



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 2012



Contents



Chairman's Statement	2-5
Management Discussion and Analysis	6-10
Directors and Senior Management	11-14
Report of the Directors	15-26
Corporate Governance Report	27-31
Independent Auditors' Report	32-33
Consolidated Statement of Comprehensive Income	34
Consolidated Statement of Financial Position	35
Consolidated Statement of Changes in Equity	36
Consolidated Statement of Cash Flows	37
Statement of Financial Position	38
Notes to Financial Statements	39-77
Particulars of Investment Properties	78
Summary of Financial Information	79
Corporate Information	80

Chairman's Statement



CHU Ming Chuan
Chairman

Dear Shareholders,

For the year ended 31 March 2012 (the "Current Year"), the Group went through a tough and challenging year.

The Group is the largest procurer and exporter of dried cassava chips in Thailand, and is the largest supplier of dried cassava chips sold in the PRC. The dried cassava chips imported to the PRC are mainly used for the production of ethanol, which is further used for producing Chinese white wine, chemical products and ethanol fuel using non-grain feedstock, so the market demand for dried cassava chips remains.

Chairman's Statement

During the Current Year, the Group achieved sales revenue of approximately HK\$1.96 billion, a slight decrease of approximately 3% compared to approximately HK\$2.02 billion in the corresponding period last year. The profit attributable to Shareholders of the Company was approximately 25.60 million, which decreased 69% as compared with HK\$82.71 million for the corresponding period last year. During the Current Year, the CPI index in Mainland China was increased sharply so that the PRC government had taken certain measures to control price adjustment on corns which had an indirect impact on the price of dried cassava chips price. Hence, the Group's overall gross profit and profit attributable to Shareholders were decreased.

Earnings per share of the Current Year were approximately HK6.39 cents. The Board recommends the payment of a final dividend of HK1.25 cents per share to reward the shareholders for their support.

Thailand is the largest exporting country of cassava chips in the world while the PRC is the largest importing country of the same. Being the leader of the cassava chips industry in the PRC and Thailand, the Group was among the first to introduce cassava chips to the PRC, and has secured the leading position in the market. From 2001 to 2011, the Group was the largest procurer and exporter of dried cassava chips in Thailand, reflecting the Group's competitive advantage in influencing product pricing. The Group possesses 6 procurement networks in aggregate, further enhancing the Group's ability to procure dried cassava chips.

Especially for the production of ethanol fuel using non-grain feedstock, as encouraged by the PRC's policy of "non-competition for grain with people and noncompetition for harvest land with grain" 《不與民爭糧·不與糧爭地》, according to 《可再生能源中長期發展規劃》 ("The Mid- and Long-term Development Plan For Renewable Energy") in August 2007, the PRC will cease to increase the production capacity of ethanol fuel using grain feedstock, and targets to increase the annual production capacity of ethanol fuel using non-grain feedstock to 10 million tonnes by 2020.

Chairman's Statement

The Group's one-stop service includes sourcing dried cassava chips from the Southeast Asian regions (such as Thailand), processing, storage and warehousing, shipping arrangement, and delivery and logistics, and supplies its products under the "Artwell" brand in the PRC. The Group also enjoys the following advantages:

- (1) **Advantages in procuring and exporting in Thailand** – The Group has pioneered the "365-day open door policy", which guarantees the procurement of cassava chips at open market prices with payments settled in cash throughout the year, thus enabling us to secure a stable procuring network. The Group has more than 200 suppliers across Thailand. The Group has also expanded into upstream processing operations, and operates an exclusive drying yard of nearly 80,000 square meters, which enables the Group to increase its purchasing volume as well as enhancing its operational efficiency;
- (2) **Advantages in logistics and shipments** – To date, total storage capacity for the Group's warehouses in Thailand and Cambodia is approximately 230,000 tonnes of dried cassava chips. The Group's major warehouses are all conveniently located in the vicinity of the ports facilitating sea shipments. In addition, with its persistent large-scaled shipment volume, the Group is able to employ vessels of various capacities, which creates an advantage for the Group when bargaining shipping terms with vessel operators. Moreover, the Group owns a vessel with a carrying capacity of approximately 47,000 metric tonnes which has enhanced our transportation capability, and increased our flexibility in transportation, also enhancing the synergy between self-owned and chartered vessels, so further reducing our shipping costs. Consequently we can achieve better efficiency and flexibility in logistics arrangement and will be less dependent on existing carriers which are chartered from other independent third parties; and
- (3) **Advantages in sales in the PRC and customer services** – the Group is the largest supplier of imported cassava chips in the PRC, its brand name "Artwell" continues to enjoy high reputation in the PRC's cassava industry. The Group consistently executes stringent quality control standards from procuring, loading and unloading to selling dried cassava chips, which has earned consumer confidence and trust for the Group. The Group has been expanding its sales network, and has stable cornerstone clients including Henan Tianguan, one of the top four authorized ethanol fuel producers in the PRC, as well as some listed companies in Hong Kong.

Chairman's Statement

Looking ahead, driven by the favorable state policy to promote ethanol fuel industry reform and to encourage ethanol fuel production with non-grain feedstock such as cassava, the Group is dedicated to improve its integrated business model to actively expand its operation scale, accelerate its pace of growth and to generate larger synergy, so as to further improve its profitability and strengthen its market leading position.

In terms of developing its upstream operations, the Group will set up warehouses and drying yards in the major cassava plantation areas in Thailand, expand its procurement network to secure more cassava supply sources. Meanwhile, referencing to its successful business model in Thailand, the Group will set up procurement network and logistics facilities in South East countries such as Cambodia and Laos in order to capitalize the huge development potentials of producing and procuring cassava in those regions. In terms of developing its sales network in the PRC, the Group will expand its sales network coverage to southern and southwestern China, and will increase its brand promotion efforts in eastern and central China, thus to strengthen the Group's leading position in the PRC's cassava industry. In terms of logistics, the Group's transporting vessel was put into service. Leveraging on its enhanced transportation capability, the Group will be able to reduce its shipping costs and achieve better efficiency in logistics arrangement, and will be less dependent on existing carriers which are chartered from other independent third parties.

Summing up and looking ahead to the future, on behalf of the Board, I would like to express my sincere appreciation to our Shareholders, business partners, management and staff members for their tremendous contributions to the Group in the past year. The Group will continue to strive to improve its profitability and create greater value to our Shareholders.

CHU Ming Chuan
Chairman of the Board

Hong Kong
28 June 2012

Management Discussion and Analysis



Management Discussion and Analysis

During the year, Asia Cassava Resources Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) was principally engaged in procurement of dried cassava chips in Southeast Asian countries, including Thailand and sales of dried cassava chips, to customers in the People’s Republic of China (the “PRC”). The Group had remained 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.

The Group’s revenue from procurement and sales of dried cassava chips amounted to approximately HK\$1,821.8 million for the year ended 31 March 2012 (the “Current Year”), representing a decrease of approximately 10% from approximately HK\$2,021.9 million for the previous year. The Group had maintained its leading position in the PRC as the largest supplier of imported dried cassava chips for the Current Year, leading to a significant influence over the market.

In addition, for the Current Year, the Group had commenced the business in respect of the procurement and sales of thermal coals, with the electricity-generating factories situated in the PRC (including that invested by an electricity company in Hong Kong) as its target customers. The Group’s revenue from procurement and sales of thermal coals amounted to approximately HK\$138.7 million for the year ended 31 March 2012.

The Group’s profit for the Current Year amounted to approximately HK\$25.6 million, representing a 69% decrease from approximately HK\$82.7 million for the previous year.

Revenue

Total Revenue of the Group decreased by approximately HK\$61.3 million or approximately 3% from approximately HK\$2,021.9 million in the previous year to approximately HK\$1,960.6 million in the Current Year. It was mainly attributable to the economic slowdown of PRC during the Current Year which had an impact over the consumers’ industries, as well as the overall consumer market sentiment. As a result, the sales of dried cassava chips declined; however, the Group still maintained its leading position in the PRC as the largest supplier of imported dried cassava chips for the Current Year, leading to a significant influence over the market.

Gross profit and gross profit margin

Total cost of sales of the Group slightly decreased by approximately HK\$18.9 million, or approximately 1%, from approximately HK\$1,739.2 million for the previous year to approximately HK\$1,720.3 million in the Current Year.

Gross profit of the Group decreased by approximately HK\$42.3 million, or approximately 15%, from approximately HK\$282.6 million for the previous year to approximately HK\$240.3 million for the Current Year, mainly due to a decrease in gross profit margin.

Management Discussion and Analysis

The Group's gross profit margin for the Current Year decreased by approximately 1.7 percentage points to approximately 12.3% from approximately 14.0% for the previous year. During the year, the CPI index in Mainland China was increased sharply which arouse concern from the officials of the PRC government. The PRC government had taken certain measures to control price adjustment on commodities including corns which had an indirect impact on the price of dried cassava chips price. Hence, the gross profit margin was decreased. However, during the Current Year, the Group is committed to strengthening its vertically integrated business model, thus easing the impact of the decline of profitability.

