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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
2019

Contents

Management Discussion and Analysis

During the year ended 31 March 2019 (the "Current Year"), the Group was principally engaged in procurement of dried cassava chips in Southeast Asian countries, including Thailand, Cambodia and Vietnam, and sales of dried cassava chips, to customers in the People's Republic of China (the "PRC"). The Group is continued to be the largest procurer and exporter of dried cassava chips in Thailand and the largest supplier of imported dried cassava chips in the PRC with an all-round integrated business model covering procurement, processing, warehousing, logistics and sale of cassava chips.

Business review

During the Current Year, the intensified trade friction between China and the United States, leading to the slowdown in the economy and the sluggish markets for various industries in China. As such, the domestic customers' demand in China for dried cassava chips has also decreased accordingly. As a result, the Group's revenue from procurement and sales of dried cassava chips was decreased to approximately HK$1,595.7 million for the Current Year, representing a decrease of approximately 29% from approximately HK$2,244.6 million for the previous year.

On the other hand, as regards the Group's hotel operation, the revenue generated from hotel room rental and catering from restaurant was stabilised during the Current Year. However, it is still subject to pressure given the slowdown in China's macro-economic growth and the Group will continue 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.

In order to broaden the Group's revenue sources, the Group continues exploring investment project with potentials. On 9 May 2018, Profit Sky Corporation Limited (the "Purchaser"), in which the Company holds an indirect 60% equity interest, entered into the acquisition agreement (the "Acquisition Agreement") with 338 Apartment Holdings (BVI) Limited (the "Vendor"), pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the entire issued share capital ("Sale Shares") of 338 Apartment (BVI) Limited ("Target Company") and the loan owing by the Target Company to the Vendor (the "Sale Loan") as at date of completion of such acquisition in accordance with the terms and conditions of the Acquisition Agreement. Such acquisition was approved by the shareholders of the Company in the general meeting held on 6 September 2018 and was completed on 8 October 2018.

The principal asset of the Target Company is the Property located at 338 Queen's Road Central, Sheung Wan, Hong Kong known as "Queen Central" or "338 Apartment", which is a commercial building with hotel license. The Consideration for the Acquisition is HK$1,100,000,000 which was settled by the Group's surplus cash, the loan from non-controlling shareholders of the Purchaser and the mortgage loan of HK$440 million.

Financial review

Revenue

The Group's revenue from procurement and sales of dried cassava chips decreased by approximately HK$648.9 million or approximately 29% from approximately HK$2,244.6 million for the previous year to approximately HK$1,595.7 million for the Current Year. Decrease in the Group's revenue was mainly attributable to the decrease in sales volume of dried cassava chips in the mainland China during the Current Year.

Financial Review *(Continued)*

Revenue *(Continued)*

The Group's revenue from hotel operation amounted to approximately HK$20.4 million for the Current Year, representing a decrease of approximately 5% from approximately HK$21.5 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$584.9 million, or approximately 29%, from approximately HK$2,009.2 million for the previous year to approximately HK$1,424.3 million for the Current Year, mainly due to the decrease in sales quantity of dried cassava chips in the Current Year.

The Group's gross profit from procurement and sales of dried cassava chips decreased by approximately HK$64.0 million from approximately HK$235.4 million for the previous year to approximately HK$171.4 million for the Current Year, mainly due to the decrease in revenue.

The Group's gross profit margin from procurement and sales of dried cassava chips for the Current Year was stable compared with the previous year.

The Group's cost of sales from hotel operation decreased to approximately HK$7.2 million for the Current Year from approximately HK$7.7 million for the previous year. The Group's gross profit margin from hotel operation for the Current Year increased to approximately 64.7% from approximately 64.2% for the previous year.

Other operating expenses

Other operating expenses in current year mainly represented an impairment of approximately HK$8,000,000 made to certain aged receivables and business development expenses of HK$3,900,000 for exploring potential new business opportunity in Thailand whereas in last year, an impairment of HK$6,474,000 has been made as the investment of the unlisted fund exceeded its net asset value as at 31 March 2018.

Selling and distribution costs

During the Current Year, the Group's selling and distribution expenses of approximately HK$123.3 million (2018: approximately HK$180.4 million) comprised mainly (a) ocean freight costs of approximately HK$60.1 million (2018: approximately HK$86.7 million), (b) warehouse, handling and inland transportation expenses of approximately HK$55.6 million (2018: approximately HK$86.2 million) and (c) those related to hotel operation of approximately HK$7.6 million (2018: approximately HK$7.5 million).

The Group's selling and distribution expenses decreased mainly due to decrease in sales volume during the Current Year.

The Group's selling and distribution expenses represented 7.6% of the total sales revenue for the Current Year, compared to that of 7.9% for the corresponding period of the previous year.

General and administrative expenses

General and administrative expenses of the Group increased from approximately HK$50.6 million in the previous year to approximately HK$86.5 million in the Current Year, mainly due to the inclusion of net exchange loss of HK$16,400,000 (2018: net exchange gain of HK$14,600,000) arising from the Group's overseas operation due to fluctuation in exchange rates and the inclusion of professional expenses for acquisition of 338 Apartment.

Financial Review *(Continued)*

Finance costs

Finance expenses of the Group increased from approximately HK$5.3 million for the previous year to approximately HK$16.2 million for the Current Year. The increase in finance costs was mainly due to (i) inclusion of interest expenses for bank loan for acquisition of 338 Apartment and (ii) increase in average interest rates of the trade financing loans during the Current Year as compared with the previous year.

Profit for the year

The Group's profit for the Current Year attributable to the owner of parent amounted to approximately HK$26.1 million (2018: approximately HK$33.2 million).

Financial resources and liquidity

As at 31 March 2019, the net assets amounted to approximately HK$913.2 million, representing an increase of approximately HK$66.8 million from approximately HK$846.4 million as at 31 March 2018 which was mainly due to the profit and other comprehensive income for the Current Year and the increase in non-controlling interest.

Current assets amounted to approximately HK$792.8 million (2018: HK$1,378.8 million), including cash and cash equivalents of approximately HK$146.7 million (2018: HK$154.7 million), pledged deposits of HK$10.6 million (2018: HK$10.4 million), trade and bills receivables of approximately HK$285.2 million (2018: HK$370.2 million), inventories of approximately HK$328.8 million (2018: HK$797.7 million), financial assets at fair value through profit or loss of approximately HK$7.1 million (2018: HK$4.4 million), and prepayments, deposits and other receivables of HK$14.4 million (2018: HK$41.4 million). The Group had non-current assets of HK$1,539.3 million (2018: HK$336.8 million) which mainly included the investment properties of approximately HK$1,304.1 million (2018: HK$102.6 million), property, plant and equipment of approximately HK$166.1 million (2018: HK$170.6) and debt and equity investment at fair value through other comprehensive income of HK$54.1 million in aggregate (2018: Available-for-sale investment of HK$48.4 million).

The Group's current liabilities amounted to approximately HK$1,144.2 million (2018: HK$862.8 million), which comprised mainly trade and other payables and accruals of approximately HK$26.6 million (2018: HK$61.4 million), tax payable of approximately HK$52.9 million (2018: HK$55.1 million) and bank borrowings of approximately HK$1,064.8 million (2018: HK$746.2 million). The increase in bank borrowings was mainly due to the inclusion of bank loan of HK$440 million for acquisition of 338 Apartment during the Current Year. The Group's non-current liabilities included deferred tax liabilities of approximately HK$9.2 million (2018: HK$6.5 million) and the amount due to a non-controlling shareholder of approximately HK$265.6 million (2018: nil) for the acquisition and operation of 338 Apartment.

The Group expresses its gearing ratio as a percentage of borrowings over total assets. As at 31 March 2019, the Group had a gearing ratio of 45.6% (2018: 43.5%). The increase in bank borrowings as at 31 March 2019 was mainly due to increase in bank loans drawn down for purchase of 338 Apartment during the Current Year.

The Group's inventory turnover period is 143.6 days as at 31 March 2019, representing an increase of 31.8 days from 111.8 days as at 31 March 2018. Such increase was mainly due to the decrease in number of turns achieved for the stored dried cassava chips as a result of the sluggish market in mainland China during the Current Year.

The Group's debtor turnover period is 74 days as at 31 March 2019 (2018: 63 days).

Employment and remuneration policy

As at 31 March 2019, the total number of the Group's staff was approximately 250. The total staff costs (including directors' remuneration) amounted to approximately HK$28.9 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.

Financial Review *(Continued)*

Charge on group assets

As at 31 March 2019, the Group's time deposit, land and buildings, investment properties situated in Hong Kong and bills receivables with aggregate carrying values of HK$10,605,000 (2018: HK$10,399,000), HK$16,000,000 (2018: HK$16,000,000), HK$1,240,400,000 (2018: HK$39,600,000) and HK$92,916,000 (2018: HK$19,633,000), respectively, were pledged to the bankers to secure the Group's bank borrowings. Bills receivables of HK$92,916,000 as at 31 March 2019 (2018: HK$19,633,000) 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 2019, the Group did not have any material contingent liabilities.

Material acquisition

On 9 May 2018, Profit Sky Corporation Limited (the "Purchaser"), in which the Company holds an indirect 60% equity interest, entered into the Acquisition Agreement with 338 Apartment Holdings (BVI) Limited (the "Vendor"), pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the entire issued share capital ("Sale Shares") of 338 Apartment (BVI) Limited ("Target Company") and the loan owing by the Target Company to the Vendor (the "Sale Loan") as at date of completion of such acquisition in accordance with the terms and conditions of the Acquisition Agreement at a consideration of HK$1,100,000,000. Completion was made on 8 October 2018.

Apart from the above, the Group had no other material acquisition during the Current Year.

Prospect

In the PRC, renewable energy is considered a vital resource of energy, playing an important role in the aspects such as satisfying national energy safety and demand, and reducing environmental pollution. The 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 to 10 million tonnes by 2020. We anticipate that the demand of dried cassava chips in the PRC ethanol fuel industry will be growing which is beneficial to the Group's long-term business development.

