749
Held-to-maturity investments	–	18,798	–	–	18,798
Trade and bills receivables	–	–	403,257	–	403,257
Financial assets included in prepayments, deposits and other receivables	–	–	28,691	–	28,691
Financial assets at fair value through profit or loss	2,973	–	–	–	2,973
Pledged deposits	–	–	10,151	–	10,151
Cash and cash equivalents	–	–	191,297	–	191,297
	2,973	18,798	633,396	30,749	685,916

Financial liabilities

All of the Group's financial liabilities as at 31 March 2016 and 2017, including trade and other payables and interest-bearing bank borrowings, are categorised as financial liabilities at amortised cost.

31. Fair Value and Fair Value Hierarchy of Financial Instruments

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, financial assets included in trade and bills and other receivables, financial liabilities included in trade and other payables and accruals and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

Fair value hierarchy

The following table illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 March 2017

	Fair value measurement using			
	Quoted prices in markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Financial assets at fair value through profit or loss	**3,553**	**–**	**–**	**3,553**

As at 31 March 2016

	Fair value measurement using			
	Quoted prices in markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Financial assets at fair value through profit or loss	2,973	–	–	2,973

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets (2016: Nil).

32. Transferred Financial Assets That are Not Derecognised in Their Entirety

As part of its normal business, the Group entered into bills receivables factoring arrangement (the "Arrangement") and transferred certain trade receivables to a bank. Under the Arrangement, the Group may be required to reimburse the bank for loss of interest if any trade debtors have late payment. Since the bills receivable factored to banks are with recourse, the factored bills receivable did not meet the criteria of derecognition. Therefore, the bills receivables and the corresponding bank loans granted on the discounted bills receivable were reflected in the financial statements. The carrying amount of the bills receivables transferred under the Arrangement that have not been settled as at 31 March 2017 was HK$25,398,000 (2016: HK$$275,098,000).

33. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise bank borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as bills receivable and trade payables, which arise directly from its operations.

It is, and has been throughout the year, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk, interest rate risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

(i) Foreign currency risk

The Group has no significant foreign currency risk because its business is principally conducted in Hong Kong, Thailand and the PRC and most of the transactions are denominated in the entities' functional currencies in respective countries.

(ii) Credit risk

The Group trades only with creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. All customers who wish to trade with the Group normally need to provide the Group with irrecoverable letters of credit issued by reputable banks, on credit with or by cash on delivery. Credit limits are set for individual customers. As such, the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, deposits and other receivables, arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments.

(iii) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates. The Group has no specific policy to deal with the cash flow interest rate risk. However, management monitors the exposure and will consider appropriate hedging measures in the future should the need arises.

The following table demonstrates the sensitivity to a reasonably possible change in Hong Kong dollar interest rate, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) interest rate	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity***
	%	HK$'000	HK$'000
Year ended 31 March 2017			
Hong Kong dollar	1%	(3,717)	–
Hong Kong dollar	(1%)	3,717	–
Year ended 31 March 2016			
Hong Kong dollar	1%	(941)	–
Hong Kong dollar	(1%)	941	–

* Excluding retained profits

33. Financial Risk Management Objectives and Policies *(Continued)*

(iv) Liquidity risk

The Group monitors its risk to a shortage of funds by considering the maturity of both its financial assets and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through use of bank borrowings to meet its working capital requirements.

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on contractual undiscounted payments.

31 March 2017	**On demand HK$'000**	**Less than 3 months HK$'000**	**Total HK$'000**
Interest-bearing bank borrowings	**470,560**	**–**	**470,560**
Trade and other payables and accruals	**–**	**38,591**	**38,591**
	470,560	**38,591**	**509,151**

31 March 2016	On demand HK$'000	Less than 3 months HK$'000	Total HK$'000
Interest-bearing bank borrowings	482,001	–	482,001
Trade and other payables and accruals	–	45,883	45,883
	482,001	45,883	527,884

(v) Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratio in order to support its business. The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustment to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares. No changes were made in the objectives or procedures for managing capital during the year.

The Group monitors capital on the basis of the net debt-to-equity ratio. The net debt represents interest-bearing bank borrowings, less cash and cash equivalents. The debt-to-equity ratios as at the end of the reporting periods were as follows:

	2017 HK$'000	2016 HK$'000
Interest-bearing bank borrowings	**470,560**	481,942
Less: Cash and cash equivalents	**(162,406)**	(191,297)
Net debt	**308,154**	290,645
Total equity	**796,915**	781,071
Debt-to-equity ratio	**0.39**	0.37