Fair value gain on investment properties

During the Current Year, the Group had a fair value gain on investment properties of approximately HK\$0.6 million (2011: approximately HK\$8.1 million).

Selling and distribution costs

During the Current Year, the selling and distribution expenses of the Group were approximately HK\$163.4 million (2011: approximately HK\$148.2 million), which comprised mainly ocean freight costs of approximately HK\$113.2 million (2011: approximately HK\$110.2 million) and warehouse, handling and inland transportation expenses of approximately HK\$50.2 million (2011: approximately HK\$38.0 million).

The selling and distribution expenses of the Group represented 8.3% of the total sales revenue for the Current Year, compared to that of 7.3% for the previous year, mainly due to increase in ocean transportation costs.

Administrative expenses

Administrative expenses of the Group decreased by approximately HK\$9.3 million, or approximately 18%, from approximately HK\$50.6 million in the previous year to approximately HK\$41.3 million in the Current Year, mainly due to saving of certain administrative expenses.

Finance costs

Finance expenses of the Group increased from approximately HK\$3.7 million for the previous year to approximately HK\$9.0 million for the Current Year due to the increase in the average bank borrowing balance for the Group's operations and the increase in interest rate during the Current Year.

Taxation

For each of the years ended 31 March 2011 and 2012, the Group's taxations were approximately HK\$9.8 million and HK\$4.6 million, respectively. The effective tax rate of the Group for the Current Year was approximately 15.4% (2011: 10.6%).

Profit for the year

The Group's profit for the Current Year amounted to approximately HK\$25.6 million (2011: approximately HK\$82.7 million).

Management Discussion and Analysis

Financial resources and liquidity

As at 31 March 2012, the net assets amounted to approximately HK\$524.9 million, representing an increase of approximately HK\$10.7 million from approximately HK\$514.2 million as at 31 March 2011 due to the profit for the Current Year and gain on property revaluation of investment properties less the payment of dividends.

Current assets amounted to approximately HK\$776.9 million (2011: HK\$722.5 million), including cash and cash equivalents of approximately HK\$142.8 million (2011: HK\$88.2 million), trade and bills receivables of approximately HK\$213.0 million (2011: HK\$283.2 million) and inventories of approximately HK\$382.6 million (2011: HK\$330.4 million). The Group had non-current assets of approximately HK\$134.9 million (2011: HK\$131.3 million) which represented mainly a vessel purchased for the Group's transportation and the properties located in Hong Kong for office and property investment purposes.

The Group's current liabilities amounted to approximately HK\$380.9 million (2011: HK\$333.6 million), which comprised mainly trade and other payables and accruals of approximately HK\$61.3 million (2011: HK\$164.5 million) and bank borrowings of approximately HK\$287.4 million (2011: HK\$140.6 million). The Group's non-current liabilities included deferred tax liabilities of approximately HK\$6.1 million (2011: HK\$5.9 million).

The Group expresses its gearing ratio as a percentage of borrowings over total assets. As at 31 March 2012, the Group had a gearing ratio of 31.5% (2011: 16.5%). Such increase is mainly due to the decrease in profit for the Current Year and the increase in bank borrowings during the Current Year.

The Group's debtor turnover period is 46.2 days as at 31 March 2012 which is relatively consistent with 37.5 days as at 31 March 2011.

The Group's inventory turnover period is 75.6 days as at 31 March 2012, representing an increase of 23.9 days from 51.7 days as at 31 March 2011. Such increase is mainly attributable to the Group's strategy to hold additional inventories for fulfilling the orders from customers in coming months during the harvest season.

Employment and remuneration policy

As at 31 March 2012, the total number of the Group's staff was approximately 70. The total staff costs (including directors' remuneration) amounted to approximately HK\$14.3 million for the 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 and Thailand.

Management Discussion and Analysis

Charge on group assets

As at 31 March 2012, the Group's land and buildings and investment properties situated in Hong Kong with aggregate carrying values of HK\$10,670,000 (2011: HK\$10,670,000) and HK\$29,210,000 (2011: HK\$29,210,000), respectively, were pledged to the bankers to secure the banking facilities granted to the Group.

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 2012, the Group did not have any material contingent liabilities.

Prospect

The Group's unique and integrated business model combines the procurement, processing, warehousing, logistics and sale of cassava chips. This year, the Group had set up six procurement and warehouse centres strategically located in Thailand with a total capacity of approximately 230,000 tonnes. Looking ahead, the Group plans to establish more procurement and warehouse centres in Cambodia, Laos and elsewhere 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.

Directors and Senior Management

Board of Directors

Executive Directors

Mr. Chu Ming Chuan (“Mr. Chu”), aged 57, 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 Global 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 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 51, 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 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 45, 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.

Directors and Senior Management

Independent non-executive Directors

Professor Fung Kwok Pui (“Professor Fung”), aged 61, was appointed as an independent non-executive Director on 22 January 2009. He is currently the Professor of Biochemistry and Head of the United College at the Chinese University of Hong Kong.

He is also the director of CUCAMed Company Limited (中大中醫藥科技有限公司), a subsidiary of the Chinese University of Hong Kong Foundation Limited and a member of the management board of The Hong Kong Institute of Biotechnology Limited (香港生物科技研究院有限公司), a company wholly controlled by the Council of 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 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 46, 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 (“the Stock Exchange”) between 1993-94. Mr. Lee is currently a practising solicitor and an independent non-executive director of Yuexiu REIT Asset Management Limited (being the manager of Yuexiu Real Estate Investment Trust), NetDragon Websoft Inc., Embry Holdings Limited, Futong Technology Development Holdings Limited, Walker Group Holdings Limited, Newton Resources Limited, Tenfu (Cayman) Holdings Company Limited, Far East Holdings International Limited and China BlueChemical Ltd., the shares of these companies are listed on the Stock Exchange. Mr. Lee was also a non-executive director of GST Holdings Limited and an independent non-executive director of New Universe International Group Limited.

Directors and Senior Management

Mr. Yue Man Yiu Matthew (“Mr. Yue”), aged 50, 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 China Financial Leasing Group Limited, Royale Furniture Holdings Limited and China Suntien Green Energy Corporation Limited, the shares of these companies are listed on The Stock Exchange.

Senior Management

Ms. Ng Nai Nar, aged 49, 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 40, 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 59, 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.

Directors and Senior Management

Mr. Wong Hoi Pang (“Mr. Wong”), aged 33, is the deputy group financial controller of the Company. Mr. Wong joined the Group in April 2008 and is responsible for the Group’s financial reporting and monitoring of the accounting internal controls. Prior to joining the Group, Mr. Wong has over 6 years’ experience in accounting, auditing and financial management. Mr. Wong is a member of the Association of Chartered Certified Accountants.

Mr. Wang Dong Dai (“Mr. Wang”), aged 49, 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 43, is the deputy general manager of Rizhao Yushun, a subsidiary of the Company. She was employed by the Group in 2008 as part of the reorganisation and is responsible for the analysis of cassava market information and customer relationship of the Group in the PRC. Ms. Jiang has over 5 years’ experience in marketing. Ms. Jiang graduated from Weifang Vocational College (濰坊職業大學) with major in international trading.

Mr. Somchai Ngamkasemsuk (“Mr. Ngamkasemsuk”), aged 56, is the assistant general manager of Alush Thailand, a subsidiary of the Company. Mr. Ngamkasemsuk joined the Group in 2004 and is responsible for the warehouse management and quality control and analysis in respect of cassava market in Thailand. Mr. Ngamkasemsuk obtained a bachelor degree in Business Administration from Assumption Business Administration College.

Report of the Directors

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2012.

Principal activities

The principal activity of the Company is investment holding. The Group is principally engaged in the procurement of dried cassava chips and thermal coal in Southeast Asian countries and the sale of dried cassava chips and thermal coal in Mainland China. The activities of the subsidiaries are set out in note 16 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Results and dividends

The Group's profit for the year ended 31 March 2012 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 34 to 77.

The directors recommend the payment of a final dividend of HK1.25 cents per ordinary share in respect of the year to shareholders on the register of members on 4 September 2012. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the equity section of the statement of financial position.

Use of proceeds from the Company's initial public offering

The proceeds from the Company's issue of new shares at the time of its listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 23 March 2009, after deduction of related issuance expenses, amounted to approximately HK\$59,234,000.

Planned application of IPO proceeds	Planned use of proceeds in accordance with the Prospectus HK\$'000	Actual use of proceeds up to 31 March 2012 HK\$'000
1. the establishment of warehousing facilities and acquisition of leasing of drying yards in Thailand	39,217	22,342
2. the development of the Group's procurement networks and logistics system beyond Thailand in Southeast Asia including but not limited to Cambodia and Laos	4,073	4,073
3. the expansion of the Group's sales networks by establishing storage facilities and promotion and marketing of the Group's products in the southern, central and southwestern regions in Mainland China	7,000	1,204
4. the development and enhancement of sales network and marketing, including promotion and marketing of its Artwell brand dried cassava chips in the Group's existing network in the northeastern region in Mainland China	3,100	–
5. additional general working capital of the Group	5,844	5,844
	59,234	33,463

Summary financial information

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the Company's listing prospectus dated 26 February 2009 for the years ended 31 March 2008 and audited financial statements for the years ended 31 March 2009, 2010, 2011 and 2012, respectively, and restated/reclassified as appropriate, is set out on page 79. This summary does not form part of the audited financial statements.