For procurement, the Group has total 11 procurement facilities and networks in Thailand, Cambodia, Laos and Vietnam of total storage capacity of 600,000 tonnes, which pave the solid foundation for enhancement of the market coverage and maintenance of long-term business development. The Group targets to reduce its unit cost of dried cassava chips and increase its gross profit margin with the effect of economy of scales in relation to the procurement business of dried cassava chips by the Group's procurement networks in Thailand, Vietnam, Laos and Cambodia. In medium and long-run, the Group intends to set up additional procurement facilities and networks (when appropriate) in Thailand, Vietnam Laos or Cambodia so as to cope with the expected increase in demand of dried cassava chips, to increase the Group's market share and to maintain our leading position in the industry.

Prospect *(Continued)*

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 study the feasibility for trading of other commodity like wood chips, rice and starch and also 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.

Board of Directors

Executive Directors

Mr. Chu Ming Chuan ("Mr. Chu"), aged 64, 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 58, 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 52, 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 68, 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 53, 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, 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, Futong Technology Development 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). Subsequent to year end date, on 13 May 2018, Mr. Lee resigned as the Company's independent non-executive director.

Mr. Yue Man Yiu Matthew ("Mr. Yue"), aged 57, 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 Classified Group (Holdings) 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 and China Suntien Green Energy Corporation Limited

Mr. Chui Chi Yun, Robert ("Mr. Chui"), aged 61, was appointed as an independent non-executive director on 14 August 2018. He obtained a Bachelor's degree in commerce from the Concordia University in June 1978 and was awarded the Medal of Honour by the Government of Hong Kong Special Administrative Region in 2014. Mr. Chui is currently a practicing certified public accountant in Hong Kong and is a fellow member of the Hong Kong Institute of Certified Public Accountants since June 1991 and the Chartered Association of Certified Accountants since May 1989. Mr. Chui has over 35 years of experience in the accounting industry and is the founder of a Hong Kong accounting firm, Robert Chui & Co. since August 1991.

Mr. Chui has been appointed as an independent non-executive director of Tse Sui Luen Jewellery (International) Limited, (Stock Code: 417), National Arts Entertainment and Culture Group Limited, (Stock Code: 8228), Wing Lee Property Investments Limited (Stock Code: 864) and F8 Enterprises (Holdings) Group Limited (Stock Code: 8347) since April 1999, May 2009, February 2013 and March 2017, respectively.

Since December 2014, Mr. Chui has been appointed as a non-executive director of GTI Holdings Limited, formerly known as Addchance Holdings Limited (Stock Code: 3344) and retired in May 2017. From May 2015 to March 2016, Mr. Chui was appointed as an independent non-executive director of Aurum Pacific (China) Group Limited (Stock Code: 8148). From June 2015 to July 2018, Mr. Chui was appointed as an independent non-executive director of PPS International (Holdings) limited (Stock Code: 8201).

Senior Management

Ms. Ng Nai Nar, aged 56, 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 47, 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 66, 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 56, 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 50, 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.

Report of the Directors

The directors present their report and the audited financial statements of the Group for the year ended 31 March 2019.

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 2019 and the Group's financial position at that date are set out in the financial statements on pages 30 to 101.

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 2019.

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 6 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 96 to 100 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 2015, 2016, 2017, 2018 and 2019, respectively, and restated/reclassified as appropriate, is set out on page 103. 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 2019, the Company's reserve available for distribution amounted to approximately HK$510,052,000.

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 2019, the total number of the Group's staff was approximately 250. The total staff costs (including directors' remuneration) amounted to approximately HK$28,900,000 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 75% (2018: 43%) of the total sales for the year and sales to the largest customer included therein amounted to 44% (2018: 16%). Purchases from the Group's five largest suppliers accounted for less than 30% (2018: 30%) of the total purchases for the year and purchases to the largest supplier included therein amounted to 7% (2018: 10%).

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:

Mr. Chui Chi Yun Robert (appointed on 14 August 2018)
Professor Fung Kwok Pui
Mr. Lee Kwan Hung (resigned on 13 May 2018)
Mr. Yue Man Yiu Matthew

According to articles 83(3) and 84(1) of the Company's articles of association, Mr. Chui Chi Yun Robert, Professor Fung Kwok Pui 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 7 to 9 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 2019.

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 2019, 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 2019, 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 operated 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 25 to the financial statements. No share options had been granted under the Scheme since the Scheme became effective. The Scheme was expired on 23 March 2019.

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

At 31 March 2019, 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 2019, 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 2018, 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 2018 to 31 March 2020, at an annual rental of HK$574,000.

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

On 1 April 2018, 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 2018 to 31 March 2021 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 2018, 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 2018 to 31 March 2021, at an annual rental of RMB132,000 (equivalent to approximately HK$158,000).

(d) Lease from Allied Surplus Properties Limited ("Allied Surplus') in relation to staff quarters in Hong Kong

On 1 July 2018, Artwell Tapioca and Allied Surplus entered into a lease agreement, pursuant to which Allied Surplus, a Company Controlled by Mrs. Chu, (as landlord) agreed to lease a property located at Flat A, 19/F., Aster Sky, The Cullinan I, 1 Austin Road West, Kowloon, Hong Kong with a total gross floor area of approximately 1,260 sq. feet to Artwell Tapioca (as tenant) as staff quarters for a period of one year from 1 July 2018 to 30 June 2019, at an annual rental of HK$660,000.

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 Propertyin 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
28 June 2019

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 2019, 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 as follows:

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

After the resignation of Mr. Lee Kwan Hung as the Company's independent non-executive director with effect from 13 May 2018, the number of independent non-executive directors and members of the audit committee of the Company falls below the minimum number requirement under Rules 3.10(1) and 3.21 of the Listing Rules, and the required composition of the remuneration committee and nomination committee fails to meet the requirements under Rule 3.25 and code provision A.5.1 of Appendix 14 to the Listing Rules until the appointment of Mr. Chui Chi Yun Robert on 14 August 2018.

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 2019.

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 2019 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.

Board of directors *(Continued)*

1. Board meetings *(Continued)*

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.

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 as at 31 March 2019. 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 written annual confirmation of independence from the independent non-executive Directors 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 2019, 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. Chui Chi Yun Robert (appointed on 14 August 2018)
Mr. Yue Man Yiu Matthew

Note: Mr. Lee Kwan Hung resigned as the Company's independent non-executive director with effect from 13 May 2018.

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 7 to 9 of this annual report.

Board of directors *(Continued)*

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 2019, 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.

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.

Board committees *(Continued)*

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.

For the year ended 31 March 2019, the Audit Committee has three members, namely Professor Fung Kwok Pui, Mr. Chui Chi Yun Robert (appointed on 14 August 2018), Mr. Lee Kwan Hung (resigned on 13 May 2018) 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 2018 and for the two years ended 31 March 2018 and 2019, respectively, together with the Group's accounting policies and practices as well as the effectiveness of the Group's internal control systems.

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.

For the year ended 31 March 2019, the Remuneration Committee has three members, namely Professor Fung Kwok Pui, Mr. Chui Chi Yun Robert (appointed on 14 August 2018), Mr. Lee Kwan Hung (resigned on 13 May 2018) and Mr. Yue Man Yiu Matthew, all being independent non-executive Directors. Mr. Lee Kwan Hung was the chairman of the Remuneration Committee up to 13 May 2018 and Mr.Chui Chi Yun Robert is currently the chairman of the Remuneration Committee.

During the year ended 31 March 2019, 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 2019 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. For the year ended 31 March 2019, the Nomination Committee has three members, namely Professor Fung Kwok Pui, Mr. Chui Chi Yun Robert (appointed on 14 August 2018), Mr. Lee Kwan Hung (resigned on 13 May 2018) 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 2019, there was one meeting held by the Nomination Committee with all members of the committee attended.

Board committees *(Continued)*

3. Nomination committee *(Continued)*

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 2019, 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.

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 2019, 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 2019 HK$'000
Audit services	
Annual audit services	**1,500**

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 2019, 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 2019, 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 annual general meeting ("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 2019, the Company held an AGM and an extraordinary general meeting ("EGM") with all directors attended. Notice of AGM or EGM 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 general meetings 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 general meeting.

Shareholders of the Company can make a requisition to convene an 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

Shareholder rights *(Continued)*

General meeting *(Continued)*

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.

Dividend policy

The Company adopted the Dividend Policy whereby the Board is committed to maintaining an optimal capital structure. This is pursued to deliver returns to shareholders and ensure that adequate capital resources are available for business growth. Subject to business conditions, the Board aims to deliver a sustainable dividend that is in line with the earnings improvements and long-term growth of 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 mean.

EY 安永

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 30 to 101, which comprise the consolidated statement of financial position as at 31 March 2019, 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 2019, 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
Net realisable value assessment of inventories	
As at 31 March 2019, the Group's inventories amounted to HK$328.8 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 market price of raw materials and latest selling price of the inventories, mainly dried cassava chips. The significant accounting judgements and estimates and disclosures about the balances of inventories are included in notes 3 and 16 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 prices of dried cassava chips to their costs.
Estimation of fair values of investment properties	
Investment properties are stated at fair value. The carrying amount of investment properties as at 31 March 2019 was approximately HK$1,304.1 million, representing approximately 85% of total non-current assets and 143% of net assets. Significant judgements and assumptions are required to determine the fair value of the investment properties. To support management's determination of the fair value, the Group engaged external valuers to perform valuations on the investment properties at the end of the reporting period. The significant accounting judgements and estimates and disclosures about the fair value of investment properties are disclosed in notes 3 and 13 to the financial statements.	Our audit procedures included, among others, involving our internal valuation specialists to assist us to evaluate the assumptions with reference to the market data and methodologies used in the valuations. We also evaluated the objectivity, independence and competency of the external valuers. We then assessed the Group's disclosures of investment properties.

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 requirements 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.

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

(Continued)

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.

- 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.

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

(Continued)

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 Ka Wing.