34. Statement of Financial Position of The Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSET		
Investments in subsidiaries	**94,475**	94,475
CURRENT ASSETS		
Amounts due from subsidiaries	**496,417**	496,874
Prepayments	**149**	149
Cash and bank balances	**69**	69
Total current assets	**496,635**	497,092
CURRENT LIABILITIES		
Amounts due to subsidiaries	**20,429**	20,429
Other payables	**95**	95
Total current liabilities	**20,524**	20,524
NET CURRENT ASSETS	**476,111**	476,568
Net assets	**570,586**	571,043
EQUITY		
Share capital	**58,473**	58,473
Reserves (note)	**512,113**	512,570
Total equity	**570,586**	571,043

Chu Ming Chuan
Director

Liu Yuk Ming
Director

34. Statement of Financial Position of The Company *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium account HK$'000	**Contributed surplus** HK$'000	**Retained profits** HK$'000	**Total** HK$'000
At 1 April 2015	424,931	84,475	36,049	545,455
Loss for the year	–	–	(725)	(725)
2015 final dividend paid	–	–	(32,160)	(32,160)
At 31 March 2016 and 1 April 2016	424,931	84,475	3,164	512,570
Loss for the year	–	–	(457)	(457)
At 31 March 2017	424,931	84,475	2,707	512,113

The Company's contributed surplus represents the excess of the fair value of the net assets of the subsidiaries, acquired by the company pursuant to Group Reorganisation prior to the listing of the Company's shares, over the nominal value of the Company's shares issued in exchange therefor.

Under Companies Law of the Cayman Islands, a company may make distributions to its shareholders out of the contributed surplus in certain circumstances.

35. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 29 June 2017.

Particulars of Investment Properties

Location	Use	Tenure	Attributable interest of the Group
Unit No. 1 on 7th Floor Houston Centre, 63 Mody Road, Kowloon, Hong Kong	Office building	Long term lease	100%
Unit No. 2 on 7th Floor Houston Centre, 63 Mody Road, Kowloon, Hong Kong	Office building	Long term lease	100%
Unit 12 on 12th Floor Seapower Tower, Concordia Plaza No.1 Science Museum Road, Kowloon, Hong Kong	Office building	Medium term lease	100%
Unit 2 on 5th Floor Tower A, Mandarin Plaza No.14 Science Museum Road, Kowloon, Hong Kong	Office building	Long term lease	100%
Unit No. 9 on 6th Floor Houston Centre, 63 Mody Road, Kowloon, Hong Kong	Office building	Long term lease	100%
Car park space No. LB032, Concordia Plaza, No.1 Science Museum Road, Kowloon	Car park	Medium term lease	100%
A factory complex (exclude Unit 1, 2nd Floor, Block 1) No.22 Dongshen Road, E-gong Ling, Pinghu Town, Longgang District, Shenzhen City, Guangdong Province, the PRC	Industrial building	Medium term lease	100%
A building at Chachoengsao Sattahip Road, (Highway No. 331) Nong Pru Sub District, Phanutnikom District, Chonburi Province, Thailand	Warehouse	Long term lease	100%

Summary of Financial Information

Summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements as appropriate is set out below.

Results

	2017 HK$'000	2016 HK$'000	2015 HK$'000	2014 HK$'000	2013 HK$'000
Revenue	**1,988,738**	2,831,076	3,714,057	5,190,380	3,951,454
PROFIT BEFORE TAX	**20,157**	13,651	190,498	133,011	38,113
Tax credit/(expense)	**(3,099)**	2,962	(17,318)	(14,302)	(5,174)
Profit for the year	**17,058**	16,613	173,180	118,709	32,939

Assets and Liabilities

	2017 HK$'000	2016 HK$'000	2015 HK$'000	2014 HK$'000	2013 HK$'000
Total assets	**1,358,863**	1,362,509	1,965,359	1,906,485	1,713,041
Total liabilities	**(561,948)**	(581,438)	(1,164,018)	(1,200,833)	(1,156,710)
	796,915	781,071	801,341	705,652	556,331

Corporate Information

Directors

Executive Directors

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

Independent Non-executive Directors

Professor Fung Kwok Pui
Mr. Lee Kwan Hung
Mr. Yue Man Yiu Matthew

Authorised Representatives

Mr. Chu Ming Chuan
Mr. Shum Shing Kei

Company Secretary

Mr. Shum Shing Kei

Audit Committee

Mr. Yue Man Yiu, Matthew (Chairman)
Professor Fung Kwok Pui
Mr. Lee Kwan Hung

Remuneration Committee

Mr. Lee Kwan Hung (Chairman)
Professor Fung Kwok Pui
Mr. Yue Man Yiu, Matthew

Nomination Committee

Professor Fung Kwok Pui (Chairman)
Mr. Lee Kwan Hung
Mr. Yue Man Yiu, Matthew

Website Address

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Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Ltd.
Chiyu Banking Corporation Ltd.
Hang Seng Bank Limited
Bank of China Bangkok Branch
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 22, Hopewell Centre,
183 Queen's Road East,
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Hong Kong

Registered Office

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