Property, plant and equipment and investment properties

Details of movements in the property, plant and equipment, and investment properties of the Group during the year are set out in notes 14 and 15 to the financial statements, respectively. Further details of the Group's investment properties are set out on page 78.

Share capital

Details of movements in the Company's share capital during the year are set out in note 24 to the financial statements.

Pre-emptive rights

There is 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.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 26 to the financial statements and in the consolidated statement of changes in equity, respectively.

Distributable reserves

At 31 March 2012, the Company's reserves available for distribution, calculated in accordance with the provisions of Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to HK\$5,242,000 of which HK\$5,000,000 has been proposed as a final dividend. In addition, the Company's share premium account and contributed surplus, of HK\$308,184,000 in aggregate, may be distributed in the form of fully paid bonus shares.

Major customers and suppliers

In the year under review, sales to the Group's five largest customers accounted for 42% (2011: 51%) of the total sales for the year and sales to the largest customer included therein amounted to 9% (2011: 17%). Purchases from the Group's five largest suppliers accounted for less than 39% (2011: 44%) of the total purchases for the year and purchases to the largest supplier included therein amounted to 13% (2011: 13%).

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

Directors

The directors of the Company during the year were:

Executive directors:

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

Independent non-executive directors:

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

According to article 84 of the Company's articles of association, Mr. Chu Ming Chuan, Ms. Liu Yuk Ming and Ms. Lam Ching Fun 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 11 to 14 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 2012.

Apart from the foregoing, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

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.

Report of the Directors

Directors' interests in contracts

Save as the transactions set out in the section "Continuing connected transactions" and in note 30(a) to the financial statements, no director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the year.

Directors' interests and short positions in shares and underlying shares

At 31 March 2012, the interests and short positions of the directors in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in ordinary shares of the Company:

Name of director	Number of shares held, capacity and nature of interest			Percentage of the Company's issued share capital
	Directly beneficially owned	Through controlled corporation	Total	
Mr. Chu Ming Chuan ("Mr. Chu") (note (a))	594,000	225,000,000	225,594,000	56.4%

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

Report of the Directors

Save as disclosed above, as at 31 March 2012, 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 or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Share option scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Further details of the Scheme are disclosed in note 25 to the financial statements. No share options had been granted under the Scheme since the Scheme became effective.

Report of the Directors

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

At 31 March 2012, 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 issued share capital
<i>Long positions:</i>				
AR Management	(a)	Directly beneficially owned	225,000,000	56.25%
Mr. Chu		Directly beneficially owned	594,000	0.15%
	(a)	Through a controlled corporation	225,000,000	56.25%
			225,594,000	56.40%
Mrs. Chu	(a)	Through a controlled corporation	225,000,000	56.25%
Lam Lai Ming	(b)	Through a controlled corporation	42,508,000	10.63%
Li Gabriel	(b)	Through a controlled corporation	42,508,000	10.63%
YM Investment Limited	(c), (d)	Through a controlled corporation	42,508,000	10.63%
Orchid Asia IV Group Management, Limited	(c)	Through a controlled corporation	39,200,000	9.80%
Orchid Asia IV Group, Limited	(c)	Through a controlled corporation	39,200,000	9.80%
Orchid Asia IV Investment, Limited	(c)	Through a controlled corporation	39,200,000	9.80%
Orchid Asia IV, L.P.	(c)	Directly beneficially owned	39,200,000	9.80%

Note:

- (a) The entire issued share capital of AR Management is legally and beneficially owned by Mr. Chu as to 97% and Mrs. Chu as to 3%. As spouse, Mr. Chu is deemed to be interested in the shares of AR Management which Mrs. Chu is interested in and Mrs. Chu is also deemed to be interested in the shares of AR Management which Mr. Chu is interested in.
- (b) Li Gabriel and Lam Lai Ming were the founders of a discretionary trust, YM Investment Limited and were therefore deemed to be interested in the same shares held by it.
- (c) Orchid Asia IV, L.P. holds 39,200,000 shares in the Company. YM Investment Limited was the ultimate holding company of Orchid Asia IV, L.P.. The immediate

Report of the Directors

holding company of Orchid Asia IV, L.P. was Orchid Asia IV Group Management, Limited. Orchid Asia IV Group Management, Limited was in turn a wholly-owned subsidiary of Orchid Asia IV Group, Limited, which was a wholly-owned subsidiary of Orchid Asia IV Investment, Limited. As YM Investment Limited owned approximately 92.61% in the issued share capital of Orchid Asia IV Investment, Limited, YM Investment Limited was therefore deemed to be interested in the same shares held by Orchid Asia IV, L.P..

- (d) Orchid Asia IV Co-Investment, Limited and Orchid China Master Fund Limited hold 800,000 shares and 2,508,000 shares in the Company, respectively. As YM Investment Limited holds the entire direct interest in Orchid Asia Co-investment, Limited and holds indirect 87% interest in Orchid China Master Fund Limited, YM Investment Limited is therefore deemed to have the same interest as held by Orchid Asia Co-investment, Limited and Orchid China Master Fund Limited.

Save as disclosed above, as at 31 March 2012, 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 2010, 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 2010 to 31 March 2012, at an annual rental of HK\$387,900.

(b) Lease from Rizhao International Hotel Co. Ltd. (“Rizhao Hotel”) in relation to an office in Rizhao, the People’s Republic of China (the “PRC”)

On 1 April 2011, Rizhao Yushun Cassava Co., Ltd. (“Rizhao Yushun”), a subsidiary of the Company, and Rizhao Hotel, a related company controlled by Mr. Chu, entered into a lease agreement, pursuant to which Rizhao Hotel (as landlord) agreed to lease a property located at Eastern portion of 4th Floor, Rizhao Hotel, No. 96 Xing Hai Road, Rizhao City, Shangdong Province, the PRC with a total gross floor area of approximately 56 sq. meter to Rizhao Yushun (as tenant) for office and operational uses for a period of one year from 1 April 2011 to 31 March 2012, at an annual rental of RMB132,000 (equivalent to approximately HK\$162,800).

Report of the Directors

(c) Lease from Lianyungang Yafa Enterprises Co., Ltd. (“Yafa Enterprise”) in relation to an office in Lianyungang, the PRC

On 1 April 2011, 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 one year from 1 April 2011 to 31 March 2012 at an annual rental of RMB42,000 (equivalent to approximately HK\$51,800).

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

On 1 April 2011, 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 one year from 1 April 2011 to 31 March 2012, at an annual rental of RMB132,000 (equivalent to approximately HK\$162,800).

(e) Lease from Jinan Yaxin Real Estate Development Co., Limited (“Jinan Yaxin”) in relation to an office in Jinan, the PRC

On 31 March 2012, Rizhao Yushun and Jinan Yaxin entered into a lease agreement, pursuant to which Jinan Yaxin (as landlord) agreed to lease a property located at Units 308, 317 & 320, 3/F., 137 Li Shan Road, Li Xia District, Jinan City, Shangdong Province, the PRC with a total gross floor area of approximately 75 sq. metre to Rizhao Yushun (as tenant) for office and operational use for a period of three years from 1 April 2012 to 31 March 2015, at an annual rental of RMB276,000 (equivalent to approximately HK\$332,000).

(f) Lease from Jinan Yaxin in relation to office equipment and motor vehicles

On 31 March 2012, Rizhao Yushun and Jinan Yaxin entered into a lease agreement, pursuant to which Jinan Yaxin agreed to lease office equipment and motor vehicles to Rizhao Yushun for office and operational use in the PRC for a period of three years from 1 April 2012 to 31 March 2015, at an annual fee of RMB276,000 (equivalent to approximately HK\$332,000).

(g) Management fee to Jinan Yaxin

On 31 March 2012, Rizhao Yushun and Jinan Yaxin entered into an agreement, pursuant to which Jinan Yaxin agreed to provide human resources support to Rizhao Yushun for operational purposes for a period of three years from 1 April 2012 to 31 March 2015, at an annual management fee of RMB276,000 (equivalent to approximately HK\$332,000).

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

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

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

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

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

Report of the Directors

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 are 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 is 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 issued share capital was 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 covenantors (collectively, the "Covenantors"), 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 Covenantors 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 Covenantors 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, which carries on a business which is, or 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.

Report of the Directors

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 2012

Corporate Governance Report

Corporate Governance Practices

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

Throughout the year ended 31 March 2012, 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").

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 2012.

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 2012 and up to the date of this annual report, the Board of Directors has held four meetings up to the date of this annual report with all existing Directors attended in person or through other electronic means of communications. Notice of at least 14 days has been sent to all Directors for this regular board meeting.