Ernst & Young
Certified Public Accountants
Hong Kong
28 June 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
REVENUE	5	**1,620,187**	2,268,949
Cost of sales		**(1,431,459)**	(2,016,851)
Gross profit		**188,728**	252,098
Other income	5	**10,073**	12,744
Fair value gain on investment properties, net	13	**101,535**	10,276
Other operating expenses		**(13,535)**	(6,474)
Selling and distribution expenses		**(123,275)**	(180,366)
General and administrative expenses		**(86,474)**	(50,596)
Finance costs	6	**(16,195)**	(5,251)
PROFIT BEFORE TAX	7	**60,857**	32,431
Income tax credit	10	**3,497**	724
PROFIT FOR THE YEAR		**64,354**	33,155
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(10,878)**	8,312
Debt investments at fair value through other comprehensive income:			
Changes in fair value		**(73)**	–
		(10,951)	8,312
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value		**2,747**	–
Income tax effect		**(687)**	–
		2,060	–
Gains on property revaluation		**5,305**	9,621
Income tax effect		**–**	(1,588)
		5,305	8,033
		7,365	8,033

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 March 2019

	Notes	**2019** **HK$'000**	2018 HK$'000
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**(3,586)**	16,345
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**60,768**	49,500
Profit for the year attributable to:			
Owners of the Company		**26,094**	33,155
Non-controlling interest		**38,260**	–
		64,354	33,155
Total comprehensive income attributable to:			
Owners of the Company		**22,508**	49,500
Non-controlling interest		**38,260**	–
		60,768	49,500
EARNINGS PER SHARE	11		
Basic and diluted		**HK4.46 cents**	HK5.67 cents

Consolidated Statement of Financial Position

31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**166,074**	170,577
Investment properties	13	**1,304,066**	102,639
Equity investments at fair value through other comprehensive income	15	**40,104**	–
Debt investments at fair value through other comprehensive income	15	**14,038**	–
Available-for-sale investments	15	**–**	48,386
Prepaid land lease payments	14	**1,117**	1,251
Prepayments, deposits and other receivables	18	**13,390**	13,390
Deferred tax assets	23	**535**	573
Total non-current assets		**1,539,324**	336,816
CURRENT ASSETS			
Inventories	16	**328,846**	797,737
Trade and bills receivables	17	**285,167**	370,190
Prepayments, deposits and other receivables	18	**14,422**	41,405
Financial assets at fair value through profit or loss	19	**7,067**	4,384
Pledged deposits	20	**10,605**	10,399
Cash and cash equivalents	20	**146,679**	154,715
Total current assets		**792,786**	1,378,830
CURRENT LIABILITIES			
Trade and other payables and accruals	21	**26,571**	61,399
Interest-bearing bank borrowings	22	**1,064,754**	746,231
Tax payables		**52,854**	55,132
Total current liabilities		**1,144,179**	862,762
NET CURRENT ASSETS/(LIABILITIES)		**(351,393)**	516,068
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,187,931**	852,884
NON-CURRENT LIABILITIES			
Deferred tax liabilities	23	**9,214**	6,469
Amount due to non-controlling interest of a subsidiary	29	**265,565**	–
Total non-current liabilities		**274,779**	6,469
Net assets		**913,152**	846,415
EQUITY			
Equity attributable to owners of the Company			
Share capital	24	**58,473**	58,473
Reserves	26	**816,427**	787,942
		874,900	846,415
Non-controlling interest		**38,252**	–
		913,152	846,415

Chu Ming Chuan
Director

Liu Yuk Ming
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2019

	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	Total equity HK$'000
At 31 March 2018	58,473	424,931	8,229	(249,726)	46	26,460	4,630	573,372	846,415	–	846,415
Effect of adoption of HKFRS 9 (note 2.2(a))	–	–	–	–	–	5,969	–	–	5,969	–	5,969
At 1 April 2018 (restated)	58,473	424,931	8,229	(249,726)	46	32,429	4,630	573,372	852,384	–	852,384
Profit for the year	–	–	–	–	–	–	–	26,094	26,094	38,260	64,354
Other comprehensive income for the year:											
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	2,060	–	–	2,060	–	2,060
Gains on property revaluation, net of tax	–	–	–	–	–	5,305	–	–	5,305	–	5,305
Change in fair value of debt investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	(73)	–	–	(73)	–	(73)
Exchange differences related to foreign operations	–	–	–	–	–	–	(10,878)	–	(10,878)	–	(10,878)
Total comprehensive income for the year	–	–	–	–	–	7,292	(10,878)	26,094	22,508	38,260	60,768
Deemed disposal of equity interest in a subsidiary	–	–	–	–	–	–	–	8	8	(8)	–
At 31 March 2019	58,473	424,931	8,229	(249,726)	46	39,721	(6,248)	599,474	874,900	38,252	913,152

Consolidated Statement of Changes in Equity

Year ended 31 March 2019

	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	Total equity HK$'000
At 1 April 2017	58,473	424,931	8,229	(249,726)	46	19,125	(3,682)	539,519	796,915	–	796,915
Profit for the year	–	–	–	–	–	–	–	–	33,155	–	33,155
Other comprehensive income for the year:											
Gains on property revaluation, net of tax	–	–	–	–	–	8,033	–	–	8,033	–	8,033
Exchange differences related to foreign operations	–	–	–	–	–	–	8,312	–	8,312	–	8,312
Total comprehensive income for the year	–	–	–	–	–	8,033	8,312	33,155	49,500	–	49,500
Transfer	–	–	–	–	(698)	–	698	–	–	–	–
At 31 March 2018	58,473	424,931	8,229	(249,726)	46	26,460	4,630	573,372	846,415	–	846,415

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.

* These reserve accounts comprise the consolidated reserves of HK$816,427,000 (2018: HK$787,942,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**60,857**	32,431
Adjustments for:			
Interest income	5	**(330)**	(660)
Change in fair value of investment properties	13	**(101,535)**	(10,276)
Impairment of available-for-sale investments	15	**–**	6,474
Impairment of prepayments, deposits and other receivables	7	**12,815**	–
Fair value loss/(gain) on financial assets at fair value through profit or loss, net	7	**843**	(710)
Dividend received from financial assets at fair value through profit or loss		**(173)**	(121)
Finance costs	6	**16,195**	5,251
Amortisation of prepaid land lease payments	7	**45**	45
Depreciation	7	**9,307**	10,247
		(1,976)	42,681
Decrease/(increase) in inventories		**468,891**	(360,059)
Decrease in trade and bills receivables		**85,023**	47,012
Decrease/(increase) in prepayments, deposits and other receivables		**14,168**	(12,282)
Increase/(decrease) in trade and other payables and accruals		**(34,828)**	22,808
Cash generated from/(used in) operations		**531,278**	(259,840)
Interest received		**330**	660
Interest paid		**(16,195)**	(5,251)
Hong Kong profits tax refunded		**654**	7,127
Overseas taxes paid		**(127)**	–
Net cash flows from/(used in) operating activities		**515,940**	(257,304)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment	12	**(3,922)**	(980)
Purchase of available-for-sale investments		**–**	(24,232)
Acquisition of a subsidiary	13	**(1,100,000)**	–
Dividend income		**173**	121
Increase in pledged time deposits		**(206)**	(10,399)
Net cash flows used in investing activities		**(1,103,955)**	(35,490)

Consolidated Statement of Cash Flows

Year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**1,597,946**	1,699,133
Repayment of bank loans		**(1,279,423)**	(1,423,462)
Increase in an amount due to a non-controlling interest of a subsidiary		**265,565**	–
Net cash flows from financing activities		**584,088**	275,671
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(3,927)**	(17,123)
Cash and cash equivalents at beginning of year		**154,715**	172,557
Effect of foreign exchange rate changes, net		**(4,109)**	(719)
CASH AND CASH EQUIVALENTS AT END OF YEAR	20	**146,679**	154,715
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	**146,679**	134,715
Non-pledged time deposits with original maturity of less than three months when acquired	20	**–**	20,000
Cash and cash equivalents as stated in the consolidated statement of cash flows		**146,679**	154,715

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, hotel operations in Mainland China and properties investment.

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

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		Principal activities
			Direct	Indirect	
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
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

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
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
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

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
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 a hotel, a restaurant and the ancillary entertainment facilities
Admiral Colour Limited#	Hong Kong	US$1	–	100	Investment holding
Profit Sky Corporation Limited#/**	Hong Kong	HK$10 (2018: HK$1)	–	60 (2018: 100%)	Investment holding
338 Apartment (BVI) Limited# ("338 Apartment")#	British Virgin Islands/ Hong Kong	US$1	–	60 (2018: Nil)	Property investment

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.

** On 9 May 2019, Profit Sky Corporation Limited has allotted 5 new shares to Admiral Colour Limited, a wholly owned subsidiary of the Group and 4 new shares to a third party at HK$1 per share.

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, land and buildings classified as property, plant and equipment, certain available-for-sale investments, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

2.1 Basis of Preparation *(continued)*

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 2019. 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 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 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Other than as explained below regarding the impact of HKFRS 9, HKFRS 15 and Amendments to HKAS 40, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

(a) HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has recognised the transition adjustments against the applicable opening balances in equity at 1 April 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

Classification and measurement

The following information sets out the impacts of adopting HKFRS 9 on the statement of financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("ECLs").

2.2 Changes in Accounting Policies and Disclosures *(continued)*

(a) *(continued)*

Classification and measurement (continued)

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 April 2018 is as follows:

	HKAS 39 measurement				HKFRS 9 measurement	
	Category	Amount	Reclassification	Remeasurement	Amount	Category
		HK$'000	HK$'000	HK$'000		HK$'000
Financial assets						
Equity investments at fair value through other comprehensive income (note (i))	N/A	–	30,749	8,012	38,761	FVOCI [5]
Debt investments at fair value through other comprehensive income (note (ii))	N/A	–	14,111	–	14,111	FVOCI [5]
Available-for-sale investments (notes (i), (ii) and (iii))	AFS [4]	48,386	(48,386)	–	–	N/A
Trade and bills receivables	L&R [1]	370,190	–	–	370,190	AC [3]
Financial assets included in prepayments, other receivables and other assets	L&R [1]	47,318	–	–	47,318	AC [3]
Financial assets at fair value through profit or loss (note (iii))	FVPL [2]	4,384	3,526	–	7,910	FVPL [2]
Pledged deposits	L&R [1]	10,399	–	–	10,399	AC [3]
Cash and cash equivalents	L&R [1]	154,715	–	–	154,715	AC [3]
		635,392	–	8,012	643,404	
Financial liabilities						
Trade and other payables and accruals	AC	61,399	–	–	61,399	AC
Interest-bearing bank borrowings	AC	746,231	–	–	746,231	AC
		807,630	–	–	807,630	

1 L&R: Loans and receivables
2 FVPL: Financial assets at fair value through profit or loss
3 AC: Financial assets or financial liabilities at amortised cost
4 AFS: Available-for-sale investments
5 FVOCI: Financial assets at fair value through other comprehensive income

Notes:

(i) The Group has elected the option to irrevocably designate certain of its previous available-for-sale equity investments as equity investments at fair value through other comprehensive income.

(ii) As of 1 April 2018, the Group has assessed its liquidity portfolio of debt investments which had previously been classified as available-for-sale investments debt investments. The objective of the Group in holding this liquidity portfolio is to earn interest income and, at the same time, manage everyday liquidity needs. The Group concluded that these debt investments are managed within a business model to collect contractual cash flows and to sell the financial assets. Accordingly, the Group has classified these investments as debt investments measured at fair value through other comprehensive income.

(iii) The Group has classified certain of its unlisted investments previously classified as available-for-sale investments as financial assets measured at fair value through profit or loss as these investments did not pass the contractual cash flow characteristics test in HKFRS 9.

2.2 Changes in Accounting Policies and Disclosures *(continued)*

(a) *(continued)*

Impairment

HKFRS 9 requires an impairment on debt instruments not held at fair value through profit or loss to be recorded based on an expected credit loss ("ECLs") model either on a twelve-month basis or on a lifetime basis. The Group applies the simplified approach and records lifetime expected credit losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade receivables. Furthermore, the Group applies the general approach and records twelve-month expected credit losses that are estimated based on the possible default events on its other receivables within the next 12 months, unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime expected credit losses. Management is of the view that the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's ECLs is minimal.

Impact on reserves

The impact of transition to HKFRS 9 on reserves is as follows:

	Reserves HK$'000
Asset revaluation reserve	
Balance as at 31 March 2018 under HKAS 39	26,460
Re-measurement of equity investments at fair value through other comprehensive income previously classified as available-for-sales under HKAS 39	8,012
Deferred tax in relation to the above	(2,043)
Balance as at 1 April 2018 under HKFRS 9	32,429

(b) HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The disclosures are included in notes 3 and 5 to the financial statements. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition in note 2.4 to the financial statements.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 April 2018.

The cumulative effect of the initial application of HKFRS 15 was recognised as an adjustment to the opening balance of retained profits as at 1 April 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 11, HKAS 18 and related interpretations.

2.2 Changes in Accounting Policies and Disclosures *(continued)*

(b) *(continued)*

The Group's contracts with customers include only single performance obligation. The Group has concluded that revenue from sale should be recognised at the point of time when a customer obtains control of goods. The Group has concluded that the initial application of HKFRS 15 does not have a significant impact on the Group's revenue recognition.

Before the adoption of HKFRS 15, the Group recognised consideration received from customers in advance as other payables. Under HKFRS 15, the amount is classified as contract liabilities which is included in trade and other payables and accruals.

Therefore, upon adoption of HKFRS 15, the Group reclassified HK$6,128,000 from trade and other payables and accruals to contract liabilities in relation to the consideration received from customers in advance as at 1 April 2018.

As at 31 March 2019, under HKFRS 15, HK$4,547,000 was reclassified from other payables to contract liabilities in relation to the consideration received from customers in advance.

(c) Amendments to HKAS 40 clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments have had no impact on the financial position or performance of the Group.

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 3	*Definition of a Business*[2]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 16	*Leases*[1]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[2]
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12, HKAS 23[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

2.3 Issued But Not Yet Effective Hong Kong Financial Reporting Standards *(continued)*

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group will adopt HKFRS 16 from 1 April 2019.

The Group plans to adopt the transitional provisions in HKFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained profits at 1 April 2019 and will not restate the comparatives. In addition, the Group plans to apply the new requirements to contracts that were previously identified as leases applying HKAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The right-of-use asset will be measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before the date of initial application.

The Group plans to use the exemptions allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application. During the year ended 31 March 2019, the Group has performed a detailed assessment on the impact of adoption of HKFRS 16. The Group has estimated that right-of-use assets of HK$1,995,000 and lease liabilities of HK$2,041,000 will be recognised at 1 April 2019.

2.4 Summary of Significant Accounting Policies

Fair value measurement

The Group measures its investment properties, certain available-for-sale investments, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, and land and buildings classified as property, plant and equipment 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, property, plant and equipment at fair value through asset revaluation reserve 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 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 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);
- (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
- (viii) 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 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 profit or loss. Any subsequent revaluation surplus is credited to 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 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%

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 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.

2.4 Summary of Significant Accounting Policies *(continued)*

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 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 profit or loss in the year of the retirement or disposal.

Operating 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 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 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.

Investments and other financial assets (policies under HKFRS 9 applicable from 1 April 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition (applicable from 1 April 2018)" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

2.4 Summary of Significant Accounting Policies *(continued)*

Investments and other financial assets (policies under HKFRS 9 applicable from 1 April 2018) *(continued)*

Initial recognition and measurement (continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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 amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

The Group measures debt investments at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

2.4 Summary of Significant Accounting Policies *(continued)*

Investments and other financial assets (policies under HKFRS 9 applicable from 1 April 2018) *(continued)*

Subsequent measurement (continued)

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Investments and other financial assets (policies under HKAS 39 applicable before 1 April 2018)

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.

2.4 Summary of Significant Accounting Policies *(continued)*

Investments and other financial assets (policies under HKAS 39 applicable before 1 April 2018) *(continued)*

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 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 (applicable before 1 April 2018)" 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 profit or loss. The loss arising from impairment is recognised in profit or loss for loans and in other operating expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments, fund and debt securities. Equity investments and fund 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 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 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 profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

2.4 Summary of Significant Accounting Policies *(continued)*

Investments and other financial assets (policies under HKAS 39 applicable before 1 April 2018) *(continued)*

Subsequent measurement (continued)

Available-for-sale financial investments (continued)

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 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 profit or loss.

Derecognition of financial assets (policies under HKFRS 9 applicable from 1 April 2018 and policies under HKAS 39 applicable before 1 April 2018)

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.

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.

2.4 Summary of Significant Accounting Policies *(continued)*

Impairment of financial assets (policies under HKFRS 9 applicable from 1 April 2018)

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4 Summary of Significant Accounting Policies *(continued)*

Impairment of financial assets (policies under HKFRS 9 applicable from 1 April 2018) *(continued)*

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Impairment of financial assets (policies under HKAS 39 applicable before 1 April 2018)

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).

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 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 profit or loss.

2.4 Summary of Significant Accounting Policies *(continued)*

Impairment of financial assets (policies under HKAS 39 applicable before 1 April 2018) *(continued)*

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 profit or loss, is removed from other comprehensive income and recognised in 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 profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through 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 (policies under HKFRS 9 applicable from 1 April 2018 and HKAS 39 applicable before 1 April 2018)

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, 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 and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and interest-bearing borrowings.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss (policies under HKFRS 9 applicable from 1 April 2018)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

2.4 Summary of Significant Accounting Policies *(continued)*

Financial liabilities (policies under HKFRS 9 applicable from 1 April 2018 and HKAS 39 applicable before 1 April 2018) *(continued)*

Subsequent measurement (continued)

Financial liabilities at fair value through profit or loss (policies under HKFRS 9 applicable from 1 April 2018) (continued)

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Loans and borrowings (policies under HKAS 39 applicable before 1 April 2018)

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 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 profit or loss.

Derecognition of financial liabilities (policies under HKFRS 9 applicable from 1 April 2018 and HKAS 39 applicable before 1 April 2018)

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 profit or loss.

Offsetting of financial instruments (policies under HKFRS 9 applicable from 1 April 2018 and HKAS 39 applicable before 1 April 2018)

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.

2.4 Summary of Significant Accounting Policies *(continued)*

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.

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 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.

2.4 Summary of Significant Accounting Policies *(continued)*

Income tax *(continued)*

The carrying amount of deferred tax assets is reviewed at the end of each 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 and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition (applicable from 1 April 2018)

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

2.4 Summary of Significant Accounting Policies *(continued)*

Revenue recognition (applicable from 1 April 2018) *(continued)*

Revenue from contracts with customers (continued)

Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the industrial products.

Some contracts for the sale of products provide customers with rights of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Hotel service income, and food and beverage income

Hotel service income, and food and beverage income are recognised over the scheduled period because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease term.

Other income

Logistics service income is recognised over period based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer simultaneously receives and consumes the benefits provided by the Group.

Interest income

Interest income is recognised 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.

Revenue recognition (applicable before 1 April 2018)

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; and

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

2.4 Summary of Significant Accounting Policies *(continued)*

Contract assets (applicable from 1 April 2018)

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities (applicable from 1 April 2018)

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

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 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 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 a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The employees of the Group's subsidiaries 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 profit or loss as they become payable in accordance with the rules of the central pension scheme.

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.

2.4 Summary of Significant Accounting Policies *(continued)*

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 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).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. 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 profits or losses 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 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) *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 materially affect the net present value used in the impairment test.

(iii) *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 2019 were HK$1,304,066,000 (2018: HK$102,639,000) and HK$71,425,000 (2018: HK$71,433,000), respectively. Further details, including the key assumptions used for fair value measurement, are given in notes 12 and 13 to the financial statements.

(ii) Impairment of available-for-sale investments (applicable before 1 April 2018)

Before 1 April 2018, 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 the estimated sales proceeds to be generated from the sales of the properties under development, general market, economic conditions and other available information. The carrying amount of the available-for-sale investments as at 31 March 2018 is disclosed in note 15 to the financial statements. Further details are included in note 15 to the financial statements.

(iii) Net realisable value assessment of inventories

Management reviews the condition of inventories of the Group at the end of each reporting period and makes provision for 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 2019 was HK$328,846,000 (2018: HK$797,737,000).

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

Estimation uncertainty *(continued)*

(iv) Impairment assessment of hotel properties

Significant management judgement is involved in determining the impairment loss on the hotel properties. This takes into account factors that include but are not limited to, open market prices of comparable properties of similar size, characteristics and location.

Management engaged an external valuer to support their estimation of the impairment assessment of the hotel properties. The carrying amounts of the hotel properties are included in note 12 to the financial statements.

(v) Provision for expected credit losses on trade receivables and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., inflation) are expected to deteriorate over the next year which can lead to an increased number of defaults in the trading sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and other receivables is disclosed in notes 17 and 18 to the financial statements.