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

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

2. Composition of the Board

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

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

As at 31 March 2012, the Board was consisted of the following six directors:

Executive Directors:

Mr. Chu Ming Chuan (*Chairman*)

Ms. Liu Yuk Ming

Ms. Lam Ching Fun

Independent non-executive Directors:

Professor Fung Kwok Pui

Mr. Lee Kwan Hung

Mr. Yue Man Yiu Matthew

The biographical details of the Directors and relationship between members of the Board are set out in the Directors and Senior Management section on pages 11 to 14 of this annual report.

3. Chairman and Chief Executive Officer

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

4. **Appointments, Re-election and Removal of Directors**

All of appointments of Executive Directors are subject to retirement and re-election 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 2012, and are subject to retirement and re-election in accordance with the Articles of Association of the Company.

Board Committees

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

1. **Audit Committee**

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

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

The Audit Committee has held three meeting 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 2011 and for the two years ended 31 March 2011 and 2012, 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 Remuneration Committee currently has three members, namely Professor Fung Kwok Pui, Mr. Lee Kwan Hung and Mr. Yue Man Yiu Matthew, all being independent non-executive Directors. Mr. Lee Kwan Hung is the chairman of the Remuneration Committee.

During the year ended 31 March 2012, there was one meeting held by the Remuneration Committee with all members of the committee attended.

3. Nomination Committee

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

During the year ended 31 March 2012, there was one meeting held by the Nomination Committee with all members of the committee attended.

Financial Reporting and Internal Control

1. Financial Reporting

The Board acknowledges its responsibility for the preparation of the financial statements of the Company and the Group. The chief financial officer and the finance department of the Group provide the explanation and information to the Board to enable it to make an informed assessment of the financial and other Board decisions.

In the preparation of financial statements, Hong Kong Financial Reporting Standards have been adopted and the appropriate accounting policies and statutory requirements have been consistently applied.

2. External Auditors

For the year ended 31 March 2012, 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 2012 HK\$'000
Audit services	
Annual audit services	900

The Audit Committee is responsible to recommend to the Board on matters related to the appointment, re-appointment 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.

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 2012, 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.

Independent Auditors' Report



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To the shareholders of Asia Cassava Resources Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Asia Cassava Resources Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages 34 to 77, which comprise the consolidated and company statements of financial position as at 31 March 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibilities for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2012, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young

Certified Public Accountants

Hong Kong

28 June 2012

Consolidated Statement of Comprehensive Income

Year ended 31 March 2012

	Notes	2012 HK\$'000	2011 HK\$'000
REVENUE	5	1,960,579	2,021,862
Cost of sales		(1,720,324)	(1,739,214)
Gross profit		240,255	282,648
Other income	5	6,164	7,987
Fair value gain on investment properties	15	618	8,082
Selling and distribution costs		(163,442)	(148,217)
General and administrative expenses		(41,324)	(50,562)
Other operating expenses, net		(3,035)	(3,722)
Finance costs	6	(9,028)	(3,704)
PROFIT BEFORE TAX	7	30,208	92,512
Income tax expense	10	(4,642)	(9,807)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	11	25,566	82,705
OTHER COMPREHENSIVE INCOME			
Gains on property revaluation		622	2,805
Income tax effect		(103)	(408)
		519	2,397
Exchange differences arising on translation of foreign operations		590	390
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		1,109	2,787
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		26,675	85,492
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	13		
Basic and diluted (HK cents)		6.39	21.9

Details of the dividends payable and proposed for the year are disclosed in note 12 to the financial statements.

Consolidated Statement of Financial Position

31 March 2012

	Notes	31 March 2012 HK\$'000	31 March 2011 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	81,609	80,587
Investment properties	15	51,310	50,692
Prepayments	19	1,992	–
Total non-current assets		134,911	131,279
CURRENT ASSETS			
Inventories	17	382,566	330,366
Trade and bills receivables	18	212,953	283,182
Prepayments, deposits and other receivables	19	38,589	20,729
Cash and cash equivalents	20	142,810	88,173
Total current assets		776,918	722,450
CURRENT LIABILITIES			
Trade and other payables and accruals	21	61,306	164,486
Interest-bearing bank borrowings	22	287,361	140,556
Tax payable		32,195	28,545
Total current liabilities		380,862	333,587
NET CURRENT ASSETS		396,056	388,863
TOTAL ASSETS LESS CURRENT LIABILITIES		530,967	520,142
NON-CURRENT LIABILITIES			
Deferred tax liabilities	23	6,068	5,918
Net assets		524,899	514,224
EQUITY			
Equity attributable to owners of the Company			
Issued share capital	24	40,000	40,000
Reserves	26(a)	479,899	458,224
Proposed dividends	12	5,000	16,000
Total equity		524,899	514,224

CHU MING CHUAN
Director

LIU YUK MING
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2012

	Notes	Attributable to owners of the Company									Total equity HK\$'000
		Issued capital HK\$'000	Share premium* HK\$'000	Contributed surplus* HK\$'000 (note (i))	Merger reserve* HK\$'000 (note (ii))	Legal reserve* HK\$'000 (note (iii))	Asset revaluation reserve* HK\$'000	Exchange fluctuation reserve* HK\$'000	Retained profits* HK\$'000	Proposed dividends HK\$'000	
At 1 April 2010		36,000	140,113	8,229	(9,773)	46	7,136	2,081	166,104	21,600	371,536
Profit for the year		-	-	-	-	-	-	-	82,705	-	82,705
Other comprehensive income for the year:											
Gains on property revaluation, net of tax		-	-	-	-	-	2,397	-	-	-	2,397
Exchange differences on translation of foreign operations		-	-	-	-	-	-	390	-	-	390
Total comprehensive income for the year		-	-	-	-	-	2,397	390	82,705	-	85,492
Transfer		-	-	-	-	-	(329)	-	329	-	-
Issuance of shares	24	4,000	88,000	-	-	-	-	-	-	-	92,000
Share issue expenses	26(b)	-	(4,404)	-	-	-	-	-	-	-	(4,404)
2010 final dividend declared		-	-	-	-	-	-	-	-	(21,600)	(21,600)
2011 interim dividend declared	12	-	-	-	-	-	-	-	(8,800)	-	(8,800)
Proposed 2011 final dividend	12	-	-	-	-	-	-	-	(16,000)	16,000	-
At 31 March 2011 and 1 April 2011		40,000	223,709	8,229	(9,773)	46	9,204	2,471	224,338	16,000	514,224
Profit for the year		-	-	-	-	-	-	-	25,566	-	25,566
Other comprehensive income for the year:											
Gains on property revaluation, net of tax		-	-	-	-	-	519	-	-	-	519
Exchange differences on translation of foreign operations		-	-	-	-	-	-	590	-	-	590
Total comprehensive income for the year		-	-	-	-	-	519	590	25,566	-	26,675
Transfer		-	-	-	-	-	(401)	-	401	-	-
2011 final dividend declared	12	-	-	-	-	-	-	-	-	(16,000)	(16,000)
Proposed 2012 final dividend	12	-	-	-	-	-	-	-	(5,000)	5,000	-
At 31 March 2012		40,000	223,709	8,229	(9,773)	46	9,322	3,061	245,305	5,000	524,899

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 the excess of the consideration paid over the net asset value of the subsidiaries acquired pursuant to the Group Reorganisation in a prior year over the investment cost of these subsidiaries.
- (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\$479,899,000 (2011: HK\$458,224,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 March 2012

	Notes	2012 HK\$'000	2011 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		30,208	92,512
Adjustments for:			
Interest income	5	(3,112)	(211)
Change in fair value of investment properties	15	(618)	(8,082)
Finance costs	6	9,028	3,704
Depreciation	7	4,365	3,420
		39,871	91,343
Increase in inventories		(52,200)	(168,328)
Decrease/(increase) in trade and bills receivables		70,229	(151,326)
Decrease/(increase) in prepayments, deposits and other receivables	27	(17,534)	48,102
Increase/(decrease) in trade and other payables and accruals		(103,180)	116,995
Cash used in operations		(62,814)	(63,214)
Interest received	27	794	211
Interest paid		(9,028)	(3,704)
Dividends paid		(16,000)	(30,400)
Hong Kong profits tax refunded/(paid)		244	(2,029)
Overseas taxes paid		(1,189)	(200)
Net cash flows used in operating activities		(87,993)	(99,336)
CASH FLOWS FROM AN INVESTING ACTIVITY			
Purchases of items of property, plant and equipment and cash flows used in an investing activity	14	(4,756)	(13,357)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	24	–	92,000
Share issue expenses	26(b)	–	(4,404)
New bank loans		1,106,585	309,505
Repayment of bank loans		(959,780)	(260,524)
Net cash flows from financing activities		146,805	136,577
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		88,173	64,005
Effect of foreign exchange rate changes, net		581	284
CASH AND CASH EQUIVALENTS AT END OF YEAR	20	142,810	88,173

Statement of Financial Position

31 March 2012

	Notes	2012 HK\$'000	2011 HK\$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	16	94,475	94,475
CURRENT ASSETS			
Amounts due from subsidiaries	16	278,884	275,868
Prepayments, deposits and other receivables	19	149	149
Cash and cash equivalents	20	441	2,507
Total current assets		279,474	278,524
CURRENT LIABILITIES			
Amounts due to subsidiaries	16	20,429	3,859
Other payables and accruals	21	94	3,844
Total current liabilities		20,523	7,703
NET CURRENT ASSETS		258,951	270,821
Net assets		353,426	365,296
EQUITY			
Issued capital	24	40,000	40,000
Reserves	26(b)	308,426	309,296
Proposed dividends	12	5,000	16,000
Total equity		353,426	365,296

CHU MING CHUAN
Director

LIU YUK MING
Director

Notes to Financial Statements

31 March 2012

1. Corporate Information

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 8 May 2008. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The head office and principal place of business of the Company is in 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 since 23 March 2009.