(vi) Fair value of financial instruments

The fair values of listed financial instruments are based on quoted market prices, while the fair values of unlisted financial instruments have been estimated by the most appropriate asset-based valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Further details are included in notes 15 and 19 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 Mainland China.

Management monitors the results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, 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, other operating expenses, finance costs, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents, pledged deposits, equity investments at fair value through other comprehensive income, debt investments at fair value through other comprehensive income, available-for-sale 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 2019	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	1,595,666	–	–	1,595,666
Hotel room revenue, and food and beverage income	–	–	20,401	20,401
Gross rental income	–	4,120	–	4,120
Total	1,595,666	4,120	20,401	1,620,187
Segment results	(26,239)	100,134	(1,857)	72,038
Interest and unallocated gains				10,073
Corporate and other unallocated expenses				(5,059)
Finance costs				(16,195)
Profit before tax				60,857
Segment assets	674,571	1,337,567	55,486	2,067,624
Corporate and other unallocated assets				264,486
Total assets				2,332,110
Segment liabilities	611,492	713,576	12,898	1,337,966
Corporate and other unallocated liabilities				80,992
Total liabilities				1,418,958
Other segment information:				
Depreciation	5,763	1,724	1,820	9,307
Capital expenditure	3,922	1,100,000	–	1,103,922
Fair value gain on investment properties	–	101,535	–	101,535

4. Segment Information *(continued)*

Year ended 31 March 2018	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	2,244,607	–	–	2,244,607
Hotel room revenue, and food and beverage income	–	–	21,517	21,517
Gross rental income	–	2,825	–	2,825
Total	2,244,607	2,825	21,517	2,268,949
Segment results	26,656	9,221	(1,749)	34,128
Interest and unallocated gains				12,744
Corporate and other unallocated expenses				(9,190)
Finance costs				(5,251)
Profit before tax				32,431
Segment assets	1,257,207	132,550	63,882	1,453,639
Corporate and other unallocated assets				262,007
Total assets				1,715,646
Segment liabilities	795,955	1,130	10,380	807,465
Corporate and other unallocated liabilities				61,766
Total liabilities				869,231
Other segment information:				
Depreciation	7,141	1,062	2,044	10,247
Capital expenditure	980	–	–	980
Fair value gain on investment properties	–	10,276	–	10,276

Geographical information

(a) Revenue from external customers

	2019 HK$'000	2018 HK$'000
Mainland China	**1,616,067**	2,266,035
Hong Kong	**4,120**	2,825
Thailand	**–**	89
	1,620,187	2,268,949

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

4. SEGMENT INFORMATION *(continued)*

Geographical information *(continued)*

(b) Non-current assets

	2019	2018
	HK$'000	HK$'000
Hong Kong	**1,341,401**	122,306
Mainland China	**66,080**	84,651
Thailand	**48,844**	46,901
Unallocated	**28,322**	33,999
	1,484,647	287,857

A 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 2019, revenue from a customer of the procurement and sale of dried cassava chips segment, amounting to HK$699,889,000, individually accounted for over 10% of the Group's total revenue.

For the year ended 31 March 2018, revenue from a customer of the procurement and sale of dried cassava chips segment, amounting to HK$370,879,000, individually accounted for over 10% of the Group's total revenue.

5. Revenue and Other Income

An analysis of revenue is as follows:

	2019	2018
	HK$'000	HK$'000
Revenue from contracts with customers		
Sales of dried cassava chips and other goods	**1,595,666**	2,244,607
Hotel room revenue, and food and beverage income	**20,401**	21,517
Revenue from other sources		
Gross rental income	**4,120**	2,825
	1,620,187	2,268,949

5. Revenue and Other Income *(continued)*

Revenue from contracts with customers

(i) Disaggregated revenue information

	Sale of dried cassava chips and other goods HK$'000	Hotel room revenue, and food and beverage income HK$'000	Total HK$'000
For the year ended 31 March 2019			
Sale of goods	**1,595,666**	**–**	**1,595,666**
Hotel room revenue, and food and beverage income	**–**	**20,401**	**20,401**
	1,595,666	**20,401**	**1,616,067**
Geographical markets			
Mainland China	**1,595,666**	**20,401**	**1,616,067**
Timing of revenue recognition			
Goods transferred at a point in time	**1,595,666**	**16,532**	**1,612,198**
Services transferred over time	**–**	**3,869**	**3,869**

There was no intersegment adjustments and eliminations noted during the year ended 31 March 2019.

	Sale of dried cassava chips and other goods HK$'000	Hotel room revenue, and food and beverage income HK$'000	Total HK$'000
Total revenue from contracts with customers	**1,595,666**	**20,401**	**1,616,067**

5. Revenue and Other Income *(continued)*

Revenue from contracts with customers *(continued)*

(i) Disaggregated revenue information (continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2018 HK$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	
Sales of dried cassava chips and other goods	6,128

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 180 days from delivery, except for new customers, where payment in advance is normally required or a credit review is performed before any credit term is granted.

Hotel room revenue, and food and beverage income

For hotel services, the performance obligation of hotel services is satisfied over time as services are rendered.

For food and beverage service, the performance obligation is satisfied upon delivery of the food products.

Gross rental income

Gross rental income is recognised on a time proportion basis over the lease term.

An analysis of other income is as follows:

	2019 **HK$'000**	2018 HK$'000
Other income		
Logistics service income	**8,475**	10,209
Bank interest income	**330**	660
Others	**1,268**	1,875
	10,073	12,744

6. Finance Costs

An analysis of finance costs is as follows:

	2019 **HK$'000**	2018 HK$'000
Interest on bank loans	**16,195**	5,251

7. Profit Before Tax

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

	2019 HK$'000	2018 HK$'000
Cost of inventories sold	**1,431,459**	2,016,851
Amortisation of prepaid land lease payments (note 14)	**45**	45
Depreciation (note 12)	**9,307**	10,247
Auditor's remuneration	**1,500**	1,405
Employee benefit expenses (including directors' remuneration (note 8)):		
Wages and salaries	**27,436**	27,683
Pension scheme contributions*	**1,435**	1,632
	28,871	29,315
Rental income on investment properties less direct operating expense of HK$190,000 (2018: HK$3,000)	**(4,120)**	(2,825)
Minimum lease payments under operating leases in respect of storage facilities and office premises	**6,625**	5,484
Contingent rent under operating leases in respect of storage facilities	**7,357**	7,876
Foreign exchange loss/(gain), net	**16,356**	(14,609)
Impairment of prepayments, deposits and other receivables	**12,815**	–
Fair value loss/(gain) on financial assets at fair value through profit or loss, net	**843**	(710)

* As at 31 March 2019, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2018: 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:

	2019 HK$'000	2018 HK$'000
Fees	**441**	514
Other emoluments:		
Salaries, allowances and benefits in kind	**2,741**	2,767
Pension scheme contributions	**54**	54
	2,795	2,821
	3,236	3,335

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

Year ended 31 March 2019

	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*	–	1,550	18	1,568
Liu Yuk Ming	–	650	18	668
Lam Ching Fun	–	541	18	559
	–	2,741	54	2,795
Independent non-executive directors:				
Lee Kwan Hung (resigned on 13 May 2018)	25	–	–	25
Yue Man Yiu Matthew	158	–	–	158
Fung Kwok Pui	158	–	–	158
Chui Chi Yun Robert (appointed on 14 August 2018)	100	–	–	100
	441	–	–	441
	441	2,741	54	3,236

Year ended 31 March 2018

	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	18	1,643
Liu Yuk Ming	–	619	18	637
Lam Ching Fun	–	523	18	541
	–	2,767	54	2,821
Independent non-executive directors:				
Lee Kwan Hung (resigned on 13 May 2018)	198	–	–	198
Yue Man Yiu Matthew	158	–	–	158
Fung Kwok Pui	158	–	–	158
	514	–	–	514
	514	2,767	54	3,335

* Chief executive

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2018: Nil).

9. Five Highest Paid Employees

The five highest paid employees during the year included two (2018: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2018: three) highest paid employees who are neither a director nor the chief executive of the Company are as follows:

	2019 HK$'000	2018 HK$'000
Salaries, allowances and benefits in kind	**3,937**	3,657
Pension scheme contributions	**54**	54
	3,991	3,711

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

	2019 Number of individuals	2018 Number of individuals
Nil – HK$1,000,000	**–**	1
HK$1,000,001 – HK$1,500,000	**2**	2
HK$1,500,001 – HK$2,000,000	**1**	–
	3	3

10. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 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.

	2019 HK$'000	2018 HK$'000
Current – Hong Kong		
Charge for the year	**453**	5,583
Overprovision in prior years	**(4,045)**	(6,406)
Current – PRC	**18**	19
Current – Vietnam	**62**	–
Deferred (note 23)	**15**	80
Total tax credit for the year	**(3,497)**	(724)

10. Income Tax *(continued)*

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

	2019	2018
	HK$'000	HK$'000
Profit before tax	**60,857**	32,431
Tax at the statutory tax rate of 16.5% (2018: 16.5%)	**10,041**	5,351
Different tax rates for other countries/jurisdictions	**(1,757)**	(770)
Adjustments in respect of current tax of previous periods	**(4,045)**	(6,406)
Income not subject to tax	**(20,562)**	(8,434)
Expenses not deductible for tax	**4,992**	5,254
Tax losses not recognised	**7,349**	4,473
Others	**485**	(192)
Income tax credit at the Group's effective tax rate	**(3,497)**	(724)

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 584,726,715 (2018: 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 2019 and 2018 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$'000	Freehold land HK$'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 2018:							
Cost or valuation	56,659	8,139	71,433	27,464	6,772	52,228	222,695
Accumulated depreciation	(17,333)	–	–	(10,105)	(5,280)	(19,400)	(52,118)
Net carrying amount	39,326	8,139	71,433	17,359	1,492	32,828	170,577
At 1 April 2018, net of accumulated depreciation	39,326	8,139	71,433	17,359	1,492	32,828	170,577
Additions	–	–	–	2,264	82	1,576	3,922
Depreciation provided during the year	(1,254)	–	(4,835)	(622)	(436)	(2,160)	(9,307)
Revaluation	–	–	5,305	–	–	–	5,305
Exchange realignment	(2,346)	(95)	(478)	(1,417)	(43)	(44)	(4,423)
At 31 March 2019, net of accumulated depreciation	35,726	8,044	71,425	17,584	1,095	32,200	166,074
At 31 March 2019:							
Cost or valuation	52,927	8,044	71,425	27,724	6,700	53,530	220,350
Accumulated depreciation	(17,201)	–	–	(10,140)	(5,605)	(21,330)	(54,276)
Net carrying amount	35,726	8,044	71,425	17,584	1,095	32,200	166,074
Analysis of cost or valuation:							
At cost	52,927	8,044	–	27,724	6,700	53,530	148,925
At 31 March 2019 valuation	–	–	71,425	–	–	–	71,425
	52,927	8,044	71,425	27,724	6,700	53,530	220,350

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

	Hotel properties HK$'000	Freehold land HK$'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 2017:							
Cost or valuation	51,138	7,509	63,113	24,603	6,198	50,621	203,182
Accumulated depreciation	(14,433)	–	–	(8,396)	(4,085)	(15,184)	(42,098)
Net carrying amount	36,705	7,509	63,113	16,207	2,113	35,437	161,084
At 1 April 2017, net of accumulated depreciation	36,705	7,509	63,113	16,207	2,113	35,437	161,084
Additions	–	–	–	262	6	712	980
Depreciation provided during the year	(1,342)	–	(3,877)	(836)	(792)	(3,400)	(10,247)
Revaluation	–	–	9,621	–	–	–	9,621
Exchange realignment	3,963	630	2,576	1,726	165	79	9,139
At 31 March 2018, net of accumulated depreciation	39,326	8,139	71,433	17,359	1,492	32,828	170,577
At 31 March 2018:							
Cost or valuation	56,659	8,139	71,433	27,464	6,772	52,228	222,695
Accumulated depreciation	(17,333)	–	–	(10,105)	(5,280)	(19,400)	(52,118)
Net carrying amount	39,326	8,139	71,433	17,359	1,492	32,828	170,577
Analysis of cost or valuation:							
At cost	56,659	8,139	–	27,464	6,772	52,228	151,262
At 31 March 2018 valuation	–	–	71,433	–	–	–	71,433
	56,659	8,139	71,433	27,464	6,772	52,228	222,695

The Group's leasehold land and buildings were revalued individually at 31 March 2019 by Asset Appraisal Limited, independent professionally qualified valuers, at an aggregate of open market value of HK$47,254,000 (2018: HK$45,717,000) and depreciated replacement cost of HK$24,171,000 (2018: HK$25,716,000) 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$40,421,000 (2018: HK$43,462,000).

As at 31 March 2019, the Group's leasehold land and buildings with a carrying value of approximately HK$16,000,000 (2018: HK$16,000,000) were pledged to secure bank loans granted to the Group (note 22(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 2019 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	**–**	**–**	**71,425**	**71,425**

	Fair value measurement as at 31 March 2018 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	–	–	71,433	71,433

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 (2018: 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 2019 HK$'000**	**Significant unobservable inputs**	**Range**
Commercial building situated in Thailand	Direct comparison method (2018: Direct comparison method)	3,354 (2018: 3,217)	Open market price per square metre	HK$17,074 to HK$13,128 (2018: HK$12,543 to HK$16,386)
Residential property situated in PRC	Direct comparison method (2018: Direct comparison method)	7,000 (2018: 7,000)	Open market price per square metre	HK$29,334 (2018: HK$29,334)
Industrial building situated in Thailand	Depreciated replacement cost approach (2018: Depreciated replacement cost approach)	24,114 (2018: 25,716)	Construction cost per square metre	HK$946 to HK$1,463 (2018: HK$1,002 to HK$1,540)
Commercial building situated in Hong Kong	Direct comparison method (2018: Direct comparison method)	36,957 (2018: 35,500)	Open market price per square foot	HK$12,000 (2018: HK$12,000)

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

As at 31 March 2019, the valuations of leasehold land and buildings were based on the 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 the 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.

A significant increase/(decrease) in the price and construction cost per square metre/foot in isolation would result in a significantly higher/(lower) fair value of the leasehold land and buildings.

13. Investment Properties

	HK$'000
Carrying amount at 1 April 2017	91,838
Fair value adjustment	10,276
Exchange realignment	525
Carrying amount at 31 March 2018 and 1 April 2018	102,639
Addition (note)	1,100,000
Fair value adjustment	101,535
Exchange realignment	(108)
Carrying amount at 31 March 2019	1,304,066

Note: On 9 May 2018, the Group (the "Purchaser") entered into an acquisition agreement with a third party, 338 Apartment Holdings (BVI) Limited (the "Vendor"), pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the entire issued share capital of 338 Apartment ("Target Company") and the loan owing by the Target Company to the Vendor as at the date of completion for a consideration of HK$1,100,000,000, subject to the approval of the shareholders of the Company. The principal asset of the Target Company is the property located at 338 Queen's Road Central, Sheung Wan, Hong Kong, which is a commercial building with hotel license. The transaction was completed on 8 October 2018.

The Group's investment properties consist of five (2018: four) commercial properties and one (2018: one) car parking space in Hong Kong, one (2018: one) industrial property in Mainland China and one (2018: 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 2019 based on valuations performed by Asset Appraisal Limited, independent professionally qualified valuers, at HK$1,304,066,000 (2018: HK$102,639,000). 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 2019, the Group's investment properties with a total carrying value of HK$1,240,400,000 (2018: HK$39,600,000) were pledged to secure bank loans granted to the Group (note 22(iii)). Further particulars of the Group's investment properties were set out on page 102.

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 2019 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	**–**	**–**	**1,284,940**	**1,284,940**
Industrial properties	**–**	**–**	**19,126**	**19,126**
	–	**–**	**1,304,066**	**1,304,066**

	Fair value measurement as at 31 March 2018 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	–	–	83,200	83,200
Industrial properties	–	–	19,439	19,439
	–	–	102,639	102,639

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 (2018: 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 2017	74,210	17,628
Exchange realignment	–	525
Fair value adjustment recognised in profit or loss	8,990	1,286
Carrying amount at 31 March 2018 and 1 April 2018	83,200	19,439
Addition	1,100,000	–
Exchange realignment	–	(108)
Fair value adjustment recognised in profit or loss	101,740	(205)
Carrying amount at 31 March 2019	1,284,940	19,126

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)	
			2019	2018
Commercial properties	Direct comparison method (2018: Direct comparison method)	Open market price per square foot (2018: Open market price per square foot)	**HK$11,000 to HK$15,000**	HK$10,000 to HK$14,800
Industrial property	Direct comparison method (2018: Direct comparison method)	Open market price per square foot (2018: Open market price per square foot)	**HK$672**	HK$570
Industrial property	Depreciated replacement cost approach (2018: Depreciated replacement cost approach)	Construction cost (per square metre) (2018: Construction cost (per square metre))	**HK$1,100**	HK$1,116

As at 31 March 2019, the valuations of investment properties were based on the direct comparison method and depreciated replacement cost approach by referring to comparable market transactions and the cost to reproduce or replace in a new condition the properties in the locality, with allowance of accrued depreciation as evidence by the 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.

A significant increase/(decrease) in the price per square foot in isolation would result in a significantly higher/(lower) fair value of the investment properties.

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

14. Prepaid Land Lease Payments

	2019 HK$'000	2018 HK$'000
Carrying amount at beginning of year	**1,296**	1,218
Recognised during the year	**(45)**	(45)
Exchange realignment	**(89)**	123
Carrying amount at end of year	**1,162**	1,296
Less: Current portion included in prepayments, deposits and other receivables	**(45)**	(45)
Non-current portion	**1,117**	1,251

15. Debt and Equity Investments at Fair Value Through Other Comprehensive Income/Available-For-Sale Investments

	Notes	2019 HK$'000	2018 HK$'000
Debt investments at fair value through other comprehensive income			
Listed debt securities	(i)	**14,038**	–
Equity investments at fair value through other comprehensive income			
Unlisted equity investments at fair value			
Changting China Newtown Plaza Development Co., Ltd.	(ii)	**19,976**	–
臨沂雅禾新置業有限公司	(iii)	**20,128**	–
		40,104	–
Available-for-sale investments			
At fair value:			
Listed debt securities in Hong Kong		**–**	14,111
At cost:			
Unlisted equity investments		**–**	30,749
Unlisted fund		**–**	10,000
Less: Impairment on an unlisted fund		**–**	(6,474)
	(iv)	**–**	34,275
		–	48,386

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

15. Debt and Equity Investments at Fair Value Through Other Comprehensive Income/Available-For-Sale Investments *(continued)*

Notes:

(i) As at 31 March 2019, the Group held 2 (2018: 2) bonds with face value of US$1,000,000 (2018: US$1,000,000) and US$800,000 (2018: US$800,000) issued by certain companies listed on the The Stock Exchange of Hong Kong Limited. These bonds bear interest at rates ranging from 4.45% to 4.7% (2018: 4.45% to 4.7%) per annum with maturity date on 30 November 2020 and 24 January 2021.

During the year ended 31 March 2019, aggregate fair value loss of HK$73,000 was recognised in other comprehensive income.

(ii) It represented investment of 15% (2018: 15%) equity interest in Changting China Newtown Plaza Development Co., Ltd. ("Changting"), which was established in January 2013 and engaged in the property development business in Changting, Fujian, Mainland China.

During the year ended 31 March 2019, aggregate fair value gain of HK$2.5 million was recognised in other comprehensive income.

(iii) It represented investment of 臨沂雅禾新置業有限公司("臨沂雅禾"), which is registered in the PRC and engaged in real estate and property investment.

During the year ended 31 March 2019, aggregate fair value gain of HK$0.2 million was recognised in other comprehensive income.

(iv) As at 31 March 2018, the above investments consist of investments in debt and equity securities which were designated by the Group as available-for-sale financial assets.

As at 31 March 2018, the Group's unlisted 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.

Impairment of HK$6,474,000 has been made as the investment of the unlisted fund exceeded the fund's net asset value as at 31 March 2018. The impairment loss has been recognised in profit or loss for the year ended 31 March 2018. The provision for impairment in respect of the unlisted fund at the end of the reporting period was determined on the basis of the amounts recoverable from the fund with reference to the fair value of the underlying assets held by the fund.