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

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

2.1 Basis of Presentation and Consolidation

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, 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 and certain land and buildings, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2012. 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 of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

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.

Notes to Financial Statements

31 March 2012

2.2 Changes in Accounting Policy and Disclosures

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

HKFRS 1 Amendment	Amendment to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters</i>
HKAS 24 (Revised)	<i>Related Party Disclosures</i>
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 <i>Prepayments of a Minimum Funding Requirement</i>
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>
<i>Improvements to HKFRSs 2010</i>	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these HKFRSs are as follows:

- (a) HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group. Details of the related party transactions, including the related comparative information, are included in note 29 to the financial statements.
- (b) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:
- *HKAS 1 Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.
 - *HKAS 27 Consolidated and Separate Financial Statements*: The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

Notes to Financial Statements

31 March 2012

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.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i> ¹
HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans</i> ⁴
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Transfers of Financial Assets</i> ¹
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i> ⁴
HKFRS 9	<i>Financial Instruments</i> ⁶
HKFRS 10	<i>Consolidated Financial Statements</i> ⁴
HKFRS 11	<i>Joint Arrangements</i> ⁴
HKFRS 12	<i>Disclosure of Interests in Other Entities</i> ⁴
HKFRS 13	<i>Fair Value Measurement</i> ⁴
HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i> ³
HKAS 12 Amendments	Amendments to HKAS 12 <i>Income Taxes – Deferred Tax: Recovery of Underlying Assets</i> ²
HKAS 19 (2011)	<i>Employee Benefits</i> ⁴
HKAS 27 (2011)	<i>Separate Financial Statements</i> ⁴
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i> ⁴
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i> ⁵
HK(IFRIC)-Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i> ⁴
Annual Improvements Projects	<i>Annual Improvements to HKFRSs 2009–2011 Cycle</i> ⁴

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2012

³ Effective for annual periods beginning on or after 1 July 2012

⁴ Effective for annual periods beginning on or after 1 January 2013

⁵ Effective for annual periods beginning on or after 1 January 2014

⁶ Effective for annual periods beginning on or after 1 January 2015

Notes to Financial Statements

31 March 2012

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

Further information about those changes that are expected to significantly affect the Group is as follows:

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 April 2015.

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 and HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also includes the issues raised in HK(SIC)-Int 12.

HKFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities that are previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10 and HKFRS 12. The Group expects to adopt HKFRS 10, HKFRS 11, HKFRS 12, and the consequential amendments to HKAS 27 and HKAS 28 from 1 April 2013.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. The Group expects to adopt HKFRS 13 prospectively from 1 April 2013.

Amendments to HKAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items which will never be reclassified. The Group expects to adopt the amendments from 1 April 2013.

Notes to Financial Statements

31 March 2012

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

HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value. The amendments introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis. The Group expects to adopt HKAS 12 Amendments from 1 April 2012.

HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. The Group expects to adopt HKAS 19 (2011) from 1 April 2013.

2.4 Summary of Significant Accounting Policies**Subsidiaries**

A subsidiary is an entity whose financial and operating policies the company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, deferred tax assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, 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 any 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.

Notes to Financial Statements

31 March 2012

2.4 Summary of Significant Accounting Policies *(Continued)***Related parties**

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

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

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 cost 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.

Notes to Financial Statements

31 March 2012

2.4 Summary of Significant Accounting Policies *(Continued)***Property, plant and equipment and depreciation** *(Continued)*

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

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 and 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.

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.

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.

Notes to Financial Statements

31 March 2012

2.4 Summary of Significant Accounting Policies (Continued)**Investments and other financial assets***Initial recognition and measurement*

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs, 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.

The Group's financial assets include trade and bills receivables, deposits and other receivables, and cash and cash equivalents, which are classified as loans and receivables.

Subsequent measurement

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 profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised 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 asset is recognised to the extent of the Group's continuing involvement in the asset. 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.

Notes to Financial Statements

31 March 2012

2.4 Summary of Significant Accounting Policies (Continued)**Impairment of financial assets**

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event has 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 individually whether objective evidence of impairment exists 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.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss 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). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

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 and is accrued 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.

Notes to Financial Statements

31 March 2012

2.4 Summary of Significant Accounting Policies (Continued)**Financial liabilities***Initial recognition and measurement*

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

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

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

*Subsequent measurement**Loans and borrowings*

After initial recognition, trade and other payables, finance lease payables and 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

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.

Inventories

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

Cash and cash equivalents

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

Notes to Financial Statements

31 March 2012

2.4 Summary of Significant Accounting Policies *(Continued)***Income tax**

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

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

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

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

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Notes to Financial Statements

31 March 2012

2.4 Summary of Significant Accounting Policies *(Continued)***Revenue recognition**

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

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) rental income, on a time proportion basis over the lease terms; and
- (c) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Other employee benefits*Pension schemes*

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to 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 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 subsidiary which operates in Macau are required to participate in a central pension scheme operated by the Macau government. The Group's subsidiary which operates in Macau is required to contribute a fixed amount of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Notes to Financial Statements

31 March 2012

2.4 Summary of Significant Accounting Policies *(Continued)***Dividends**

Final and special dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

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

Borrowing costs

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

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation 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 ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences arising on settlement or translation of monetary items are taken to 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 determined. The gain or loss arising on retranslation of a non-monetary item is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

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

Notes to Financial Statements

31 March 2012

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 the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

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

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

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

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

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

(iii) *Impairment of assets*

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

(iv) *Income taxes and withholding taxes*

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

Notes to Financial Statements

31 March 2012

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) Useful lives and residual values of items of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will revise the depreciation charge where useful lives are different to previously estimated, or will write off or write down technically obsolete or non-strategy assets that have been abandoned or sold. The carrying amount of property, plant and equipment at 31 March 2012 was HK\$81,609,000 (2011: HK\$80,587,000).

(ii) 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;
- (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; and
- (c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The principal assumptions for the Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs. The carrying amounts of investment properties and land and buildings at 31 March 2012 were HK\$51,310,000 (2011: HK\$50,692,000) and HK\$20,570,000 (2011: HK\$20,570,000), respectively. Consider to include the range of reasonably possible outcomes within the next financial year and the sensitivity of carrying amounts to the methods, assumptions and estimates underlying the calculation, including the reasons for the sensitivity.

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 property investment segment invests in office space and industrial properties for its rental income potential;
- (b) the sale of dried cassava chips segment engages in the procurement and sale of dried cassava chips; and
- (c) the sale of thermal coal segment engages in the procurement and sale of thermal coal.

Notes to Financial Statements

31 March 2012

4. Segment Information (Continued)

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents, other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, tax payable, deferred tax liabilities and other unallocated head office and corporate assets as these liabilities are managed on a group basis.

	Procurement and sale of dried cassava chips HK\$'000	Procurement and sale of thermal coal HK\$'000	Property investment HK\$'000	Total HK\$'000
Year ended 31 March 2012				
Segment revenue:				
Sales to external customers	1,821,830	138,749	–	1,960,579
Gross rental income	–	–	1,356	1,356
Total	1,821,830	138,749	1,356	1,961,935
Segment results	33,485	611	1,225	35,321
Interest and unallocated gains				4,808
Corporate and other unallocated expenses				(893)
Finance costs				(9,028)
Profit before tax				30,208
Segment assets	690,316	248	73,186	763,750
Corporate and other unallocated assets				148,079
Total assets				911,829
Segment liabilities	379,784	395	6,657	386,836
Corporate and other unallocated liabilities				94
Total liabilities				386,930
Other segment information:				
Depreciation	3,743	–	622	4,365
Capital expenditure	4,756	–	–	4,756
Fair value gain on investment properties	–	–	618	618

Notes to Financial Statements

31 March 2012

4. Segment Information *(Continued)*

	Procurement and sale of dried cassava chips HK\$'000	Property investment HK\$'000	Total HK\$'000
Year ended 31 March 2011			
Segment revenue:			
Sales to external customers	2,021,862	–	2,021,862
Gross rental income	–	1,333	1,333
Total	2,021,862	1,333	2,023,195
Segment results			
	89,689	8,383	98,072
Interest and unallocated gains			6,654
Corporate and other unallocated expenses			(8,510)
Finance costs			(3,704)
Profit before tax			92,512
Segment assets			
	681,133	72,967	754,100
Corporate and other unallocated assets			99,629
Total assets			853,729
Segment liabilities			
	160,271	371	160,642
Corporate and other unallocated liabilities			178,863
Total liabilities			339,505
Other segment information:			
Depreciation	2,671	–	2,671
Capital expenditure	13,357	–	13,357
Fair value gain on investment properties	–	8,082	8,082

Notes to Financial Statements

31 March 2012

4. Segment Information *(Continued)***Geographical information***(a) Revenue from external customers*

	2012 HK\$'000	2011 HK\$'000
Hong Kong	1,356	1,333
Mainland China	1,960,579	2,021,862
	1,961,935	2,023,195

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

(b) Non-current assets

	2012 HK\$'000	2011 HK\$'000
Hong Kong	61,364	62,190
Mainland China	13,976	11,105
Thailand	1,357	1,198
Unallocated	58,214	56,786
	134,911	131,279

The vessel (included in property, plant and equipment) is primarily utilised across geographical markets for shipment of dried cassava chips throughout the world. Accordingly, it is impractical to present the locations of the vessel by 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 deferred tax assets.