16. Inventories

	2019 **HK$'000**	2018 HK$'000
Dried cassava chips held for resale	**317,143**	796,931
Food and beverage and others	**11,703**	806
	328,846	797,737

17. Trade and Bills Receivables

	2019 HK$'000	2018 HK$'000
Trade receivables	**23,359**	163,178
Bills receivables	**173,232**	191,877
Bills receivable discounted to the banks with recourse	**92,916**	19,633
	289,507	374,688
Impairment	**(4,340)**	(4,498)
	285,167	370,190

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 a 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 2019, the Group did not expose to concentration of credit risk. At 31 March 2018, the Group had certain concentrations of credit risk that may arise from the exposure to three customers and the largest customer which accounted for 67% and 33% 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 and net of loss allowance, is as follows:

	2019 HK$'000	2018 HK$'000
Within 30 days	**94,546**	240,248
30 to 60 days	**172,430**	83,334
61 to 90 days	**6,501**	43,833
Over 90 days	**11,690**	2,775
	285,167	370,190

Bills receivable of HK$92,916,000 as at 31 March 2019 (2018: HK$19,633,000) were discounted to the banks with recourse as mentioned in note 22(iv).

The movements in the loss allowance for impairment of trade receivables are as follows:

	2019 HK$'000	2018 HK$'000
At beginning of year	**4,498**	4,059
Impairment losses	**139**	–
Exchange realignment	**(297)**	439
At end of year	**4,340**	4,498

17. Trade and Bills Receivables *(continued)*

Impairment under HKFRS 9 for the year ended 31 March 2019

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product/service type, customer type and rating, and coverage by letters of credit). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than 90 days and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 March 2019

		Past due		
	Current	**Within 3 months**	**Over 9 months**	**Total**
Expected credit loss rate	–	–	100%	11%
Gross carrying amount (HK$'000)	6,607	12,412	4,340	23,359
Expected credit losses (HK$'000)	–	–	4,340	4,340

Impairment under HKAS 39 for the year ended 31 March 2018

Included in the above provision for impairment of trade receivables, which was measured based on incurred credit losses under HKAS 39, as at 31 March 2018 was a provision for individually impaired trade receivables of HK$4,498,000 with a carrying amount before provision of HK$4,498,000.

The individually impaired trade receivables as at 31 March 2018 related to customers that were in financial difficulties or were in default in interest and/or principal payments and only a portion of the receivables was expected to be recovered.

The ageing analysis of the trade and bills receivables as at 31 March 2018 that were not individually nor collectively considered to be impaired under HKAS 39 is as follows:

	2018 HK$'000
Neither past due nor impaired	367,415
Less than 3 months past due	2,775
	370,190

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

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, the directors of the Company were of the opinion that no provision for impairment under HKAS 39 was necessary in respect of these balances as there has not been a significant change in credit quality and the balances were still considered fully recoverable.

18. Prepayments, Deposits and Other Receivables

	2019 HK$'000	2018 HK$'000
Prepayments	**4,865**	3,501
Deposits and other receivables	**35,762**	51,294
Less: impairment allowance	**(12,815)**	–
	27,812	54,795
Less: prepayments classified as non-current assets	**(13,390)**	(13,390)
Current portion	**14,422**	41,405

Their recoverability was assessed with reference to the credit status of the debtors individually, and impairment allowance of HK$12,815,000 (2018: Nil) was provided as at 31 March 2019. For the remaining balances of deposits and other receivable, the respective ECL is considered as minimal based on historical data and forward-looking information.

The movements in the loss allowance for impairment of prepayment, deposits and other receivables are as follow:

	2019 HK$'000	2018 HK$'000
At beginning of year	**–**	–
Impairment losses	**12,815**	–
At end of year	**12,815**	–

As at 31 March 2018, none of the above assets was either past due or impaired and there was no recent history of default.

19. Financial Assets at Fair Value Through Profit or Loss

	2019 HK$'000	2018 HK$'000
Listed equity securities, at fair value	**4,261**	4,384
Other unlisted fund investments, at fair value	**2,806**	–
	7,067	4,384

The above equity investments at 31 March 2019 were classified as financial assets at fair value through profit or loss as they were held for trading.

The above unlisted fund investments at 31 March 2019 were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

20. Cash and Cash Equivalents and Pledged Deposits

	Note	2019 HK$'000	2018 HK$'000
Cash and bank balances		**146,679**	134,715
Time deposits		**–**	20,000
Cash and cash equivalents		**146,679**	154,715
Pledged deposits with original maturity of over three months when acquired for bank loans	22(i)	**10,605**	10,399

At the end of the reporting period, the cash and cash equivalents of the Group denominated in Renminbi ("RMB") amounted to HK$5,312,000 (2018: HK$1,863,000), out of which an amount of HK$4,972,000 (2018: HK$570,000) 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.

21. Trade and Other Payables and Accruals

	Notes	2019 HK$'000	2018 HK$'000
Trade payables		**12,160**	31,478
Other payables		**7,672**	19,172
Contract liabilities	(i)	**4,547**	–
Accrued liabilities		**609**	9,555
Due to a director	29(b)	**2**	31
Rental deposits received		**1,581**	1,163
		26,571	61,399

Based on the invoice date, the trade payables as at the end of the reporting period would mature within one month (2018: one month). Trade and other payables are non-interest-bearing and have an average term of three months.

Note:

(i) Details of contract liabilities as at 31 March 2019 and 1 April 2018 are as follows:

	31 March 2019 HK$'000	1 April 2018 HK$'000
Contract liabilities from sale of goods	**4,547**	6,128

Contract liabilities include short-term advances received to deliver goods.

22. Interest-Bearing Bank Borrowings

	Effective interest rate (%)	Maturity	2019 HK$'000	Effective interest rate (%)	Maturity	2018 HK$'000
Current						
Bank loans – secured	**2.66-3.64**	**On demand**	**1,064,754**	1.61-3.08	On demand	746,231

	2019 HK$'000	2018 HK$'000
Analysed into bank borrowings repayable:		
Within one year or on demand	**1,064,754**	746,231

Notes:

For the purpose of the above analysis, the Group's bank loans in the amount of HK$1,064,754,000 (2018: HK$746,231,000) containing a repayment on demand clause are included within current interest-bearing bank borrowings and analysed into bank loans repayable within one year or on demand.

The Group's bank borrowings are secured by:

(i) a pledge of certain of the Group's time deposits amounting to HK$10,605,000 (2018: HK$10,399,000) (note 20);

(ii) legal charges over the Group's leasehold land and buildings situated in Hong Kong with a carrying value of HK$16,000,000 (2018: HK$16,000,000) (note 12);

(iii) legal charges over the Group's investment properties situated in Hong Kong with a carrying value of HK$1,240,400,000 (2018: HK$39,600,000) (note 13); and

(iv) bills receivable of the Group amounting to HK$92,916,000 (2018: HK$19,633,000) discounted to the banks with recourse (note 17).

23. Deferred Tax

Deferred tax assets

	Impairment of trade receivables HK$'000
At 1 April 2017	517
Exchange realignment	56
At 31 March 2018 and 1 April 2018	573
Exchange realignment	(38)
At 31 March 2019	535

23. Deferred Tax *(continued)*

Deferred tax liabilities

	Fair value adjustments of equity investments at fair value through other comprehensive income	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	HK$'000
At 1 April 2017	–	83	3,016	1,702	4,801
Deferred tax charged/(credited) to profit or loss during the year (note 10)	–	117	–	(37)	80
Deferred tax charged to other comprehensive income during the year	–	–	1,588	–	1,588
At 31 March 2018 and 1 April 2018	–	200	4,604	1,665	6,469
Effect of adoption of HKFRS 9	2,043	–	–	–	2,043
At 1 April 2018 (restated)	2,043	200	4,604	1,665	8,512
Deferred tax charged to profit or loss during the year (note 10)	–	–	–	15	15
Deferred tax charged to other comprehensive income during the year	687	–	–	–	687
At 31 March 2019	2,730	200	4,604	1,680	9,214

The Group has tax losses arising in Hong Kong of HK$39,189,000 (2018: HK$29,705,000) and in Thailand of HK$51,967,000 (2018: HK$31,801,000) 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 2019, there was no significant unrecognised deferred tax liability (2018: 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.

24. Share Capital

	2019 HK$'000	2018 HK$'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

25. 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 Scheme has been expired before 31 March 2019.

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.

No share options were granted and outstanding as at the year end date.

26. 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 pages 33 to 34 of the financial statements.

27. Note to the Consolidated Statement of Cash Flows

Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings HK$'000	Amount due to non-controlling interest of a subsidiary HK$'000
At 1 April 2017	470,560	–
Changes from financing cash flows	275,671	–
At 31 March 2018 and 1 April 2018	746,231	–
Changes from financing cash flows	318,523	265,565
At 31 March 2019	1,064,754	265,565

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 nine years (2018: 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 2019, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2019 HK$'000	2018 HK$'000
Within one year	**20,772**	2,721
In the second to fifth years, inclusive	**72,700**	1,241
Over 5 years	**72,000**	–
	165,472	3,962

28. Operating Lease Arrangements *(continued)*

(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 two years (2018: one to three years).

At 31 March 2019, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2019	2018
	HK$'000	HK$'000
Within one year	**1,682**	1,825
In the second to fifth years, inclusive	**757**	2,211
	2,439	4,036

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:

		2019	2018
	Note	**HK$'000**	HK$'000
Rental expenses to related companies*	(i)	**1,069**	645
Rental expenses to a director	(i)	**–**	158

* 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 Ming Chuan, amounting to HK$2,000 (2018: HK$31,000) were disclosed in note 21 and the balance was unsecured, interest-free and had no fixed terms of repayment.

(c) Amount due to non-controlling interest of a subsidiary was unsecured, interest-free and not repayable within one year from the date of the reporting period.