Information about a major customer

Revenue of approximately HK\$178,294,000 (2011: HK\$343,875,000) was derived from sales by the procurement and sale of the dried cassava chips segment to a single customer.

Notes to Financial Statements

31 March 2012

5. Revenue and Other Income

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

An analysis of revenue is as follows:

	2012 HK\$'000	2011 HK\$'000
Revenue		
Sales of dried cassava chips	1,821,830	2,021,862
Sales of thermal coal	138,749	–
	1,960,579	2,021,862

An analysis of other income is as follows:

	2012 HK\$'000	2011 HK\$'000
Other income		
Bank interest income	794	211
Other interest income	2,318	–
Gross rental income	1,356	1,333
Rental income from vessel, net of direct operating expenses	1,018	3,193
Compensation from a supplier	–	2,730
Others	678	520
	6,164	7,987

6. Finance Costs

An analysis of finance costs is as follows:

	2012 HK\$'000	2011 HK\$'000
Interest on bank loans and overdrafts	9,028	3,704

Notes to Financial Statements

31 March 2012

7. Profit Before Tax

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

	2012 HK\$'000	2011 HK\$'000
Cost of inventories sold	1,720,324	1,739,214
Depreciation (note 14):	4,365	3,420
Auditors' remuneration	900	1,000
Employee benefit expenses (including directors' remuneration (note 8)):		
Wages and salaries	13,753	12,871
Pension scheme contributions*	539	413
	14,292	13,284
Rental income on investment properties less direct operating expense of HK\$5,000 (2011: HK\$5,000)	(1,351)	(1,328)
Minimum lease payments under operating leases in respect of storage facilities and office premises	3,811	3,808
Contingent rent under operating leases in respect of storage facilities	6,400	1,030
Foreign exchange loss/(gain), net	(2,040)	7,661

* As at 31 March 2012, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2011: Nil).

8. Directors' Remuneration

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2012 HK\$'000	2011 HK\$'000
Fees	468	468
Other emoluments:		
Salaries, allowances and benefits in kind	1,329	1,532
Pension scheme contributions	36	41
	1,365	1,573
	1,833	2,041

Notes to Financial Statements

31 March 2012

8. Directors' Remuneration (Continued)

Year ended 31 March 2012

	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	–	494	12	506
Liu Yuk Ming	–	432	12	444
Lam Ching Fun	–	403	12	415
	–	1,329	36	1,365
Independent non-executive directors:				
Lee Kwan Hung	180	–	–	180
Yue Man Yiu Matthew	144	–	–	144
Fung Kwok Pui	144	–	–	144
	468	–	–	468
	468	1,329	36	1,833

Year ended 31 March 2011

	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	–	494	12	506
Liu Yuk Ming	–	405	12	417
Lam Ching Fun	–	383	12	395
Chan Yuk Tong (resigned on 31 August 2010)	–	250	5	255
	–	1,532	41	1,573
Independent non-executive directors:				
Lee Kwan Hung	180	–	–	180
Yue Man Yiu Matthew	144	–	–	144
Fung Kwok Pui	144	–	–	144
	468	–	–	468
	468	1,532	41	2,041

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2011: Nil).

Notes to Financial Statements

31 March 2012

9. Five Highest Paid Employees

The five highest paid employees during the year included two (2011: one) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2011: four) non-director, highest paid employees for the year are as follows:

	2012 HK\$'000	2011 HK\$'000
Salaries, allowances and benefits in kind	1,949	2,571
Pension scheme contributions	36	48
	1,985	2,619

The remuneration of the non-director, highest paid employees is within the following bands:

	2012 Number of individuals	2011 Number of individuals
0 – HK\$1,000,000	2	4
HK\$1,000,001 – HK\$1,500,000	1	–
	3	4

10. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 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.

	2012 HK\$'000	2011 HK\$'000
Current – Hong Kong	3,890	6,194
Current – Elsewhere	705	2,553
Deferred (note 23)	47	1,060
Total tax charge for the year	4,642	9,807

Notes to Financial Statements

31 March 2012

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 its subsidiaries are domiciled to the tax charge for the year is as follows:

	2012 HK\$'000	2011 HK\$'000
Profit before tax	30,208	92,512
Tax at the statutory tax rates	4,928	14,396
Income not subject to tax	(4,098)	(13,960)
Expenses not deductible for tax	4,057	9,298
Tax loss not recognised	60	73
Tax loss utilised from previous period	(651)	–
Others	346	–
Income tax expense	4,642	9,807

11. Profit Attributable to Owners of the Company

The consolidated profit attributable to owners of the Company for the year ended 31 March 2012 includes a profit of HK\$4,130,000 (2011: HK\$24,973,000) which has been dealt with in the financial statements of the Company (note 26(b)).

12. Dividends

	2012 HK\$'000	2011 HK\$'000
Interim – Nil (2011: HK2.2 cents) per ordinary share	–	8,800
Proposed final – HK1.25 cents (2011: HK4 cents) per ordinary share	5,000	16,000
	5,000	24,800

The proposed final dividend for the current year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

13. Earnings Per Share Attributable to Ordinary Equity Holders of the Company

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 400,000,000 (2011: 378,520,548) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2012 and 2011 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

Notes to Financial Statements

31 March 2012

14. Property, Plant and Equipment

Group

	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 2011:					
Cost or valuation	20,570	787	1,677	64,095	87,129
Accumulated depreciation	–	(606)	(1,264)	(4,672)	(6,542)
Net carrying amount	20,570	181	413	59,423	80,587
At 1 April 2011, net of accumulated depreciation	20,570	181	413	59,423	80,587
Additions	–	–	358	4,398	4,756
Depreciation provided during the year	(622)	(7)	(307)	(3,429)	(4,365)
Revaluation	622	–	–	–	622
Exchange realignment	–	–	9	–	9
At 31 March 2012, net of accumulated depreciation	20,570	174	473	60,392	81,609
At 31 March 2012:					
Cost or valuation	20,570	787	2,035	68,493	91,885
Accumulated depreciation	–	(613)	(1,562)	(8,101)	(10,276)
Net carrying amount	20,570	174	473	60,392	81,609
Analysis of cost or valuation:					
At cost	–	787	2,035	68,493	71,315
At 31 March 2012 valuation	20,570	–	–	–	20,570
	20,570	787	2,035	68,493	91,885

Notes to Financial Statements

31 March 2012

14. Property, Plant and Equipment (Continued)

Group (Continued)

	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 2010:					
Cost or valuation	18,300	787	1,571	51,030	71,688
Accumulated depreciation	–	(599)	(815)	(2,535)	(3,949)
Net carrying amount	18,300	188	756	48,495	67,739
At 1 April 2010, net of accumulated depreciation	18,300	188	756	48,495	67,739
Additions	–	–	34	13,323	13,357
Depreciation provided during the year	(535)	(7)	(380)	(2,498)	(3,420)
Revaluation	2,805	–	–	–	2,805
Exchange realignment	–	–	3	103	106
At 31 March 2011, net of accumulated depreciation	20,570	181	413	59,423	80,587
At 31 March 2011:					
Cost or valuation	20,570	787	1,677	64,095	87,129
Accumulated depreciation	–	(606)	(1,264)	(4,672)	(6,542)
Net carrying amount	20,570	181	413	59,423	80,587
Analysis of cost or valuation:					
At cost	–	787	1,677	64,095	66,559
At 31 March 2011 valuation	20,570	–	–	–	20,570
	20,570	787	1,677	64,095	87,129

The Group's leasehold land included in property, plant and equipment is held under a long term lease and is situated in Hong Kong.

The Group's leasehold land and buildings were revalued individually at 31 March 2012 by Asset Appraisal Limited, independent professionally qualified valuers, at an aggregate open market value of HK\$20,570,000 (2011: HK\$20,570,000) 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\$9,430,000 (2011: HK\$9,636,000).

As at 31 March 2012, the Group's leasehold land and buildings with a carrying value of approximately HK\$10,670,000 (2011: HK\$10,670,000) were pledged to secure bank loans granted to the Group (note 22(i)).

Notes to Financial Statements

31 March 2012

15. Investment Properties**Group**

	HK\$'000
Carrying amount at 1 April 2010	42,610
Net profit on a fair value adjustment	8,082
Carrying amount at 31 March 2011 and 1 April 2011	50,692
Net profit on a fair value adjustment	618
Carrying amount at 31 March 2012	51,310

The Group's investment properties are held under the following lease terms:

	2012 HK\$'000	2011 HK\$'000
Long term leases in Hong Kong	39,170	39,710
Medium term leases in Mainland China	12,140	10,982
	51,310	50,692

The Group's investment properties were revalued on 31 March 2012 by Asset Appraisal Limited, independent professionally qualified valuers, totaling at HK\$51,310,000 (2011: HK\$50,692,000) on an open market, existing use basis. 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 2012, the Group's investment properties with a carrying value of HK\$29,210,000 (2011: HK\$29,210,000) were pledged to secure bank loans granted to the Group (note 22(ii)). Further particulars of the Group's investment properties were set on page 78.

16. Investments in Subsidiaries

	Company	
	2012 HK\$'000	2011 HK\$'000
Unlisted shares, at cost	94,475	94,475

The amounts due from and due to subsidiaries included in the Company's current assets and current liabilities are unsecured, interest-free and repayable on demand or within one year.

Notes to Financial Statements

31 March 2012

16. Investments in Subsidiaries *(Continued)*

Particulars of the principal subsidiaries are as follows:

Company name	Place of incorporation/ registration and operations	Nominal value of 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
Rizhao Yushun Cassava Co., Ltd. ^{**}	People's Republic of China/ Mainland China	US\$1,260,000	–	100	Trading of dried cassava chips and collection of debts
Alush (Thailand) Co., Ltd. [#]	Thailand	THB15,000,000	–	100	Procurement and sale of dried cassava chips
Global Property Connection Co., Ltd. [#]	Thailand	THB250,000	–	100	Procurement and sale of dried cassava chips
Art Ocean Development Limited [#]	British Virgin Islands/ Hong Kong	US\$1	–	100	Holding of trademarks
Art Rich International Limited [#]	British Virgin Islands/ Hong Kong	US\$1	–	100	Investment holding
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
Art Well Properties Limited	Hong Kong	HK\$100	–	100	Property investment

Notes to Financial Statements

31 March 2012

16. Investments in Subsidiaries *(Continued)*

Company name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
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
Winsure International Investment Limited [#]	Hong Kong	HK\$2	–	100	Tendering of dried cassava chips
Global Shipping Limited [#]	Hong Kong	HK\$1	–	100	Holding of a vessel

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

^{*} Rizhao Yushun Cassava. Co., Ltd. is registered as a wholly-foreign-owned enterprise under PRC law.

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

17. Inventories

The Group's inventories during the year principally consisted of dried cassava chips held for resale.

Notes to Financial Statements

31 March 2012

18. Trade and Bills Receivables

It is the Group's policy that all customers who wish to trade with the Group to provide the Group with irrecoverable letters of credit issued by reputable banks, with terms within 90 days to 180 days at sight, or by cash on delivery. Credit limits are set for individual customers. The Group seeks to maintain tight control over its outstanding receivables in order to minimise credit risk. In view of the aforementioned and the fact that the Group's bills receivable relate to a large number of diversified customers, there is no significant concentration of credit risk.

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

	Group	
	2012 HK\$'000	2011 HK\$'000
Within 30 days	145,164	282,769
30–60 days	8,791	413
61–90 days	31,133	–
Over 90 days	27,865	–
	212,953	283,182

None of the above trade and bills receivables is either past due or impaired. Trade and bills receivables relate to customers for whom there was no recent history of default.

19. Prepayments, Deposits and Other Receivables

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Prepayments	13,780	5,692	149	149
Deposits and other receivables	26,801	15,037	–	–
	40,581	20,729	149	149
Less: Prepayments classified as non-current assets	(1,992)	–	–	–
Current portion	38,589	20,729	149	149

As at 31 March 2012, an amount due from a director and an advance paid to a related company, Jinan Yaxin Real Estate Development Co., Limited which is beneficially owned by a director, Mr. Chu Ming Chuan, included in prepayments, deposits and other receivables of the Group were HK\$982,000 (2011: HK\$3,595,000) and HK\$2,988,000 (2011: Nil), respectively, with the maximum amounts outstanding during the year of HK\$3,595,000 and HK\$2,988,000, respectively. The amount due from a director and the advance paid to the related company are unsecured, interest-free and have no fixed terms of repayment.

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

Notes to Financial Statements

31 March 2012

20. Cash and Cash Equivalents

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Cash and bank balances	96,190	80,037	441	2,507
Time deposits	46,620	8,136	–	–
Cash and cash equivalents	142,810	88,173	441	2,507

At the end of the reporting period, the cash and cash equivalents of the Group denominated in Renminbi (“RMB”) amounted to HK\$105,813,000 (2011: HK\$77,420,000). The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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 are deposited with creditworthy banks with no recent history of default.

21. Trade and Other Payables and Accruals

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Trade payables	43,075	148,654	–	–
Other payables	6,238	1,019	94	92
Accrued liabilities	11,558	14,441	–	3,752
Rental deposits received	435	372	–	–
	61,306	164,486	94	3,844

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

	Group	
	2012 HK\$'000	2011 HK\$'000
Within 1 month	43,075	148,654

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

Notes to Financial Statements

31 March 2012

22. Interest-Bearing Bank Borrowings**Group**

	Effective interest rate (%)	Maturity	2012 HK\$'000	Effective interest rate (%)	Maturity	2011 HK\$'000
Current						
Bank loans – secured	1.24–5.00	Within 1 year	287,361	1.81–2.80	Within 1 year	140,556

	Group	
	2012 HK\$'000	2011 HK\$'000
Analysed into bank borrowings repayable:		
Within one year or on demand	287,361	140,556

Notes:

The Group's bank borrowings are secured by:

- (i) legal charges over the Group's land and buildings situated in Hong Kong with a carrying value of HK\$10,670,000 (2011: HK\$10,670,000) (note 14); and
- (ii) legal charges over the Group's investment properties situated in Hong Kong with a carrying value of HK\$29,210,000 (2011: HK\$29,210,000) (note 15).

The Group's bank borrowings as at the end of the reporting periods are denominated in the following currencies:

	2012 HK\$'000	2011 HK\$'000
United States dollar	243,363	140,556
Thai Baht	43,998	–
	287,361	140,556

Notes to Financial Statements

31 March 2012

23. Deferred Tax

Deferred tax liabilities

Group	Revaluation of properties HK\$'000	Depreciation allowance in excess of related depreciation HK\$'000	Losses available for offsetting against future taxable profits HK\$'000	Total HK\$'000
At 1 April 2010	4,102	375	(27)	4,450
Deferred tax charged to profit or loss during the year (note 10)	809	224	27	1,060
Deferred tax charged to other comprehensive income during the year	408	–	–	408
At 31 March 2011 and 1 April 2011	5,319	599	–	5,918
Deferred tax charged to profit or loss during the year (note 10)	22	25	–	47
Deferred tax charged to other comprehensive income during the year	103	–	–	103
At 31 March 2012	5,444	624	–	6,068

The Group has tax losses arising in Hong Kong of HK\$2,360,000 (2011: HK\$856,000) 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 2012, there was no significant unrecognised deferred tax liability (2011: 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.

Notes to Financial Statements

31 March 2012

24. Share Capital

	2012 HK\$'000	2011 HK\$'000
Authorised:		
2,000,000,000 ordinary shares of HK\$0.1 each	200,000	200,000
Issued and fully paid:		
400,000,000 ordinary shares of HK\$0.1 each	40,000	40,000

The movement in share capital was as follows:

	Note	Number of ordinary shares of HK\$0.1 each	Nominal value of ordinary shares HK\$'000
At 1 April 2010		360,000,000	36,000
Issue of shares	(a)	40,000,000	4,000
At 31 March 2011, 1 April 2011 and 31 March 2012		400,000,000	40,000

Note:

- (a) Pursuant to subscription agreements dated 14 October 2010 entered into between the Company and each of Orchid Asia IV L.P. ("Orchid Asia L.P. ") and Orchid Asia IV Co-Investment, Limited ("Orchid Asia Investment") (both are independent third parties), the Company placed 39,200,000 and 800,000 ordinary shares in the Company to Orchid Asia L.P. and Orchid Asia Investment, respectively, at HK\$2.3 per share, for a consideration, before expenses, of HK\$92,000,000, capitalising a sum of HK\$4,000,000 to the share capital account and HK\$88,000,000 to the share premium account.