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

	2019	2018
	HK$'000	HK$'000
Short term employee benefits	**2,741**	2,767
Post-employment benefits	**54**	54
Total compensation paid to key management personnel	**2,795**	2,821

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 2019

	Financial assets at fair value through profit or loss HK$'000	Financial assets at fair value through other comprehensive income: Debt investments HK$'000	Financial assets at fair value through other comprehensive income: Equity investments HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Equity investments at fair value through other comprehensive income	–	–	40,104	–	40,104
Debt investments at fair value through other comprehensive income	–	14,038	–	–	14,038
Trade and bills receivables	–	–	–	285,167	285,167
Financial assets included in prepayments, deposits and other receivables	–	–	–	22,947	22,947
Financial assets at fair value through profit or loss	7,067	–	–	–	7,067
Pledged deposits	–	–	–	10,605	10,605
Cash and cash equivalents	–	–	–	146,679	146,679
	7,067	14,038	40,104	465,398	526,607

31 March 2018

	Financial assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Available-for-sale investments	–	–	48,386	48,386
Trade and bills receivables	–	370,190	–	370,190
Financial assets included in prepayments, deposits and other receivables	–	47,318	–	47,318
Financial assets at fair value through profit or loss	4,384	–	–	4,384
Pledged deposits	–	10,399	–	10,399
Cash and cash equivalents	–	154,715	–	154,715
	4,384	582,622	48,386	635,392

Financial liabilities

All of the Group's financial liabilities as at 31 March 2019 and 2018, including trade and other payables, interest-bearing bank borrowings and amount due to non-controlling interest of a subsidiary, 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 receivables, deposits and other receivables, financial liabilities included in trade and other payables and accruals, amount due to non-controlling interest of a subsidiary 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 tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 March 2019

	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**
Equity investments at fair value through other comprehensive income	**–**	**–**	**40,104**	**40,104**
Debt investments at fair value through other comprehensive income	**–**	**14,038**	**–**	**14,038**
Financial assets at fair value through profit or loss	**4,261**	**2,806**	**–**	**7,067**
	4,261	**16,844**	**40,104**	**61,209**

As at 31 March 2018

	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	4,384	–	–	4,384

31. Fair Value and Fair Value Hierarchy of Financial Instruments *(continued)*

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 and financial liabilities (2018: Nil).

The movements in fair value measurements within Level 3 during the year are as follows:

	HK$'000
Equity investments at fair value through other comprehensive income/ available-for-sale investments – unlisted:	
At 1 April 2018	**30,749**
Effect of adoption of HKFRS 9	**8,012**
At 1 April 2018 (restated)	**38,761**
Total gain recognised in other comprehensive income	**2,747**
Exchange difference	**(1,404)**
At 31 March 2019	**40,104**

Below is a summary of the valuation technique used and the key inputs to the valuation of equity investments:

	Valuation technique	Significant unobservable inputs	Range 2019
Equity investments	Assets based and direct comparison method	Open market price per unit rate for car parks	HK$97,600 to HK$146,400
		Open market price per square metres for commercial buildings	HK$2,440 to HK$29,280
		Open market price per square metres for residential buildings	HK$6,100 to HK$10,980
		Open market price per square metres for undeveloped land	HK$732 to HK$1,171
		Open market price per square metres for hotel	HK$3,050

A significant increase/(decrease) in the price per square metres or unit rate in isolation would result in a significantly higher/(lower) fair value of the equity investments.

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

As part of its normal business, the Group entered into bills receivable 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 receivable and the corresponding bank loans granted on the discounted bills receivable were reflected in the financial statements. The carrying amount of the bills receivable transferred under the Arrangement that have not been settled as at 31 March 2019 was HK$16,094,000 (2018: HK$19,633,000).

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 Mainland China and most of the transactions are denominated in the entities' functional currencies in the 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 credit period for one to three months or by cash on delivery. Credit limits are set for individual customers. As such, the Group's exposure to bad debts is not significant.

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

(ii) Credit risk *(continued)*

Maximum exposure and year-end staging as at 31 March 2019

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March 2019. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	**Lifetime ECLs**			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Trade receivables*	–	–	–	19,019	19,019
Bills receivables					
– Net yet past due	266,148	–	–	–	266,148
Financial assets included in prepayments, deposits and other receivables					
– Normal**	22,947	–	–	–	22,947
– Doubtful**	–	–	12,815	–	12,815
Pledged deposits					
– Not yet past due	10,605	–	–	–	10,605
Cash and cash equivalents					
– Not yet past due	146,679	–	–	–	146,679
	446,379	–	12,815	19,019	478,213

* For trade receivables to which the Group applies the simplified approach for impairment, information is disclosed in note 17 to the financial statements.

** The credit quality of the financial assets included in other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Maximum exposure and year-end staging as at 31 March 2018

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.

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

(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 arise.

The following table demonstrates the sensitivity to a reasonably possible change in the 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) in interest rate	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity*
	%	HK$'000	HK$'000
Year ended 31 March 2019			
Hong Kong dollar	1%	(8,891)	–
Hong Kong dollar	(1%)	8,891	–
Year ended 31 March 2018			
Hong Kong dollar	1%	(6,231)	–
Hong Kong dollar	(1%)	6,231	–

* 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 2019	**On demand HK$'000**	**Less than 3 months HK$'000**	**Over one year HK$'000**	**Total HK$'000**
Interest-bearing bank borrowings*	**1,064,754**	**–**	**–**	**1,064,754**
Trade and other payables and accruals	**–**	**26,571**	**–**	**26,571**
Amount due to non-controlling interest of a subsidiary	**–**	**–**	**265,565**	**265,565**
	1,064,754	**17,073**	**265,565**	**1,356,890**

31 March 2018	On demand HK$'000	Less than 3 months HK$'000	Over one year HK$'000	Total HK$'000
Interest-bearing bank borrowings*	746,231	–	–	746,231
Trade and other payables and accruals	–	61,399	–	61,399
	746,231	61,399	–	807,630

* Included in interest-bearing bank borrowings are bank loans of HK$1,064,754,000 (2018: HK$746,231,000) containing a repayment on demand clause giving the lender the unconditional right to call the loan at any time and therefore, for the purpose of the above maturity profile, these amounts are classified as "On demand". Notwithstanding the above repayment on demand clause, the directors do not believe that the bank loans will be called in their entirety within 12 months, and they consider that the bank loans will be repaid in accordance with the maturity dates as set out in the respective agreements. This evaluation was made considering: the financial position of the Group at the date of approval of the financial statements; the Group's compliance with the loan covenants; the lack of events of default, and the fact that the Group has made all previously scheduled repayments on time. In accordance with the terms of the bank loans, their maturity terms at 31 March 2019 are HK$628,754,000 in 2020, HK$4,000,000 in 2021, HK$4,000,000 in 2022, HK$8,000,000 in 2023, HK$8,000,000 in 2024, HK$8,000,000 in 2025, and HK$404,000,000 in 2026 (2018: HK$746,231,000 in 2019).

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

(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 dividend 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:

	2019	2018
	HK$'000	HK$'000
Interest-bearing bank borrowings	**1,064,754**	746,231
Less: Cash and cash equivalents	**(146,679)**	(154,715)
Net debt	**918,075**	591,516
Total equity attributable to owners of the Company	**874,900**	846,415
Debt-to-equity ratio	**1.05**	0.70

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:

	2019 **HK$'000**	2018 HK$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**94,475**	94,475
CURRENT ASSETS		
Amounts due from subsidiaries	**494,502**	495,949
Prepayments	**149**	149
Cash and bank balances	**61**	64
Total current assets	**494,712**	496,162
CURRENT LIABILITIES		
Amounts due to subsidiaries	**20,429**	20,429
Other payables	**233**	239
Total current liabilities	**20,662**	20,668
NET CURRENT ASSETS	**474,050**	475,494
Net assets	**568,525**	569,969
EQUITY		
Share capital	**58,473**	58,473
Reserves (note)	**510,052**	511,496
Total equity	**568,525**	569,969

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 2017	424,931	84,475	2,707	512,113
Loss for the year	–	–	(617)	(617)
At 31 March 2018 and 1 April 2018	424,931	84,475	2,090	511,496
Loss for the year	–	–	(1,444)	(1,444)
At 31 March 2019	424,931	84,475	646	510,052

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 a 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 the 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 28 June 2019.

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 (excluding 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 on Chachoengsao Sattahip Road, (Highway No. 331) Nong Pru Sub District, Phanutnikom District, Chonburi Province, Thailand	Warehouse	Long term lease	100%
A building at 338 Queen's Road Central, Sheung Wan, Hong Kong	Commercial building with hotel licence	Long term lease	60%

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

	Year ended 31 March				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**1,620,187**	2,268,949	1,988,738	2,831,076	3,714,057
PROFIT BEFORE TAX	**60,857**	32,431	20,157	13,651	190,498
Tax credit/(expense)	**3,497**	724	(3,099)	2,962	(17,318)
Profit for the year	**64,354**	33,155	17,058	16,613	173,180

Assets and Liabilities

	As at 31 March				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**2,332,110**	1,715,646	1,358,863	1,362,509	1,965,359
Total liabilities	**(1,418,958)**	(869,231)	(561,948)	(581,438)	(1,164,018)
	913,152	846,415	796,915	781,071	801,341

Corporate Information

Directors

Executive Directors

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

Independent Non-executive Directors

Mr. Chui Chi Yun Robert (Appointed on 14 August 2018)
Professor Fung Kwok Pui
Mr. Lee Kwan Hung (Resigned on 13 May 2018)
Mr. Yue Man Yiu Matthew

Authorised Representatives

Mr. Chu Ming Chuan
Mr. Shum Shing Kei

Company Secretary

Mr. Shum Shing Kei

Audit Committee

Mr. Chui Chi Yun Robert (Appointed on 14 August 2018)
Mr. Yue Man Yiu, Matthew (Chairman)
Professor Fung Kwok Pui
Mr. Lee Kwan Hung (Resigned on 13 May 2018)

Remuneration Committee

Mr. Chui Chi Yun Robert (Chairman)
(Appointed on 14 August 2018)
Mr. Lee Kwan Hung (Chairman)
(Resigned on 13 May 2018)
Professor Fung Kwok Pui
Mr. Yue Man Yiu, Matthew

Nomination Committee

Mr. Chui Chi Yun Robert (Appointed on 14 August 2018)
Professor Fung Kwok Pui (Chairman)
Mr. Lee Kwan Hung (Resigned on 13 May 2018)
Mr. Yue Man Yiu, Matthew

Website Address

www.asiacassava.com

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Ltd.
Chiyu Banking Corporation Ltd.
Hang Seng Bank Limited
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,
Wanchai
Hong Kong

Registered Office

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Head Office and Principal Place of Business

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Kowloon
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Stock Code

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