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. No share options have been granted under the Scheme since the Scheme became effective.

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.

Notes to Financial Statements

31 March 2012

25. Share Option Scheme (Continued)

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.

26. Reserves**(a) Group**

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 36 of the financial statements.

(b) Company

	Notes	Share premium account HK\$'000	Contributed surplus HK\$'000	Proposed dividends HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2010		140,113	84,475	21,600	939	247,127
Issue of shares	24(a)	88,000	–	–	–	88,000
Share issue expenses		(4,404)	–	–	–	(4,404)
Profit for the year		–	–	–	24,973	24,973
2010 final dividend paid		–	–	(21,600)	–	(21,600)
2011 interim dividend paid	12	–	–	–	(8,800)	(8,800)
Proposed 2011 final dividend	12	–	–	16,000	(16,000)	–
At 31 March 2011 and 1 April 2011		223,709	84,475	16,000	1,112	325,296
Profit for the year		–	–	–	4,130	4,130
2011 final dividend paid		–	–	(16,000)	–	(16,000)
Proposed 2012 final dividend	12	–	–	5,000	(5,000)	–
At 31 March 2012		223,709	84,475	5,000	242	313,426

Notes to Financial Statements

31 March 2012

26. Reserves (Continued)**(b) Company (Continued)**

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 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.

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

27. Major Non-Cash Transactions

During the year, interest income of HK\$2,318,000 on acceptance notes, being interest-bearing at an interest rate mutually agreed by both parties, was accrued and unsettled as at the end of the reporting period.

28. Operating Lease Arrangements**(a) As lessor**

The Group leases its investment properties (note 15 to the financial statements) under operating lease arrangements, with leases negotiated for terms ranging from one to three years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 March 2012, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2012 HK\$'000	2011 HK\$'000
Within one year	1,155	1,008
In the second to fifth years, inclusive	142	308
	1,297	1,316

(b) As lessee

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

At 31 March 2012, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2012 HK\$'000	2011 HK\$'000
Within one year	3,023	2,664
In the second to fifth years, inclusive	2,296	–
	5,319	2,664

The operating lease rentals of certain warehouses are based on the higher of a fixed rent 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.

Notes to Financial Statements

31 March 2012

29. Related Party Transactions

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

	Notes	2012 HK\$'000	2011 HK\$'000
Rental income received from a related company*	(i)	–	230
Rental expenses paid to related companies*	(ii)	602	576
Rental expenses paid to a director	(ii)	163	142

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

Notes:

- (i) The rental income received was charged based on the prevailing market rent.
- (ii) 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\$982,000 (2011: HK\$3,595,000) were disclosed in note 19 and the balance was unsecured, interest-free and has no fixed terms of repayment.
- (c) Details of an advance paid to a related company amounting to HK\$2,988,000 (2011: Nil) were disclosed in note 19.
- (d) Compensation of key management personnel of the Group:

	2012 HK\$'000	2011 HK\$'000
Short term employee benefits	1,329	1,532
Post-employment benefits	36	41
Total compensation paid to key management personnel	1,365	1,573

30. Financial Instruments by Category**Financial assets**

All the Group's financial assets as at 31 March 2011 and 2012, including trade and bills receivables, deposits and other receivables and cash and cash equivalents, are categorised as loans and receivables.

Financial liabilities

All the Group's financial liabilities as at 31 March 2011 and 2012, including trade and other payables and interest-bearing bank borrowings, are categorised as financial liabilities at amortised cost.

Notes to Financial Statements

31 March 2012

31. 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 transactional currency exposures. Such exposures arise from revenue or expenses of operating units in currencies other than the units' functional currencies. The Group's monetary assets, financing and transactions are principally denominated in Hong Kong dollars ("HK\$"), United States dollars ("US\$"), Thai Baht ("THB") and Renminbi ("RMB"). The Group is exposed to the foreign exchange risk arising from changes in the exchange rates of HK\$ against THB and RMB. At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations. However, management constantly monitors the economic situation and the Group's foreign exchange risk profile and will consider appropriate hedging measures in the future should the need arises.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the THB and RMB exchange rates, with all other variables held constant, of the Group's profit before tax and equity (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) rate %	Increase/ (decrease) in profit before tax HK\$'000	Increase/ (decrease) in equity* HK\$'000
Year ended 31 March 2012			
If Hong Kong dollar weakens against RMB	(1%)	961	1,345
If Hong Kong dollar strengthens against RMB	1%	(961)	(1,345)
If Hong Kong dollar weakens against THB	(1%)	(441)	–
If Hong Kong dollar strengthens against THB	1%	441	–
Year ended 31 March 2011			
If Hong Kong dollar weakens against RMB	(1%)	250	372
If Hong Kong dollar strengthens against RMB	1%	(250)	(372)
If Hong Kong dollar weakens against THB	(1%)	(47)	–
If Hong Kong dollar strengthens against THB	1%	47	–

* Excluding retained profits

Notes to Financial Statements

31 March 2012

31. Financial Risk Management Objectives and Policies (Continued)**(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 need to provide the Group with irrevocable letters of credit issued by reputable banks or by cash on delivery. Credit limits are set for individual customers. As such, the Group's exposure to bad debts is not significant.

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

(iii) Interest rate risk

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

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

	Increase/ (decrease) interest rate %	Increase/ (decrease) in profit before tax HK\$'000	Increase/ (decrease) in equity* HK\$'000
Year ended 31 March 2012			
Hong Kong dollar	1%	(1,149)	–
Hong Kong dollar	(1%)	1,149	–
THB	1%	(37)	–
THB	(1%)	37	–
Year ended 31 March 2011			
Hong Kong dollar	1%	(316)	–
Hong Kong dollar	(1%)	316	–
THB	1%	–	–
THB	(1%)	–	–

* Excluding retained profits

Notes to Financial Statements

31 March 2012

31. 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 2012	On demand HK\$'000	Less than 3 months HK\$'000	Total HK\$'000
Interest-bearing bank borrowings	287,361	–	287,361
Trade and other payables	–	46,263	46,263
	287,361	46,263	333,624

31 March 2011	On demand HK\$'000	Less than 3 months HK\$'000	Total HK\$'000
Interest-bearing bank borrowings	140,556	–	140,556
Trade and other payables	–	149,673	149,673
	140,556	149,673	290,229

(v) Capital management

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

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

	2012 HK\$'000	2011 HK\$'000
Interest-bearing bank borrowings	287,361	140,556
Less: Cash and cash equivalents	(142,810)	(88,173)
Net debt	144,551	52,383
Total equity	524,899	514,224
Debt-to-equity ratio	28%	10%

32. Comparative Amounts

Certain comparative amounts have been reclassified to conform to the current year's presentation.

33. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 28 June 2012.

Particulars of Investment Properties

31 March 2012

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%
A factory complex (exclude Unit 1, 2nd Floor, Block 1) No.22 Dongshen Road, E-gong Ling, Pinghu Town, Longgang District, Shenzhen City, Guangdong Province, PRC	Industrial building	Medium term lease	100%

Summary of Financial Information

Summary of the published results and assets and liabilities of the Group for the last five financial years, prepared on the basis as set out herein, is set out below:

Results

	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000	2009 HK\$'000	2008 HK\$'000
Revenue	1,960,579	2,021,862	1,997,132	919,250	903,560
PROFIT BEFORE TAX	30,208	92,512	112,329	52,081	116,074
Tax	(4,642)	(9,807)	(11,997)	(2,074)	(14,215)
Profit for the year	25,566	82,705	100,332	50,007	101,859

Assets and Liabilities

	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000	2009 HK\$'000	2008 HK\$'000
Total assets	911,829	853,729	537,079	398,297	265,075
Total liabilities	(386,930)	(339,505)	(165,543)	(215,127)	(187,549)
	524,899	514,224	371,536	183,170	77,526

The summary of the consolidation results of the Group for the years ended 31 March 2008 and of the assets and liabilities as at 31 March 2008 has been extracted from the Prospectus. This summary was prepared as if the current structure of the Group had been in existence throughout these financial years and is presented on the basis as set out in note 2.1 to the financial statements. The consolidated results of the Group for the four years ended 31 March 2009, 2010, 2011 and 2012, and the consolidated assets and liabilities of the Group as at 31 March 2009, 2010, 2011 and 2012 are those set out in the published audited financial statements.

The summary above does not form part of the audited financial statements.

Corporate Information

Directors

Executive Directors

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

Independent Non-executive Directors

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

Authorised Representatives

Mr. Chu Ming Chuan
Mr. Shum Shing Kei

Company Secretary

Mr. Shum Shing Kei

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Website Address

www.asiacassava.com

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Ltd.
Bank of China Macau Branch
Standard Chartered Bank
Chiyu Banking Corporation Ltd.
Bank of Communication Co. Ltd., Hong Kong Branch
Citibank, N.A.
Bank of China Bangkok Branch
Bangkok Bank Public Company Ltd.
Agricultural Bank of China Limited, Rizhao Branch
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
26/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Registered Office

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841